



# **Annual Governance Statement 2022 to 2023**

**Hull City Council**

Version 2

Drafted: June 2023

Finalisation: January 2024

Proposed review: May 2024

## **1. Scope of Responsibility**

Hull City Council is responsible for ensuring that its business 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.

The Council has 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 reviewed and rolled forward its Code for 2022/23. This was approved by the Audit Committee on 11 July 2022 and a copy of the Code is on our website [www.hull.gov.uk](http://www.hull.gov.uk) as part of the Committee papers.

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

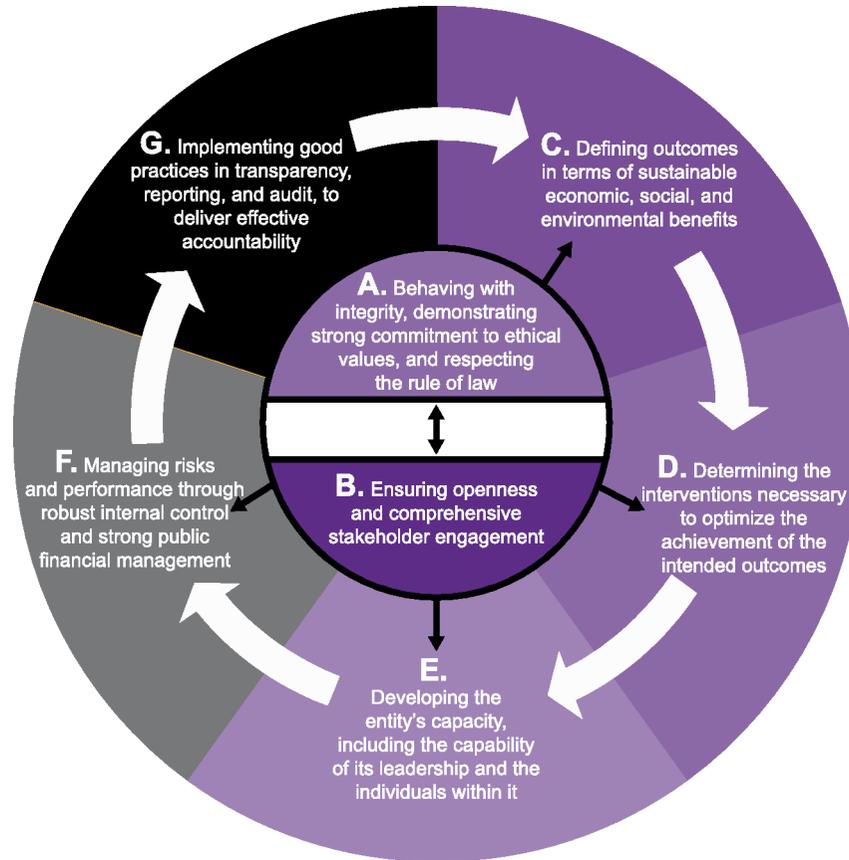
The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives 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 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 Hull City Council for the year ended 31 March 2023 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

### Understand

**What are we seeking to receive assurances on?**

- Delivery against the City Plan, the Corporate Plan and Service Plans whilst observing the governance framework
- Delivery of sustainable economic, social & environmental benefits
- Design and effectiveness of internal controls, risk management and counter fraud arrangements
- Strong commitment to ethical values
- Compliance with laws, regulation, the Council's constitution, internal strategies, policies and procedures
- Key governance tools are fit for purpose, for e.g. budget monitoring, performance and risk management
- Direction of travel of any previously identified governance issues
- Budget results, performance results and Value for Money

### Plan

**What sources of assurance do we require?**

- Management assurances in respect of compliance with laws and regulations, corporate strategies, policies, plans and arrangements e.g. Constitution, Financial Monitoring and Reporting, Performance Monitoring and Reporting, Risk Management
- Statutory Officers
- Key partner assurances in respect of their governance arrangements
- Internal Audit Plan, Reports and Opinion
- Non-Executive Committees e.g. Audit Committee, Overview and Scrutiny Commissions
- External Bodies and Inspectorates e.g. External Audit, Ofsted, Care Quality Commission, Ombudsman etc.
- Schools

### Do

**How we will arrange ourselves to receive adequate assurances.**

- Corporate Strategy Team
- Assistant Directors
- Council
- Cabinet
- Cabinet Sub-Committees:
  - Executive Commissioning Committee
  - Developing a Joint Committee bringing together the primary organisations delivering Health and Care in the city to replace the Executive Committees in Common with NHS Hull CCG
  - Trustee Committee
- Regulatory Committees (Planning and Licensing)
- Scrutiny Committees
- Governance Committees: (Audit and Appointments)
- Health and Wellbeing Board
- Humber Leaders Board and North Bank Sub-Committee

### Review

**How we know that we are effective.**

- Review sources of assurance identified at the planning phase
- Ensure sources of assurance have delivered against their plans at the necessary quality
- Review Code of Corporate Governance for compliance with best practice
- Review internal reports that provide further insight such as: financial monitoring, performance monitoring, risk management, internal audit, Overview and Scrutiny Commission and Audit Committee reports.
- Review interim and annual external reports/letters from External Auditor, Ofsted, CQC and other inspection regimes
- Annual Review of the Business Plans of In house Companies
- Accountable Body role for the Hull and EY LEP through formal decision records
- Constitutional Review
- Highlight areas of weakness

## ASSURANCE CYCLE

### Understand

What are we seeking to receive assurances on?

### Plan

What sources of assurance do we require?

### Do

How we will arrange ourselves to receive adequate assurances.

- Partnership/Delivery Boards,
  - The Place Based Board
  - Children, Young People and Families Board
  - The Children Service Improvement Board
  - Hull Children Safeguarding Partnership
- Consultation Boards
  - Eg Business Leadership Board, Project Boards

### Review

How we know that we are effective.

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

Sub principles	Demonstrated by	
Behaving with integrity	<p>The Council’s leadership sets a tone for the organisation by creating a climate of openness, support and respect. Appropriate policies and processes are in place to embed the principles.</p> <ul style="list-style-type: none"> <li>• Constitution</li> <li>• Councillors’ Code of Conduct</li> <li>• Code of Conduct for Employees</li> <li>• Protocol for Councillor and Officer relationships</li> <li>• Corporate Equality Policy</li> <li>• Register of Interests</li> <li>• Gifts and Hospitality Policy</li> <li>• Role of the Monitoring Officer and Independent Person in reviewing Member behaviour.</li> </ul>	<p><u>Examples of good governance:-</u></p> <p>All relevant codes and policies are periodically reviewed and there are established processes in place to respond to breaches. These include effective disciplinary, grievance, anti-fraud, complaints and whistleblowing procedures.</p> <p>The Council undertakes staff opinion surveys which ask questions around Council priorities, behaviours relating to equalities and learning opportunities.</p>
Demonstrating strong commitment to ethical values	<p>The following corporate values are in place for both the council and its staff; and they are embedded in codes of conduct for members and staff:</p> <ul style="list-style-type: none"> <li>• <i>Open and honest communication.</i></li> <li>• <i>Putting people and communities at the heart of everything we do.</i></li> <li>• <i>Ensuring people are treated equally and difference is valued.</i></li> <li>• <i>Valuing and investing in people as the Council’s key resource.</i></li> <li>• <i>Encouraging local democracy and public accountability.</i></li> <li>• <i>Being responsive to changing aspirations, priorities and opportunities.</i></li> <li>• <i>Striving for excellence.</i></li> <li>• <i>Concentrating on outcomes.</i></li> <li>• <i>Contributing to and taking an interest in all new initiatives within the city.</i></li> </ul>	<p>There is a well-established pre-decision scrutiny process including input of Legal and Finance officers, to ensure the Council’s Key Decisions are consulted upon and made in accordance with the decision making principles within the Constitution and the rule of law.</p>
Respecting the rule of law	<p>The Council has an agreed Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are within the law, efficient, transparent and accountable to local people.</p>	

**Principle B - Ensuring openness and comprehensive stakeholder engagement**

Sub principles	Demonstrated by	
Openness	<p>A culture of transparency, openness and honesty.</p> <ul style="list-style-type: none"> <li>• Freedom of Information Act publication scheme</li> <li>• Compliance with the Local Government Transparency Code</li> <li>• Pre-decision Scrutiny</li> <li>• Report Writer’s Guide</li> </ul>	<p><u>Examples of good governance:-</u></p> <p>The framework provides a model of good governance.</p>
Engaging comprehensively with institutional stakeholders	<p>The Council has an established structural framework for managing engagement with institutional stakeholders.</p> <p>Executive Members: The Portfolio Holder with responsibility for Public Health, Adult Social Care and the role of chair of the Health and Wellbeing Board has delegated powers in relation to Health and Social Care so that she is able to exercise decision making powers in common with health bodies at place based Committees of the Integrated Care System and its replacement a Place Based Joint Committee. The decisions she makes will be based upon reports that are subject to consultation with the Council’s Scrutiny Commission and its Cabinet, and based on Strategies developed through the Health and Wellbeing Board. Where they are Key Decisions they will be publicized through the Forward Plan.</p> <p>Cross-organisational strategic system leadership: The Health and Wellbeing Board brings together democratic and officer strategic leadership across the Health and Social Care sectors in the City, to provide integrated health and care system strategic leadership at Place. The Safeguarding Boards and the Better Care Plan report into the Board.</p> <p>Hull Health and Care Partnership Joint Committee: From 1 April 2023 a Joint Committee was established to translate the strategic system wide ambition at the level of place through joined up executive decision making. This has replaced the former Committee in Common structure and brings together the Executive Leadership of the Public Sector and Voluntary Sector umbrella bodies in the city building on the flexibilities in the Health and Care Act 2022 to develop shared outcomes through an alliance contractual framework.</p>	<p>The Council has a dedicated Information Governance Group which, amongst other things actively monitors performance on Freedom of Information requests.</p> <p>The Council publishes proposed key decisions through its CMIS website and considers the reports and supporting information proposing the making of key decisions through the relevant Scrutiny Commissions in advance of a key decision being made.</p> <p>The Council maintained Scrutiny of all key decisions proposed throughout the Coronavirus pandemic, consulting on all urgent decisions and retaining pre-decision Scrutiny. From September 2020 normal meeting arrangements resumed returning physically to the Guildhall in May 2021 to allow for public broadcast. From May 2022 all Committees were able to resume meeting as previously at their preferred locations with members of the public present.</p>

Sub principles	Demonstrated by	
	<p>The Council and partner agencies are developing joint workforce development plans for key services in Adult Social Care and Children’s and Family Services within this framework.</p> <p>Private Sector: Hull and East Yorkshire Local Enterprise Partnership support a Business Engagement Board for the area which operates as an engagement body with the private sector to help inform economic strategy for the area.</p> <p>Sub-Region: At a political level Leaders across the Humber come together in two fora:</p> <ul style="list-style-type: none"> <li>(a) a Joint Committee of Humber Executive Leaders, the Humber Leaders Board, which allows for Humber wide legacy programmes to be managed delivering upon Humber priorities. A solution to the gap in Humber wide business engagement is now being addressed through the development of an engagement body, Opportunities Humber providing the opportunity for business and inward investment leaders to come together with the local authorities.</li> <li>(b) A Joint Committee of the Hull and East Riding Council Leaders at which Hull City Council and East Riding of Yorkshire Council come together through the Hull and East Yorkshire Leaders Board to provide the democratic accountability for Hull and East Yorkshire Local Enterprise Partnership.</li> </ul> <p>Trades Unions: The Council and Trades Unions operate within an agreed Industrial Relations Framework led by an Industrials Relations Joint Council upon which elected members, officers and employee representatives meet.</p> <p>Leisure: The Council is represented on the Active Humber County Sports Partnership which brings together partners organisations across the Humber with the aspiration to deliver an integrated leisure strategy.</p> <p>Culture: In the year of City of Culture two new cultural organisations were founded, Absolutely Cultured and Back to Ours, which have continued to deliver cultural events in the city with Council sponsorship. This has complemented the existing Cultural organisations sponsored by the Council including Freedom Festival and Hull Truck. Cultural partners have formed a</p>	<p>In May 2022 Council reviewed its Scrutiny Commissions and reduced the same down to 5, with each Commission focusing upon the responsibilities within a single Directorate, while retaining and Overview and Scrutiny Commission that covers finance, governance and call in.</p> <p>Decisions that are not classified as key decisions and supporting information are published through the Council’s CMIS website as soon as they are made and there exists an established scrutiny challenge process to ensure that the information presented is open and transparent.</p> <p>The Council publishes through its website the governance documents in relation to its role within partner organisations.</p> <p>The Council oversees its stakeholder and citizen engagement frameworks, through the Place Based Board.</p> <p>The Council has developed with the City Learning Partnership which provides a forum for engagement with Multi Academy Trusts, to inform mutual resource application including the development of proposals for the Schools Forum in relation to funding decisions</p> <p>The Council has an Industrial relations framework for consultation, information and negotiation with trade unions.</p>

Sub principles	Demonstrated by	
	<p>partnership and the Council has brought internally the City of Culture legacy volunteer service with the support of external funding to ensure that it continues to support the sector.</p> <p>Voluntary sector: The Council has worked with umbrella organisations in the city to develop an integrated partnership of infrastructure organisations with the brand name “Sector Connect”. The funding for the partnership has been placed on a permanent footing through a pooled fund with the Integrated Care System and the engagement of the Community Foundation, Two Ridings, as VCS fundraiser to deliver three way sustainable funding provision. This supports the response to new citywide initiatives in the city such as “Changing Lives” (the introduction of Trauma informed practice).</p> <p>Schools: A City Learning Partnership has been developed with Multi Academy Trusts operating in the city to allow for the negotiation of joint arrangements across the city that can be taken into the Schools Forum for formal agreement.</p> <p>University: A Partnership Delivery Board has been developed to provide the framework for developing joint initiatives with the University of Hull.</p>	<p>The Council has developed a Citizen’s Account to enable facilitation of a city wide cross- organisational offer . A revised improved integrated solution was implemented in April 2023 and is allowing enhanced customer engagement and integrated complaints management.</p> <p>Complaints data is regularly reported to the Council’s CST. A project board are leading investment in wider enhanced solutions including the development of a refreshed revised Website from November 2023 to provide a medium to enhance digital engagement. Complementing this work the Council are developing a cohesive Customer Strategy to address digital exclusion in the city.</p>
<p>Engaging with individual citizens and service users effectively</p>	<p>The Council ensures that clear channels of communication are in place with all sections of the community and other stakeholders, for example:-</p> <ul style="list-style-type: none"> <li>• People’s Panel</li> <li>• Enterprise Panel</li> <li>• Customer Feedback Policy</li> <li>• Petitions scheme</li> <li>• Tenant participation</li> <li>• Ward Forums and Area Committees</li> <li>• Council’s website</li> <li>• Young People’s Parliament and Youth Council</li> <li>• Voluntary and Community Sector.</li> </ul>	

**Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits**

Sub principles	Demonstrated by	
<p>Defining outcomes</p>	<p>Focusing on the purpose of the Council and on outcomes for the community.</p> <ul style="list-style-type: none"> <li>• A new Community Strategy to replace the Hull City Plan</li> <li>• Health and Wellbeing Strategy</li> <li>• Economic Strategy</li> <li>• Corporate Plan</li> <li>• Customer insight analysis</li> <li>• Equality analysis and impact assessments</li> <li>• Service plans</li> <li>• Performance framework</li> </ul>	<p><u>Examples of good governance:-</u></p> <p>There are processes in place for these plans, and performance review mechanisms for them to be updated and priorities reviewed on a regular basis.</p> <p>All recent evidence demonstrates the City was achieving a sustainable economy, pre Covid-19. The focus is now on recovery and inclusive growth to ensure that all sections of society receive the benefits.</p>
<p>Sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> <li>• Service strategies and plans</li> <li>• Medium Term Financial Strategy</li> <li>• Environmental policy statement</li> <li>• Environment management system</li> <li>• Policy development guidance notes</li> <li>• Capital programme</li> <li>• Commissioning and Procurement Policy</li> <li>• Adopted Local Plan</li> <li>• Living Wage/anti-poverty agenda.</li> <li>• Social wellbeing via public health, re quality jobs, clean air etc.</li> <li>• Focus on inclusive growth.</li> <li>• Environmental team undertakes statutory environmental health checks.</li> <li>• Commitment to sustainable procurement and fair trade.</li> <li>• Smart City Strategy</li> <li>• Climate Emergency Declaration</li> </ul>	<p>The Council approved an updated Corporate Plan and policy framework in January 2019, which will be reviewed following the completion of a new Community Strategy for Hull in 23/24.</p> <p>Regular finance, performance and risk management reports on the overall success and challenges across the Council are provided to the Executive and Scrutiny Committees.</p>

**Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

Sub principles	Demonstrated by	
<p>Determining and planning interventions</p>	<p>Published reports which communicate the Council's activities, achievements, financial position and performance. Regular monitoring of service and financial performance during the year which determines when action is required. Interventions required are identified through these reports, as well as external sources such as scanning for new legislation and successful initiatives by our peer authorities, partners and other organisations:-</p> <ul style="list-style-type: none"> <li>• Service and budget monitoring Reports</li> <li>• Financial Statements</li> <li>• Annual Governance Statement</li> <li>• Annual Audit Report</li> <li>• Quarterly service reviews of key risks</li> <li>• Quarterly Internal Audit reports</li> <li>• Service performance reports and programme management reports for major change programmes</li> </ul> <p>Reports from external inspectorates</p>	<p><u>Examples of good governance:-</u></p> <p>All of the expected reports are produced, analysed and acted upon.</p> <p>Peer Reviews undertaken with positive outcomes.</p> <p>External inspections are usually positive, (see Section 7) so provide assurance about service delivery and governance. Where that is not the case, clear remedial action plans are developed and monitored to ensure delivery.</p> <p>Consistent unqualified ('clean') external audit opinions on the Council's accounts.</p>
<p>Optimising achievement of intended outcomes</p>	<p>Community outcomes as defined in the City Plan, underpinned by the direction and shaping of council services and projects, to promote and achieve those outcomes:</p> <ul style="list-style-type: none"> <li>• Delivering Economic Growth - Energy City, Destination Hull</li> <li>• Delivering Fair Growth - a place of community and opportunity for all</li> </ul> <p>This is supported by the Corporate Plan objectives:</p> <ul style="list-style-type: none"> <li>• Deliver economic growth that works for all</li> <li>• Create inclusive, resilient and safe communities</li> <li>• Deliver organisational excellence by working in partnership</li> </ul> <p>Effective Scrutiny arrangements</p> <p>Establishing the Children and Families Improvement Board</p>	<p>Local Government Ombudsman reports in line with or better than peer authorities.</p> <p>Positive outcome to the most recent mandatory review of the Council's Internal Audit service.</p> <p>The Governance infrastructure developed for the Covid-19 crisis has supported closer working between Customer Services, Neighbourhoods and the Voluntary Sector and has facilitated effective responses to new challenges, such as the Afghanistan and Ukraine crises.</p>

**Principle E - Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

Sub principles	Demonstrated by	
<p>Developing the entity’s capacity</p>	<p>Clear vision, strategy and direction, underpinned by capable leadership and management.</p> <ul style="list-style-type: none"> <li>• Partnerships</li> <li>• Transformation Programme</li> <li>• Service Planning</li> <li>• Workforce Strategy</li> <li>• Industrial Relations Policy and framework</li> </ul>	<p><u>Examples of good governance:-</u></p> <p>A permanent Transformation Team has been in place since 2017 to assist services with major change and financial savings projects.</p> <p>There is a clear industrial relations mechanism in place.</p> <p>Member induction has been reviewed and also validated by internal audit.</p>
<p>Developing the capability of the entity’s leadership and other individuals</p>	<p>Recruitment and retention of high performing staff and providers</p> <ul style="list-style-type: none"> <li>• Member induction and development Programme</li> <li>• Cross party Committee to review and monitor Member training requirements</li> <li>• Competency Framework</li> <li>• Recruitment and selection policy</li> <li>• Employee development policy including appraisals and regular 1:1 meetings with line management</li> <li>• Prioritisation of corporate training budget</li> <li>• Availability of e-learning products aimed at building capacity and capability</li> <li>• Workforce metrics supplied to managers via Chameleon desktop portal</li> <li>• Investors in People accreditation and delivery of action plan</li> <li>• Apprenticeships</li> </ul>	<p>The Council has undertaken a senior leadership development programme, Hull with Ambition, to ensure that the Corporate Plan is supported by Agile leadership. The Apprentice Levy is being utilised to support leadership development. IIP re-assessment undertaken, accreditation confirmed and progress through programme recognised. Revised Assistant Director role established to lead on Organisational Development to renew and re-invigorate OD activity prior to further IIP Assessment.</p> <p>The corporate Leadership Network (CST,AD’s and Head’s of Service) meets monthly to undertake development activities and share information.</p> <p>Relevant policies and frameworks are reviewed on appropriate timescales.</p>

**Principle F - Managing risks and performance through robust internal control and strong public financial management**

Sub principles	Demonstrated by	
Managing risk	Service risk management processes and periodic review of council strategic risks. <ul style="list-style-type: none"> <li>• Risk Management Strategy</li> <li>• Risks are specified in all executive reports and decision records</li> <li>• Health and Safety policy framework and Management Board, including a dedicated Health &amp; Safety team to support services and audit compliance.</li> </ul>	<u>Examples of good governance:-</u> Risk and Governance workshops, first introduced in 2018/19, review the assurances in place and enabled a review of strategic risks during subsequent years.
Managing performance	Corporate performance is regularly monitored and reported to the Executive and Overview and Scrutiny Management Committee. Detailed reports on the key transformation programmes, Adult Social Care, and Children, Young People and Family Services are also considered on a regular basis.	Substantial progress in clearing high risk actions to address gaps in the internal control framework which previously impacted on the internal audit opinion.
Robust internal control	Preventative controls in place include segregation of duties, approval/authorisation processes, security of assets, reconciliations and audits. <ul style="list-style-type: none"> <li>• Financial Procedure Rules</li> <li>• Contract Procedure Rules</li> <li>• Finance, Legal and HR comments in executive reports and decision records</li> <li>• Internal Audit reports</li> </ul>	This progress is tracked and reported to the Audit Committee.  Adequate internal audit opinion since 2018/19.
Managing data	Robust Information Governance standards and training to all staff. <ul style="list-style-type: none"> <li>• Monthly meetings of the Information Governance Group at which Information Security Incidents are reviewed</li> <li>• Compliance with Data Protection Act and GDPR provisions</li> <li>• Records Management Policy</li> <li>• Public Sector Network (PSN) accreditation and Humber Information Sharing Charter to facilitate safe and lawful access to business critical data held by other public sector organisations.</li> <li>• Monthly review of information security incidents/near misses.</li> </ul>	There is a Senior Information Risk Officer of sufficient standing in the authority, who chairs an Information Governance Group that monitors and develops high standards on managing data.  Prior to Covid-19, the Council had progressively brought forward its annual accounts process in recent years, in readiness for a tighter statutory deadline.
Strong public financial management	Monthly budget monitoring reports, audited annual statement of accounts, accountable budget owners. Anti-Fraud and Corruption policy framework, ‘whistleblowing’ policy and procedures. Compliance with CIPFA Statements on the Role of the Chief Financial Officer and the Role of the Head of Internal Audit.	Following the issues raised in an inspection at another major council the Council applied the lessons learned to inform a review of its approach to providing assurance upon the management of capital projects, including the management of additional funds for capital schemes provided during the pandemic.

**Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Sub principles	Demonstrated by	
Implementing good practice in transparency	<p>Compliance with the Local Government Transparency Code</p> <p>Robust monitoring of performance in relation to Freedom of Information (FoI) and Subject Access Requests (SARs)</p>	<p><u>Examples of good governance:-</u></p> <p>Performance in relation to FoI and SARs is robustly monitored by the Information Governance Group.</p>
Implementing good practices in reporting	<p>Comprehensive consultation process for published reports ensuring Members and senior management own the results reported.</p> <ul style="list-style-type: none"> <li>• Report Writer’s Guide</li> </ul>	<p>The requirements in the Transparency Code are met through the publication of information on the CMIS pages of the Council’s website.</p>
Assurance and effective accountability	<p>Ensuring that recommendations for corrective actions made by external audit and internal audit are acted upon.</p> <ul style="list-style-type: none"> <li>• Internal Audit update reports including reporting of progress with the implementation of previously agreed action plans.</li> <li>• External Auditor’s Annual Audit Report</li> </ul>	<p>There is an established process for audit action plans to be tracked. This involves services recording the progress, including sources of evidence, which is then validated by the auditors.</p>

#### **4. Review of Effectiveness**

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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 review the governance framework for the purposes of this Statement.

##### **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 material differences.
  - an exercise to review the weight of evidence of compliance with the Council's Code e.g. the existence of various key policies/procedures and evidence of compliance with these.
- A review of Risk Management reporting.
- A review of the Head of Audit & Fraud's Annual Internal Audit Report.
- A review of Internal Audit report findings and recommendations.
- A review of the fraud and related investigations completed during the year by Audit & Fraud.
- Consideration of issues arising from Risk and Governance workshops.
- Consideration of issues flagged in published reports into governance failings at other organisations.
- An examination of key minutes.

##### **Performance Management**

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

##### **External Review Assurance (further details in Section 7)**

- 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
- A review of complaints to the Local Government and Social Care Ombudsman
- Peer Challenge and other reviews

### **Other Sources**

- An examination of the work of the Audit Committee
- 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 and Cabinet minutes

### **5. Conclusion of Review of Effectiveness**

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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 (with the exceptions noted in section 6), the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.



Matt Jukes  
Chief Executive (Head of Paid Service)



Cllr Mike Ross  
Leader of the Council

## **6. Significant Governance Issues and Action Plan**

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### Children' Services

An Ofsted report published in May 2019 following an inspection of Children's Services in January 2019 judged key aspects of the service as 'inadequate'. The report identified a lack of management oversight and inconsistent practice, meaning the Council was potentially not fully discharging its functions under Section 17 of the Children's Act 1989 to safeguard and promote the welfare of children in need. Ofsted undertook further monitoring visits and issued a further report in January 2020 which concluded that there was insufficient progress at that time. As a consequence the Secretary of State issued a Statutory Direction and appointed a Commissioner to act on his behalf.

The Council's response and subsequent further Ofsted Monitoring Visits have been summarised in the Annual Governance Statements for 2019/20, 2020/21 and 2021/22, which are available on the Council's website. Visits in June 2021, November 2021 and March 2022 reported progress against the original report, and more specific improvements in respect of: planning and achieving permanence for children; and services to those leaving care.

These improvements were further embedded during 2022-23. Ofsted undertook a further monitoring visit in July 2022 and, as the outcome of this continued to be positive and positive trajectory was assured, the DfE Commissioner stepped down. A full re-inspection of Children's Services took place in November 2022. Its report (published in January 2023) confirmed that improvements had been made and that the services were no longer judged to be 'inadequate'. The overall judgement was 'requires improvement', with services to children looked after and care leavers judged to be 'good'. As a result, DfE lifted the formal intervention direction of the Secretary of State and replaced this with a six month improvement notice. A further DfE review took place in July 2023 and subsequently the DfE lifted the remaining improvement notice. Monitoring visits from Ofsted have now ceased and we have returned to the routine inspection framework activity. This will see a further focused inspection take place in early 2024 although it will be a "no notice" inspection so timing is unpredictable. This will be a two day inspection and will not be a judgment inspection. An independently chaired improvement board remains in place which assesses continued improvements, with the ambition to be 'good with outstanding features' at the next full inspection, which will take place within three years of the last inspection.

### Special Educational Needs

In 2017 the local area SEND partnership was issued with a Written Statement of Action (WSOA). A re-inspection in October 2019 judged there had been sufficient progress in relation to leadership, accountability and governance, and the accuracy of self-evaluation. However, an Accelerated Progress Plan (APP) was introduced to ensure stronger focus on two key areas and the DfE and NHS England continued to monitor the partnership's progress on those key areas:-

- Effectiveness of strategy for jointly commissioning services across education, health, and social care.
- Involvement of families in decision making about services and support they need, and their awareness of the resources and support available to them.

The DfE undertook an APP review in January 2022, which noted significant improvement, and the focus narrowed to three more specific areas: the impact of the neurodiversity pathway, co-production "at the operational level", and EHCP timeliness.

A further review, undertaken in June 2022, judged co-production to be good: *"It was clear at the review that co-production in Hull is good, and the creation of a steering group and co-production audit tool should ensure that it is fully embedded in how SEND in the local area develops. It is also promising that the strong parent carer forum is exploring ways to ensure it reaches even broader groups of parents, that parents feel the offer is accessible and reflects the city well, and that SENCO survey data showed positive trends on collaborative working with professionals, parents, and families."*

The APP was subsequently retained for support and challenge of the neurodiversity pathway only, with an expectation that the Local Authority would continue to focus on improving the timeliness of EHCPs. A further review in February 2023, recognised improvements to the neurodiversity service. For example, wait times for autism assessment have reduced significantly in the past 18 months. However, a single pathway of support needs to be mapped out for families, providing greater clarity around referral routes, eligibility criteria and assessment thresholds. The SEND Strategic Board monitors and holds to account through regular progress reporting. In November 2023, the local area SEND inspection was undertaken by Ofsted and the Care Quality Commission. This noted the continued progress of services and many positive areas of practice and children's experiences. However, it formally found that the local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND). While inconsistencies remain, no widespread or serious systemic failures were found. As a result, DfE have stepped down the APP monitoring and the local area has returned to national inspection framework arrangements.

Whilst the service is coping with very high demand for EHCP assessments, there has been significant progress in relation to timeliness. Whereas in 2021 the city was in the lowest Quartile D position with an average of 23% of plans issued within timescales against an England average of 60%, the outturn for the city rose to 28% in 2022. The first quarter of 2023 saw the city's position stands at 39%, national having fallen to 50% during the same period. The LA is closing the gap with a strengthened LA SEND team lifting performance within a context of rising demand.

### Financial Resilience

The external auditor's draft annual letter for 2020/21 (published in June 2022) reported a significant weakness in the Council's arrangements for financial sustainability (how the Council plans to bridge its funding gaps and identifies achievable savings). This was repeated in his 2021/22 and 2022/23 findings, which were also reported within the period covered by this Statement. The concern centres on the use of short term and one-off measures to balance the financial position and the need to develop a sustainable plan to address the underlying deficit. The auditor recommended that the Council needs to develop sustainable plans to ensure services can be provided within available resources and should: undertake an assessment of the affordability of services in their current form; develop a detailed plan to address the deficit; and ensure sufficient information is provided to Members so they can monitor the delivery of planned savings.

The Council recognises the existence of the underlying deficit in the Medium Term Financial Plan (MTFP). The 2023/24 Budget and updated MTFP provide for a balanced position in 2023/24 and indicate a deficit of manageable proportions in 2024/25, whilst maintaining reserves at adequate levels despite the significant inflationary pressures impacting during 2022/23. There is a level of certainty in available resources until March 2025, from the 2023/24 and 2024/25 Local Government Settlements. The next Government Spending Review will impact from 2025/26, alongside the planned introduction of delayed national Adult Social Care Reforms and reforms to the Local Government funding and business rate mechanisms. Set alongside the expected settling of the energy markets it is anticipated that there will be sufficient certainty at that point to enable meaningful long term and detailed plans to be put in place such that the Council can eliminate its budget deficit. Regular updates of the Council's MTFP, reflecting updated in-year positions, and being considered by Cabinet and the Audit Committee from the summer of 2023, to ensure financial stability can be maintained and appropriate plans formulated over this time frame.

### Accounting Deadlines

Local authorities are required to publish draft accounts and final audited accounts in accordance with a timetable set by central government. Historically the Council has consistently met the draft accounts deadline. It has also met the final accounts deadline except in recent years when the external auditor's work has been delayed due to factors outside the Council's control (see below).

The Council had anticipated that the publication deadline for the 2022/23 draft accounts would be set at 30 June 2023, and it allocated resources to achieve that deadline. This reflected a realistic assessment of resources, the timeliness of supporting information and the fact that the external auditor had indicated he would not be seeking to commence the audit of the draft accounts until July. Government subsequently set the deadline at 31 May 2023. Council officers considered options, such as producing the draft accounts using estimated figures to accelerate the process, but determined that the better option was to produce a robust set of accounts in accordance with its original plan. Reports in the national and professional press indicate that more than two thirds of councils nationally also missed the 31 May deadline in similar circumstances.

The Council issued an appropriate delayed publication notice by 31 May and subsequently completed the draft accounts by 30 June. Whilst taking seriously its own responsibilities to meet formal deadlines, the Council believes that the timetable requires review at a national level. Officers will continue to consult with government, professional bodies and other stakeholders to secure and achieve a realistic deadline in future years.

## **7. External Reviews**

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### External Auditor

The external auditor's opinion has been delayed in recent years due to factors outside of the Council's control. These include: Covid-19 related delays and subsequent catching up; and a national issue concerning the accounting treatment for infrastructure assets such as roads and pavements. Following clarification of that issue, the auditor issued an unqualified ('clean') audit opinion on the 2020/21 accounts on 22 March 2023.

His opinion on the 2021/22 accounts was also delayed by the same issue, and then by a further matter concerning pension fund valuations, which also affected all local authorities. Following clarification of that matter, a clean opinion was issued in December 2023. The conclusion of the audit of the 22/23 accounts has also been delayed by those same issues. However, at the time of finalising this statement, the audit is substantively complete and the Council anticipates receiving a further clean opinion.

The auditor is no longer required to issue an audit opinion on the Council's arrangements for securing value of money (VFM). He instead produces a narrative report on three sets of criteria: financial sustainability; governance; and improvements in economy, efficiency and effectiveness, (the three E's). Following the delays with prior year audits, his 2020/21, 2021/22 and 2022/23 narrative reports were each issued in the period covered by this statement. They raised concern about sustainable resource development, (see above re. financial resilience), whilst commenting positively on the Council's arrangements for governance and the three E's. The Council recognises the sustainability issue, which had already been identified in its strategic risk register.

### Care Quality Commission (CQC)

The Care Quality Commission (CQC) undertook an unannounced inspection of the Council's Shared Lives scheme in July 2022, which concluded that the service overall "requires improvement."

Since the inspection report has been received a robust improvement plan has been implemented that has focussed on the breaches that were identified by the CQC. Weekly governance meetings have taken place as well as regular highlight reports to the Adult Social Care Senior leadership team. Improved monitoring and auditing of the service has been implemented including remotely accessed competency testing of the shared lives carers. The recording of shared lives carer employment documentation, placement risk assessments and regular reviewing has all been strengthened and evidenced. The scheme continues to work hard on its improvement journey, aiming for "good" overall and working towards "outstanding" in the longer term.

In previous years, the CQC has inspected other services within its remit and concluded that services provided by 220 Preston Road, Park View, Pennine Resource Centre and the Supporting Independence Team are "good". It regularly reviews the available information to determine whether any of those establishments require re-inspection. Its most recent review, in June 2023, determined that there was no evidence to require re-inspection, and the "good" judgements therefore remain in place.

### Office for Standards in Education, Children's Services and Skills (Ofsted)

Since the last AGS, Ofsted has continued to undertake monitoring visits in relation to services for looked after children (see above). It also undertook an inspection of Adult & Community Learning, reported in March 2022, which concluded that the service had improved and is now rated as Good.

### Local Government and Social Care Ombudsman (LGO)

The LGO considers complaints about council services that remain unresolved after being considered through internal procedures. They publish an annual letter reporting on the number of complaints in various categories. For the most serious cases they also issue Formal Maladministration Reports, which the Council is required to discuss in public. The letter received during 2022/23 continued to show only a trivial number of cases, none of which led to a formal report.

**Appendix 1 - ASSURANCE FRAMEWORK**

<b>Corporate Arrangements</b>		
Constitution		
Policies		
Procedures		
Strategies & Plans		
Financial Monitoring & Reporting	Performance Monitoring & Reporting	Risk Management

<b>Senior Managers &amp; Partners</b>		
Corporate Strategy Team	Directors	
Assistant Directors Team	Assistant Directors	
Place Based Board Executive (Chief Executive, CCG Chief Operating Officer, Chief Constable)	Wholly owned companies and other strategic partners	Schools Forum

<b>Audit &amp; Governance</b>	
Opinion on governance, risk management & controls	Monitoring Officer

<b>Non-Executive Committees</b>	
Audit Committee	Overview & Scrutiny

<b>External Bodies</b>				
External Auditors	Inspectorates	Ombudsman	Professional bodies	Other external bodies