

Calderdale MBC Annual Governance Statement 2021/22

1. What is the Annual Governance Statement (AGS)?

It is a mandatory requirement for local government bodies required by the Accounts and Audit Regulations 2015.

In essence it is an accountability statement from Calderdale MBC to stakeholders on how well the Council has delivered on governance over the course of the previous year.

It is an open and honest reflection on governance which identifies any current challenges.

It is a meaningful tool for improving governance where areas for improvement are identified.

2. What is a Governance Framework?

CIPFA and Solace introduced a new governance framework, [*Delivering Good Governance in Local Government: Framework*](#), in April 2016. This includes seven principles for Good Governance in the Public Sector as follows:



Since 2016/17 Calderdale Council has adopted these principles to demonstrate its commitment to delivering good governance which are detailed within the [local code of](#)

[corporate governance](#). The local code has been kept under review throughout 2021/22, and has been fully refreshed in 2022/23.

3. Who is the Audience for the AGS?

In addition to the statement being of value internally to Members and staff, the AGS is prepared to provide accountability to a wide variety of stakeholders including the following:

- Members of the public
- Local businesses
- Partners
- MHCLG
- External auditors, inspectors and regulators

4. What Demonstrates Good Governance for Local Authorities?

- ✓ **OPERATION OF A GOVERNANCE FRAMEWORK**
- ✓ **HAVING A SYSTEM WHICH BRINGS TOGETHER AN UNDERLYING SET OF LEGISLATIVE REQUIREMENTS, GOVERNANCE PRINCIPLES AND MANAGEMENT PROCESSES**
- ✓ **STRONG REGULATORY FRAMEWORK WITH ROBUST ARRANGEMENTS FOR MONITORING AND REVIEW**
- ✓ **GOVERNANCE ARRANGEMENTS WHICH ARE OWNED BY AND VALUED BY SENIOR MANAGEMENT AND ALL STAFF AND NOT REGARDED AS MERELY BUREAUCRACY**
- ✓ **EXECUTIVE ARRANGEMENTS ARE BASED ON SOUND DECISION MAKING SUPPORTED BY EFFECTIVE PROCESSES**

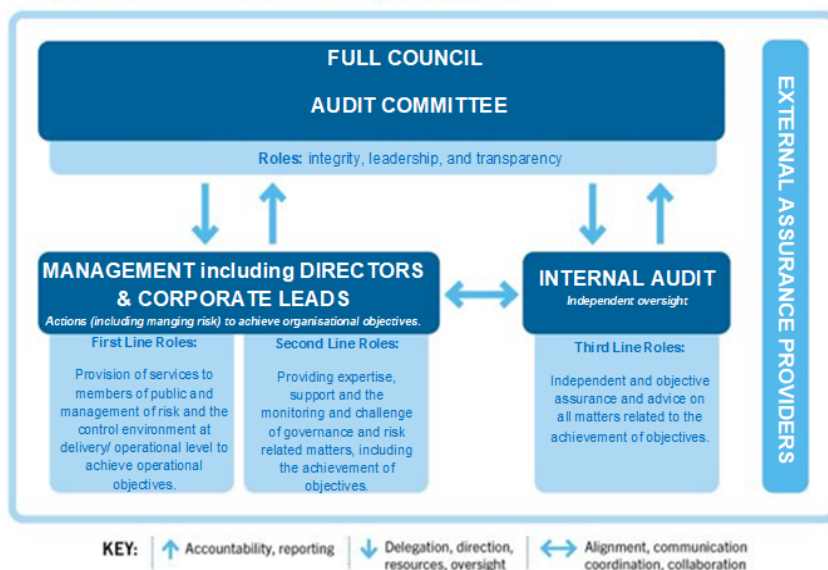
5. What Governance Arrangements Does Calderdale Have in Place?

Corporate Governance comprises the systems, processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

In addition to Calderdale Council adopting the CIPFA/Solace Governance Principles to demonstrate its commitment to delivering and promoting good governance throughout the Borough, the governance assurance map illustrates in practice, how the principles and sub-principles of the code described above, align to Calderdale Council's Local Code of Corporate Governance, policies and procedures.

In addition, the three lines of assurance model, as summarised below, is also an invaluable tool to demonstrate the structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management and foster closer collaboration, clarification, and oversight across Calderdale.

The three lines assurance model is central to the review of effectiveness as follows:



6. How is the Effectiveness of Calderdale's Arrangements Evaluated?

The following chart shows the assurance mechanism which supports the overall evaluation of the effectiveness of the governance framework in place at Calderdale, including the systems of internal control, which take into account risk and ultimately aids the preparation of AGS. In 2021/22 in addition to assurance statements from corporate leads, assurance statements were obtained from Directors, as in 2020/21 to ensure that they have an opportunity to comment on governance arrangements within their areas of business which could have an impact on the soundness of overall governance arrangements.



7. What is the Opinion on Calderdale's Governance Arrangements?

This statement provides an opinion on the level of assurance with regards to the Council's governance arrangements which enable stakeholders to be satisfied those proper arrangements are in place to govern spending and safeguard assets.

The evaluation on the effectiveness of arrangements provides assurance that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

8. Are there any risks, future challenges, and weaknesses in Calderdale's Current Governance Arrangements?

The review of effectiveness identified the following issues with regards to governance:

Covid -19 Pandemic

Due to the significant impacts on the authority from the pandemic and how it operates, the Covid pandemic has been noted in the AGS since 2020/21. Although the risks and impacts are now reducing, they continued to have an impact throughout 2021/22 and as such is still included in this year's statement.

Since March 2020, Calderdale set up extensive officer and Member groups to manage the impacts of the pandemic and priorities moving forward including Business Continuity: Covid-19, Future Council Group, Covid Recovery Co-ordination Group, the Covid-19 Impact Assessment Task and Finish Group. Partnership arrangements were also in place to understand the wider governance implications of Covid-19 on Calderdale including the Inclusive Economic Recovery Board.

Steps were taken to ensure effective decision-making arrangements were in place throughout the pandemic. This included the use of digital platforms to enable decision making Council meetings to continue. Reports to the initial Cabinet meeting after lockdown identified decisions made by officers to enable them to sign them off and any use of Chief Executive emergency powers were fully captured. It is worthy of note that due to the rapid adoption of virtual meeting processes, there was a swift return to more or less pre Covid decision making and governance processes.

The PAS (People Assets Systems) met throughout 2021/2 with a focus on the recovery of the organisation and its transition to new ways of working, which were agreed through the Future Council Programme, and reported to Scrutiny.

Plans were delivered to re-set of the way that the Council works and provide services based on risk awareness and management, and which resulted in a phased return to the office for those staff who had been homeworking over the period of the pandemic, where the service required it was in the best interests of employee's welfare. This programme will be further developed this year aligning to developing work on workforce, our estate and digital/ICT.

The Business Continuity team conducted a post covid lessons learned exercise triangulated with an assessment by the Council's insurers Zurich. This informed a review of the Business Continuity Plan

The Council's Business Continuity Plans have been reviewed with a particular focus on the risks presented around cyber security. Mandatory annual training has been introduced and users who fail to successfully complete this will have access to the Council's systems withdrawn.

Appropriate digital platforms continue to be used to ensure decision making and governance processes continue across the Council. Steps have been taken to move to face-to-face meetings and safe working arrangements are in place to allow officers and Members to return to Council buildings where necessary. However remote and hybrid meetings are still being held where appropriate.

Project Management

As a result of concerns identified with regards to the governance arrangements around project management, this issue has been included as a significant item in the Council's AGS since 2015/16.

A number of corporate initiatives have been introduced throughout the authority since 2016/17 to address the original weak areas identified with regards to record keeping, evidence to support the appointment of consultants, the need to improve monitoring arrangements, quality control and roles and responsibilities. A detailed plan of activity to improve project management capabilities was presented to Audit Committee on the 30th of November 2020 by the Interim Director of Regeneration & Strategy.

The Major Projects team have been leading improvements regarding capital programme management following the presentation to Audit Committee in November 2020. Although there has been some slippage on the timescale reported in November 2020, progress has been made and the current position is detailed in the following paragraphs.

Implementation and use of the ACTIRECS system for recharging of salaries and indirect costs associated with project management is now in full operation across the Major Projects and Strategic Infrastructure Services. The Major Projects Service has achieved the budgeted income target assigned in the 2021/22 budget setting process.

Significant workload pressures and the introduction of Towns and Future High Street Fund initiatives into the Major Projects Service has meant that minimal resources have been available to implement improvement activities highlighted to the Audit Committee in November 2020. The allocation of the 2021-22 income target also removed funding previously allocated in 2020 to process/ICT and Project Management Office (PMO) workstreams. An alternative funding strategy is yet to be identified. The Service is recruiting officers to deliver these initiatives in a dynamic and challenging market for project management.

The Service is currently working to re-profile project governance mechanisms outlined in the Future Governance Model, previously presented to the committee. Programme management arrangements under the Future Governance Model have now been implemented for all major programmes with the exception of Schools Capital, and a revised portfolio management arrangement has now been agreed with senior managers and will be presented to Cabinet in August. This revised arrangement is a variant of that previously presented to Audit Committee as it is not possible to support detailed portfolio level governance through the creation of a PMO at the current time.

Financial Resilience including adherence to the CIPFA Financial Management Code

The council has self-assessed itself against the new Financial Management Code, which includes the following core principles by which local authorities should be guided in managing their finances:

- Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- Accountability – financial management is based on medium-term financial planning, which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with transparency at its core using consistent, meaningful, and understandable data, reported with appropriate frequency and with evidence of periodic officer action and elected member decision making.
- Adherence to professional standards is promoted by the leadership team and is evidenced.
- Sources of assurance are recognised as an effective tool mainstreamed into financial management and include political scrutiny and the results of external audit, internal audit, and inspection.
- The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

The self-assessment found the council to be largely in compliance with the Code. Work is ongoing to further enhance this and that improvements will continue to be made wherever possible. This is something that the finance team in conjunction with audit will report on as appropriate.

Contacts and Procurement

Issues with regards to governance arrangements for contracts and procurement have been identified from internal audit work carried out throughout 2021/22. In addition, the Corporate Lead overall opinion remained as 'adequate', which it had been for the last six years. However, given that weaknesses and actions have been identified against all 6 governance principles, many of which have been ongoing for a number of years, it is considered that this may potentially impact on VFM. The key weaknesses/gaps include unclear roles and responsibilities, monitoring of contracts/exit of key high value contracts, and lack of knowledge/training.

Solutions are being discussed and agreed to help resolve or progress some of these issues, including the identification of additional resources, with the intention of achieving a more positive direction of travel going forwards. Proposed actions include a revision to Contract Procedure Rules, including more defined roles and responsibilities, development of training programme to be delivered through Directorate Management Teams, development of guidance document on Chief Officer Waivers, consideration of delegated responsibilities, and review of monitoring and reporting procedures.

Work has already commenced on solutions which have been discussed and agreed to help resolve or progress some of the issues identified. A one-year fixed post for a policy intern is being pursued to provide resource in policy development, and identifying and developing solutions. In addition to achieving a more positive direction of travel, appointment of an intern will also enable the Council to be 'procurement reform' ready with the introduction of the new Procurement Reform Bill proposed for Autumn 2023. This work will also accompany work with the Commercialisation team to develop a new business plan for a robust procurement function.

Commenced actions also include the following:

- a revision to interim Contract Procedure Rules, including more defined roles and responsibilities, to be presented to Governance and Business Committee in September 2022 for approval by Council in October 2022.
- development of a training programme to be delivered through Directorate Management Teams, which has commenced with a pilot with the Peer Management Network.
- development of guidance document on Chief Officer Waivers.
- consideration of delegated responsibilities for the Procurement Governance function in conjunction with the Head of Legal and Democratic Services.

- review and development of monitoring and reporting procedures, including introduction of modules for e-evaluation and e-contract management through the Councils e-tendering portal.
- exploration of provision of Contract Management qualifications for staff through Cabinet Office funding next year.

No additional items have been identified for inclusion in the 2021/22 AGS.

8. Action Plan to Address Issues Identified

Appropriate managers will be asked to develop a clear action plan, including milestones, target dates and responsible officers. Responsible officers will be required to provide regular updates, and a progress reports are scheduled on the Audit Committee Work Programme.

Ernst and Young LLP presented the Audit Completion Statement for 2021/22 to Audit Committee on 2 December 2024. This confirmed that a Disclaimed Report would be issued. There were no other matters or significant weakness issues identified in the Audit Completion Report. Audit Committee approved the final version of the Annual Governance Statement on this basis, noting that the implications of the disclaimer will be reported in the subsequent years' AGS which remain draft.



Becky McIntyre
Director Resources and Transformation (S151 Officer)

Ellr Jane Scullion
Leader, Calderdale Council

Robin Tuddenham
Chief Executive

Date approved: 2 December 2024