

Calderdale Metropolitan Borough Council

Annual Governance Statement 2022/23

1. Introduction

Calderdale Council has a statutory responsibility¹ for conducting an annual review of the effectiveness of its governance framework including the system of internal control. The results of the annual review of the effectiveness of the key elements of the Council's governance processes during 2022/23 are set out in this statement.

Many of the governance processes that were in place during 2022/23 remain unchanged from previous reports and are referred to in previous statements, as well as in the Council's Local Code of Corporate Governance.

This statement, which has been prepared in accordance with the 2016 CIPFA/SOLACE² Framework ('Delivering Good Governance in Local Government') focusses on the key changes and developments within the Council's governance framework during 2022/23. It will be reviewed and updated to record any significant post March 2023 governance events before it is formally approved by the Audit Committee and signed by the Leader of the Council and Chief Executive.

Whilst the review has found that governance processes are effective overall it did identify six areas that need to be addressed. These are in the areas of project management, contracts and procurement, constitutional matter, policy management, recharging for integrated care service and transport. Whilst not in the Council's control, the statement also refers to the issues that have been experienced by the Council's external auditors in not completing by the statutory deadline their audit of the 2021/22 statement of accounts.

Four issues were identified in last year's statement. Two of these - project management and contracts & procurement - remain outstanding.

2. The Council's Governance Framework

The governance framework generally refers to the culture, values, systems, and processes by which the Council is directed, controlled and held to account. The Council's governance framework aims to ensure that in conducting its business it operates in a lawful, open, inclusive and honest manner, makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively, it maintains effective arrangements for the management of risk and secures continuous improvement in the way that it operates. In addition, an effective governance framework also enables the Council to monitor the achievement of its corporate objectives and to consider whether appropriate, value for money services are being delivered to fulfil those objectives.

¹ The Accounts and Audit Regulations 2015 require the Council to conduct a review at least once a year of the effectiveness of its system of internal control and to publish an Annual Governance Statement (AGS).

² Chartered Institute of Public Finance & Accountancy / Society of Local Authority Chief Executives.

Underpinning the governance framework is the Council's Local Code of Corporate Governance. A document that details the key policies, procedures and systems by which the Council is controlled and governed. The Local Code is reviewed and updated annually to ensure it reflects current working practices. Once updated it is reviewed and approved by the Audit Committee. The Local Code should be read alongside this statement.

The Council aims to achieve good standards of governance by:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing its capacity, including the capability of its leadership and the individual within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practice in transparency, reporting, and audit, to deliver effective accountability.

The overall aim of the Local Code is to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities.
- There is sound and inclusive decision making.
- There is clear accountability for the use of resources in order to achieve desired outcomes for service users and communities.

Underpinning the Local Code is the Council's commitment to equality of opportunity in its approach to policy making, service delivery and employment.

3. Governance issues 2021/22

Four significant governance issues were included in the 2021/22 statement. The progress that has been made to address these is set out below.

2021/22 areas of concern

Covid -19 Pandemic

The February / March 2020 pandemic outbreak and the Council's need to respond was originally included in the 2019/20 statement. The continued impact of the pandemic resulted in the issue remaining in the 2020/21 and 2021/22 statement.

March 2023 position

Covid required numerous changes to business processes and service delivery methods. These have in the main become embedded into systems and processes and are considered to be 'business as usual'. New or any on-going issues are considered and managed by Directorate management teams

The Corporate Leadership Team (CLT) are of the view that this issue is being dealt with under day-to-day management arrangements. It no longer

2021/22 areas of concern

Project Management

The need to improve project management arrangements has been included in the statement since 2015/16. Areas of concern related to record keeping, evidence to support the appointment of consultants, the need to improve monitoring arrangements, quality control and roles and responsibilities.

It was reported in the 2021/22 statement that a new project management methodology was to be introduced.

March 2023 position

requires including in the statement as an issue of concern.

The Corporate Lead, Major Projects has developed a Decision Hierarchy. This sets out how key project documents and strategies are to be approved and by whom.

The Design Hierarchy is currently in operation alongside a new financial delegation scheme for projects, to deal with some of the most urgent issues.

In March 2023 a project management governance framework was endorsed by the Delicate Contract Matters group (which includes both the Monitoring Officer and S151 Officer).

The revised project management arrangements need to become embedded across the organisation. Internal audit have planned to undertake a review of the arrangements towards the end of the calendar year to evaluate their effectiveness.

Adherence to the CIPFA Financial Management Code

The Head of Finance undertook a self-assessment review against the CIPFA Financial Management Code³ (FM Code) in 2019 and reported the results of that review to the February 2021 Audit Committee.

The review found the Council to be largely in compliance with the FM Code. An improvement plan was prepared to address the areas of non-compliance.

The Audit Committee have received a number of reports detailing the progress that has been to implement the FM Code.

The Head of Finance reported to the Audit Committee in February 2023 that a monitoring process had been introduced to ensure that the implantation plan was introduced. The FM Code contains 22 standards. The Head of Finance considered all but one to be in place.

The Audit Committee have requested the Head of Finance to present an annual report on compliance with the FM Code.

The CLT are of the view that this issue has been addressed and no longer requires including in the statement as an issue of concern.

Contracts and Procurement

³ The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It sets the standards of financial management for local authorities.

2021/22 areas of concern

Internal audit work undertaken in 2021/22 identified a number of governance issues in the area of contracts and procurement. In addition, the Corporate Procurement Officer had identified a number of areas for improvement. Taken together it was considered that these had the potential to impact upon the value for money aspects of procurement.

The key weaknesses/gaps include unclear roles and responsibilities, monitoring of contracts/exit of key high value contracts, and lack of knowledge/training.

The 2021/22 statement set out the improvements that were being considered, these included:

- additional resources,
- revising the Contract Procedure Rules to include defined roles and responsibilities,
- the development of a training programme,
- a guidance document on Chief Officer Waivers,
- clarifying delegated responsibilities, and review of monitoring and reporting procedures.

March 2023 position

Whilst good progress has been made in a number of areas, improvements are still required. This issue will be carried forward into the 2022/23 statement action plan.

The initiatives that have been taken to address the weaknesses identified include:

- The appointment in December 2022 for one year of a policy intern to assist in procurement policy development and implementation. The postholder will also assist in enabling changes are made so as to ensure the Council will be ready to implement the Government's Procurement Reform Bill that is expected to be enacted during 2023.
- Revised Contract Procedure Rules that include a structured and defined set of key roles and responsibilities.
- Delivering workshops to over 130 Officers on their commissioning and procurement responsibilities. A workshop was also held for Members in March 2023.
- A guidance document on Chief Officer Waivers is currently being drafted.
- Clarification of the reporting function on governance responsibilities of the Corporate Procurement Officer to the Head of Legal and Democratic Services, as Monitoring Officer, is now incorporated into the Contract Procedure Rules.
- Creating a 'pipeline' record of future procurement projects to allow the procurement team to become more pro-active in advising Officers of best practice.

4. Review of the Effectiveness of the Governance Framework

The review of the effectiveness of the governance framework has been undertaken by the interim Head of Internal Audit. The Corporate Leadership Team also contributed to the review process.

The review considered the following areas and issues:

- a) The [2022 review of the Local Code of Corporate Governance](#). The Local Code is based upon the 2016 CIPFA / SOLACE framework, Delivering Good Governance in Local Government. At the time of drafting this AGS the 2023 review of the Local Code had not been completed. The AGS will be updated to detail the outcome of that review before it is approved and signed.

- b) To support the governance review the Council has in place a 'Corporate Leads' governance assurance process. Corporate Leads are Officers who have responsibility for overseeing specific governance areas. They are required to undertake during Q4 of the financial year, a self-assessment (against six governance themes ⁴) that identifies both strengths and weaknesses in their governance area and identify opportunities for improvement ⁵. The self-assessment returns are reviewed by internal audit. They undertake a 'sense-check' of the returns based upon their knowledge of the governance areas and the findings from internal audit reviews completed in those areas. At the conclusion of this review internal audit identify areas that they consider contain weaknesses that are significant enough for inclusion in this statement.

Internal audit are of the opinion that constitutional matters and policy management should be included in the statement as being of significant concern.

Constitutional matters

The Constitution is the Council's prime governance document. Approved by Council it sets out Committee and Officer powers and authority. It is important that it is regularly updated to reflect changes to (amongst others) legislation, delegated powers, Committee terms of reference and relevant Member decisions. It is also a key document within the Local Code of Corporate Governance.

A key action from the 2021/22 governance return was for a 'roots and branch' review of the Constitution to be undertaken. This remains the case. The review will allow for supporting documents to the Constitution to be brought up to date and aligned to delegated authorities, reporting lines, escalations and reflect current practices, including the policy approval routes, changes in terms of the committee structure, and any changes in legislation etc.

An internal audit review of standards, ethics and legality has also identified a number of issues that reference the need for the timely update of the Constitution and the process by which proposed changes to the Constitution are reported to Council.

Policy management

The governance assurance returns show that:

- Officers are unclear as to the policy approval route that should be followed.

⁴ 1) Roles and responsibilities are clearly defined.
2) Officers & Members are appropriately trained.
3) Policies and Procedures are in place, communicated, acknowledged, and understood.
4) Delegated Authorities are in place and understood.
5) Decision Making and reporting is clearly documented, and transparent.
6) Effective monitoring is in place.

⁵ 79 opportunities for improvements were identified.

- The Council cannot provide assurance that all Officers have been provided with all relevant policies, have read or understand them.
 - There is no central record of all the policies that are in place across the Council, their approval route, Officer responsible for updating and review, or a schedule of review dates.
- c) The work of Internal Audit and their 'reasonable' assurance opinion on the adequacy and effectiveness on the Council's internal control environment for the year ending March 2023, reported to the Audit Committee in May 2023. During the 2022/23 financial year 47 internal audit reports were issued. Of these all but three reports were given either a 'reasonable' or 'substantial' assurance opinion. No area reviewed was classified as having 'no' assurance.
- d) The three reports that were given a 'limited' assurance opinion were in the areas of 1) integrated care system recharges, 2) transport and 3) standards, ethics and legality. All three contain issues that either individually or collectively are considered significant enough to warrant being highlighted in the statement action plan (see Section 5).
- e) CIPFA released a revised Position Statement on Audit Committees in 2022. The Audit Committee considered revised terms of reference in February 2023 which reflected the Position Statement. At the time of drafting this statement, the revised terms of reference have not been considered by the Council or included in the Constitution.
- f) The Position Statement (which has the support of the Government) represents CIPFA's view on the audit committee practice and principles that local government bodies should adopt. CIPFA expects that all local government bodies should make their best efforts to adopt its principles. The Position Statement states that 'the audit committee should be established so that it is independent of executive decision making and able to provide objective oversight'. The Audit Committee, whose membership is agreed by the Council, currently has two Members who are also Executive Members. This is contrary to the Position Statement. Whilst there is no evidence to suggest the Audit Committee has not acted effectively due to the presence of the two Executive Members the Audit Committee does intend to discuss its membership requirements and consider whether or not Executive Members should be able to sit on the Committee.
- g) At the time of drafting the AGS the external audit of the 2021/22 Statement of Accounts had not been completed. Indications are that it will be completed early in 2024, following which the external audit of the 2022/23 Statement of Accounts will commence. Whilst the external auditors have been in contact with the Head of Finance to discuss the reasons why they have not been able to complete the audit, they have provided no formal updates to the Audit Committee to explain their position.

- h) Whilst the delays to the external audit process have not affected the Council's ability to plan or manage its budgeting or wider financing, what is of concern is the lack of independent assurance over financial processes that the external audit process provides.
- i) The role played by Members, as accountable democratically elected representatives, in providing community leadership, delivering clear policy and financial direction, scrutinising decisions as well as fulfilling regulatory and quasi-judicial duties.
- j) The work of the Corporate Leadership Team who have responsibility for the development and maintenance of the control and governance environment.
- k) The Head of Finance is the Council's Section 151 Officer. They have had in place an appropriate internal control framework that has ensured financial transactions have been properly accounted for. They are a member of the Corporate Leadership Team and ensured financial implications are considered in the delivery of corporate objectives and overseen the effectiveness of the overarching strategic financial processes (e.g., budget setting, financial planning, revenue and capital expenditure monitoring, treasury management). As noted in section 3 above, they have delivered an action plan to ensure the Council is compliant with the CIPFA Financial Management Code.
- l) As part of their business-as-usual operations, Service Managers frequently review and amend their risk registers. Directorate risk registers were reported to the Audit Committee in August (Regeneration and Strategy) and October 2022 (Adult Services and Wellbeing). The Audit Committee also considered the effectiveness of the risk management framework in December 2022. A review of the Risk Management Policy is due to be completed in 2023/24.
- m) The 2021/22 complaints and compliments report was considered by the Governance & Business Committee in October 2022. It showed the 193 complaints had been received. 40 were subsequently withdrawn. Of the remaining 153, 71 complaints (46%) were upheld or partially held. The Council has a target of undertaking an investigation and responding to the complainant in 10 working days. If that cannot be achieved, an extended timescale (usually a further 10 working days) is agreed with the complainant. During 2021/22 the average time taken to resolve a complaint was 14 days. 254 compliments were received during 2021/22.

If a complainant is not satisfied with the response they have received they have the option of raising the matter with the Local Government and Social Care Ombudsman. The Ombudsman received 72 complaints and enquiries in 2021/22. Of these, the Ombudsman undertook detailed investigations into 17 complaints. 11 were upheld, with six requiring that financial recompense to the complainant. The Ombudsman provides a separate report detailing the outcome of their investigation and suggesting learning points for the Council. These are reviewed and appropriate action taken to address the learning points that have been identified.

- n) The Council has an interest in three companies.

C&K Careers Ltd (company no: 03039360) was incorporated in 1995. It provides, on behalf of Calderdale Council and Kirklees Council information, advice and guidance to vulnerable young people targeting those most at risk of not in education, employment or training. Three elected Members sit on the C&K Board and its activities are reported to the Council.

Calderdale One Ltd (company no: 10338160) is a Council wholly owned company, it was incorporated in 2016. It was established to provide a range of Council services to schools and academies initially but with the option to extend traded services to other third parties at a later. It has never traded and has been registered by the Council as dormant at Companies House.

Weave (Yorkshire) Ltd (company no: 12123062) is a Council wholly owned company. It was incorporated in July 2019 to oversee the development of new homes on three Council owned sites. It has never traded and has been registered by the Council as dormant at Companies House.

- o) The provision of regular management and performance information to Cabinet and the Strategy and Performance Scrutiny Board.
- p) The ongoing review throughout the year of policies and procedures that underpin the delivery of services alongside new initiatives introduced to enhance governance and/or service delivery. These included:
- Amendments to the Corporate Procurement Rules.
 - The six-monthly review of children's social care and safeguarding procedures.
 - The review of a number of Human Resources policies, with the results of the reviews being reported to the Governance & Business Committee who approve the changes.
 - A review of the conventions on Member and Officer relations.
- q) The Council invited the Local Government Association to undertake a Peer Challenge review in February 2023. The feedback report has been received but is embargoed from publication until late May 2023. Once the embargo has been lifted a summary of the report's findings will be referenced in this statement.
- r) When a child comes into care, the Council becomes the Corporate Parent – meaning that the Council, elected members, employees, and partner agencies, have a collective responsibility for providing the best possible care and safeguarding for the children and young people who are looked after by the Council or are leaving their care. The Council invited the Local Government Association to (LGA) to review its approach to Corporate Parenting in October 2022. The resulting report was complimentary about the approach the Council was taking and identified a number of good governance practices. A number of areas for improvements were also identified and these are currently being addressed.

- s) The Cabinet in March 2023 considered the annual health and safety report. The report summarised the work undertaken by the Health & Safety team, so as to ensure that the Council fulfilled its statutory duties. Four areas were listed as 'outstanding' matters – statutory provision in key Council buildings post-Covid, tree management, alcohol and drug testing and lone working in front line services. Work is ongoing to address the issues identified

As a result of complaints that had been made, the Health & Safety Executive (HSE) undertook an investigation in the management of vibration risk from the use of ride-on equipment. The HSE took no action and complemented the Council on its arrangements for managing the risk. It is their intention to use our processes as the benchmark for all future inspections throughout the region relating to the safe use of ride-on equipment.

5. Significant Governance issues 2022/23

The effectiveness review has concluded that corporate governance arrangements and the internal control environment are generally effective. It is acknowledged that improvements can always be made. Five areas are considered significant enough to be specifically highlighted. The action taken to address these is set out below.

Governance Improvement Plan 2022/23

Issue	Action to be taken	Responsible officer and target date
1 Project Management		
The need to improve project management arrangements has been included in the statement since 2015/16. Areas of concern related to record keeping, evidence to support the appointment of consultants, the need to improve monitoring arrangements, quality control and roles and responsibilities.	As outlined earlier in the statement a number of initiatives were introduced during 2022/23 to improve project management processes. Further developments are planned	Corporate Lead, Major Projects Ongoing
	The project management governance framework and robustness of the project management arrangements will be reviewed by internal audit during Q3. Audit Committee will be updated of the audit's findings.	Head of Internal Audit December 2023
2 Contracts & Procurement		

Issue	Action to be taken	Responsible officer and target date
<p>Contract Procurement Rules (CPR) need to be reviewed and updated to:</p> <ul style="list-style-type: none"> • Remove references to groups that have been disbanded and include those that have established. • Clarify Officer authority to exercise CPR waivers. • Clarify the contract bond process • Correct omissions in the glossary and numbering errors etc. 	<p>It is agreed that the CPR require updating. It is expected that a major review will be required once the Procurement Reform Bill has been enacted by the Government.</p>	<p>Corporate Procurement Officer.</p> <p>Indicative date Spring 2024, but dependent on progress of legislation.</p>
<p>In addition, the contract register is not regularly updated or used to capture future procurement activity.</p>	<p>The current CPR are 'fit for purpose' and it is proposed that any minor changes that are required will be notified to Managers on the understanding that these will be followed. This is considered a suitable approach to mitigate the risks that have been identified. The contract register is updated following the publication of all award notices.</p>	<p>Corporate Procurement Officer.</p> <p>June 2023</p>
<p>The seven opportunity actions identified in the Corporate Lead return also need to be introduced.</p>	<p>A 'pipeline' register has been developed to record potential contracting activity. This will be a public document.</p>	<p>Completed</p> <p>Corporate Procurement Officer</p> <p>July 2023</p>
<p>3 Constitutional matters</p> <p>The internal audit review of standards, ethics & legality identified a number of areas for improvement. The most significant being that the Constitution should be reviewed and updated.</p>	<p>The Constitution will be reviewed and updated.</p>	<p>Head of Legal and Democratic Services</p> <p>30 September 2023</p>
<p>4 Policy management</p> <p>Officers are unclear as to the policy approval route that should be followed.</p> <p>The Council cannot provide assurance that all Officers have been provided with all</p>	<p>The requirements for more active policy management will be considered alongside the review of the Constitution.</p>	<p>Head of Legal and Democratic Services</p> <p>30 September 2023</p>

Issue	Action to be taken	Responsible officer and target date
<p>relevant policies, have read or understand them.</p> <p>There is no central record of all the policies that are in place across the Council, their approval route, Officer responsible for updating and review, or a schedule of review dates.</p>		
5 Integrated care system recharges		
<p>The agreed recommendations contained in the internal audit report are introduced to the agreed timescales. These include introducing a formal recharge policy, determining which Officer will be responsible for overseeing the correct implantation of the policy and so ensuring consistency in the recording and recharging of sums due.</p>	<p>The agreed recommendations will be introduced.</p> <p>Internal audit will report on the progress that has been made to introduce the recommendations to the Audit Committee.</p>	<p>Assistant Director of Adult Social Care</p> <p>Various dates as per the agreed action plan.</p>
6 Transport		
<p>The agreed recommendations contained in the internal audit report are introduced to the agreed timescales.</p> <p>These include introducing written procedures for key processes, formalising contract and performance monitoring procedures, tendering the home to school taxi service, complying with the contract procedure rules.</p>	<p>The agreed recommendations will be introduced.</p> <p>Internal audit will report on the progress that has been made to introduce the recommendations to the Audit Committee.</p>	<p>Assistant Director, Neighbourhoods</p> <p>Various dates as per the agreed action plan.</p>

6. Approval of the Annual Governance Statement

After conducting a review of the governance arrangements across the Council and overall compliance with the Council's Local Code of Corporate Governance, we are satisfied that the arrangements are effective.

It is also recognised that there are always opportunities to improve, and the review has identified six improvement areas. We propose over the coming year to take steps to address the issues identified in section 5 above.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during 2023/24 and as part of our next annual review.

We are satisfied that this statement allows the Council to meet the requirements of the Accounts & Audit (England) Regulations 2015 – to prepare an annual governance statement to accompany the 2022/23 Annual Financial Report.

Ernst and Young LLP presented the Audit Completion Statement for 2022/23 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