



Annual Governance Statement Governance 2019/20

Hull City Council

Version 2.1

September 2020

Proposed review: April 2021

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 2019/20. This was approved by the Audit Committee on 18 November 2019 and a copy of the Code is on our website www.hull.gov.uk as part of the Committee papers.

2. The Purpose of the Governance Framework

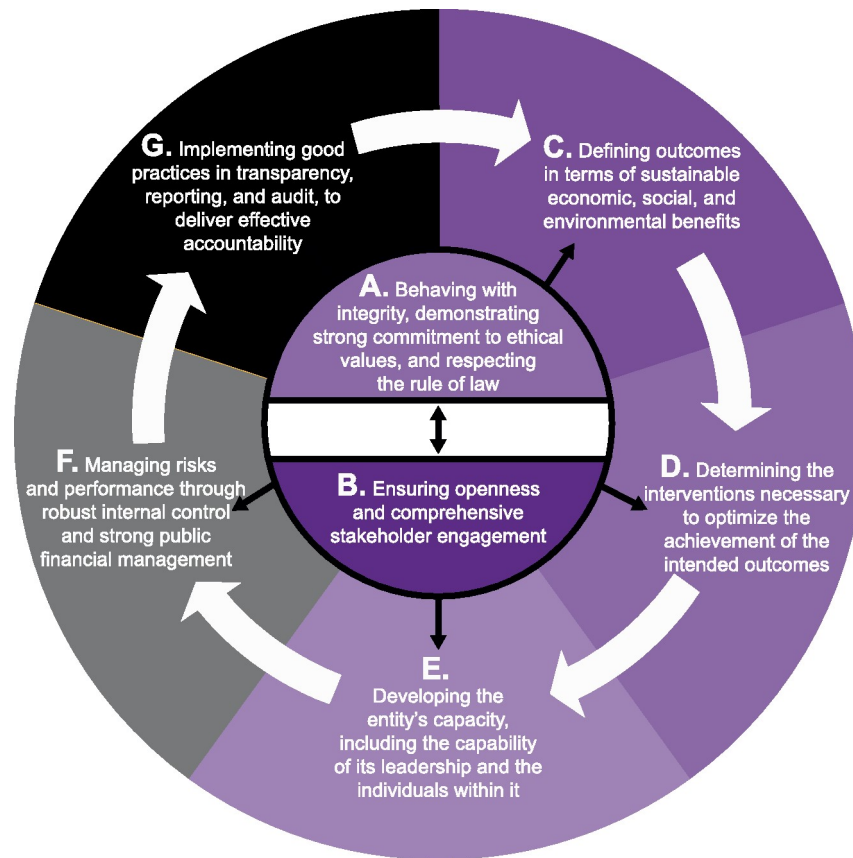
The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives 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 2020 and up to the date of the approval of the Statement of Accounts. Delivery of some aspects has been flexed since the year end in response to Covid-19 and this is commented upon at section 6.

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



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"> • Constitution • Councillors' Code of Conduct • Code of Conduct for Employees • Protocol for Councillor and Officer relationships • Corporate Equality Policy • Register of Interests • Gifts and Hospitality Policy • Role of the Monitoring Officer and Independent Person in reviewing Member behaviour. 	<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"> • <i>Open and honest communication.</i> • <i>Putting people and communities at the heart of everything we do.</i> • <i>Ensuring people are treated equally and difference is valued.</i> • <i>Valuing and investing in people as the Council's key resource.</i> • <i>Encouraging local democracy and public accountability.</i> • <i>Being responsive to changing aspirations, priorities and opportunities.</i> • <i>Striving for excellence.</i> • <i>Concentrating on outcomes.</i> • <i>Contributing to and taking an interest in all new initiatives within the city.</i> 	<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"> • Freedom of Information Act publication scheme • Compliance with the Local Government Transparency Code • Pre-decision Scrutiny • Report Writer’s Guide 	<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 Executives of the Council and the NHS Hull CCG have delegated powers in relation to Health and Social Care to Executive sub-committees to enable decisions to be made in Common between the organisations at joint meetings.</p> <p>Cross-organisational strategic leadership: The Health and Wellbeing Board brings together democratic and officer strategic leadership across the Health and Social Care sectors in the City, to develop a shared strategic vision. The Safeguarding Boards and the Better Care Plan report into the Board.</p> <p>Chief Officers: The Chief Officers of the Public Sector and Voluntary Sector bodies in the city have established a Place Based Board for the city within the framework of the National Health Sustainable Transformation Plan through which a shared outcomes framework and shared strategic plans are developed.</p> <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: The City has a Business Leadership Board through which the public sector in the city engages with the private sector in the city to help establish a single cohesive vision for the future of the city. This engagement led to the development of the City Plan.</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 through a monthly Overview and Scrutiny Management Committee meeting.</p> <p>Decisions that are not classified as key decisions and supporting</p>

Sub principles	Demonstrated by	
	<p>Sub-Region: Across the Humberside region a Joint Committee of Executive Leaders, the Humber Leaders Board, which provides the democratic accountability for the development of the Humberside Local Enterprise Partnership</p> <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 and Culture: The Council is represented on the Active Humber County Sports Partnership and the Board of Absolutely Cultured.</p> <p>Schools: A City Learning Partnership has been developed with Multi Academy Trusts operating in the city.</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>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>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"> • People's Panel • Enterprise Panel • Customer Feedback Policy • Petitions scheme • Tenant participation • Ward Forums and Area Committees • Council's website • Young People's Parliament and Youth Council • Voluntary and Community Sector. 	<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> <p>The Council has a Citizen's Account which has been procured to facilitate a city wide cross organisational offer.</p>

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

Defining outcomes	<p>Focusing on the purpose of the Council and on outcomes for the community.</p> <ul style="list-style-type: none"> • Hull City Plan • Hull Place Strategy • Corporate Plan • Customer insight analysis • Equality analysis and impact assessments • Service plans • Performance framework 	<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>
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • City Plan update • Service objectives • Medium Term Financial Strategy • Environmental policy statement • Environment management system • Policy development guidance notes • Capital programme • Commissioning and Procurement Policy • Adopted Local Plan • Living Wage/anti-poverty agenda. • Social wellbeing via public health, re quality jobs, clean air etc. • Focus on inclusive growth. • Environmental team undertakes statutory environmental health checks. • Commitment to sustainable procurement and fair trade. • Smart City Strategy • Climate Emergency Declaration 	<p>The Council approved an updated City Plan and the Council's Corporate Plan and policy framework in January 2019.</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

<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"> • Service and budget monitoring Reports • Financial Statements • Annual Governance Statement • Annual Audit Report • Quarterly service reviews of key risks • Quarterly Internal Audit reports • Service performance reports and programme management reports for major change programmes <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 (including Corporate Peer Review and Adult Social Care peer review, last undertaken in 2018), 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>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"> • Delivering Economic Growth - Energy City, Destination Hull • Delivering Fair Growth - a place of community and opportunity for all <p>This is supported by the Corporate Plan objectives:</p> <ul style="list-style-type: none"> • Deliver economic growth that works for all • Create inclusive, resilient and safe communities • Deliver organisational excellence by working in partnership <p>Effective Scrutiny arrangements</p> <p>Establishing the Children and Families Improvement Board</p>	<p>Consistent unqualified ('clean') external audit opinions on the Council's accounts.</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>Governance infrastructure in place to support an effective response to the Covid-19 crisis.</p>

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

<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"> • Partnerships • Transformation Programme • Service Planning • Workforce Strategy • Industrial Relations Policy and framework 	<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>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"> • Member induction and development Programme • Cross party Committee to review and monitor Member training requirements • Competency Framework • Recruitment and selection policy • Employee development policy including appraisals and regular 1:1 meetings with line management • Prioritisation of corporate training budget • Availability of e-learning products aimed at building capacity and capability • Workforce metrics supplied to managers via Chameleon desktop portal • Investors in People accreditation and delivery of action plan • Apprenticeships 	<p>Member induction has been reviewed and also validated by internal audit.</p> <p>The Council has commenced 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 in December 2019, accreditation confirmed and progress through programme recognised.</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"> • Risk Management Strategy • Risks are specified in all executive reports and decision records • Health and Safety policy framework and Management Board, including a dedicated Health & Safety team to support services and audit compliance. 	<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 2019/20.
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. This progress, which has been sustained during 2018/19 and 2019/20, is tracked and reported to the Audit Committee.
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"> • Financial Procedure Rules • Contract Procedure Rules • Finance, Legal and HR comments in executive reports and decision records • Internal Audit reports 	Adequate internal audit opinion for 18/19 and 19/20.
Managing data	Robust Information Governance standards and training to all staff. <ul style="list-style-type: none"> • Monthly meetings of the Information Governance Group at which Information Security Incidents are reviewed • Compliance with Data Protection Act and GDPR provisions • Records Management Policy • 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. • Monthly review of information security incidents/near misses. 	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.
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.	Prior to Covid-19, the Council had progressively brought forward its annual accounts process in recent years, in readiness for a tighter statutory deadline.

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 (Fol) and Subject Access Requests (SARs)</p>	<p><u>Examples of good governance:-</u></p> <p>Performance in relation to Fol 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"> • Report Writer’s Guide 	<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"> • Internal Audit update reports including reporting of progress with the implementation of previously agreed action plans. • Annual Audit Letter 	<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

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.
- 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 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

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 Steve Brady
Leader of the Council

6. Significant Governance Issues and Action Plan

The previous review identified one significant issue, arising from an Ofsted report published in May 2019 following an inspection of Children's Services in January 2019, which 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.

The Council responded to the findings by: accelerating existing improvement plans; increasing its audit and review of casefiles; implementing changes to improve the quality of fostering placements; providing additional training in key areas highlighted in the report including risk assessments and family meetings; and hosting visits by staff in high-performing councils to provide support to the improvement programme and to learn from their good practice. Additional funding was also provided to support change and investment in the service. The Council also accepted the appointment of a Government Adviser, which is normal following an inadequate Ofsted judgement.

Ofsted has undertaken monitoring visits and it issued a further report in January 2020 which concluded, at that time, that there was insufficient progress. As a consequence the Secretary of State issued a Statutory Direction and appointed a Commissioner to act on his behalf. Since that time the Commissioner has chaired the Children's Improvement Board to provide oversight on behalf of the Secretary of State upon the actions being taken by the Council to address the deficiencies. At the Annual Engagement Meeting on 7th August 2020 Ofsted commented positively upon the "renewed focus on performance and quality assurance, increasing accountability and ownership throughout your leadership team, has given us confidence in your improvement activity". However, formal intervention will continue until such time as a further Ofsted visit confirms formally that the services are no longer inadequate.

Governance Impact of Covid-19

At the end of 2019/20, a sharp national increase in Covid-19 infections led the Government to impose a national 'lockdown'. The Council had continuity plans in place for a range of emergency scenarios, including a pandemic disease potentially affecting the workforce and the city, but these did not foresee a national lockdown response, which was unprecedented. Changes to the configuration and delivery of services were made quickly, including:-

- A largely unplanned move to a home-working model.

- Reduced capacity for meetings, resulting in key meetings including Planning Committee moving online and reduction in scrutiny activity.
- The development of new services at short notice, including Community Hubs and distribution of Government grants to small businesses.
- Variations in procurement rules to reflect Procurement Policy Notices issued by Government.

On the whole, services have proven resilient and the Council's response has built on the strong foundations of its governance framework, for example, to enable rapid joint working with the voluntary sector in relation to the Hubs. However, by their nature these changes have placed financial stress on the organisation and they have required a relaxation of some elements of the governance framework since March 2020, however, Overview and Scrutiny Management Committee continued to meet to ensure that there was appropriate pre-decision scrutiny of key decisions. All urgent decisions were subject to consultation with the Leadership of Political Groups on the Council and post decision scrutiny.

Actions required and in hand during 2020/21 as a result of these developments include:-

- Resuming normal business as far as possible as quickly as possible. For example, procedures have been implemented to enable corporate buildings to reopen, albeit with reduced capacity for the time being, which are 'Covid-safe'.
- Taking stock of lessons learned from the experience, to ensure greater preparedness in the event of further lockdowns and to assess the full impact where usual governance processes were necessarily relaxed during the crisis.
- Determining the future 'shape' of the organisation, e.g. the longer term balance between on-site and remote working.
- Ensuring a balanced budget for future years. The national emergency has added to existing pressure on the Council's financial plan, (which was being managed prior to the emergency), resulting in a potential funding shortfall of £58.7m. Discussions are ongoing with central government and options are being developed to address the shortfall.

7. External Reviews

External Auditor

The external auditor confirmed unqualified ('clean') audit opinions on the 2018/19 accounts and the Council's arrangements for securing value of money (VFM) except for a specific qualification in relation to the matters raised in the Ofsted report.

The auditor is expected to issue a further unqualified opinion in respect of the 2019/20 accounts. As regards VFM arrangements, the auditor is expected to repeat his specific qualification regarding the Ofsted report, and also to highlight financial sustainability concerns in light of the aggregate funding shortfall and its potential impact on the Council's ability to set a balanced budget for 2021/22.

Care Quality Commission (CQC)

The CQC issued 2 reports during the year following inspections of care homes: 220 Preston Road and Park View. Both concluded that the services were Good and one aspect of 220 Preston Road was judged as Outstanding. This builds on consistently positive outcomes to CQC inspections in recent years.

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

Ofsted issued 3 reports during 2019/20:-

- Monitoring Visit letter (Jan 2020), see above
- Annual Engagement Meeting (Aug 2020) – see above
- Local Area SEND Inspection (October 2019), which was undertaken jointly with the Care Quality Commission. It concluded that sufficient progress had been made in 2 of 4 areas requiring improvement following a previous report in 2017. Further action is being pursued in relation to the outstanding areas of improvement, which related to: jointly (Council and NHS) commissioned services; and the involvement of families in decision making.

Local Government 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 2019/20 continued to show only a trivial number of cases, none of which led to a formal report.

ASSURANCE FRAMEWORK

Corporate Arrangements		
Constitution		
Policies		
Procedures		
Strategies & Plans		
Financial Monitoring & Reporting	Performance Monitoring & Reporting	Risk Management

Senior Managers & Partners		
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

Audit & Governance	
Opinion on governance, risk management & controls	Monitoring Officer

Non-Executive Committees	
Audit Committee	Overview & Scrutiny

External Bodies				
External Auditors	Inspectorates	Ombudsman	Professional bodies	Other external bodies