

Kirklees Council

Annual Governance Statement 2019/20

Coronavirus Response

The impact of the global pandemic in Kirklees and on the Council from March 2020 was sudden, dramatic and unprecedented and has challenged the entire organisation and its governance arrangements.

From the middle of March until the start of May 2020 the Cabinet was unable to meet at all and a series of decisions were taken by the Chief Executive under emergency powers in the Constitution (in consultation wherever practicable with the Leader or leading members). Significant organisational disruption, new emergency responsibilities, increased staff absence and also staff working from home has impacted on addressing issues raised last year and created a multitude of potential new ones. So much so, that the impact so far and that likely to occur during 2020/21 have been included in an additional separate part of this Statement together with a conclusion about this period.

We would like to take this opportunity to thank all colleagues, councillors, partners and volunteers for their hard work and commitment so far which have placed the Council and the people and businesses of Kirklees in a much better place to move forward.

Overall Conclusion & Opinion

We have been advised on the extent and implications of the annual review of effectiveness of the governance framework by the Corporate Governance and Audit Committee, and are satisfied that overall the arrangements continue to be regarded as fit for purpose in accordance with our governance framework and Code of Corporate Governance. Understandably, we have less assurance than normal for the period from March 2020 but based upon the evidence available remain confident that this continued to be the case during this period of the Statement too.

We have begun to take steps on a priority risk basis to address the issues raised both by the pandemic and which form part of our ongoing response, as well as those that occurred prior to it in order to further enhance our governance arrangements as contained in the Action Plan that underpins this Statement. We are satisfied that these steps will address the need for improvements that were identified in our review and will monitor their implementation and operation during 2020/21 in conjunction with the Corporate Governance & Audit Committee ahead of next year's review.

Signed:

Cllr. Shabir Pandor, Leader of the Council



Jacqui Gedman, Chief Executive



Coronavirus Period Conclusion / Opinion

The response to Coronavirus focussed on a number of key priorities – managing business continuity, promoting public safety, maintaining support to the most vulnerable and providing a resilient response within the region.

Since March 2020, the way the Council operates and its governance arrangements have changed significantly but its' key objectives and commitment to the principles in the Local Code of Corporate Governance have remained the unwavering cornerstone to its activities and as such have remained fit for purpose in these unprecedented times.

Business continuity plans helped manage the initial phase of the response immediately prior to and following lockdown to ensure key public services and business critical activities continued in accordance with current and quickly changing Public Health England and Government advice. Cabinet and the Executive Team provided strategic leadership and support.

Whilst initially the Cabinet, and the regulatory functions exercised by the Planning & Licensing Committees continued to operate, as all political leaders supported a suspension to the non-business critical work of the Council, by 24 March 2020 all meetings had to be cancelled as social distancing measures could not be maintained if Members were actually present to take decisions as then required.

Matters about which a decision was required and which could not be deferred were then dealt with by the Chief Executive personally (or through a delegee) as provided for in the Constitution in an emergency (in consultation with the Leader, a Committee Chair and in some cases the Cabinet and Group leaders), or by Strategic Directors in accordance with the Officer Scheme of Delegation. The Chief Executive met regularly with Group leaders during this period (Public Health Emergency Advisory Group) to update them on matters and decisions which were required, as well as with the Chair of Scrutiny.

The Coronavirus (Flexibility of Local Authority and Police and Crime Panel Meetings) Regulations 2020 came into force on 4 April 2020. This put in place the ability for Councils to hold meetings virtually so long as they meet certain criteria specified in the Regulations. The first virtual meeting of the Cabinet took place on 1 May at which the Chief Executive reported back on the decisions she had taken in the interim as required by the Constitution. The Regulations also enabled deferment of the Annual General Meeting.

As with all other organisations, the coronavirus outbreak represents a unique and unprecedented set of challenges to the Council as a service provider, community leader, partner and an employer. The fundamental challenge to established ways of working and global nature of the pandemic has necessarily raised a number of Issues for the Council but to date we have successfully delivered upon our key objectives and delivered services to those most in need within the principles of our governance arrangements.

Significant Issues

At some future point a full review will be conducted of the Council's response and learning points for the future. For this draft version of the Statement it is too early to say with sufficient confidence what particular issues merit inclusion. The final version of the Statement later in the

year will include the outcome of a more thorough review of the impact on the Council's key objectives.

Wider Significant Governance Issues during 2019/20

The annual review process that has been possible has identified and evaluated both ongoing and new Issues and if any meets one or more of the following criteria suggested by CIPFA / SOLACE it is regarded as Significant and included in this Statement:

- it undermines / threatens the achievement of organisational objectives (A)
- it is a significant failure to meet the principles (and sub-principles) of good Governance (B)
- it is an area of significant concern to an inspector, external audit or regulator (C)
- the head of internal audit, one of the statutory officers or the corporate governance & audit committee has recommended it be included (D)
- it is an issue of public or stakeholder concern (E)
- it is an issue that cuts across the organisation and requires cooperation to address it (F)

Progress with the Issues in last year's Statement

The Executive Team and the Corporate Governance & Audit Committee have received reports to monitor progress with the Action Plan during 2019/20. Whilst some Issues were relatively self-contained and have been resolved during the year, several are of a more all-encompassing nature, often not all under the Council's direct control, and these often take longer to address than one year, nevertheless various parts of each Issue have been resolved during the year and where appropriate this has been reflected in what remains ongoing.

Issue / Inclusion Criteria	Progress	Further Action
Strengthen the Corporate Plan with improved linkages to both revenue and capital resource allocation and performance measures. (A, B, F)	A new strengthened Corporate Plan was produced for 2018-20 which explained the journey from <i>New Council to We're Kirklees</i> , focussed on the whole Borough and seven shared outcomes for residents. 3 key principles underpin this <ul style="list-style-type: none"> • Working with our partners • Working with (and not doing to, or for) residents • Working better in places 	There is likely to be a substantial revision to the Corporate Plan to reflect the impact on the organisation and its finances consequent to Coronavirus (including reference to the Council's guardians of the future transformation work). To develop a more robust, intelligence led performance management mechanism across the organisation aligned with the

Issue / Inclusion Criteria	Progress	Further Action
	<p>A shift to longer term strategic planning made in 2018/19 meant only relatively minor changes were made to the Corporate Plan for 2019/20.</p> <p>Both the Medium Term Financial Plan 2020-23 (revenue) and Capital Plan (2020-25) are well aligned to corporate plan ambition and priorities. Reviewing budget setting arrangements for 2019/20 and beyond regarding outcome based budgeting was acknowledged to be a work in progress as regards the most recent budget round.</p> <p>A revised quarterly performance monitoring system has been introduced.</p>	<p>annual planning cycle to drive resource allocation decisions that are better aligned to priority outcomes and to monitor their delivery.</p> <p>The performance management system needs embedding for both business critical indicators and other service measures used, including the development of more relevant qualitative indicators alongside quantitative ones to better measure outcomes and impacts. Consideration is also being given to how service planning can be more closely aligned with this mechanism.</p> <p>The next Corporate Plan (2020-23) also needs to take account of developmental issues included in the Peer Review Action Plan with an aligned Communications Strategy.</p>
<p>Manage delivery of the Council's Transformation Activities.</p> <p>(A, F)</p>	<p>Dedicated council resources were allocated to add quality, assurance and organisation. The input of an external partner added skills and further rigour.</p> <p>An assessment of the impact of transformation activities in the summer of 2018 also illustrated a number of areas for learning and potential re-focus.</p> <p>The Transformation Team clarified and enhanced its offer to respond to changing demands for a mix of robust project management, innovative business change skills and the ability to challenge and offer new insights.</p>	<p>To focus on the following areas of priority for allocation of transformation resources:</p> <ol style="list-style-type: none"> 1. Organisation Design - Work has started to consider the future shape of the organisation. 2. Development of Place-based working - Working with communities and delivering services that recognise the diversity of the different places across Kirklees and their needs. 3. Strengthening enabling services.

Issue / Inclusion Criteria	Progress	Further Action
	<p>Transformation is now focused on the ongoing development and sustainability of public services, which means continuing change and innovation. It is less driven by the savings targets that will come through services and overall budget monitoring.</p>	<p>4. High Needs, Placements & Waste - Existing areas of work within services, where Executive Team has identified that a broader approach may be beneficial, hence the input of transformation resources.</p> <p>5. Adult Social Care, Children's Improvement - These are moving beyond transformation into a 'business as usual' state. Transformation resources are being gradually withdrawn as change is embedded into working practice.</p> <p>These priorities may be amended consequent to learning about real organisational priorities as a consequence of coronavirus.</p>
<p>Strengthen Partnership Governance (A, B, F)</p>	<p>A light touch governance review has been completed and is leading to more solid governance structures for the Partnership Executive: a revised executive arrangement is in place with themed meetings throughout the year that draw the partner together on a topic basis.</p> <p>Revised governance framework and Partnership agreement with KNH. Interim governance control and management arrangements were implemented at KNH to enable revised responsibilities and authority between the Cabinet and KNH Board to become operational and seamless.</p> <p>The Children's Partnership Board arrangements have re-launched recently.</p>	<p>Even prior to Covid 19 there was still scope to increase the effectiveness of some partnership arrangements and for changes made in 2019/20 to become embedded. This need now has a sharpened focus than ever before because of the heightened risks faced with associated parties/partnerships - KNH/ Kirklees Stadium Development Limited, plus KAL. Also, Kirklees Community Association is now in view for governance reasons.</p> <p>In conjunction with the outcome of the Corporate Peer Review a report was taken to Cabinet during May 2020 on the options for the future of housing management and KNH, and consultations is taking place with</p>

Issue / Inclusion Criteria	Progress	Further Action
	<p>Arrangements for the Health & Wellbeing Board are being refreshed with engagement including other local authorities'</p> <p>Recruited and realigned resources to support partnership working.</p>	<p>stakeholders.</p>
<p>Continue to Strengthen Risk Management</p> <p>(A, B, D, F)</p>	<p>New Strategy & Risk Panel established.</p> <p>The Corporate Matrix has been regularly updated along with an emerging risk report, and this has been discussed by ET and Leadership Management Team. The CGAC has commented positively on the Corporate Matrix but expressed concerns about the quality and consistency of the directorate based risk management processes.</p>	<p>This still needs more work, as the quality of directorate based risk arrangements requires improvement, as does risk elevation.</p>
<p>Continue to improve manager capacity and skill base.</p> <p>(A, F)</p>	<p>Work continues on each of the 3 key strands of the People Strategy (Attraction, Development and Wellbeing). Updates on each theme have been reported regularly to Scrutiny Panel and the Modern Organisation Board. The 'Development' strand addresses cultural transformation, developing our workforce, leadership and management and performance.</p>	<p>Complete implementation of the People Strategy and embed across the manager base.</p> <p>Strengthen the wider corporate centre to develop its capacity; and invest in the Council's ICT systems.</p>
<p>School Governance arrangements need review and improvement.</p> <p>(D, E)</p>	<p>A Schools Causing Concern Group chaired by the Service Director has been established to identify and share issues for remediation.</p>	<p>Look to understand what is causing a (historically) large number of complaints about governance and management in schools, and look to identify potential solutions.</p>

Issue / Inclusion Criteria	Progress	Further Action
Governance arrangements need developing to identify and manage issues arising from historically different service delivery. To learn from the lessons arising and make sure the issues are addressed.	<p>Work has commenced to develop a corporate approach that satisfies initial management of such issues as they emerge through the corporate risk management process via the Risk Panel and these are flagged up to ET and enable organisational reflection and learning with a view to being less insular and to draw upon wider external assurances and develop an assurance backed culture.</p> <p>Where issues such as historically poor safeguarding, health and safety or HR practices are identified, checking will be undertaken to ensure that the same practices are not still in operation and to take appropriate action.</p>	To embed and disseminate the learning following the identification and response of such issues on a corporate basis.

New Issues in 2019/20

Issue / Inclusion Criteria	Action
<p>Develop and strengthen the governance arrangements for decision-making and place-based working, including greater clarity to the roles and responsibilities of Members and officers, including greater congruence between officer and member structures (as per Peer Review).</p> <p>(A, B & C)</p>	<p>Develop new proposals around governance and decision-making arrangements</p> <p>Complete the re-design of the councillor role profile. This will form the basis of how we redesign support for councillors and how officers work more effectively and collaboratively with them.</p>
<p>Formulate a corporate Assurance Framework and culture, especially for good and sustainable financial management in the Council. Identify and respond to any gaps and address</p>	<p>Compile all the various sources of assurance and determine how they inter-relate to one another.</p> <p>Commission internal audit to undertake an initial self-assessment review based on the best practice</p>

<p>matters identified.</p> <p>(All)</p>	<p>in CIPFA's Financial Management code' and report back to CGAC for an initial assessment.</p> <p>Manage any wider areas about which assurance is inadequate.</p> <p>Ensure issues are responded to appropriately and completed actions are delivered.</p>
<p>Develop a more strategic corporate management of the investigation and treatment of cases of suspected fraud & corruption.</p> <p>(D)</p>	<p>Refresh the Corporate Strategy engaging Members and CGAC in particular and focus resources on key risk areas.</p>
<p>Address the issues raised in connection with maintaining the health and safety of housing tenants, ensuring that management and operational arrangements provide for the health and safety of all Council employees, tenants and residents.</p> <p>(C, D, E)</p>	<p>Implement the recommendations in the agreed Action Plan as monitored by the Chief Operating Officer, Board and Cabinet.</p>

A detailed Action Plan sits behind this summary and the Executive Team and Corporate Governance & Audit Committee will monitor progress quarterly during 2020/21.

Statement Scope

Kirklees Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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.

Kirklees Council has a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE framework *Delivering Good Governance in Local Government 2016*. A copy of the Code is available from the Monitoring Officer. The current version following annual review can be found at

<https://www.kirklees.gov.uk/beta/council-and-democracy.aspx#your-council>

This Statement explains how the Council has complied with the Code during 2019/20 and up to the date that the Statement of Accounts was approved and thus meets the requirements of the Accounts and Audit Regulations 2015, as revised by the Accounts and Audit (Amendment)

Regulations 2020. It provides assurance about the Council's governance framework, including the other entities in the Group Accounts, a wholly owned subsidiary, Kirklees Neighbourhood Housing Limited and a joint venture, Kirklees Stadium Development Limited, to enable readers of the consolidated Accounts to be satisfied that proper arrangements are in place to govern spending and safeguard assets. Where specific improvements and/ actions are ongoing or needed, brief information is provided about the key issues and the main areas of work that have been progressed during 2019/20. A more detailed Action Plan sits behind this summary.

The purpose of the governance framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. For local authorities this also includes how a Council relates to the communities that it serves. The governance framework comprises the systems and processes, 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 as set out in the Corporate Plan 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 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 key parts of the governance framework

- a Local Code of Corporate Governance overseen by the Service Director Legal, Governance & Commissioning and the Corporate Governance and Audit Committee, to assess operational practice and behaviour, and prepare this Statement.
- a Council Constitution
- a Leader and Cabinet model of governance, supplemented by decisions of the Chief Executive March – May 2020 under the emergency powers of Part 3.7 of the Constitution and Strategic Directors under the Officer Scheme of Delegation. Cabinet meetings have been held virtually since 1 May in accordance with new legislation. Virtual meetings were rolled out to enable other Committees to meet similarly as soon as was possible.
- a corporate governance, audit and scrutiny process as set out in the Constitution,
- statutory officer roles performed by the Chief Executive as Head of Paid Service, the Service Director Legal, Governance & Commissioning as Monitoring Officer and the Service Director Finance as Section 151 Officer. The S151 Officer is a professionally qualified accountant and reports directly on financial matters to the Chief Executive as a member of ET.
- a Corporate Plan that outlines how officers will seek to run the Council to meet our community commitments and objectives

<https://www.kirklees.gov.uk/beta/delivering-services/pdf/corporate-plan-201820.pdf>

- oversight and delivery of the Council Transformation Programme, including a number of officer boards as described in the Constitution, notably the Children’s Board
 - a Monitoring Officer who has responsibility for the Constitution and ensuring the legality of Council actions and decision making.
 - a S151 Officer who has responsibility for ensuring that the financial management arrangements conform with all of the governance requirements of the five principles that define the core activities and behaviours that belong to the role in the CIPFA *Statement on The Role of the Chief Financial Officer in Local Authorities (2014)*.
 - codes of conduct defining the standards of behaviour for Members and employees
 - an Anti-Fraud & Corruption Policy
 - a Risk Management Strategy
 - systems of financial and business internal control
 - an internal audit section, that is compliant with the Public Sector Internal Audit Standards and Code of Ethics
 - whistle blowing arrangements
 - a complaints system for residents and service users
 - business continuity arrangements
 - a senior manager to act as the Caldicott Guardian to protect the confidentiality of patient and service-user information
 - a Data Protection Officer reporting directly to the Chief Executive and a Senior Information Risk Officer
 - arrangements to manage other parts of the Council’s Group. The S151 Officer monitors and reports on the financial effectiveness of the subsidiary and joint venture companies, whose accounts are subject to external audit.
- The governance arrangements of KNH Limited were revised in 2018/19 with a strengthened Board to oversee housing operations and to act as a single purpose vehicle to deliver the housing management and maintenance service. Housing Policy and Strategy, housing/asset investment and Housing Revenue Account business planning matters are determined by the Council, Cabinet or Council officers with advice from KNH officers.
- a Covid Recovery Framework using the strong foundations established during lockdown to help the Council come back stronger across a themed recovery programme supported by an Outbreak Control Plan approved by the local Health Protection Board.

2019/20 Review of effectiveness

Kirklees Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review is informed by a number of sources including the work of the executive managers, the Head of Audit & Risk’s annual report, the external auditor and other review agencies and inspectorates and Member Committees. The Council has four bodies / committees jointly responsible for monitoring and reviewing governance. These are:

- the Executive (Cabinet);
- the Corporate Governance & Audit Committee;
- the Overview & Scrutiny Committee; and

- the Standards Committee.

The main parts of the review process are described below, although due to the timing of the Coronavirus outbreak some sources of assurance used are in interim or draft version pending return to more normal working. A further assessment will be made later in the year before finalising the Statement.

1. Annual Review of effectiveness of the system of internal control

In accordance with the requirements of the Accounts and Audit Regulations 2015 and Public Sector Internal Audit Standards (PSIAS) the CGAC approved the annual review of the effectiveness of its system of internal control and internal audit. The Head of Audit & Risk's self-assessment of current compliance with the Public Sector Internal Audit Standards & Code of Ethics and revised CIPFA Local Government Application Note 2019, concluded that overall Internal Audit does conform to these Standards and an Action Plan has been agreed to further improve compliance and progress with this, which will be monitored by the CGAC.

2. Head of Audit and Risk's Annual Assurance Opinion

Based both on the programme of planned Internal Audit work and the findings of ad hoc reviews and investigations undertaken and other than in respect of a small number of significant control issues that have arisen during the year, the Head of Audit and Risk has provided assurance that overall the Council's systems of governance, risk management and internal control are generally sound and operate reasonably consistently across Services.

Concern was expressed about the following key areas about which Limited Assurance opinions were produced and which were given due consideration as Significant Governance Issues:

- Need to adopt a corporate assurance framework
- Council and KNH Health & Safety Issues
- Better control of the risk of fraudulent creditor payments

3. External Auditor's Review

During the year the External Auditor's Annual Report included

- an unqualified opinion on the Council's 2018/19 financial statements; and
- an unqualified value for money conclusion, stating that we have made proper arrangements to secure economy, efficiency and effectiveness in our use of resources.

The period to which this Statement relates has been elongated this time beyond the normal point of the September following the end of the previous financial year by two factors

- additional professional requirements on the external auditor, and
- The impact of coronavirus.

It is likely that the Statement will apply until at least 30 November and the Annual Review reflects this extension, albeit that work is ongoing too in order address the issues as described in the Action Plan.

4. Corporate Governance & Audit Committee (CGAC)

The Committee considered and approved an updated Local Code of Corporate Governance at its meeting in March.

During 2019/20 the CGAC reviewed a number of aspects of the Council's governance arrangements and noted or approved revisions or made recommendations to Council as appropriate. CGAC also receives assurance from various annual reports such as health and safety, emergency planning and business continuity, information governance and customer corporate complaints and is informed of peer review activity.

Recognising the need to ensure that members of the Committee have the appropriate support and skills to carry out their role, training sessions were provided during the year including looking at Treasury management.

5. Overview & Scrutiny Management Committee

During 2019/20 the Committee and its four Panels reviewed a number of aspects of the Council's governance arrangements and key issues faced and strategies and responses to manage these, including the climate emergency, community cohesion and financial reporting.

6. Standards Committee

During the year the Committee reviewed various aspects of Member conduct, and initiated review of the standards process in response to publication of the report of the Committee on Standards in Public Life.

7. Role of the Chief Financial Officer

The role of the Chief Financial Officer (CFO) continues to reflect the governance arrangements set out in the CIPFA Statement, which are required to ensure the CFO is able to operate effectively and perform their core duties as part of the review of the Constitution. The Council's financial management arrangements continue to fully conform to those set out in the Statement.

8. External Inspections & Peer Reviews

Two key pieces of work were undertaken during the year.

- Local Government Association Corporate Peer Review Challenge

The Challenge took place during July 2019. It involved substantial input from a wide range of staff, elected members and stakeholders. The peer team considered five key areas of

inquiry, which form the core components covered by all such Challenges. These are areas the LGA believe are critical to councils' performance and improvement:

- understanding of the local place and priority setting;
- leadership of place;
- organisational leadership and governance;
- financial planning and viability; and
- capacity to deliver.

In addition to the five areas above, the Council asked the peer team to take a sense check of whether the Council has the right focus, how the Council's 'journey' might be speeded up and what more the Council could do.

The outcome of the report was largely positive. It did provide a series of key recommendations and an Action Plan has been compiled to manage the response, which includes development issues being managed through the new Corporate Plan and governance ones through the Action Plan for this Statement.

- Ofsted Inspection – Children's Services

A full inspection commenced in June 2019 and concluded that significant progress had been made across Children's Services since the last inspection took place in 2016 which led to special measures being introduced.

It acknowledged the improvements that have been made in supporting children, young people and families, noting that the authority is showing clear and focused leadership; a strengthening of partnerships; and improved workforce stability. It adds that there are no widespread or serious failures, children who need help and protection are now recognised and the risk of significant harm is quickly responded to.

Whilst the report confirmed that Kirklees is no longer considered inadequate in any of its service areas, it did outline a number of areas for further improvement, which is reflected in the judgement of 'requires improvement to be good'. Work is in progress to address these improvement areas.

9 Officer Governance

Officer Boards as prescribed in the Constitution have continued to drive forward the Transformation Programme within the context of the Medium Term Financial Plan with strategic oversight from the Executive Team and escalation of appropriate issues. These arrangements are subject to both Cabinet and Scrutiny oversight.

10 Significant Partnerships

Partnerships range from joint venture partnerships, thematic partnerships and their subsidiaries to key contractual agreements managing substantial amounts of public money. The main contact officer for each Partnership is responsible for assessment of the governance arrangements and providing details of any significant changes to the membership and circumstances of the partnership. This information is used by senior officers of the Council to assess the potential risk that the partnership presents to the reputation or financial standing of the Council. The Council is continuing to work on a

number of areas where arrangements need to be revised to strengthen and embed the governance framework, as identified in the Action Plan for this Statement.

11 Director of Public Health / Emergency Planning

As the coronavirus outbreak escalated during March 2020, the risk and potential impact on the Council and the whole of Kirklees was assessed and the scale and magnitude of the issues raised came into focus. Advice and guidance building on that from Public Health England has continued apace ever since.

12 Monitoring Officer / Senior Information Risk Owner

Reviewed information governance and security matters as role of Chair of the Information Governance Board, as well as wider organisational governance and compliance with the Constitution.

DRAFT