

ANNUAL GOVERNANCE STATEMENT 2022/23

Governance Issues Monitoring Update – February 2024

Significant Governance Issues B/fwd from 2021/22

No.	Governance Issue / Theme	Reason for Inclusion	Direction of Travel / Progress in 2022/23	Further Action Taken and Planned in 2023/24
1	<p>The Corporate Planning process needs further strengthening with improved linkages to both revenue and capital resource allocation and performance measures to ensure delivery of key Council objectives.</p> <p>(A, B, F)</p>	<p>Delivery of key Council objectives could be undermined.</p>	<p>Although work was conducted to ascertain the Administration's priorities, and this was reflected in the budget for 2023/24 approved by Council in March 2023, the challenging financial position meant that it was not possible to create a more robust arrangement that established a Corporate (Council) Plan first, and then developed a budget that expressed the priorities contained therein.</p>	<p>Service Director, Strategy & Innovation</p> <p>Recognising the challenging financial circumstances, the Council Plan approved by Council in July 2023, focused on the most significant priorities for the Council up to January 2024. A full, robust process to create a new Council Plan, for approval in January 2024, has already commenced. This will work to the principles of a strategic priority-led approach to planning and budgeting, based upon the key priorities outlined by the new Leader and incorporated in the medium-term financial plan that expresses those priorities in cost terms, utilising intelligence to establish an operational plan as approved by Council.</p>

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				<p><u>Update</u></p> <p>The Corporate Plan will be considered by Council alongside the Budget in March 2024, and for each year thereafter. A longer-term Council strategic plan will be developed, with any financial impacts of Plan commitments identified.</p>
				<p>Service Director, Strategy & Innovation</p>
2	<p>Strengthen and develop Partnership Governance and new relationships.</p> <p>(A, E, F)</p>	<p>Key outcomes require significant input from partners and others.</p>	<p>Although some areas of partnership working have continued to be strengthened, and areas such as the relationships with the West Yorkshire Mayoral Combined Authority, and Integrated Care Boards have been progressing well, there remain some concerns with associated parties at a more local level.</p>	<p>Work closely with the local partnership bodies to ensure that effective service delivery meets prioritised community needs, does not involve cost shifting or shunting, and does not, wherever possible, distort the Council's own policy priorities.</p> <p><u>Update</u></p> <p>The arrangements with the other strategic partners are now considered to be well understood and embedded into governance and management processes.</p>

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				Service Director, Legal, Governance & Commissioning
3.	<p>Continue to 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.</p> <p>(B, C, F)</p>	<p>Having the right structures and mechanisms in place is key to achieving delivery of the Council's priorities.</p>	<p>Consideration of proposals to review options around committee structures was completed and approved by Council. The Cabinet and Leader governance model was approved, and a number of recommendations were agreed and are to be implemented throughout 2023/24.</p> <p>Alongside this we have held a number of sessions reviewing how well our existing member-officer protocol is, whether we might need to update it and how we might raise awareness of it.</p> <p>In relation to members working together, there have been changes in the scrutiny process, and at an administrative level, steps taken to ensure that officer delegated decisions are appropriately recorded.</p>	<p>Continue to implement our current governance model with a focus on pre-decision scrutiny and improved communication and training.</p> <p>Implementation of Council recommendations from the Democracy Commission.</p> <p>Complete the work highlighted from the member and officer protocol sessions.</p> <p><u>Update</u></p> <p>A review of the operation of the Executive governance model is being undertaken and will be reported to Corporate Governance & Audit Committee early in the next municipal year.</p> <p>Additional work also ongoing to ensure that member officer relationships are effective.</p>

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				Service Director, Homes & Neighbourhoods
4.	<p>Address the health and safety issues raised in connection with housing properties and the complete buildings portfolio, ensuring that management and operational arrangements provide for the health and safety of all Council tenants, employees and residents.</p> <p>(A, C, E)</p>	<p>Work is ongoing to embed innovation and change but it has not yet reached a <i>business-as-usual</i> state.</p>	<p>In respect of the governance of housing services generally a Board has been established, independently chaired, and reporting directly to the cabinet committee, which is meant to address all areas of activity subject to oversight by the government regulator. Steps have also been taken to improve the governance oversight, and operational management of property related matters within the housing function.</p>	<p>Identifying areas of highest risk re fire safety and damp and progressing rectification of these in priority order.</p> <p>Develop an approach to the oversight and governance of housing management activities that reflects the requirements of the government's regulatory regime.</p> <p><u>Update</u></p> <p>Although progress has been made and the Board is functioning, the Housing Regulator has identified areas where they believe that the Council needs to improve its approach to areas such as damp and fire safety.</p>

New Issues 2022/23

Governance Issue / Theme	Reason for Inclusion	Action Required in 2023/24
		Service Director, Finance
<p>1A The Medium-Term Financial Plan shows a significant (minimum) funding deficit of £30m in 2024/25 after assuming £11m savings proposals are delivered in full. Given the significant overspend on the General Fund Budget in 2022/23, with the consequent use of £27m from unallocated reserves, combined with the significant use of unallocated reserves (c£25m) to balance the Council's budget in 2023/24 in addition to a savings requirement of c£19m, the Council has no choice but to identify measures to reduce its net expenditure significantly to maintain a balance budget (and to avoid external intervention). The delivery of c£60m+ of savings in a 2-year period after 13 years of austerity will present a significant challenge for the Council inevitably impacting on its ability to deliver on its strategic objectives. (A, B, C, D, E, F)</p>	<p>Could prevent achievement of any objectives.</p>	<p>Given the structure of the Council's General Fund Revenue Budget in 2023/24, including the use of unallocated reserves totalling £25m (which has reduced reserves to the lower end of what is considered to be an acceptable Minimum Working Balance) and requirement to save c£19m, there are two key objectives - it is vital that all cost/income pressures are contained (which may require additional savings to be identified) so there is no overspend and all savings must be delivered in full. This will require detailed and timely financial and activity monitoring so that, if necessary, early remedial action can be taken if it is considered that either objective will not be achieved. Where such remedial action does not prove effective, consideration may need to be given to implementing some form of spending controls.</p> <p>At the same time, and looking ahead to 2024/25, there will need to be:</p> <ul style="list-style-type: none"> A review of all reserves, earmarked or otherwise, to determine how much of any of those reserves can be moved to unallocated reserves to bolster the Minimum Working Balance (a review of the methodology for the Minimum Working Balance will be undertaken so that is founded on a risk-based analysis (as per CIPFA guidance) of what is needed and not a simple %age of Net Revenue Expenditure) and Unallocated Reserves in the event of an overspend in 2023/24;

- A review of the strength of the Council's Balance Sheet to determine the extent of any assets/liabilities that may have a bearing on the Council's overall financial position bearing in mind the acute financial position of the Council
- A review of the Council's Capital Programme with a view to reducing the amount of the Council's Prudential Borrowing given its impact on the General Fund Revenue Budget. In turn, this will necessitate a review of the Treasury Management Strategy not least because the Council, at a time of rising interest rates, is significantly (c£160m) under borrowed with any new borrowing likely to test the viability of projects previously agreed.
- A review of the Medium-Term Financial Plan (MTFP) to ensure that it fully reflects both the anticipated income and expenditure of the Council in the period 2024/25 to 2028/29 and is based on a range of sound assumptions.
- The early identification of a package of savings proposals to bridge the 'In-Year Funding Gap' reported in the MTFP of £47.8m, that can be delivered in full in 2024/25 (and indeed, identifying any that can be delivered in 2023/24). This will include assessing the robustness of any such savings proposals to make sure they are deliverable, agreed through the appropriate governance mechanism and implemented as early as possible.

Update

Additional work to address revenue overspending, identify savings, and strengthen the Council's balances has been undertaken in 2023/24. The budget for 2024/25 includes a robust set of savings.

		There are revisions and prioritisation of the capital plan and some accounting adjustments.
		Service Directors, Finance / Learning & Early Support
<p>1B The effective implementation of the “Safety Valve” programme – to address overspending and historic deficit on special education needs (SEND) budgets as part of the Dedicated Schools Grant</p> <p>(A, C, D, F)</p>	Affects the ability to achieve a balanced budget.	<p>The Government has awarded additional grant (both capital and revenue) as part of a ‘Safety Valve’ agreement (over a 5-year period) to seek to address a historical deficit and in year overspending on support for children with additional needs. This activity is focused on increasing sufficiency of provision for children with Additional and Special Educational Needs and Disabilities and therefore involves both significant capital investment in creating a range of additional educational provision to enable children to be educated locally, as well as system-wide transformational changes in how SEND provision is delivered. Given the complexities of the programme and the complexity of need for our children, progress against the expectations that were set in the Safety Value Agreement with the DfE has been slower than anticipated. This has resulted in additional enhanced monitoring taking place with a revised plan to be submitted back to the Department for Education (DfE).</p> <p>Given the continuing dialogue with DfE, there is a clearer understanding of the Council’s plans and a robust plan both in the Childrens and Families Directorate, and, corporately of the need to work with the local area to deliver the plans necessary to reduce the deficit on the High Needs budget and more importantly to provide a service that is financially sustainable within the Dedicated Schools Grant funding provided by the DfE. The programme of work is being overseen by the SEND Programme Board and ultimately by the Executive Team.</p>

		<p>If the DfE do not allow the Council to continue participating in the Safety Valve Programme there is a risk that the agreed funding may be withdrawn and which would need to be funded from reserves. There is a further risk that once the statutory override that allows Councils to carry DSG deficits expires (currently planned to be March 2026), the Council would be required to fund any remaining deficit from its own resources at that time. A requirement to charge this to the Council's general fund would need to be funded from reserves.</p> <p><u>Update</u></p> <p>A new long-term plan to address and eliminate the DSG budget deficit has been submitted to the DfE, and negotiation with the DfE representatives and their advisers continues.</p>
		<p>Executive Leadership Team</p>
<p>2A During 2023/24 a number of senior managers have retired or taken up new employment elsewhere, including the Chief Executive, two strategic directors and the Service Director of Finance.</p> <p>(A, C, F)</p>	<p>This may present a significant risk to the Council's ability to respond rapidly to the issues.</p>	<p>The changes referenced here have, in the main, been planned (and therefore known about) for some time. The new Chief Executive started at the beginning of October. An interim role will replace one of the Strategic Directors, whilst the other strategic director post is expected to be unfilled. Following the unplanned resignation of her short-term predecessor, an Interim Service Director of Finance (Section 151 Officer) is now in place, and the permanent post will be advertised in November 2023, the replacement is expected to start in May 2024. The serious financial position does create a particular tension, which needs to be addressed by a positive handover to the new post holders wherever possible.</p> <p><u>Update</u></p> <p>The new Chief Executive and interim Strategic Director have successfully embedded within the organisation. New</p>

		<p>Director of Finance and Director of Legal, Governance and Commissioning (monitoring officer) have been recruited to commence their roles in May 2024.</p>
		<p>Service Director, Strategy & Innovation</p>
<p>2B The Council's usage of data and intelligence is not always effective, meaning that it does not always support decisions about efficiency, economy and value for money, as well as creating unintended risks. (A, F)</p>	<p>Strategic decision making should be supported by valid intelligence</p>	<p>Ensuring that there is a structured approach to collecting, handling, processing and disposing of data to ensure that this is not duplicated, delayed or misinterpreted. This relates to all kinds of information; not just the areas that are subject to governance and oversight by the Information Commissioner.</p> <p>In response to this, the Council has in place an agreed Data and Insight Strategy which seeks to address how the Council's collects, stores, uses and deletes data so that there is an organisation-wide consistency in this area. The implementation of the Strategy is at its early stages and is being overseen by the Modern Organisation Board.</p> <p>This Strategy works alongside and in tandem with the Council's Technology and Information Governance Strategies.</p> <p><u>Update</u> The implementation of the Strategy continues, including the support for better data management across the Council. The associated adjustment in resources is partially implemented and will be assessed for its continuing value for money throughout the remainder of 2023/24 and into 2024/25.</p>