



## Supplementary Agenda

**York and North Yorkshire Combined Authority**

**Audit and Governance Committee**

**To: Councillors Philip Broadbank, Caroline Goodrick, Cliff Lunn, Rachel Melly, Dave Merrett (Chair), Clive Pearson, Mark Warters and Vacancy**

**Date: Tuesday, 16th July, 2024**

**Time: 10.00 am**

**Venue: Brierley Room, County Hall, Northallerton, DL7 8AD**

### Business

**8. Draft Annual Governance Statement 2023/2024 (Pages 3 - 16)**

This report provides the Committee with detail around the draft Annual Governance Statement which reflects the effectiveness of the Combined Authority's governance procedures and systems.

James Farrar  
Head of Paid Service

Barry Khan  
Interim Monitoring Officer

11 July 2024

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## **AUDIT AND GOVERNANCE COMMITTEE MEETING**

**16 JULY 2024**

### **DRAFT ANNUAL GOVERNANCE STATEMENT 2023/2024**

#### **Report of the Interim Deputy Monitoring Officer**

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#### **1.0 Purpose of the Report**

1.1 This report provides the Audit and Governance Committee with a draft of the Annual Governance Statement for comment and endorsement.

#### **2.0 Recommendations**

2.1 That Members consider and endorse the draft Annual Governance Statement for publication in due course as part of the annual accounts.

#### **3.0 Background**

3.1 The purpose of the Annual Governance Statement (AGS) is to set out the results of the annual review of the effectiveness of the Authority's internal controls and governance arrangements. This is a statement produced pursuant to the Accounts and Audit (England) Regulations 2015 and both looks backwards over the previous financial year and forwards to the new financial year, highlighting any significant governance implications and areas for improvement set against the context of the Code of Corporate Governance. In other words, this is in effect the annual tracker of compliance with the Code itself. CIPFA guidance advises that the AGS should be a meaningful but brief communication set at a high level, strategic and written in an open and readable style.

3.2 The draft AGS for 2023/2024 is attached as Appendix A. this has been produced by Officers who have carried out an assessment of compliance with the Code of Corporate Governance and considering in particular areas of change and the effectiveness and robustness of governance arrangements in dealing with these. The AGS highlights a number of changes over the last financial year, including the fact that the Combined Authority had only been established for three months by the end of the 2023/2024 financial year, the transition into the Authority of the former Local Enterprise Partnership and its officers, the planning around the transition of Police and Crime and Fire and Rescue functions and the impending introduction of the new Mayor.

3.3 Other safeguards and measures introduced, which will be under regular review includes the Assurance Framework which governs investment decisions and is reviewed annually and also regular reporting to the Audit and Governance

Committee from internal and external audit providing the required annual opinion on the Authority's financial statements and arrangements for securing value for money.

#### **4.0 Financial Implications**

4.1 There are no financial implications directly arising from this report.

#### **5.0 Legal Implications**

5.1 Failure to comply with the principles of good governance could ultimately lead to an external audit opinion qualification.

#### **6.0 Equalities Implications**

6.1 Equality, diversity and inclusion is embedded into the Code of Corporate Governance as a reflection of the organisations objectives and commitment to championing the region.

#### **7.0 Environmental Implications**

7.1 The AGS, along with the Code of Corporate Governance is in place to ensure that the Combined Authority is able to meet corporate objectives, including in relation to the environment.

#### **8.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)**

8.1 York and North Yorkshire.

#### **9.0 Recommendations**

9.1 That Members consider and endorse the draft Annual Governance Statement for publication in due course as part of the annual accounts.

#### **10.0 Reasons For Recommendations**

10.1 In order to ensure that the Combined Authority complies with the principles of good governance.

#### **11.0 Contact Details**

For further information please contact the author of this Report.

##### **Author**

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<b>Report approved:</b>	Rachel Antonelli
<b>Date:</b>	8 July 2024

**Background papers – None**

**Appendices – Appendix A – Draft Annual Governance Statement 2023/2024**



**ANNUAL GOVERNANCE STATEMENT**  
**2023-24**

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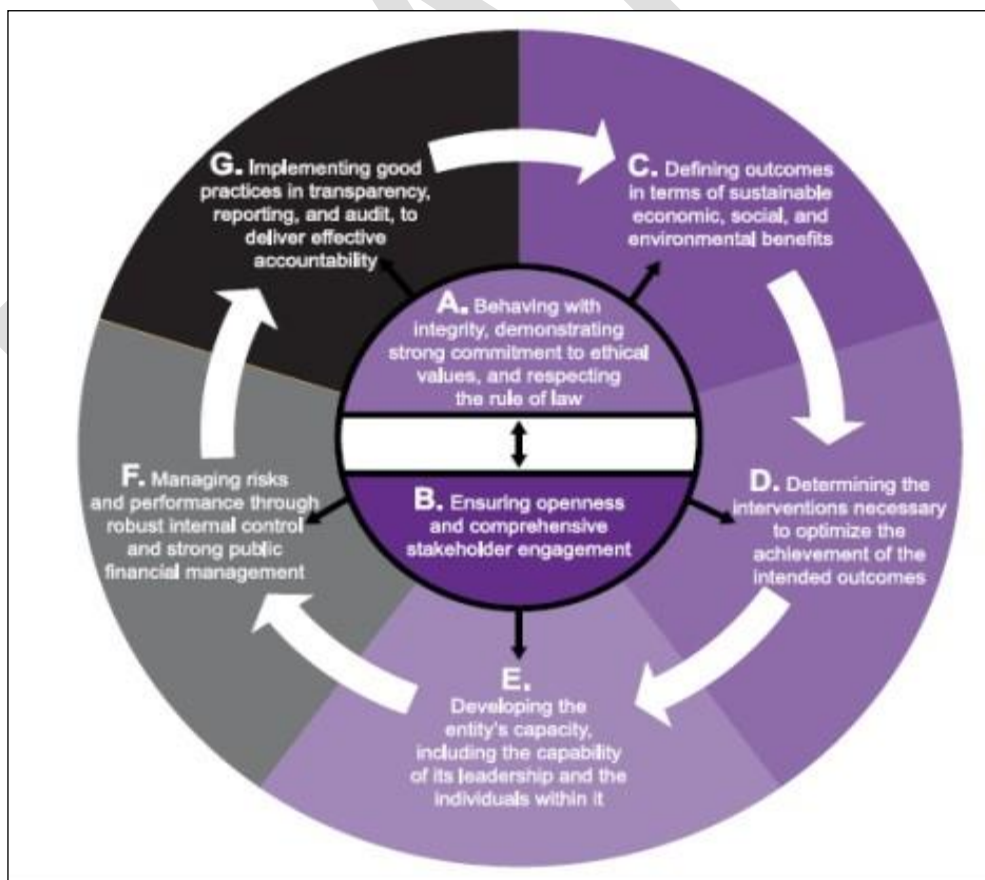
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## 1.0 Introduction and purpose of Annual Governance Statement

- 1.1 The Annual Governance Statement sets out how the York and North Yorkshire Combined Authority (Y&NYCA) meets its governance standards detailed in the Code of Corporate Governance. It also describes how it meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement to accompany the Annual Accounts.
- 1.2 The Annual Governance Statement is a document which looks back retrospectively over the past year and identifies where the Y&NYCA has demonstrated good governance and looks forward as to areas where focus should be given in relation to governance over the coming year. It should be noted that the Combined Authority has only been in existence since December 2023, therefore, the Statement is limited to work undertaken during the last three months of 2023/2024.
- 1.3 The Y&NYCA's corporate governance framework is structured around the seven good governance principles set out in the 2016 CIPFA guidance:



## 2.0 Legislative, strategic and policy context

- 2.1 The Y&NYCA was established on 20 December 2023 by the York and North Yorkshire Combined Authority Order 2023 (the Order) and for the financial year 2023/2024, comprised four Members, being the Leaders and Deputy Leaders of the Constituent Councils.
- 2.2 The Mayor of Y&NYCA took up office after the election on 7 May 2024 and will remain in office until May 2028. The Mayor is the Chair and fifth Member of the Combined Authority.
- 2.3 The Mayor also has also appointed a Deputy Mayor for Policing and Crime (Jo Coles) who has substantial delegated authority covering policing and crime and also fire and rescue. At this point, Members do not have portfolio responsibilities, however, it is anticipated that this will take place during the coming year. Listed below is the current Member leadership structure:

<b>Member</b>	<b>Representing</b>	<b>Substitute</b>
Mayor David Skaith	Y&NYCA Mayor	N/A
Councillor Claire Douglas (Lead Member)	Leader of City of York Council	Councillor Jenny Kent  Councillor Katie Lomas
Councillor Carl Les (Lead Member)	Leader of North Yorkshire Council	Councillor Michael Harrison  Councillor Simon Myers
Councillor Gareth Dadd	Deputy Leader of North Yorkshire Council	Councillor Janet Sanderson  Councillor Annabel Wilkinson
Councillor Pete Kilbane	Y&NYCA Deputy Mayor Deputy Leader of City of York Council	Councillor Jenny Kent  Councillor Katie Lomas
Jo Coles (from 8 July 2024)	Y&NYCA Deputy Mayor for Policing and Crime (with fire and rescue delegations)	N/A



- 2.4 Each Member of the Combined Authority has also nominated two Members who will act as substitute Members of the Combined Authority in their absence.
- 2.5 In addition, the Order provides that the Chair of the Business Board will also be a non-voting Member of the Combined Authority. Work is ongoing to recruit Business Board Members, which will include appointment of the Chair of the Board.
- 2.6 The Combined Authority Members and the Mayor each have one vote, and matters are decided by a simple majority vote of the Members present and voting at that meeting. Such majority must include the Mayor, or the Deputy Mayor acting in the place of the Mayor. No Member has a casting vote.
- 2.7 No business can be transacted at a meeting of a Combined Authority unless the Mayor (or Deputy Mayor acting in the place of the Mayor) and at least one Member appointed by each Constituent Council is present. In the event that a vote is tied on any matter, it is deemed not to have been carried.
- 2.8 There are additional voting requirements in relation to matters concerning the Mayor's budget, certain financial, transport, housing and land matters and approval of the Combined Authority's constitution.
- 2.9 The Business Board of the Y&NYCA integrates the former Board of the York and North Yorkshire Local Enterprise Partnership (LEP) into the Y&NYCA in accordance with the terms of the Order. The LEP was formerly a private sector led voluntary partnership between local authorities and businesses instigated by the Department of Business Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within York and North Yorkshire. The Business Board will:
- Advise on strategy and policy that will unlock the region's economic potential and stimulate growth and prosperity;
  - Assist the Combined Authority in bidding for public funding made available by Government in support of economic growth;
  - Ensure policy and decisions of the Combined Authority receive the input and views of key business leaders and take account the views of the wider business community;
  - Engage with local, national and international businesses to understand the needs of different sectors and markets;
  - Engage business, opinion former and policy makers at a national and international level in promoting economic growth in the region.
- 2.10 City of York and North Yorkshire Councils, working with the LEP (now the Combined Authority) developed an economic framework with a shared set of priorities. This framework will now be reviewed in order that it reflects the

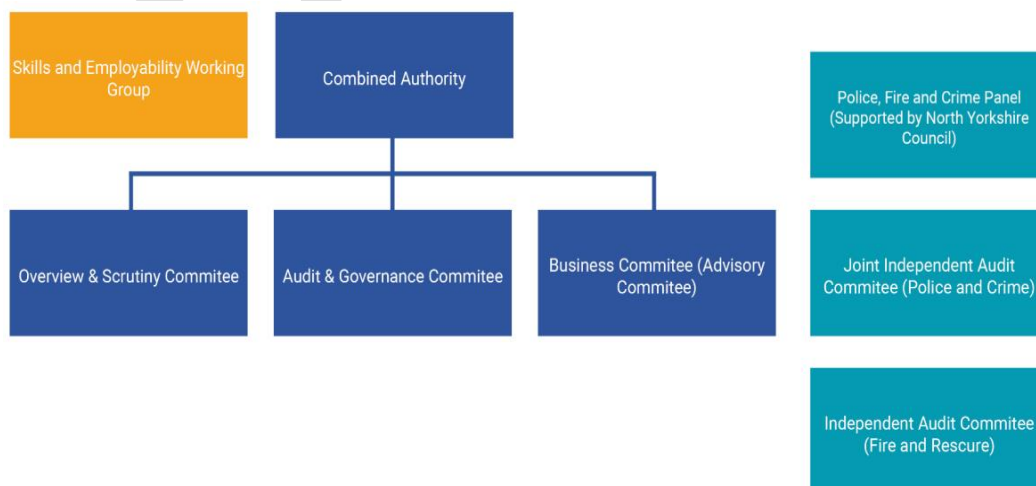
Mayor's priorities now that they are in office. The initial framework is detailed below:



2.11 A range of statutory and non-statutory Member-led Committees and Boards sit below the Y&NYCA. The Overview and Scrutiny function has twelve Members, with responsibility for reviewing and evaluating the performance of the Mayor and the Y&NYCA, and the way they work with their partners to deliver for local people, contributing to policy development in respect of high profile, complex issues affecting the whole of York and North Yorkshire, and investigating more cross-cutting issues, with a particular focus on the Y&NYCA's forthcoming responsibilities.

2.12 Scrutiny of policing and crime and fire and rescue takes place within the Police, Fire and Crime Panel. This Panel is made up of Members from each of the Constituent Councils and is supported by North Yorkshire Council Officers.

- 2.13 The Audit and Governance Committee, as a statutory body, plays a key role in overseeing risk management, governance systems and financial management. The Committee also oversees the ethical standards framework governing all Members of the Combined Authority.
- 2.14 From a policing and crime and fire and rescue perspective, each organisation has an Independent Audit Committee formed of co-opted Independent Members. These Committees sit four times per year. There will be reporting into the Audit and Governance Committee of the Combined Authority from these Independent Committees.
- 2.15 The Mayor (or Deputy Mayor for Policing and Crime) will also Chair a monthly Executive Board where they will make decisions relating to policing and crime and fire and rescue. Any formal decisions made will be published on the website of the Combined Authority and the current website of the Office of Police, Fire, Crime and Commissioning, which is a department of the Y&NYCA.
- 2.16 The Y&NYCA has also appointed Members of the Constituent Authorities and the Mayor to sit on the Transport for the North Committees as part of their membership on outside bodies. The Transport for the North has created a strategic transport plan which sets the vision, strategic ambitions and the long-term strategic transport priorities across the North, working with Government, local transport bodies and delivery bodies across the region. The Transport for the North works to deliver transport decarbonisation, inclusivity, greater biodiversity and sustainable growth in economic productivity.
- 2.17 A Skills and Employability Working Group has been established in order to develop the policies and strategies required by Government to meet their readiness requirements for the Adult Education Budget.
- 2.18 A structure of the Y&NYCA governance is set out below:



### **3.0 Work undertaken to date**

3.1 From a governance perspective, work aligned to the good governance principles includes:

3.1.1 The creation of the Constitution of the Combined Authority, a system to deal with Member Code of Conduct complaints and adoption of the Model Code of Conduct for all Members of the Combined Authority. In addition, an Officers Code of Conduct has been established, with further work ongoing to have a singular Code to take account of the transition of Police and Crime and Fire and Rescue colleagues into the Combined Authority.

3.1.2 Work is underway to ensure that any processes or work undertaken by the Combined Authority is done so in a way that ensures that all stakeholders are engaged at key stages and that such engagement is comprehensive. Such examples of work undertaken so far includes the creation of the skills and employability working group and the recruitment of the Business Board Members.

3.1.3 An economic framework has been approved by the Combined Authority, with work ongoing to ensure that the framework meets the Mayoral priorities now that the Mayor has taken up office.

3.1.4 The departments of the Combined Authority, as they have transitioned into the Authority have undertaken work as to how they will be able to achieve the intended outcomes. This has included horizon scanning and pipeline planning of funding streams coming into the Combined Authority and assessing resources required in order to ensure delivery and consideration of the Order to ensure that the Authority meets any legal requirements.

3.1.5 An interim leadership team has been implemented with the inception of the Combined Authority. Work has taken place to place the team on a more permanent basis, with the recruitment of the Chief Executive and Head of Paid Service and also the recruitment of the Director of Resources and Section 73 Officer.

3.1.6 Internal auditors have been appointed and links with Fire and Rescue and Police and Crime auditors have been built to ensure that performance and risk management and financial management remains robust and strong.

3.1.7 The Audit and Governance Committee has been established and work has been ongoing to assess the interplay with the Committee and the Independent Audit Committees of Police and Crime and Fire and Rescue, including opportunities for reporting into the Audit and Governance Committee. The Constitution contains provisions around public participation, publication of key documentation and meetings and to ensure that accessibility to meetings is established, which is a particular challenge with the geographical area of the Combined Authority.

#### **4.0 Scope of responsibility**

- 4.1 The Y&NYCA's Code of Corporate Governance sets out how the Combined Authority operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Code of Corporate Governance can be found in Part 7 (Section E) of the Constitution [YNYCA-Constitution-June-2024.pdf \(yorknorthyorks-ca.gov.uk\)](#).
- 4.2 The Annual Governance Statement demonstrates how the Y&NYCA is delivering its services in the right way in a timely, inclusive and accountable manner and will be certified by the Y&NYCA Chief Executive and the Mayor, after consideration of the draft by the Y&NYCA Audit and Governance Committee. Y&NYCA'S external auditor reviews the Annual Governance Statement as part of the assessment of their value for money responsibilities.
- 4.3 The Y&NYCA's governance framework comprises the legislative requirements, principles, management systems and processes – including the Constitution and associated protocols – and cultures and values through which the Combined Authority exercises its leadership, fulfils its functions and by which it is held accountable for its decisions and activities.

#### **5.0 Governance review activity 2023/24**

- 5.1 The Y&NYCA Audit and Governance Committee is responsible for overseeing the effective operation of the systems of governance including risk management, internal control and treasury management. It is a legal requirement for the Y&NYCA to have an Audit and Governance Committee as this also ensures a high standard of openness and transparency. The Committee has met informally once since the inception of the Combined Authority, whereby an introduction to Members and Officers and a briefing on the Combined Authority and the role of the Committee took place.
- 5.2 The Audit and Governance Committee oversees all aspects of the Combined Authority including Mayoral functions in line with the Home Office Financial Management Code of Practice. In addition to this, North Yorkshire Police has

established a Joint Independent Audit Committee (JIAC) and North Yorkshire Fire and Rescue Service has established an Independent Audit Committee (IAC). These Committees oversee the control environment of the Chief Constable and Chief Fire Officer and the policing and crime and fire and rescue functions of the Combined Authority, performing the function of an Audit Committee.

5.3 These Committees assist the Mayor in discharging their statutory responsibilities to hold the Chief Constable and Chief Fire Officer to account and to help deliver an effective police and fire service. To minimise duplication and bureaucracy and to maximise value for money, shared internal audit arrangements are in place to support the Mayor and the Chief Constable/Chief Fire Officer. The Combined Authority Audit and Governance Committee receives the minutes of the JIAC and IAC as part of its agenda and receives the annual report of the Chair of JIAC and IAC. These arrangements form part of the transition of police, fire and crime functions into the Combined Authority and the “as is” position, however, will be the subject of review during 2024/25, including a review of the terms of reference to ensure that the responsibilities for the two Committees are clear.

## 6.0 Areas for focus in 2024/25

<b>Good Governance Principle</b>	<b>Action</b>	<b>Lead Officer</b>
A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	Appointment of Independent Person onto Audit and Governance Committee to ensure that Member Code of Conduct regime can operate in a legal and robust manner.	Interim Deputy Monitoring Officer
	Audit and Governance Committee review of Officer Code of Conduct and Member Code of Conduct and associated procedure documents.	Interim Deputy Monitoring Officer
	Audit and Governance Committee review of Code of Corporate Governance, declarations of interest and gifts and hospitality.	Interim Deputy Monitoring Officer Director of Resources Governance and Assurance Manager

B - Ensuring openness and comprehensive stakeholder engagement	Embed the Skills and Accountability Task Group and the Business Board within the Combined Authority Governance Structure.	Interim Deputy Monitoring Officer  Governance and Assurance Manager
C – Defining outcomes in terms of sustainable economic, social and environmental benefits	Development of Mayoral priorities and embed into Combined Authority framework/priorities and ensure that there is a full understanding across the Combined Authority reporting system.	Chief Executive
D – Determining the interventions necessary to optimize the achievement of the intended outcomes	Ensure that the appropriate governance and decision-making structure is in place to meet the new responsibilities of the Combined Authority, including the transition of Police and Crime and Fire and Rescue functions.	Interim Deputy Monitoring Officer
E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it	Recruitment of statutory officers and leadership team and ensure that they have the resources to be able to deliver against the priorities of the Combined Authority.	Chief Executive  Head of Assurance
	Continue the transition work with the Police and Crime and Fire and Rescue functions into the Combined Authority, in particular regularisation of governance arrangements across the organisation	Interim Deputy Monitoring Officer
F – Managing risks and performance through robust internal control and strong public financial management	Development of internal audit arrangements, including Police and Crime and Fire and Rescue function integration.	Interim Deputy Monitoring Officer  Director of Resources

G – Implementing good practices in transparency, reporting and audit, to deliver effective accountability	Review of Constitution of Combined Authority.	Interim Deputy Monitoring Officer
	Embed the Overview and Scrutiny and Audit and Governance Committee arrangements.	Interim Deputy Monitoring Officer Director of Resources Governance and Assurance Manager

## 7.0 Summary

7.1 The Y&NYCA has outlined a commitment to best practice and good corporate governance within the principles of the framework, demonstrated by a proactive adoption of this framework. As the organisation moves forward in 2024, the formulation of the strategy of the Combined Authority will continue to be key in leading on its strategic direction and values. There is a strong focus on delivery with robust arrangements put in place to monitor delivery, performance and risk, underpinned by strong governance arrangements, which are designed to support this delivery. The Combined Authority and its partners across the public, private and voluntary, community and social enterprise sectors are working to deliver on its longer-term ambitions to ensure that York and North Yorkshire is a region in which no resident feels left behind.

**Signed by:**

(David Skaith, Mayor of York and North Yorkshire Combined Authority)

**Signed by:**

(James Farrar, Chief Executive on behalf of Members and Senior Officers of York and North Yorkshire Combined Authority)

**Date:**