

Your Ref.
Our Ref

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Date 11 July 2024

Tony Reeves - Chief Executive

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Typetalk calls welcome

To: Members of the YPO Joint Committee Audit and Governance Sub-Committee

Dear Member

YPO AUDIT & GOVERNANCE SUB-COMMITTEE – FRIDAY, 19 JULY 2024

It is with pleasure that I write to invite you to attend a meeting of the YPO Joint Committee Audit and Governance Sub-Committee which is to be held at **9:30 am on Friday, 19 July 2024 in the YPO Offices, 41 Industrial Park, Wakefield, WF2 0XE** to consider the items set out in the agenda attached.

Yours sincerely



Tony Reeves
Secretary to the Joint Committee

As a courtesy to colleagues will you please turn off your mobile phones and pagers prior to the start of the meeting.

**YORKSHIRE PURCHASING ORGANISATION
AUDIT & GOVERNANCE SUB-COMMITTEE**

Friday, 19 July 2024

AGENDA

1. Election of a Temporary Chair.
2. Chair's Introduction and Welcome.
3. Acceptance of Apologies for Absence.
4. Members' Declaration of Interest.
5. To note any items which the Chair has agreed to add to the agenda on the grounds of urgency.
6. To approve, as a correct record, the Minutes of the Meeting of the Audit & Governance Sub-Committee held on 3rd November 2023.(Pages 1 - 5)
7. Audit & Governance Sub Committee Terms of Reference & Work Programme 2024-2025. (Pages 7 - 15)
8. Local Code of Governance & Annual Governance Statement 2023. (Pages 17 - 53)
9. Risk Management Framework. (Pages 55 - 72)
10. Pay Policy and Local Living Wage. (Pages 73 - 75)
11. Policies & Procedures Review. (Pages 77 - 81)
12. External Audit Completion Report.
To be circulated.
13. Audited Statement of Accounts.
To be circulated.
14. Assurance Report - Climate Change, Biodiversity, and Environmental Sustainability. (Pages 83 - 86)
15. Exclusion of the Public and Press
"That the public and press be excluded from the meeting for consideration of agenda items 16 – 22 on the grounds that it is likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended".

IN PRIVATE

16. Assurance Report - Digitisation. (Pages 87 - 97)
17. Internal Audit Action Update. (Pages 99 - 101)
18. Annual Assurance Opinion 2023. (Pages 103 - 111)
19. Strategic Risk Register. (Pages 113 - 117)

20. WMS/SQL Update. (Pages 119 - 124)
21. Fraud Prevention Measures Update. (Pages 125 - 129)
22. Treasury Outturn Report. (Pages 131 - 143)

*Date of next meeting: Proposed as 8th
November 2024*

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YORKSHIRE PURCHASING ORGANISATION

AUDIT & GOVERNANCE SUB-COMMITTEE

FRIDAY, 3RD NOVEMBER 2023

Present: Councillors: Speight (Wakefield), Atkin (Rotherham), Turner (Kirklees), Frost (Barnsley), Merrett (York), White (North Yorkshire).

1.	CHAIR'S INTRODUCTION & WELCOME
	<p>Introductions took place.</p> <p>Gillian Marshall requested nominations for a Chair of the Audit & Governance Sub Committee for the 2023/24 municipal year and shared that Councillor Speight has expressed an interest in the position.</p> <p>Resolved: (1) It was seconded and agreed by all for Councillor Speight (Wakefield) to be elected as Chair.</p>
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	<p>Apologies for absence were received on behalf of Councillor Walsh (Knowsley), Councillor Fielding (Bolton), Jo Marshall (YPO), and Helen Lisle (Non-Executive Director).</p>
3.	MEMBERS DECLARATION OF INTEREST
	<p>No declarations of interest were made.</p>
4.	URGENT ITEMS
	<p>No urgent items were raised.</p>
5.	PREVIOUS AUDIT & GOVERNANCE SUB COMMITTEE MINUTES
	<p>The minutes of the YPO Audit & Governance Sub-Committee held on 7th July 2023 were approved by all.</p> <p>Cllr Merrett asked about the status of the energy report that was discussed in the meeting on 7th July.</p> <p>Simon Hill explained we have received the raw report from the consultants; however, we now need to add in context and information relating to YPO's market.</p> <p>Resolved: (1) It was agreed to circulate this report when ready, along with the report that went to the July Audit & Governance sub-committee so both reports can be read together.</p>
6.	EXTERNAL AUDIT COMPLETION REPORT
	<p>Jordan Townend shared the final External Audit completion report and talked through the key headlines of the report.</p>

	<p>Jordan talked through the significant findings including the pensions element and explained why Mazars believe this the best option to take.</p> <p>Councillor Frost asked about the priority internal control recommendations. Matthew Hirst provided an explanation of what is being done on this to sign off the recommendations for next year.</p> <p>Resolved – (1) That the report be noted.</p>
7.	INTERNAL AUDIT PROGRESS UPDATE – VERBAL
	<p>The Service Manager for Internal Audit & Risk at Wakefield Council (Jason Brook) shared a verbal update on the progress of the 2023 internal audit.</p> <p>Jason noted that the plan was approved four months ago, and provided positive assurance that work will be completed in time for the annual assurance opinion in July.</p> <p>Jason explained the work that has taken place on the two key items selected. So far, there are no significant findings to report to committee at this stage.</p> <p>The audit is currently at draft report stage rather than any defined recommendations. Jason identified a number of areas that will be reviewed.</p> <p>Cllr Speight asked how the topics are chosen. Jason explained the process is similar to the council process. Internal audit consult with key stakeholders at YPO, management, Gillian & Caroline (Wakefield council). Publications on emerging risks and risk registers are also referred to. Members also have an input on the topics at committee stage.</p> <p>A discussion was held around the timescales of the audit.</p> <p>Simon Hill noted an emphasis on the role of members with putting the internal audit plans together. Members can also request reports or further information on certain topics to be brought to these committee meetings at any time.</p> <p>Resolved – (1) That the verbal update be noted.</p>
8.	DRAFT INTERNAL AUDIT PLAN 2024
	<p>Consideration was given to the report of the Service Manager for Internal Audit & Risk (Wakefield Council) which provided Members with a proposed Internal audit plan for 2024.</p> <p>Jason Brook talked through the key headlines of the report and the proposals. This has gone through the process to determine the audit topics brought here for approval.</p> <p>Committee should note that there are the following potential gaps in assurance coverage from the proposed Plan:</p>

	<ul style="list-style-type: none"> • The digitisation agenda – this is a specialist area and may benefit from a more discreet piece of work by a suitably competent professional. • ESG (Environmental, Social, and Governance) – this is becoming an increasingly more topical area for organisations. Committee may wish to seek assurances from senior management or the non-independent director on the effectiveness of such arrangements at YPO. <p>It was agreed for YPO management to bring a report on these two specific issues to the July Audit & Governance sub-committee, to highlight if there are any gaps that need to be addressed.</p> <p>Resolved – (1) That the report be noted.</p> <p>(2) Members reviewed and provided comments on the proposed Internal Audit Plan for 2024, as set out in Table Three (Appendix A provides further detail).</p> <p>(3) Members note the potential gaps in assurance regarding digitisation and the ESG (Environmental, Social, and Governance). It was agreed to bring a report on these two specific issues to the July Audit & Governance sub-committee.</p>
9.	EXCLUSION OF THE PUBLIC AND PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 10 - 14 on the grounds that they are likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended.</p>
10.	RISK REGISTER, BRIBERY & FRAUD UPDATE
	<p>Consideration was given to the report presented by the Head of Finance (Matthew Hirst).</p> <p>Matthew explained that the anti-bribery policy statement has been reviewed in full this year.</p> <p>There are no significant fraud updates. In line with government updates, we are looking at our full counter-fraud arrangements. A full update on this will come to the July Audit & Governance sub-committee.</p> <p>Cllr Merrett about a question relating to YPO’s overseas activities and our liabilities. It was agreed to circulate any agreements we have in place to confirm our liabilities.</p> <p>A discussion was held around adding ECG into a future audit plan due to the possible risks on this.</p> <p>Resolved – (1) Audit & Governance Sub-Committee review and note Appendix 1 and Appendix 2, the latter based on the recommendation to the YPO Board outlined in Para 1.4 of the report.</p>

	<p>(2) It was agreed to add ESG into a future audit plan.</p>
<p>11.</p>	<p>RISK MANAGEMENT SYSTEM UPDATE</p> <p>Matt Hirst (Head of Finance) shared the report, which provides an update on the progress of implementing a risk management system.</p> <p>Kim Grimshaw (Business Reform Limited) and Andrea Hirst-Gee (Assistant Financial Controller, YPO) joined the meeting for this item and provided a demo of the system. Kim explained this is a real time system.</p> <p>Kim talked through the various metrics and how the system works. There is now just one form to complete to add in a risk, which ensures a more consistent approach.</p> <p>A discussion was held around timescales. The aim is to have the live data inputted into the system by earl next year.</p> <p>It was noted that training will be rolled out for all users of the system.</p> <p>Jason Brook asked how this will work with capturing project risks. Andrea explained we have taken the decision that how the programme/ project teams currently capture their risks is working fine as it is, therefore, we have not requested they input them into this system, at this stage.</p> <p>A discussion was held around how the risks will link in with performance and KPI management. Matthew explained they will be discussed all together at the SLT meetings.</p> <p>Resolved – (1) The Audit & Governance Sub-Committee note the progress made on the design and development of a risk management system. The committee reviewed the contents of Appendices 1 – 5.</p>
<p>12.</p>	<p>CYBER SECURITY REPORT</p> <p>Jacque Lightfoot (Executive Director Operations) talked through the Cyber security report, which provides an update on current activities undertaken to protect YPO, its customers, and its employees from the risks and issues pertaining to Cyber and Information Security.</p> <p>The report also provides the Audit & Governance sub-committee with a clear plan of action that YPO will be undertaking to mitigate future risks and issues pertaining to Cyber and Information Security.</p> <p>Councillors asked a number of questions relating to the report which the Executive Director provided responses to.</p> <p>A discussion was held around backup systems. It was noted that there is a rolling programme of work and plans are in place.</p> <p>Jason Brook asked if, following this comprehensive report, it would be useful to remove cyber security from the 2024 internal audit plan and replace it with an ethics review (focussing on how YPO ensures that it is trading with / using</p>

	<p>ethical suppliers). A discussion was held, and the Committee agreed to this recommendation.</p> <p>Resolved – (1) That the committee note the contents of the report.</p> <p>(2) It was agreed for cyber security to be removed from the internal audit plan for 2024 and replaced with an ethics review. Jason Brook to amend the internal audit plan to reflect this change.</p>
13.	YEAREND CLOSEDOWN TIMETABLE
	<p>Matthew Hirst (Head of Finance) shared the report which informed Members of the contents of the provisional 2023 Closedown Timetable.</p> <p>The primary objective of the closedown and audit will be ensuring that the final audited accounts are submitted to the July 2024 Audit and Governance Committee for approval.</p> <p>Resolved – (1) That the provisional timetable shown in Appendix 1 is approved.</p>
14.	TREASURY MANAGEMENT PROGRESS REPORT
	<p>Caroline Carter (S151 Officer) talked through the Treasury Management Progress report covering the period January 23 – September 23.</p> <p>Caroline explained some information around inflation and interest rates.</p> <p>Resolved – (1) That Members note the positive assurances provided through this report in respect of treasury management for the period 1st January 2023 to 30th September 2023 in accordance with the agreed strategy.</p> <p>(2) Members consider and approve the proposed investment strategy for 2024 (as detailed at appendix 2).</p> <p>(3) Members note that the outturn report will be presented to this Committee in July 2024.</p>
15.	DATE AND TIME OF NEXT MEETING
	<p>Resolved – (1) That the next meeting of the YPO Audit & Governance Sub Committee is proposed to be held on 5th July 2024, 10.30am.</p>

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YPO

AUDIT & GOVERNANCE SUB-COMMITTEE

TO BE HELD ON

19TH JULY 2024

TITLE: 2024/25 WORK PROGRAMME

REPORT OF: MANAGING DIRECTOR

1. PURPOSE OF REPORT

1.1 To provide members with an overview of the work scheduled for the 2024/25 committee cycle.

2. BACKGROUND INFORMATION

2.1 The Audit & Governance Sub-Committee's primary purpose is to undertake the duties of 'those charged with governance' under delegation from the Management Committee. The committee scrutinises strategies and actions of the YPO management team and provides feedback, comment, and recommendations.

2.2 The Audit and Governance Sub-Committee has delegated powers to sign off the annual financial statements and annual governance report on behalf of the Management Committee and ensure it has sufficient information and knowledge to undertake those duties.

2.3 The Audit and Governance Sub-Committee meets a minimum of twice per annum.

3 TERMS OF REFERENCE

3.1 The terms of reference have been reviewed and are attached for Member's consideration.

3.2 Since YPO established the Audit & Governance Sub-Committee in its current form in 2022, CIPFA have published a new position statement on Audit Committees in Local Authorities. In the second half of 2024 we propose to further review the sub-committee's terms of reference and work programme against the CIPFA position statement, to identify current good practice and any changes needed to further enhance the sub-committee's contribution to good governance. The review will be led by the Governance Function (officer) group, set up on the sub-committee's recommendation in mid-2023, and chaired by YPO's Managing Director, and will engage with members through the establishment of a joint member and officer working group, with the aim of a report back to Audit & Governance Sub-Committee meeting in November 2024.

4 PRINCIPAL AGENDA ITEMS

- 4.1 The focus of the principal agenda items for the Audit and Governance Sub-Committee are similar to previous years and are aimed at providing the Sub-Committee sufficient information to undertake the role of 'those charged with governance'.
- 4.2 The proposed principal agenda items along with a meeting schedule are attached as appendices.

5 RECOMMENDATION

- 5.1 Members are asked to agree this report for submission to the Management Committee in the name of the Chair of the Audit and Governance Sub-Committee.

REPORT AUTHOR: SIMON HILL, MANAGING DIRECTOR

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APPENDICIES:

Appendix 1 - Principal Agenda Items
Appendix 2 - Terms of Reference
Appendix 3 - Meeting Schedule 2024/25



PRINCIPAL AGENDA ITEMS 2024-2025

MANAGEMENT COMMITTEE AGENDA

July (AGM)

Election of Chair & Vice Chair of Management Committee
Membership of the YPO Management Committee
Appointment to Sub Committee & Joint Consultative Committee
Terms of Reference & Work Programme
Lead Authority Issues
Business Update
Dividend Distribution
Annual Report
Report of Non-Executive Director

November

Business Update
Budget & Business Plan
Lead Authority Issues
Report of Independent Director

AUDIT & GOVERNANCE SUB COMMITTEE AGENDA

July

Internal Audit Annual Report
External Audit Report
Internal Audit Plan
Internal Audit Actions Update
Audited Accounts
Treasury Outturn Report
Local Code & Annual Governance Statement
Policies & Procedures Review
Risk Management Framework & Strategic Risk Register

November

Election of Chair of the Audit & Governance sub committee
Internal Audit Indicative plan for 2025
Internal Audit Progress Report
External Audit Update
Treasury Management Progress report
Yearend Closedown Timetable
Risk Register
Gifts & Hospitality
Employee Interests
Anti-Bribery
Counter Fraud

The above are the proposed agenda items; however, Members may request specific additional reports at any time throughout the committee cycle where they feel it necessary.

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Yorkshire Purchasing Organisation

Management Committee Terms of Reference 2024/25

Number of Members

Thirteen Councillors – One from each Member Authority

Quorum

Member representation from at least five Member Authorities.

Substitutes

One agreed named substitute per authority is allowed.

Frequency of Meetings

A minimum of twice per annum.

Suggested duration: Max 2 hours (10:30am – 12:30pm)

Remit

1. To approve and keep under review a long term plan setting out the strategic direction of YPO.
2. To consider, approve and keep under review Standing Orders, Financial Procedure Rules and the Officer Delegation Scheme prior to subsequent approval by Member Authorities, and to carry out such actions as are required by these rules.
3. To provide leadership for Risk Management across YPO and ensure Risk Management is used as a strategic and operational tool.
4. To keep under review the method of distributing annual dividends, and decide annually on the amount and timing of dividend distribution.
5. To periodically review the membership of YPO.
6. To appoint annually at the Annual General Meeting an Audit & Governance Sub-Committee and a Joint Consultative Committee and receive minutes or reports from them highlighting any areas that require action by the Management Committee.
7. To seek assurances from the sub-committees that YPO is acting with all due care and attention.
8. All Members of the Management Committee shall sit on the 'Appointments Committee' with responsibility for the appointment and disciplinary procedures of the Board of Directors and appraising the performance of the Managing Director.

Yorkshire Purchasing Organisation

Audit & Governance Sub-Committee Terms of Reference 2024/25

Number of Members

8 Councillors, but not the Chair or Vice Chair of the Management Committee.

Frequency of Meetings

A minimum of twice per annum, to be scheduled approximately one month prior to Management Committee meetings (10:30am – 12pm)

Quorum

Member representation from at least three Member Authorities.

Substitutes

One agreed named substitute per authority is allowed.

Remit

1. To ensure that the highest standards of probity and public accountability are demonstrated and in doing so ensure effective governance of YPO.
2. To consider internal audit plans and performance to ensure the work of internal audit is planned and carried out with due regard to major risks, areas of significant financial effect and the need to cover the range of the service, and to challenge and review actions taken by senior managers on significant audit recommendations.
3. To consider the external audit work programme and monitor the implementation of significant external audit recommendations.
4. To review annually its terms of reference and report any additions and amendments to the Management Committee.
5. To provide an update to management committee on the activities of the committee activity by way of meeting minutes and responses to any matters arising.

To act with delegated authority of the Management committee in respect of:

1. To approve the annual governance statement to the Management Committee for inclusion in the annual statement of accounts, and review the implementation of any audit recommendations arising from the final accounts audit
2. On behalf of the Management Committee provide reasonable assurance of the efficient and effective operation of the overall internal control environment within YPO, through a systematic appraisal of its framework of internal controls, processes and data quality.
3. To ensure that an appropriate risk management strategy has been drawn up and to monitor that risk management procedures are being carried out effectively, including the establishment of a reserves policy.

4. To ensure the effectiveness of decisions made by YPO by means of conducting scrutiny reviews in accordance with both an approved programme and on an ad-hoc "call in" basis.
5. To carry out reviews requested by the Management Committee.
6. In conducting reviews receive evidence and call witnesses as appropriate for each review so as to determine how decisions were made, on what basis were they made, if appropriate account of options and risks were considered, if the decisions made reflected original statements of intent and if decisions were made in a timely fashion and if they were made in the best interests of YPO and in accord with YPO's public accountability and code of corporate governance.

Yorkshire Purchasing Organisation

Joint Consultative Committee Terms of Reference 2024/25

Number of Members

- Five Councillors (including the Chair and Vice Chair of the Management Committee) drawn from different member authorities.
- The Chair and Secretary of the YPO branch of UNISON.
- The UNISON Regional Organiser responsible for liaising with YPO.

Frequency of Meetings

A minimum of twice per annum, on the same day as Management Committee meetings (9:30am – 10:30am)

Quorum

Two Councillors and two Trade Union officials.

Substitutes

One agreed named substitute per authority is allowed.

Remit

1. To represent and co-ordinate the views locally of UNISON and Members of the YPO Management Committee on issues of common interest in relation to YPO.
2. To raise issues, make recommendations and reach agreement on issues which have an effect on the employees of YPO, but without binding effect on either party.
3. To monitor and challenge the outputs of any employee satisfaction survey.
4. To promote the well-being of employees and monitor and challenge matters related to sickness and attendance.
5. To promote, challenge and monitor YPO's actions in relation to it being an employer of choice and its public sector equality duties.
6. To review annually its terms of reference and report any additions and amendments to the Management Committee.
7. To provide an update to Management Committee on any matters arising which warrant a wider discussion.



**MEMBER AUTHORITY ENGAGEMENT/GOVERNANCE SCHEDULE
2024/2025 MUNICIPAL YEAR**

Date of Meeting	Directors Team Meeting <i>Inc S151 / Monitoring Officer by invitation</i>	Board Meeting <i>Inc Non-Executive Director</i>	Member Authority Finance Directors Forum*	Member Authority Chief Executive Forum*	Member Authority Procurement Forum*	Member Authority Legal Officer Forum*	Audit & Governance Committee <i>Inc Non-Executive Director</i>	Joint Consultative Committee	Management Committee <i>Inc Non-Executive Director</i>
August									
	06/08/24	19/08/24							
September									
	03/09/24	23/09/24		04/09/24					
October									
	01/10/24	21/10/24	16/10/24		24/10/24	30/10/24			
November									
	05/11/24	n/a					08/11/24	22/11/24	22/11/24
December									
	n/a	02/12/24							
January									
	07/01/25	27/01/25							
February									
	04/02/25	24/02/25	12/02/25		19/02/25				
March									
	04/03/25	24/03/25							
April									
	01/04/25	28/04/25		30/04/25					
May									
	06/05/25	19/05/25							
June									
	03/06/25	23/06/25	11/06/25		18/06/25	24/06/24			
July									
	01/07/25	21/07/25					04/07/25	18/07/25	18/07/25

*Officer meetings will be arranged more regularly as and when required

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YPO

AUDIT & GOVERNANCE SUB-COMMITTEE

TO BE HELD ON

19TH JULY 2024

TITLE: LOCAL CODE OF GOVERNANCE & ANNUAL GOVERNANCE STATEMENT 2023

REPORT OF: MANAGING DIRECTOR

1. BACKGROUND INFORMATION

- 1.1 This is an annual report that sets out YPO's compliance with the requirements of the Accounts & Audit Regulations 2015 and CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016) which has three key steps:
- 1.1.1 Publish a Local Code of Governance that sets out how YPO delivers the principles of the 2016 Framework (Appendix 1)
 - 1.1.2 Conduct an annual review of the effectiveness of our governance arrangements in practice
 - 1.1.3 Report the results of the annual review in an Annual Governance Statement and publish it with the Statement of Accounts (Appendix 2)
- 1.2 The Local Code has been reviewed and some minor updates made. There have been no changes to the underlying regulations or framework (a 2024 update to the Accounts & Audit Regulations is currently in draft but has no material effect on YPO). The main changes to the Local Code relate to the implementation of the 2022 Governance Review and in particular the establishment of more formal engagement with Founder Member Authorities through the set up of Chief Executives, Finance Directors and other officer fora. Following a recommendation from Audit & Governance Sub-Committee a YPO Governance Function group has also been established and included in the Local Code. The Local Code has also been updated to reflect changes to YPO's purpose, mission and values.
- 1.3 The draft AGS 2023 is attached at Appendix B. It has been compiled in accordance with proper practice, as set out in the 2016 Framework and required by the Accounts & Audit Regulations 2015. As in previous years' statements, the current draft has placeholders for the External Audit and Internal Audit opinions, which will be considered in separate reports at this Audit & Governance Sub-Committee meeting (July 2024).
- 1.4 There have been some changes to the main body of the statement to reflect the new fora referenced in the updated Local Code and other minor updates. Members' attention is drawn to the section headed 'Significant Governance Issues' as this contains the main matters arising from the annual governance review.

2. STRATEGIC IMPLICATIONS

- 2.1 The Local Code of Governance and the Annual Governance Statement are key documents that demonstrate YPO's commitment to good governance throughout the planning and delivery of its 5 Year Strategy and medium to long term objectives.

3. FINANCIAL/RESOURCE IMPLICATIONS

- 3.1 There are no financial implications arising from this report.

4. LEGAL IMPLICATIONS

- 4.1 There are no legal implications arising from this report. YPO continues to meet the requirements of the Accounts & Audit Regulations 2015 and the 2016 CIPFA/SOLACE Framework.

5. RISK IMPLICATIONS

- 5.1 Local Code of Governance and Annual Governance Statement both set out how YPO maintains a system of internal control, which is a significant part of our governance framework, designed to manage risk to a reasonable level.

6. CONSULTATION

- 6.1 The Governance Function group has been consulted on this report.

7. OPTIONS APPRAISAL

- 7.1 None. YPO must publish a Local Code of Governance, conduct an annual governance review, and report the results in an Annual Governance Statement, in accordance with the Accounts & Audit Regulations 2015 and the 2016 CIPFA/SOLACE Framework.

8. RECOMMENDATIONS

- 8.1 Audit & Governance Sub-Committee receive the updated Local Code of Governance and the Annual Governance Statement 2023 draft for discussion and agreement.

9. REASONS FOR RECOMMENDATIONS

- 9.1 Publication of a Local Code of Governance, undertaking of an annual review, and publication of the results in an Annual Governance Statement are required to comply with the Accounts & Audit Regulations 2015 and CIPFA/SOLACE Framework 2016. Audit & Governance Sub-Committee play a key role in providing oversight of, and challenge to, these arrangements.

SERVICE DIRECTOR: SIMON HILL, MANAGING DIRECTOR

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CONTACT OFFICER: ANDREA HIRST-GEE, ASSISTANT FINANCIAL CONTROLLER

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APPENDICES

Appendix 1: Local Code of Governance 2024

Appendix 2: Annual Governance Statement 2023 Draft

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**Code of Corporate
Governance**

YPO Local Code of Corporate Governance 2024

Document Control Page

Document Type	Policy	
Document Ownership	Corporate	
Title of Document	Code of Corporate Governance	
Status	FINAL	
Reference number	POL/FN056/v5	
Controlled by	Managing Director	
Created/ reviewed by / date:	Assistant Financial Controller	June 2024
Agreed by / date:	Audit & Governance Sub-Committee	July 2024
Checked for compliance with contract standing orders and financial procedures / date:		
Agreed with Unison / date:		
Maintained by	Assistant Financial Controller	
Publication date	July 2024	
Next Review date	July 2025	
Current Version	V3	
Distribution	All employees, Intranet, Internet (YPO website), SharePoint	
Replaces document	POL/FN056/v2 Annual review & update reflects organisational changes in 2022/2023	

YPO Local Code of Corporate Governance 2024

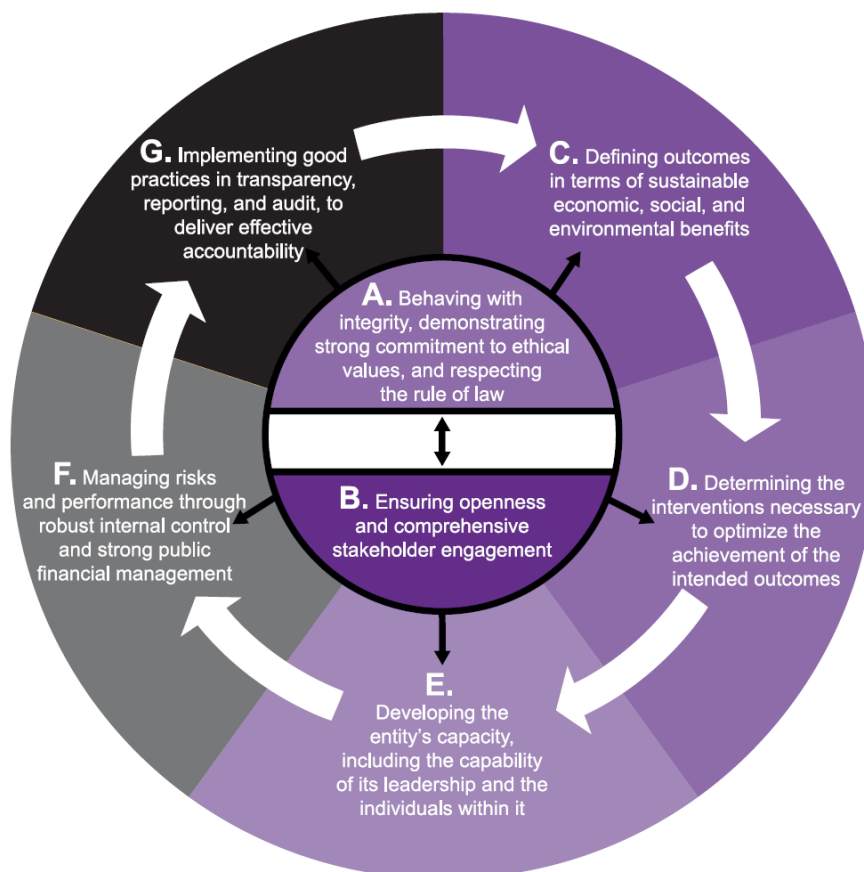
International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014)

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014) illustrates the various principles of good governance in the public sector and how they relate to each other. The aim of the governance principles is:

“Achieving the intended outcomes while acting in the public interest at all times”

The diagram below is taken from the International Framework and shows how the principles relate to each other. The International Framework notes that:

“Principles A and B permeate implementation of Principles C to G. The diagram illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.”



The International Framework defines governance as follows: “the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector organisations must try to achieve the organisation’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

YPO Local Code of Corporate Governance 2024

Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016)

In 2016 CIPFA / SOLACE published Delivering Good Governance in Local Government: Framework. This document interprets the core principles and sub-principles set out in the International Framework for a local government context.

The CIPFA / SOLACE framework is applicable to all parts of local government and its partnerships, joint boards and other vehicles through which local authorities deliver their services. However the framework recognises that a one-size-fits-all approach is inappropriate as not all parts of the framework will be applicable to all organisations. It is up to each organisation to:

- Set out its commitment to the principles of good governance included in the Framework
- Determine its own governance structure, or local code, underpinned by these principles
- Ensure that it remains up to date, relevant and operates effectively in practice

Accounts & Audit Regulations 2015 require a relevant authority to:

- Ensure it has a sound system of internal control (Section 3)
- Conduct a review of the effectiveness of the system of internal control, each financial year (Section 6(1)a)
- Prepare an annual governance statement (Section 6(1)b) for approval by members

The review and publication must be carried out in accordance with 'proper practice'. Carrying out the annual review and preparing an Annual Governance Statement in accordance with the 2016 CIPFA/SOLACE Framework fulfils this statutory requirement.

YPO's Commitment to Good Governance

YPO is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that these funds are used economically, efficiently and effectively. YPO 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.

YPO acknowledges its responsibility for putting in place proper and effective governance arrangements. YPO has approved and adopted this Local Code of Corporate Governance which is consistent with the principles of the 2016 CIPFA / SOLACE Framework.

YPO will also conduct a review at least annually of the effectiveness of its systems of internal control and report the findings in an Annual Governance Statement, in accordance with the proper practice set out in the 2016 CIPFA / SOLACE Framework. This statement will explain how YPO has complied with this Local Code.

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Purpose of YPO's Governance Framework

Governance is about ensuring that we do the right things, at the right time, in the right way, for the right people in an open, transparent, honest and accountable manner.

YPO's governance framework comprises the systems and processes, culture and values by which we direct and control the organisation, engage with, and remain accountable to, our owners and other key stakeholders. It enables YPO to monitor the achievement of our 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 our governance framework and is designed to manage risk to a reasonable level. It helps us to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. We cannot eliminate all risk so we can only provide reasonable and not absolute assurance of its effectiveness.

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How does governance work in practice at YPO?

YPO is a Joint Committee formed under Section 102 of the Local Government Act 1974. As the largest formally constituted local authority education purchasing consortium in the UK, YPO is governed by a management committee of elected representatives (councillors) from its 13 Founder Member Authorities, in accordance with the Management Agreement. The Management Committee, which consists of a representative from each of the founder member authorities, governs YPO policy and decision making arrangements, and reflects openness, accountability and transparency. Specific procedural rules, protocols and policies are in place to govern committee functions and delegated authority. Management Committee and all Sub-Committees have clear terms of reference that are reviewed on a regular basis.

A Scheme of Delegation is in place which enables YPO's Managing Director to make decisions on behalf of the Founder Member Authorities, except for certain specific matters which are reserved for the Management Committee, Sub-Committees or statutory officers.

The Statutory Finance (S151) Officer of the Lead Authority is responsible to the Management Committee for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control. The Managing Director has a clear role, responsibility and duty, as specified in the Scheme of Delegation and the Financial Procedure Rules, for day to day financial management and adherence.

The Statutory Monitoring Officer of the Lead Authority is responsible to the Management Committee for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with. Members of the YPO Board of Directors have clear roles, responsibilities and duties for day to day governance.

The YPO Board have regular meetings with the Section 151 Officer and Monitoring Officer of the Lead Authority. The Lead Authority's Internal Audit team is responsible for providing an independent and objective opinion on the control environment within YPO. Their audit plan and subsequent findings are reported to the YPO Board, the Management Committee and the Audit & Governance Sub-Committee.

Following the YPO Governance Review in 2022, new arrangements, to establish a more structured and formal programme of engagement with Founder Member Authorities' Chief Executives and Finance Directors, were put in place through the set up of dedicated fora that meet regularly throughout the year. Engagement was extended in 2023 to Heads of Procurement, and will be extended to Legal Officers from mid-2024. These groups replace the previous Statutory Officers Advisory Group (SOAG).

In mid-2023, in response to a recommendation from Audit & Governance Sub-Committee, YPO set up a Governance Function group, chaired by the Managing Director. The purpose of the group is to provide greater assurance to those charged with governance and those charged with oversight, that effective governance is in place across YPO.

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Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local Government organisations are accountable for how much they spend, and how they use the resources under their stewardship. This includes outputs, positive and negative, and for the outcomes they have achieved. They have an overarching responsibility to serve the public interest in adhering to legislation and government policies. It is essential that they can demonstrate the appropriateness of their actions and have the mechanisms in place to encourage and enforce ethical values and respect for the law.

Supporting Principle – Behaving with Integrity	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the organisation’s reputation	YPO’s committees are made up of elected members from our 13 Founder Member local authorities. Members complete their own council’s induction and training and must comply with their codes of conduct, members interests policy etc. Each year, YPO’s Head of Finance reviews committee members’ declarations of interest to identify potential conflicts of interest.
Members take the lead in establishing specific standard operating principles and values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles – selflessness; integrity; objectivity; accountability; openness; honesty; leadership)	The first agenda item on all Management Committee and other member meetings is declaration of interests. All employees receive an induction pack when starting work at YPO that includes the Employee Code of Conduct. There is a process in place to ensure employees and managers sign off the completed induction.
Lead by example. Use standard operating principles or values for decision making and other actions. Demonstrate, communicate and embed the standard operating principles through appropriate policies and processes which are reviewed on a regular basis to ensure they are operating effectively.	YPO’s values are the things we believe in: they are practical, directly inform the decisions we make and actions we take, and are visibly demonstrated through employee behaviour. <ul style="list-style-type: none"> • Be kind • Do the right thing • Embrace creativity • Make a difference YPO’s Anti-Fraud & Bribery Framework includes <ul style="list-style-type: none"> • Anti-Fraud & Bribery Risk Assessments • Anti Bribery Policy Statement • Fraud Response Plan • Employee Interests Policy & Register • Gifts & Hospitality Policy & Register • Whistle Blowing Policy

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Supporting Principle – Demonstrating strong commitment to ethical values	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Seeking to establish, monitor and maintain the organisation’s ethical standards and performance	As a large public sector employer YPO has a role to strengthen the communities and societies we do business in, to benefit the environment, our customers and consumers, employees, stakeholders and other members of the public.
Underpinning personal behaviour with ethical values and ensuring that they permeate all aspects of the organisation’s culture and operation	YPO is committed to Social Value demonstrated through four strategic priority themes: People, Communities, Procurement and the Environment We are certified to the ISO14001 Environmental Management Standard, and publish a Modern Slavery Statement that is reviewed annually.
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	YPO’s Audit & Governance Sub Committee meets twice a year and plays a key role in holding the Board and Management Committee to account.
Ensuring that external suppliers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	YPO publishes a Recruitment & Selection Policy and further guidance on staff appointments. YPO’s Anti Bribery Policy Statement applies to associated persons including members, suppliers and distributors, who are asked to sign up.

Supporting Principle – Respecting the rule of law	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations	Wakefield Council act as YPO’s Lead Authority and provide various governance related functions including: Section 151 Officer (Chief Financial Officer), Internal Audit, Committee Support and Monitoring Officer. The latter ensures YPO complies with all relevant regulation and statutes
Creating the conditions to ensure that statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Report templates include a mandatory section for Legal Implications. Legal advice from Wakefield Council is recorded in meeting minutes.
Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	
Dealing with breaches of legal and regulatory provisions effectively	Internal Audit test YPO’s Anti-Fraud & Bribery Framework on a regular basis to provide assurance that it is working effectively in practice
Ensuring corruption and misuse of power are dealt with effectively	

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Principle B Ensuring openness and comprehensive stakeholder engagement

Local Government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Supporting Principle – Openness	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness	YPO’s website is both transactional, enabling purchases, and provides information about our governance arrangements , details of our compliance with transparency requirements and access to information including our Access to Information Policy and Guide to Information.
Making decisions that are open about actions, plans, resource use, forecasts, outcomes and outputs. Presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	YPO publishes an Annual Report that sets out our performance, achievements and improvements in the past year and our plans for the year ahead.
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.	An annual timetable of meetings, reports and training is agreed with the Management Committee and other relevant committees and sub-committees each year, and adhered to. Variations to the timetable are allowed if reasons are given and agreed in advance.
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action	YPO elected member meeting papers are published in the Governance section of our website except where they include exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972. Meetings are open to the public except when exempt information is being considered.

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Supporting Principle – Engaging institutional & individual stakeholders effectively	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	As a public sector procurement organisation, YPO’s key institutional stakeholders are its Founder Members, Associate Members, Strategic Partners, Suppliers, Distributors and local communities. YPO’s key individual stakeholders are its Customers and Employees.
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	YPO engages with its owners both formally and informally, on a regular basis. Consultation and agreement on the 5 year strategy ensures that YPO’s objectives are aligned to our owners’ long term and political wishes. Regular engagement also takes place with senior officers from member authorities, the Lead Authority’s Monitoring Officer and Section 151 Officer.
Ensuring that partnerships are based on: <ul style="list-style-type: none"> • Trust • A shared commitment to change • A culture that promotes and accepts challenge among partners And that the added value of partnership working is explicit	YPO has established formal structured engagement with Founder Member Authorities through the set up of fora for: <ul style="list-style-type: none"> • Chief Executives • Finance Directors • Heads of Procurement • Legal Officers
Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	YPO engages its strategic partners, suppliers and customers through forums and events, and seeks independent Customer Service Reviews via feefo (currently a satisfaction rating of 4.7/5)
Taking account of the interests of future generations of tax payers and service users	YPO engages with its staff through organisation wide updates including the Big Day, the Intranet and notice boards, team brief and consultation with the Trade Union. We encourage staff to take part in regular employee surveys.

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

The long term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Supporting Principle – Defining outcomes	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions	YPO’s brand purpose is to help the public sector achieve the best possible value when buying products and services. YPO’s mission is to champion public value, helping education and public organisations get the most from their resources when buying products and services.
Specifying the intended impact on, or changes for, stakeholders. It could be immediately or over the course of a year or longer	We publish a 5 year strategy that sets out a strategic statement of our overall vision for the business; current business plan; medium term financial strategy; objectives and deliverables over the next three years that will be monitored to ensure achievement of our aims.
Delivering defined outcomes on a sustainable basis within the resources that will be available	Strategic objectives are reviewed annually and supported by an annual business planning cycle linked to annual budget setting. Budgets and key performance indicators are monitored monthly by the Board and Senior Leadership Team (SLT).
Identifying and managing risks to the achievement of outcomes	YPO maintains a Risk Management Strategy and Framework. The YPO Board are responsible for managing the Strategic Risk Register which reflects the most significant risks to the achievement of YPO’s long term objectives and outcomes. The Strategic Risk Register is reported to the Audit & Governance Sub-Committee twice a year.

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Supporting Principle – Sustaining economic, social and environmental benefits	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
<p>Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short term factors such as the political cycle or financial constraints</p>	<p>Consultation and agreement on YPO’s 5 year strategy ensures that our objectives are aligned to our owners’ long term and political wishes.</p> <p>YPO is committed to Social Value demonstrated through four strategic priority themes: People, Communities, Procurement and the Environment We are certified to the ISO14001 Environmental Management Standard, and publish a Modern Slavery Statement that is reviewed annually.</p>

Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Supporting Principle – Determining interventions	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
<p>Ensuring decision makers received objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.</p>	<p>The YPO Board and senior officers from Founder Member Authorities, including the Lead Authority’s S151 Officer and Monitoring Officer, meet on a regular basis and discuss information needs of members to support effective decision making.</p> <p>An annual timetable of meetings, reports and training is agreed with the Management Committee and other relevant committees and sub-committees each year, and adhered to. Variations to the timetable are allowed if reasons are given and agreed in advance.</p>

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	<p>Decision making protocols are in place and supported by clear terms of reference for the Management Committee and sub committees. Report templates include mandatory sections for legal, financial and risk implications, options appraisals and reasons for recommendations.</p>
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Supporting Principle – Planning interventions

Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
<p>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p>	<p>An annual timetable of meetings, reports and training is agreed with the Management Committee and other relevant committees and sub-committees each year, and adhered to.</p> <p>A set of commercial, financial and other key performance indicators is agreed annually, reported and monitored on a regular basis. Remedial action is identified, where necessary if performance is off track.</p>
<p>Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances</p>	
<p>Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</p>	
<p>Ensuring capacity exists to generate the information required to review service quality regularly</p>	
<p>Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan</p>	<p>The 5 Year Financial Plan forms part of the 5 Year Strategy and is reviewed as part of the annual business planning process.</p>
<p>Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at develop a sustainable funding strategy</p>	<p>There is a robust annual budget setting process that takes into account strategic and business planning, revenue budgets, profit projections and longer term financial investment.</p> <p>Once agreed, budgets are monitored monthly and forecasts updated to reflect activity.</p>

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Supporting Principle – Optimising achievement of intended outcomes	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring the Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints	The 5 Year Financial Plan takes into account the long term priorities set out in the 5 year strategy and informs annual budget setting Budget holders are consulted on their budgets before they are finalised and provided with monthly updates against forecast.
Ensuring the budget process is all inclusive, taking into account the full cost of operations over the medium and longer term	
Ensuring the Medium Term Financial Strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	
Ensuring the achievement of social value through service planning and commissioning (The Public Services (Social Value) Act 2012 the additional benefit to the community ... over and above the direct purchasing of goods, services and outcomes	YPO is committed to Social Value demonstrated through four strategic priority themes: People, Communities, Procurement and the Environment. We are certified to the ISO14001 Environmental Management Standard, and publish a Modern Slavery Statement that is reviewed annually.

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

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity or the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local

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government is strengthened by the participation of people of many different types of backgrounds, reflecting the structure and diversity of communities.

Supporting Principle – Developing the organisation’s capacity	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Reviewing operations, performance of assets on a regular basis to ensure their continuing effectiveness	Progress against achievement of objectives and deliverables set out in the 5 year strategy is monitored on a regular basis. Business planning is carried out annually.
Improving resource use through appropriate application of techniques such as benchmarking and other options to determine how the organisation’s resources are allocated so that outcomes are achieved effectively and efficiently	The commercial activity plans include an analysis of market intelligence as well as YPO performance against plan and progress is reported to the Board monthly along with financial performance reports. Where necessary external expertise is secured to review use of assets and resources with the aim of optimising them for example risk engineers and consultants for warehouse and logistics operations design and performance management
Recognising the benefits of partnerships and collaborative working where added value can be achieved	All major programmes and projects are managed by the Programme Board which meets monthly, feeds into Board meetings and 5 year strategy.
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	YPO recognises that lack of workforce skills is a strategic risk and has put in place a People Strategy, skills audits and an Apprenticeship Programme.

Supporting Principle – Developing the capability of the organisation’s leadership and other individuals	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief	The relationship between YPO and its owners is set out in a Management Agreement. Terms of reference and respective roles for the YPO Board, Management Committee and other Sub-Committees are clear and reviewed regularly. Financial regulations clearly set out delegated authority to YPO’s Managing Director and Board, and are reviewed annually, as are Standing Orders for Contracts.

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<p>executive leads the organisation in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.</p>	<p>The Audit & Governance Sub Committee oversee scrutiny of decision making and independent challenge and hold the Management Committee and YPO Board to account.</p>
<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p>	<p>Decision making processes are transparent and timely. An annual timetable of meetings, reports and training is agreed each year, and adhered to. Variations are allowed if valid reasons are given and agreed in advance by the relevant Committee or Sub-Committee to which the report would usually be made.</p> <p>YPO elected member meeting papers are published in the Governance section of our website except where they include exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972.</p>
<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged • Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • Ensuring personal, organisational and system-wide development through shared learning, including lessons learned from governance weaknesses both internal and external 	<p>Elected members receive induction, training and development through their individual local authorities and receive further training at YPO on a range of topics relevant to their role, from employees and from external providers.</p> <p>All employees complete an induction when starting work at YPO and have an annual appraisal that identifies their training needs and ways to meet them.</p> <p>YPO has a dedicated Learning & Development Team that provides in-house training, maintains an eLearning platform, and oversees access to professional and other qualifications.</p> <p>YPO also provides organisation wide training in areas such as Health & Safety, fraud awareness and prevention.</p> <p>Employees are encouraged to maximise training opportunities and maintain continuing professional development through membership of professional and other bodies eg CIPS, ICS</p>
<p>Holding staff to account through regular performance reviews which take account of training or development needs</p>	<p>YPO carries out workforce and succession planning and has an established apprenticeship scheme.</p>

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<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</p>	<p>The Health & Safety Committee is chaired by the Managing Director and meets monthly. YPO maintains an Employee Assistance Programme that includes policies and support such as Wellbeing Days, Occupational Health, mental health awareness and access to 24/7 telephone support, advice and counselling.</p>
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Principle F Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

<p>Supporting Principle – Managing risk</p>	
<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>How we demonstrate this at YPO</p>
<p>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p>	<p>YPO has a Risk Management Strategy & Framework that sets out our approach to risk, how we identify, analyse and evaluate risks and controls (based on ISO 30001 Life Cycle of Risk).</p>
<p>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</p>	<p>YPO maintains a Strategic Risk Register, Anti-Fraud & Bribery Risk Assessments, operational risk registers for each department. Risk registers are owned by Board and SLT members and each risk is assigned to an individual owner.</p>
<p>Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<p>Risk management documents are reviewed annually and reported to the YPO Board and the Audit & Governance Sub Committee Training is provided to enable Board and Sub-Committee members to scrutinise them effectively.</p>

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	Internal Audit review YPO’s risk management arrangements and test the controls in place to manage risks to provide assurance that they are operating effectively in practice.
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Supporting Principle – Managing performance	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	As a public sector procurement organisation, YPO’s performance framework focusses on its trading and sales plans and results, and financial performance, including margin, profit, overheads
Making decisions based on relevant, clear, objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook	Discussions take place between members and officers on the information needs of members to support decision making. A timetable of meeting dates, agenda items and reports is agreed annually and published on YPO/Governance Members Services are provided by Wakefield MDC and YPO’s Business Services Team.
Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation’s performance and that of any organisation for which it is responsible	YPO’s Audit & Governance Sub Committee provide oversight of executive decision making. There is a member training programme to assist members to deliver their role.
Providing members and senior management with regular reports on service delivery plans and progress towards outcome achievement	An information pack of financial and other key performance indicators is prepared and reported to the YPO Board monthly and the Management Committee quarterly.
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	YPO maintains Financial Procedure Rules and Standing Orders for Contracts that are reviewed and reported annually.

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Supporting Principle – Robust internal control	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Aligning the risk management strategy and policies on internal control with achieving the objectives	<p>Internal Audit is provided by Wakefield MDC. The Head of IA presents an Annual Audit Plan for agreement by the YPO Board, Management Committee and Audit & Governance Sub-Committee. Audit reports are agreed with the relevant Board or SLT member. Agreed audit actions are monitored for completion and outstanding actions are reported annually to the Audit & Governance Sub-committee.</p> <p>YPO’s Anti-Fraud and Bribery Framework includes arrangements to raise and maintain fraud awareness with staff. YPO co-ordinates with Wakefield MDC for serious fraud reporting and investigation.</p> <p>YPO publishes a Local Code of Governance, carries out an Annual Governance Review, and reports the results in an Annual Governance Statement, with the Statement of Accounts.</p> <p>YPO’s Audit & Governance Sub Committee consists of eight elected members from its founder member authorities. Its Terms of Reference were last updated in 2022.</p>
Evaluating and monitoring the organisation’s risk management and internal control on a regular basis	
Ensuring effective counter fraud and anti-corruption arrangements are in place	
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	
<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> • Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • That its recommendations are listened to and acted upon 	

Supporting Principle – Managing data	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<p>YPO’s data management framework includes:</p> <ul style="list-style-type: none"> • Data Protection Policy and Guidance • Retention Policy • Privacy Impact Assessment Guidance • Information Security Incident Reporting • Access to Information Policy • Guide to Information <p>YPO’s statutory Data Protection Officer function is provided by Bruce & Butler.</p>
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	

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Supporting Principle – Strong public financial management	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance	<p>The Lead Authority’s Section 151 Officer is responsible for ensuring the Management Committee receive proper financial advice, records and accounts.</p> <p>YPO’s financial management supports the delivery of services and transformation change as well as good stewardship and includes:</p> <ul style="list-style-type: none"> • Treasury Management Policy • 5 Year Financial Plan • Annual budget setting process that takes into account projected income / profit needs as well as annual business planning requests • Monthly budget monitoring reports and meetings between budget holders and Finance Business Partners • Integrated financial and performance reporting • Budget Holder Responsibility Policy
Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	

Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both internal and external audit contribute to effective accountability.

Supporting Principle – Implementing good practice in transparency	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	<p>YPO's Website is both transactional and publishes details of our governance, reporting, and transparency arrangements which sets out our commitment to Freedom of Information and provides links to our Access to Information Policy</p>

YPO Local Code of Corporate Governance 2024

<p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	<p>and Guide to Information and the data we publish to comply with the requirements of the Local Government Transparency Code 2015</p>
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<p>Supporting Principle – Implementing good practice in reporting</p>	
<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>How we demonstrate this at YPO</p>
<p>Reporting at least annually on performance, value for money and the stewardship of its resources</p>	<p>YPO publishes an Annual Report. YPO publishes its Financial Statements including an audited Statement of Accounts (although as a Joint Committee it is no longer required to do so).</p>
<p>Ensuring members and senior management own the results</p>	<p>Copies of meeting agendas, reports and minutes for YPO Management Committee and other sub-committees including the Audit & Governance Sub Committee are published on the YPO website.</p>
<p>Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (AGS)</p>	<p>YPO publishes an Annual Governance Statement each year with the audited Statement of Accounts, that reports the results of our annual governance review against the arrangements set out in this Local Code of Governance in accordance with the good practice set out in the CIPFA/SOLACE Framework 2016</p>

<p>Supporting Principle – Assurance and effective accountability</p>	
<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>How we demonstrate this at YPO</p>
<p>Ensuring that recommendations for corrective action made by external audit are acted upon Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon</p>	<p>YPO’s External Auditors are appointed using a competitive process every 3 years: the current external auditors are Mazars. They carry out both interim and final audits and publish an opinion on the Statement of Accounts.</p> <p>Internal Audit is provided by YPO’s lead authority, Wakefield Council, under an SLA.</p> <p>All audit actions are assigned to individuals, recorded and monitored for completion.</p>

YPO Local Code of Corporate Governance 2024

<p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p>	<p>Outstanding actions are reported to the Audit & Governance Sub-Committee annually.</p>
<p>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the AGS</p>	

YPO Local Code of Corporate Governance 2023

Scope of Responsibility

YPO 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. YPO 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.

YPO acknowledges its responsibility for putting in place proper and effective governance arrangements. YPO has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the 2016 CIPFA / SOLACE Framework Delivering Good Governance in Local Government. A copy of YPO's [Local Code](#) is available on our website www.ypo.co.uk or can be obtained by telephoning 01924 834984.

YPO must conduct a review, at least once a year, of the effectiveness of its systems of internal control and report the findings in an Annual Governance Statement. This Statement has been prepared in accordance with the proper practices set out in the CIPFA / SOLACE Framework. It explains how YPO has complied with the Code and also meets the requirements of Accounts and Audit Regulations 2015, Regulation 6 which requires all relevant bodies to prepare an Annual Governance Statement.

The Governance Framework

Governance is about ensuring that we do the right things, at the right time, in the right way, for the right people in an open, transparent, honest and accountable manner.

YPO's governance framework comprises the systems and processes, culture and values by which we direct and control the organisation, engage with, and remain accountable to, our owners and other key stakeholders. It enables YPO to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

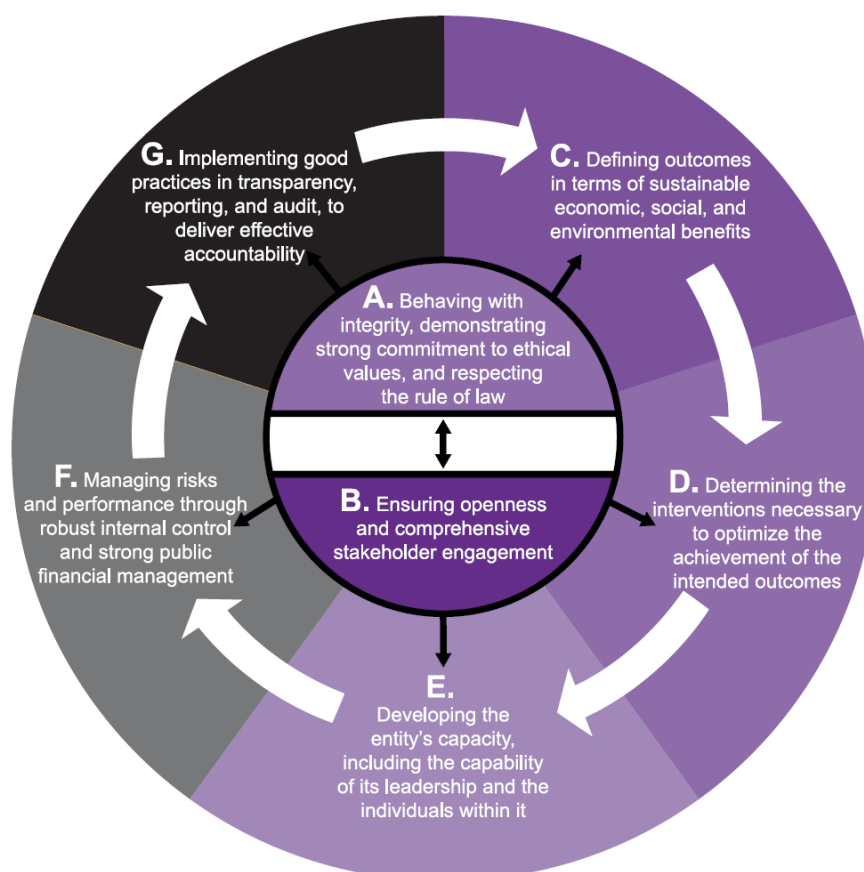
The system of internal control is a significant part of our governance framework and is designed to manage risk to a reasonable level. It helps us to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. We cannot eliminate all risk so we can only provide reasonable and not absolute assurance of its effectiveness.

The governance framework is kept under review and has been in place at YPO for the year ended 31st December 2023 and up to the date of approval of the statement of accounts.

YPO Local Code of Corporate Governance 2023

YPO's Local Code of Corporate Governance and Annual Governance Statement

YPO's corporate governance reporting is based on the underlying CIPFA / SOLACE Good Governance in Local Government Framework. In 2016 this framework was updated, and new principles established with the aim of helping organisations to achieve their intended outcomes while acting in the public interest at all times.



Publication of the 2016 Framework gave us the opportunity to review and update both the format and contents of our Annual Governance Statement and Local Code of Governance.

Much of the detail published in our Annual Governance Statement prior to 2018 is now published in our revised [Local Code of Corporate Governance](#). This enabled us to reduce the amount of detail in this statement and meet the CIPFA / SOLACE 2016 Framework recommendation that the statement is high level, strategic and readable, with a focus on the results of the annual review of the effectiveness of our governance arrangements.

YPO Local Code of Corporate Governance 2023

Purpose of the Annual Governance Statement

YPO prepares an Annual Governance Statement in order to report publicly on the extent to which we comply with our own Local Code of Corporate Governance and carried out an annual review to ensure that our governance arrangements remain effective. The statement enables YPO to communicate to our owners, members, partners, suppliers, customers and other stakeholders how the controls we have put in place help to manage the risks to the delivery of our objectives.

The process of preparing the Annual Governance Statement itself adds value to the effectiveness of the governance and internal control framework.

The Annual Governance Statement is signed by the Managing Director on behalf of YPO and the Chair of the Audit & Governance Sub-Committee.

The Annual Governance Statement is considered and approved by the Audit & Governance Sub-Committee on behalf of the Management Committee and included with YPO's statement of accounts.

How does governance work in practice at YPO?

YPO is a Joint Committee formed under Section 102 of the Local Government Act 1974. As the largest formally constituted local authority education purchasing consortium in the UK, YPO is governed by a management committee of elected representatives (councillors) from its 13 Founder Member Authorities, in accordance with the Management Agreement. The Management Committee, which consists of a representative from each of the founder member authorities, governs YPO policy and decision making arrangements, and reflects openness, accountability and transparency. Specific procedural rules, protocols and policies are in place to govern committee functions and delegated authority. Management Committee and all Sub-Committees have clear terms of reference that are reviewed on a regular basis.

A Scheme of Delegation is in place which enables YPO's Managing Director to make decisions on behalf of the Management Committee, except for certain specific matters which are reserved for the Management Committee, Sub-Committees or statutory officers.

The Statutory Finance (S151) Officer of the Lead Authority is responsible to the Management Committee for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control. The Managing Director has a clear role, responsibility and duty, as specified in the Scheme of Delegation and the Finance Procedure Rules, for day to day financial management and adherence.

The Statutory Monitoring Officer of the Lead Authority is responsible to the Management Committee for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with. Members of the YPO Board of Directors have clear roles, responsibilities and duties for day to day governance.

YPO Local Code of Corporate Governance 2023

YPO Board have regular meetings with the Section 151 Officer and Monitoring Officer of the Lead Authority. The Lead Authority's Internal Audit team is responsible for providing an independent and objective opinion on the control environment within YPO. Their audit plan and subsequent findings are reported to the YPO Board, the Management Committee and the Audit & Governance Sub-Committee.

In July 2022 the Management Committee considered a report into the findings of a review of YPO's governance structure undertaken by a working group of YPO Founder Member strategic officers. To achieve a more focussed, commercial governance structure, the report proposed the following changes:

- A reduction in Founder Member representatives on the Management Committee from two to one per local authority, with substitutes permitted.
- A reduction in the number of Committee and Sub-Committee meetings from three to a minimum of two per year.
- Removal of the Executive Sub-Committee
- Renaming of the Audit & Scrutiny Sub-Committee to the Audit & Governance Sub-Committee, with changes to the Terms of Reference and membership reduced from 16 to eight.
- Revisions to the Scheme of Delegation, Finance Procedure Rules and Standing Orders for Contracts.
- Continuation of the role of the Independent (now Non-Executive) Director.

Following further consultation with Founder Member Authorities, the proposals were agreed and necessary changes made to the Management Agreement and related documents.

Following the YPO Governance Review in 2022, new arrangements, to establish a more structured and formal programme of engagement with Founder Member Authorities' Chief Executives and Finance Directors were put in place through the set-up of dedicated fora that meet regularly throughout the year. Engagement was extended in 2023 to Heads of Procurement, and will be extended to Legal Officers from mid-2024. These groups replace the previous Statutory Officers Advisory Group (SOAG).

In mid-2023, in response to a recommendation from Audit & Governance Sub-Committee, YPO set up a Governance Function group, chaired by the Managing Director. The purpose of the group is to provide greater assurance to those charged with governance and those charged with oversight, that effective governance is in place across YPO.

Annual Governance Statement 2023

How has the Annual Governance Statement been prepared? – Simon Hill, Managing Director

In preparing the Annual Governance Statement, YPO has:

- Reviewed our existing governance arrangements against the CIPFA / SOLACE 2016 Framework, as reflected in our Local Code of Corporate Governance, to make sure they remain effective and up to date.
- Completed a Board Assurance Process that gives Board Members the opportunity to reflect on governance in the past year and how we meet each of the principles and sub-principles set out in our Local Code. We don't wait until the annual review to take any action needed, but if there is anything still outstanding at the year end, we report it in the Annual Governance Statement, along with a plan for how we are, or are proposing, to address the issue in the following year.
- Reviewed other sources of assurance and what this tells us about how governance and controls are working in practice at YPO. Our main sources of assurance are:
 - Wakefield Council – as our Lead Authority, the Council provides us with the services of a Chief Financial Officer (and S151 Officer) and Monitoring Officer, who play key roles in helping to ensure that YPO operates within financial and other regulatory requirements.
 - Wakefield Council also provides our Internal Audit function. The Internal Audit Team is responsible for providing an independent and objective opinion on the control environment within YPO. Their audit plan and subsequent findings are reported to the Directors of YPO, the Management Committee, and the Audit & Governance Sub-Committee. The Head of Internal Audit has access to the Managing Director and YPO Board Members at any time and submits an annual report each year.
 - External Audit, currently provided by Mazars, who examine our financial statements and highlight any matters for report in the Annual Governance Statement.
 - The Management Committee – YPO is managed by a committee of elected representatives from our 13 public sector founder member local authorities.
 - The Audit & Governance Sub-Committee – this consists of eight elected representatives from our 13 public sector founder member authorities. It replaced the Audit & Scrutiny Sub-Committee in 2022.
 - The Senior Leadership Team and other senior managers who contribute to the development and maintenance of YPO's governance arrangements.
 - The Non-Executive Director: the postholder's role is to provide robust challenge and constructive questions to the Board; to help to maintain standards of probity within the regulatory and governance framework; to understand and demonstrate commitment to YPO's culture, ethos, objectives and values; and to report independently to each meeting of the YPO Management Committee.

Annual Governance Statement 2023

Review of Effectiveness

[Management Committee](#) met In July and November 2023 to consider matters such as:

- YPO Business Updates, Business Plans and Budget 2023/2024
- Terms of reference, meeting schedule, and work programme 2023/2024
- Annual Report
- Dividend Distribution
- Lead Authority Issues and Monitoring Officer Update
- Annual Assurance Opinion 2022
- Board Structure and Appointment of Executive Director
- Report of independent Director

[Audit & Governance Sub-Committee](#) met in July and November 2023 to consider matters such as:

- Terms of reference, meeting schedule, and work programme 2023/2024
- Local Code of Corporate Governance and Annual Governance Statement 2022
- Policies and Procedures Review
- Internal Audit Plan 2023 and Draft Internal Audit Plan 2024
- Internal Audit Actions Update (2021/2022 audits)
- External Audit Completion Report (Mazars)
- Annual Assurance Opinion 2022
- Audited Statement of Accounts
- Risk Management System Update; Risk Register, Bribery and Fraud Risk Update
- Treasury Outturn Report and Treasury Management Progress Report
- Energy Update Report
- Cyber Security Report

Members of the Audit & Governance Sub-Committee also took part in an interactive risk management workshop in Feb 2023 which considered the Risk Management Strategy & Framework; aspects of behavioural risk management and risk appetite; and the design and development of a new Risk Management System.

The Chief Executives' Forum met three times in 2023 and focused on progress on YPO's Strategic Plan; future activity plan; feedback from members; and dividend distribution. The Finance Directors' Forum met five times in 2023 and focused on financial performance updates; dividend distribution; and upcoming committee agendas and report summaries. The Heads' of Procurement forum met six times during 2023 and focused on the ongoing energy crisis; YPO's growth strategy and planned tender activity.

The Governance Function group met monthly from August 2023. After agreeing its Terms of Reference the group has reviewed a number of key policies and governance related reports from across YPO.

Annual Governance Statement 2023

Wakefield Council Head of Internal Audit's overall opinion on the systems of internal control at YPO during 2023 is: *placeholder for the 2023 opinion.*

Mazars LLP issued the following audit opinion on YPO's 2023 Financial Statements: *placeholder for the 2023 opinion.*

Annual Governance Statement 2023

Significant Governance Issues

As part of the review of overall effectiveness, YPO Board Members considered the governance arrangements, including significant governance issues reported previously and new issues identified. As part of our commitment to continuous improvement, we plan to further strengthen arrangements, where required, in the areas identified.

The Annual Governance Review has identified several areas of change. In some cases governance and internal control has been strengthened and assurance provided: in others, risks and issues have been recognised and action put in place to address them.

Updated Governance Structure

Following the YPO Governance Review in 2022 (see pages 4 and 5 of this statement for details), new arrangements, to establish a more structured and formal programme of engagement with Chief Executives and Finance Directors in Founder Member Authorities, are now in place. Engagement has been extended to Heads of Procurement and the first forum for Legal Officers takes place in summer 2024.

In addition to arrangements to strengthen engagement with Founder Member Authorities and in response to a recommendation from the Audit & Governance Committee in summer 2023, YPO set up a Governance Function group, now chaired by the Managing Director. The purpose of the group is to provide greater assurance to both those charged with governance (executive decision makers) and those charged with oversight, who have a role in holding the executive to account, that effective governance is in place across YPO.

The group has agreed Terms of Reference and meets monthly to consider governance and assurance at all levels including: operational (eg operating procedures and policies); organisational (cross cutting polices such as Financial Procedure Rules); and external or independent sources of assurance (eg Internal Audit, External Audit, DPO, insurers, ISO auditors etc). The group has a particular role in overseeing and resolving the potential for conflict of interest between the legal and regulatory requirements that YPO inherits from its Local Authority ownership and its commercial interests and activities.

Although YPO has a suite of governance documents (Management Agreement, Scheme of Delegation etc) these are not consolidated into the equivalent of a local authority constitution. During the second half of 2024 the group will be working to create a digital constitution that brings all of our high level governance documents together in one place.

With the set-up of new officer fora in 2023 YPO is reviewing terms of reference for all its working groups, to ensure that roles and responsibilities are communicated effectively and understood. The intention is to roll out the review to member committees later in 2024. New guidance has been issued that reflects good governance and best practice.

Developments in Risk Management

In early 2023 YPO Board, SLT and Audit & Governance Sub-Committee members took part in risk management workshops. Using the Risk Management Strategy & Framework as a basis, the interactive workshops explored YPO's approach to the risk management lifecycle, and behavioural risk management. The workshops also included a demonstration of a new system that YPO was designing and developing to replace existing risk registers.

Annual Governance Statement 2023

The new system was piloted in late 2023 and implemented live in early 2024 with contents including the strategic risk register, operational / departmental risk registers, and thematic risk registers (cross cutting risks such as bribery and fraud). The new web-based system has delivered a number of benefits including: secure access to risk registers; real time risk review and update, leading to improved accountability for risk owners; risk dashboards and a suite of reports; the ability to escalate risks from operational to strategic level. Progress continues in 2024 with familiarisation sessions delivered to around 50 system users. This has helped to raise the profile of risk management, improving awareness and engagement, and embedding risk management at all levels. In 2024 YPO Board reviewed their Statement of Risk Appetite to reflect the newly stated purpose, vision and values.

The new risk system is also being used to capture the risks arising from the preparatory work to meet the ISO27001 Information Security Management Systems standard in 2025.

ISO27001 Information Security Management Systems

In 2023 YPO embarked on ISO27001 Information Security Management Systems (ISMS) accreditation. ISO27001 is the gold standard on cyber and information security but with that comes strict and robust guidance and best practice. As a result, many new policies and ways of working across YPO are being influenced and shaped by ISO27001.

ISO27001 accreditation takes a risk based approach and initial preparation has resulted in the identification of a number of new (mainly operational) risks, some of which were initially rated as High or Very High. These over-appetite risk ratings are planned to reduce as a programme of mitigations is put in place to achieve ISO27001. In early 2024 YPO Board increased the Information Security risk rating on the Strategic Risk Register in response to a better understanding of our vulnerabilities and to ensure the risk profile remains high. In addition Audit & Governance Sub-Committee now also have oversight of ISO27001 and information security risk.

Anti-Bribery & Corruption Framework

YPO maintains an Anti-Bribery Policy Statement to enable us demonstrate compliance with the Bribery Act 2010. The statement was reviewed in late 2023, and reported to Audit & Governance Sub-Committee in November 2023, along with an updated Bribery Risk Assessment (piloted on the new risk management system). Compliance with the statement requires YPO to maintain a Gifts & Hospitality Policy and register of declarations. The review identified that, after very limited activity during 2020-2021 (due to successive lockdowns), activity resulting in the offer or receipt of gifts and hospitality had returned to pre-pandemic levels, but declarations had not. In early 2024 work was co-ordinated to review and re-publicise the policy and employee expectations, and a new online declaration form was developed. YPO Board agreed an amnesty to enable employees to report gifts and hospitality retrospectively for 2023. This has now been implemented: the new system is in use and compliance will be monitored and reported again in late 2024.

Alongside the new online Gifts & Hospitality declarations, YPO has rolled out similar solutions for the declaration of Employee Interests and Employee Code of Conduct, and compliance with these policies will also be monitored and reported later in 2024.

Financial Management Standards

In 2024 YPO will review its financial management against CIPFA's Financial Management Code, a set of standards designed to support good practice and financial sustainability.

Annual Governance Statement 2023

Social Value & Sustainability

As part of YPO's 5 Year Strategy we have identified four priority themes to demonstrate our commitment and contribution to social value. As part of our ongoing continuous improvement in this area we have: attained ISO4001 Environmental Management System standard; updated contract award criteria to include social value; updated contract templates to include social value at key decision-making points and to encourage buyers to consider social value outcomes at the start of the buying exercise; reduced our paper catalogues; increased the number of products with environmentally friendly credentials; and increased engagement with SMEs through partnership.

In 2024 we have issued a refreshed Environmental Policy Statement; amended YPO reports to include Social Value and Sustainability Implications in all business decisions, and provided guidance on how to complete this section; and partnered with external consultants who are experts in the sustainability sector to publish a Climate Change Strategy and undertake an energy audit.

Health & Safety

YPO's Health & Safety Committee continue to drive good Health & Safety and identify positive trends with unsafe condition reporting. A member of SLT is now the Health & Safety Champion. Their remit is site wide arrangements but with a current focus on office health and safety including slips, trips, falls and general housekeeping. The provision of new equipment in the warehouse has reduced the need for manual handling. There has also been a focus on fire safety across the site.

To date in 2024 the YPO Board and SLT members have all attended IOSH Leading Safely training. We are currently at the build stage of a new Health & Safety system, that will encourage unsafe conditions to be reported through a simple format and easily accessible system. H&S resources are also being strengthened with the establishment of a new post. These improvements will enable completion of any outstanding audit actions to be finalised.

The Role of the Audit & Governance Sub-Committee

The role of the Audit & Governance Sub-Committee is to ensure that the highest standards of probity and public accountability are demonstrated and, in doing so, ensure effective governance of YPO. The Sub-Committee provides the Management Committee with a reasonable assurance of the efficient and effective operation of the overall internal control environment within YPO, through a systematic appraisal of its framework of internal controls, processes and data quality. In particular we consider the Internal Audit plan and performance and oversee the completion of actions to improve internal control; the External Audit work programme and opinion; and the effectiveness of YPO's arrangements for risk management and decision making.

On behalf of the Audit & Scrutiny Sub-Committee I am delighted to approve the Annual Governance Statement 2023 and recommend it to the Management Committee for inclusion with the Statement of Accounts.

Annual Governance Statement 2023

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Board of Directors and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Any areas for improvement identified have been detailed above.

We propose over the coming year to take any necessary steps to further enhance our governance arrangements. We are satisfied that these steps will address any need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Chair of the Audit & Governance Sub-Committee

Managing Director

Date

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YPO

**AUDIT & GOVERNANCE SUB-
COMMITTEE**

TO BE HELD ON

19TH JULY 2024

TITLE: RISK MANAGEMENT UPDATE 2024

REPORT OF: MANAGING DIRECTOR

1. BACKGROUND INFORMATION

- 1.1 Audit & Governance Sub-Committee members last received a risk management update report at their meeting in November 2023. That report focussed on the selection, build and functionality of the new Risk Management System and members saw some initial system screens and reports including the Bribery Risk Assessment.
- 1.2 This report will focus on the wider roll out of the RM System, for Strategic, Operational and Thematic risks; familiarisation sessions and engagement across YPO; and reports. This report will also provide an update on the Risk Management Strategy & Framework including the Statement of Risk Appetite. An update on the Strategic Risk Register will be reported separately.
- 1.3 The RM system is now live. Strategic Risks were uploaded on the system in Feb / March 2024 and are now managed live on the system at YPO Board meetings (see the Strategic Risk Register report for further details). Operational risk registers have also been input onto the system, for SLT members to manage directly. In addition to the Bribery Risk Assessment, there are designated workspaces for other thematic risks including Fraud risk, Contract risk, and Information Security risk (the latter being used to capture risk profiles for the upcoming ISO27001 audit and accreditation). These thematic workspaces will be populated over the next few weeks.
- 1.4 System security is good with access rights granted on the basis of group membership (Board, SLT, Departmental Management Team etc). We have set up a range of dashboards and reports for system users that enables risk owners to oversee all of their risks, and use filters to focus in on key risks such as those where scores are high or escalating. Business Reform Ltd, who designed the system to our specification, remain as a key partner so that we are able to develop further system functionality and reporting as users become more familiar with the system and identify development needs.
- 1.5 We have delivered a number of familiarisation sessions to prospective users (in addition to the system demonstrations to members last year). Around 45 people, including YPO Board and SLT members, have now been trained on the system. Engagement has raised the profile of risk management and feedback has been positive with the system used to prompt discussion of risk in team meetings, editing risks, and creating new ones.

- 1.6 The Risk Management Strategy & Framework has also been reviewed. Members may recall this document was used as the basis for a risk management workshop in 2023. With the exception of the Statement of Risk Appetite (see para 1.7 below) no changes are proposed: the document is aligned to both ISO 31000 Risk Management Standard and the new RM system, with approach to risk management, risk analysis and scoring, terminology etc all consistent. The document is attached at Appendix 1 for information.
- 1.7 The only section of the RM Strategy & Framework that has been updated is the Board's Statement of Risk Appetite. The previous statement was aligned to YPO's earlier vision, mission and values. These were refreshed in 2023 and the statement has been redrafted to reflect the new values and the expected behaviours and commitments that underpin them. There have been no changes to the fundamental levels of risk appetite. The Board retains a low risk appetite for health, safety and wellbeing risks, as well as legal, regulatory, reputational and environmental risks; and a higher risk appetite for commercial risk that will help us to grow and develop the business in accordance with our long term ambitions. The new Statement of Risk Appetite is attached at Appendix 2

2. STRATEGIC IMPLICATIONS

- 2.1 Effective risk management arrangements enable YPO to record, assign accountability for, monitor, update, report, and manage risks to the delivery of YPO's 5 Year Strategy and to our long term objectives for the development of the business, in a timely and transparent manner.

3. FINANCIAL/RESOURCE IMPLICATIONS

- 3.1 There are no financial or resource implications arising from this report.

4. LEGAL IMPLICATIONS

- 4.1 There are no legal implications arising from this report.

5. RISK IMPLICATIONS

- 5.1 The Risk Management Strategy & Framework documents YPO's consistent approach to risk management. It is aligned to the ISO31000 Standard and forms the basis of the design of the new RM system, which has recently been implemented across YPO, giving risk owners better access to and oversight of the risks they are accountable for.

6. CONSULTATION

- 6.1 The Governance Function group have been consulted on this report.

7. OPTIONS APPRAISAL

- 7.1 At the time of the decision to set up a RM system, we considered maintaining the previous spreadsheet based approach, with its very limited functionality. We also considered more extensive management systems, where risk was integrated with objective setting and performance management. However, it was agreed that a dedicated risk management system provided the most agile and timely solution at this time. An integrated system remains our ambition and the work done to design and implement the RM system will contribute positively towards that in the future.

8. RECOMMENDATIONS

- 8.1 Audit & Governance Sub-Committee note progress on implementation of the new RM system and the wider benefits it has delivered to risk management across YPO.
- 8.2 Audit & Governance Sub-Committee note that the Risk Management Strategy & Framework has been reviewed and no changes are proposed at this time, with the exception of an update by the YPO Board to their Statement of Risk Appetite.
- 8.3 Audit & Governance Sub-Committee note the updated Statement of Risk Appetite.

9. REASONS FOR RECOMMENDATIONS

- 9.1 The design and implementation of a RM system, consistent with YPO's Risk Management Strategy & Framework, has strengthened our overall arrangements for risk management and raised its profile and engagement across YPO. Audit & Governance Sub-Committee play a key role in the oversight of those arrangements.
- 9.2 YPO's Risk Management Strategy and Framework continues to align with the ISO3001 Standard and forms the basis of our approach to risk management, within and outside the system. Following the recent work on risk management and an update to YPO's values, Board have revisited their Statement of Risk Appetite.

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APPENDICES

Appendix 1: Risk Management Strategy & Framework 2024
Appendix 2: YPO Statement of Risk Appetite 2024

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Appendix 1

What is Risk?

Risk has been defined as:

- The effect of uncertainty on objectives: it may be positive, negative, or just different from the expected (ISO 31000:2018)
- The uncertainty of an event occurring that could have an impact on the achievement of objectives. Risk is measured in terms of likelihood and consequence (Institute of Internal Auditors) (IIA)
- The combination of the probability of an event and its consequences: consequences can range from positive to negative (Institute of Risk Management)

Although the definitions vary, they all have elements in common:

- that risk is about uncertainty and its impact on objectives
- that risk is expressed in terms of likelihood (probability) and impact (consequences)
- that risk is not inherently negative (threats) but can also be positive (opportunities)

Why do we take risks?

Organisations exist to achieve their objectives: they have to take risks to achieve those objectives, especially when they plan to grow, develop and take on new challenges. Risk taking is essential to innovation.

It's generally good to take risks (there are some exceptions such as with people's health, safety and wellbeing). The key thing is to identify and manage the risks we are taking.

What is Risk Management?

Risk management has been defined as:

- Co-ordinated activities to direct and control an organisation with regard to risk (ISO)
- A process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure (Institute of Risk Management)

Other definitions of risk management include the principles of assigning ownership of risks; taking action to mitigate them; monitoring and reviewing risks

Why do we manage risk?

We manage risks:

- To help us to achieve our objectives
- To ensure we comply with regulation and corporate governance requirements
- To help us to make informed decisions
- To help us to work efficiently by putting in place controls that are proportionate to the risks identified

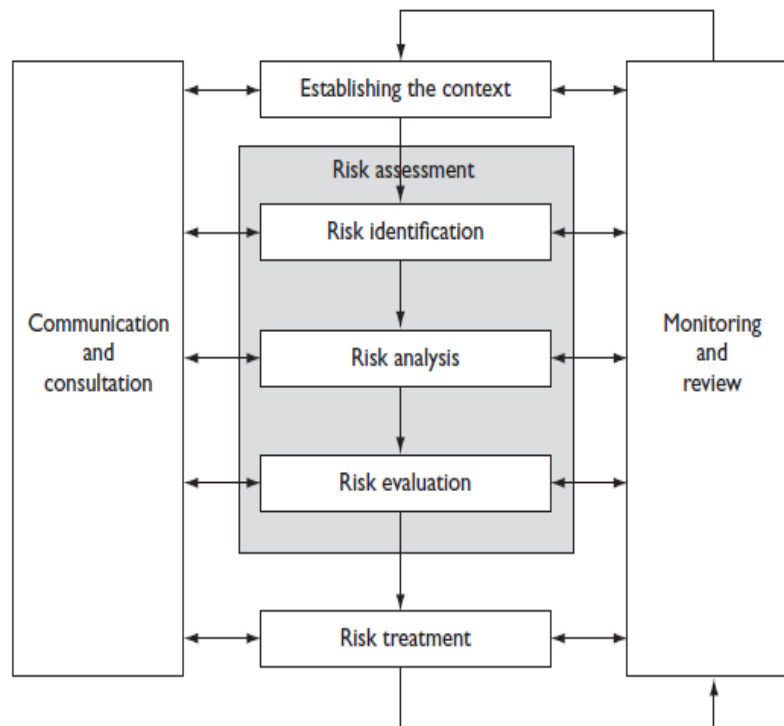
The type and level of risk we are prepared to take depends on:

- Our risk perception (how risky we think something is)

- Our risk appetite (how much risk we are comfortable taking)

How do we manage risk?

We use ISO 31000's Risk Management Lifecycle to help us to manage risk. This section of the Strategy and Framework will consider how we address each element of the lifecycle.



Establishing the Context

Risk management aims to manage the risks to the achievement of the organisation's objectives. For YPO these can be found in:

- YPO's 5 Year Strategy
- Annual business planning
- Other departmental and operational strategies and plans
- Business continuity arrangements
- Major programmes and projects (risks to their successful delivery, and the risk they pose to business as usual)
- Specific areas where we recognise that the nature of our business means we are at greater risk such as anti-fraud, bribery and corruption
- Areas of emerging and fast moving risk such as information and cyber risk

Risk Assessment

Identification

Having identified our objectives we can then identify risks to the achievement of those objectives using:

- Horizon scanning; SWOT or PESTLE analyses; workshops; surveys, checklists
- Categories of risk:
 - Strategic (risks to medium to long term objectives and goals)

- Operational (risks encountered in the day to day running of the business)
- Financial / Infrastructure / Reputation / Market (FIRM)

Risk identification also involves describing the risk. The risk description should be in a structured format that includes:

- Unique risk reference
- The objective the risk relates to
- A brief statement describing the risk
- The risk owner
- Cause(s) of the risk
- Consequences of the risk

Analysis

Risk analysis involves

- Estimating the likelihood that the risk will materialise
- Estimating the impact if it does

To estimate likelihood and impact we look:

- Externally, at whether organisation's similar to YPO have experienced this risk (eg cyber-attacks)
- Internally, at our own records such as performance reports, accident reports, claims etc for patterns, the impact of interventions
- At sources of independent assurance eg Internal Audit reports, inspection reports

YPO assigns a score of 1 (rare) to 4 (probable) for likelihood and 1 (low) to 4 (very high) for impact, and multiplies the scores together to give an overall risk rating (from 1 to 16).

The scores are also plotted on a 4 x 4 risk matrix that shows whether risks are rated as Red (severe); Amber (significant); Yellow (moderate); or Green (minor).

This is illustrated on the risk matrix shown in Appendix 1

Evaluation

Risk evaluation involves comparing the results of the risk analysis to the organisation's risk appetite, to inform what risk treatment, if any, we then need to put in place.

Evaluation may include:

- Inherent risk, that is the natural level of risk without risk treatment or controls
- Residual risk, that is the level of risk remaining after risk treatments have been put in place to manage or mitigate the risk

The results of the risk analysis and evaluation should be included in the risk description.

Risk Treatment

YPO has adopted the “4Ts” approach to risk treatment

- **Tolerate** - if a risk is evaluated as within our risk appetite (the level of risk we are comfortable with) then we may simply choose to accept it
- **Treat** – if a risk initially falls outside our risk appetite then we can treat it to bring it within our risk appetite, typically using
 - Controls to reduce the likelihood of the risk materialising
 - Mitigating strategies to reduce the impact when the risk materialises
- **Transfer** – we may be able to transfer the risk to another organisation or person, in full or in part eg insurers
- **Terminate** – if the risk is too high, even after treatment, then we may simply choose not to pursue the activity that gives rise to the risk

The risk description should be expanded to include details of the risk treatment including:

- Control measures to manage or mitigate the risk (risk treatment)
- An assessment of whether the existing control measures are adequate
- Further control measures that might be adopted

Monitoring and Review

Risks change, they emerge, escalate and decline at different rates depending on the nature of the risk; the objective it relates to; and how effective the controls in place are. At YPO we monitor and review risks:

- On a regular basis, appropriate to the risk and objective eg quarterly, annually. This may be done individually by risk owners, or collectively by regular reporting to executive and oversight functions
- Identifying risk triggers in the risk description. A risk trigger provides an early warning that a risk is about to escalate. It may be anticipated or unexpected eg:
 - A regular planned event such as setting the budget
 - Continued performance off target
 - An increase in incidents, accidents or claims
 - An unexpected event such as a fraud or cyber attack

Communication and Consultation

Related risk descriptions, also known as risk profiles, can be combined into risk registers. Their associated risk ratings can be plotted on a risk matrix to produce a heat map. Risk

registers and heat maps help decision makers to review and reach a consensus on risks; to moderate and rank risks relative to each other; to consolidate control measures; to prioritise resources for risk management; and to share risk knowledge.

Risk Reporting

Strategic Risk Register

The Strategic Risk Register reflects the risks to YPO's strategic and long term objectives and is aligned to our 3 Year Strategy. It also includes external threats with as yet unknown consequences eg Cyber threat.

YPO formally reports its Strategic Risk Register on an annual basis, to reflect the relative stability of our long term objectives and the risks to them.

A significant trigger event such as those identified in the risk register, or where a failure in assurance is reported by external or internal audit, may also result in an ad hoc report of the Strategic Risk Register.

Business Planning Risk Register

The Business Planning Risk Register is reported annually as part of the business planning process.

Thematic Risk Registers

Other cross cutting thematic risk registers such as the Bribery Risk Assessment and Fraud Risk Assessment are reported on an annual basis.

Programme and Project Risk Registers

Programme and project risk registers are maintained by project managers and reported as part of overall programme and project reporting arrangements.

Operational Risk Registers

Each Department maintains its own operational risk register. Heads of Department and other risk owners review risks on an ongoing basis and in response to any risk triggers, and report the results at departmental and management team meetings.

Risk and Assurance

YPO has adopted various mechanisms to provide assurance that the mitigating strategies and controls we put in place to manage our risks remain in place and operating effectively.

We use a 'three lines of defence model':

- Operational (service and departmental) controls eg operating procedures
- Organisational (cross cutting) controls eg Financial, HR, IT policies; compliance and quality work
- External independent controls eg external audit, internal audit

What influences risk management?

There are four key influences on our approach to risk management:

- Risk culture
- Risk perception
- Risk tolerance
- Risk appetite

Risk Culture

- The values, beliefs, knowledge, attitude and understanding of risk shared by the employees of an organisation
- Influences how the organisation manages the risks it takes to achieve its objectives
- Every organisation has a risk culture, whether it recognises it or not
- Organisations that recognise their risk culture manage their risks much more effectively than those that don't
- An effective risk culture enables and rewards individuals and groups for taking the right risks in an informed manner

Risk Perception

- Risk perception is subjective: it is influenced by
 - Our life experiences
 - The results or outcomes of similar circumstances, situations or risks
 - The absence of conclusive evidence or data
 - Who we trust
- Risk perception leads to over and under estimation of risks
- People can over-estimate the risks where
 - They have no control over the situation
 - The consequences are severe or dreaded
- People can underestimate the risks where
 - Experience and belief in organisational controls leads to complacency
 - Acceptance that a way of doing things is routine
- Everyone's risk perception is different
- In a large organisation there will be a mix of people with different perceptions of risk
- All of these different perceptions will influence how the organisation perceives risk
- However, some people will inevitably have a stronger influence than others: this is not always the people you expect it to be

Risk Tolerance

- Sets the limit beyond which we will not take a risk
- Often given as an absolute value such as maximum investment or loss
- Sometimes used interchangeably with risk appetite: but they are different

Risk Appetite

- The amount and / or type of risk an individual, group or organisation is prepared to take to achieve its objectives
- Expresses our inclination to take risks
- Means different things to different people and is influenced by individuals' and groups' perceptions and experience of risk
- If we don't understand our risk appetite (and the factors that influence it such as our individual and collective risk perceptions) then we may be inclined to make subjective decisions based on feelings and opinions rather than objective decisions based on empirical evidence
- Our risk appetite influences how we evaluate (score) risks and treat them. If our risk appetite is too high for the risk then we will not put sufficient controls in place to manage it and there is a greater likelihood of the risk coming about and / or having a more significant impact.
- However, if our risk appetite is too low for the risk then we will put unnecessary controls in place. This creates inefficiency and stifles innovation and the effective delivery of our objectives.
- A difference of opinion on risk appetite can lead to important and illuminating discussions before decisions are finalised.
- The best way to find out more about our risk appetite is to explore it

YPO's Statement of Risk Appetite

Updated Statement of Risk Appetite 2024 to be included here after Audit & Governance Sub-Committee meeting July 2024.

Roles and Responsibilities

Everyone is responsible for helping to identify and minimise risks within their immediate working environment; for complying with policies and controls in place to manage risks; and for notifying their line manager of any new risks or concerns, or failures in controls.

The Management Committee is responsible for:

- Providing leadership on risk management
- Promoting a risk management culture that helps YPO to effectively identify and manage its risk
- Ensuring that an appropriate risk management strategy and framework is in place
- Ensuring that risk management is embedded in strategic and operational planning
- Determining risk reporting requirements

The YPO Board is responsible for:

- Ensuring that risk management is embedded in strategic and operational planning
- Ensuring that the risk management strategy and framework is adopted across YPO and resourced appropriately
- Conducting business with the aim of managing risks within YPO's risk appetite and adopting procedures for reporting where this is not the case
- Championing risk management and communicating with employees about risk management arrangements, and how they should apply them during strategic and operational planning
- Ensuring that suitable arrangements are in place to provide assurance that risk management controls are in place and operating effectively
- Taking ownership of the Strategic Risk Register and other cross cutting risk register
- Managing risks assigned to them, individually and collectively

The Senior Leadership Team is responsible for:

- Identifying, assessing and recording operational risks in their areas of responsibility
- Maintaining and reviewing operational risk registers and managing individual risks assigned to them
- Reporting on risk management arrangements to their respective Board Member

The Managing Director is responsible for appointing a member of staff who is suitably qualified and experienced to:

- Provide and maintain an effective risk management function across YPO
- Design and deliver a risk management strategy and framework that provides a consistent approach to risk across YPO
- Provide professional advice, guidance, support and challenge on risk management to elected members and staff
- Raise awareness and provide training on risk management and mitigation
- Produce reports that meet agreed reporting requirements

The YPO Audit & Scrutiny Sub-Committee is responsible for:

- Ensuring that YPO maintains an appropriate risk management strategy and framework
- Ensuring that it receives regular assurance (from internal audit and others) that risk management arrangements are in place and operating effectively in practice
- Scrutinising the treatment of individual strategic risks with the aim of ensuring that suitable controls are in place to manage them

WMDC Internal Audit play an essential role in YPO's risk management arrangements by:

- Challenging and providing assurance on risk management processes, risk identification, analysis and evaluation
- Reviewing and reporting on the effectiveness of controls through a planned programme of risk based audit reviews determined within a formal risk based planning process

Appendix 1 Risk Matrix / Heat Map

LIKELIHOOD	PROBABLE	4	8	12	16
	POSSIBLE	3	6	9	12
	UNLIKELY	2	4	6	8
	RARE	1	2	3	4

LOW MEDIUM HIGH VERY HIGH

IMPACT



Very Low / Minor
 Low / Moderate
 High / Significant
 Very High / Severe



Line of risk appetite
 (default: may be varied according to type of risk)

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Appendix 2

YPO Statement of Risk Appetite 2024 (for inclusion in RM Strategy & Framework)

YPO exists to help the public sector achieve its best possible value when buying products and services. We champion public value, helping education and public organisations get the most from their resources when buying products and services. Our purpose is why we exist. Our mission is what drives us. Our values are the things we believe in. They are practical and directly inform the decisions we make and the action we take. They are underpinned by a set of behaviours and a set of leadership commitments. Our values are:

- Be kind. We care for and are committed to supporting our colleagues, customers and suppliers.
- Do the right thing. We are honest, inclusive and professional.
- Embrace creativity: we encourage new ideas as we're always looking to improve.
- Make a difference. We're committed to improving our impact on the environment while empowering our people and supporting our communities.

YPO's risk appetite is consistent with, and helps us to support the delivery of, our purpose, mission, and values.

YPO has a low risk appetite for health, safety and welfare risks. We are committed to initiatives that positively impact our employees' well-being and foster a positive working environment.

YPO has a low risk appetite for legislative and regulatory risks, and a zero tolerance approach to fraud, bribery and corruption risk. YPO cares about its reputation and the impact of reputational risks on ourselves and on our Founder Member Authorities. We are committed to demonstrating integrity by consistently acting ethically in all situations.


YPO is committed to improving our environment and has a low risk appetite for environmental risk.

YPO has a relatively high risk appetite for commercial risks that will help us to deliver our long term objectives to grow and develop the business, to innovate, and to take on new challenges. We are committed to setting ambitious goals that align with our organisational purpose. We embrace creativity and encourage new ideas and are committed to creating an environment where individuals feel comfortable taking informed risks in pursuit of new approaches or solutions. We believe we can learn from failure as well as success. However, we recognise that this higher risk appetite brings with it an increased commitment to identify, understand and mitigate the risks so that an opportunity risk does not become a threat to the business.

YPO is committed to making fair decisions based on objective criteria and communicating transparently with honesty, even when delivering difficult messages. We will not ignore risks that are uncomfortable to acknowledge or that might exceed our risk appetite. Instead we will identify them, assess them and look at ways to mitigate them. If we decide on a course of action that retains a high risk, because it has the potential to bring high reward, we will be transparent in our decision making.

YPO's risk appetite will reflect a proportionate approach to risk management, that includes the appropriate level of control. Our aim is to manage rather than to eliminate risk (with the

exception of health and safety risk), and to ensure that over control does not create waste and inefficiency.

	<p style="text-align: center;">YPO</p> <p style="text-align: center;">AUDIT & GOVERNANCE SUB-COMMITTEE</p> <p style="text-align: center;">19TH JULY 2024</p>
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TITLE: PAY POLICY & LOCAL LIVING WAGE
REPORT OF: HEAD OF HR & PEOPLE SERVICES

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to ask Audit and Governance Sub-Committee to note and discuss the changes to YPO's Pay Policy for Apprentices and the Local Living Wage, prior to formal ratification at full Management Committee on 19th July 2024.

2 SUMMARY

- 2.1 Following consultation with UNISON - YPO's recognised Trade Union the following changes were implemented effective from 1 April 2024:
- a) The revised voluntary Local Living Wage was adopted and applied to YPO's pay structure in line with Wakefield Council's approach; and
 - b) The pay structure for YPO's Apprentices was updated to comply with the minimum requirements of the National Living Wage.
- 2.2 These decisions are within YPO's scheme of delegation.

3 RECOMMENDATIONS

- 3.1 It is recommended that Audit and Governance Sub-Committee note and ratify these changes prior to this paper progressing to full Management Committee on 19 July 2024 for formal ratification.

4 BACKGROUND

4.1 Local Living Wage

- 4.2 In 2014, YPO and UNISON entered into a Collective Agreement to adopt the Local Living Wage, this commitment has continued in each subsequent year.

4.3 Apprentices Pay Structure

- 4.4 Prior to 2022, YPO's pay structure for Apprentices was paid in line with the National Minimum Wage. In 2022, YPO struggled to recruit onto its Apprenticeships Programme and in order to fill the required quota multiple recruitment campaigns had to be run for that year. At that time, it was a 'candidate' market and competition was high in all sectors, including Apprentices. Concerns had also been raised, due to the rising costs of living, that YPO may see an increase in 'dropouts' rates as Apprentices were able to walk straight into another job/organisation which would pay higher.
- 4.5 Following consultation with UNISON a recommended alternative Pay Model was approved by Board. It formed 2 pay points: the National Living Wage for those aged 25 and above and the top of the National Minimum Wage for those under the age of 25.
- 4.6 Anecdotal feedback is that these Pay Rates made a difference to whether they applied with YPO, as it allowed them to start a career that they would not otherwise been able to afford to do. All vacancies were filled in one recruitment campaign with a high calibre of applicants which is a stark contrast to the multiple campaigns which were required in 2022.
- 4.7 From the 1 April 2024, the Government replaced the National Minimum age requirement for 25+ with the National Living Wage requirement of 21+. As a result, YPO reviewed the Pay Rates and agreed a revised 2 pay point Pay Model. Apprentices 21+ receive the National Living Wage in line with national requirements. Apprentices below the age of 21 continue to receive the 2022 National Minimum Wage of £10.17, which is over and above national requirements for 2023.
- 4.8 Board committed to reviewing the Pay Model for Apprentices on an annual basis considering the context of decisions taken by Government for the National Living Wage and the National Minimum Wage. The National Pay Negotiations and any recommendations made for the Local Living Wage by the Living Wage Foundation.

5 FINANCIAL IMPLICATIONS

5.1 Local Living Wage Supplement

- 5.2 This change impacted on 9 employees and was projected for the remainder of 2024 at £5.4k. Full 12 months costs were projected at £7.1k.

5.3 Apprentice Rates of Pay

- 5.4 This change impacted on the existing cohort of Apprentices and was projected for the remainder of 2024 at £382k. Full 12 months costs were projected at £387k.

6 EQUALITY IMPLICATIONS

- 6.1 These changes may negate the potential of Equal Pay/Parity claims arising.

7 LEGAL IMPLICATIONS

- 7.1 The implementation of National Living Wage for Apprentices complies with the minimum requirements set out by Government for Apprentices.

8 RISK IMPLICATIONS

8.1 No specific risk implications have been identified.

9 CONSULTATIONS AND ENGAGEMENT

9.1 The recommendations in both reports were agreed with UNISON following formal consultation.

10 ICT IMPLICATIONS

10.1 No specific IT implications were to ask identified.

11 ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

11.1 No specific environmental and sustainability implications were identified.

12 ECONOMIC IMPLICATIONS

12.1 No economic implications were identified.

13 HUMAN RESOURCE IMPLICATIONS

13.1 No specific Human Resource implications were identified.

14 PROPERTY IMPLICATIONS

14.1 No specific property implications were identified.

15 OTHER IMPLICATIONS


15.1 No other implications were identified.

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	<p>YPO</p> <p>AUDIT & GOVERNANCE SUB-COMMITTEE</p> <p>TO BE HELD ON</p> <p>19TH JULY 2024</p>
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TITLE: POLICIES AND PROCEDURES REVIEW

REPORT OF: HEAD OF FINANCE

1. BACKGROUND INFORMATION

- 1.1 YPO has in place various governance policies and supporting documents that set out our approach to managing the organisation. These are reviewed regularly, and any significant changes brought to committee for approval.
- 1.2 Since the last summary was considered by the Board and the Audit & Governance Sub-Committee in May and June 2023 the reports listed in the table in Appendix 1 have been reviewed and recommended actions identified.
- 1.3 Since September 2023 an internal Governance function has been introduced at YPO. The function's main role is to provide assurances to members that good governance is in place across the Organisation.
- 1.4 One of the initial focuses of the function was around the approval of new or amended policies and procedures. The function now sits as an extra step before the YPO Board to ensure that all policies and procedures are reviewed thoroughly and that all required stakeholder engagement has been undertaken.
- 1.5 YPO has also introduced a system called meta-compliance, this system allows for all policies to be stored, assigned an owner and also assigned a next review date to ensure the effective management of all policies and to ensure that they are reviewed on time each year. The system can also request employees read updated policies and associated documents and track this engagement.

2. STRATEGIC IMPLICATIONS

- 2.1 There are no specific strategic implications arising from this report.

3. FINANCIAL/RESOURCE IMPLICATIONS

- 3.1 There are no specific financial or resource implications arising from with this report.

4. LEGAL IMPLICATIONS

- 4.1 These governance documents aid compliance with various pieces of legislation and good practice such as the CIPFA / SOLACE Governance Framework 2016.

5. RISK IMPLICATIONS

5.1 This report is part of YPO's overall framework for managing governance and risk.

6. CONSULTATION

6.1 The reports, policies etc listed in the table at Appendix 1 were subject to appropriate consultation before they were finalised and approved.

7. OPTIONS APPRAISAL

7.1 Not required.

8. RECOMMENDATIONS

8.1 The contents of the table attached at Appendix 1 are noted.

9. REASONS FOR RECOMMENDATIONS

9.1 It is essential to maintain the effectiveness of YPO's governance arrangements.

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APPENDIX:

Appendix 1 – Policies & procedures reviewed

Appendix 1

Item	Latest Status	Action
Local Code of Corporate Governance	Annual review and report June 2024	Code was fully rewritten in 2019. 2024 update reflecting changes to YPO governance structure will be reported to Audit & Governance Sub-Committee July 2024
Annual Governance Review and Annual Governance Statement	Annual review and report June 2024	Draft AGS 2023 (pending inclusion of external and internal audit opinions) will be reported to Audit & Governance Sub-Committee July 2024.
Risk Management Strategy & Framework	Reviewed and update June 2024 to include revised YPO Board Statement of Risk Appetite	Minor updates to 2022/23 RM Strategy & Framework to reflect RM system implementation. To be reported to Audit & Governance Sub-Committee July 2024.
Strategic Risk Register Q1 2021	Last review under previous arrangements July 2023. SRR now available on new RM system for continuous live review.	Update report to Audit & Gov Sub Committee meeting July 2024 with 'Strategic Risk Comparison' report for consideration.
Financial Procedure Rules (FPR)	Reviewed and approved at July 2022 Management Committee	FPR subject to annual review but no actions required at this time
Contracts Standing Orders (CSO)	Reviewed and approved at July 2022 Management Committee	CSO subject to annual review but no changes identified for 2023. Full review required in 2024 due to procurement reform.
Outstanding Internal Audit Actions	Annual review and update June 2024.	A small number of overdue actions to report. Update report to Audit & Gov Sub Committee meeting July 2024.
ISO related policies <ul style="list-style-type: none"> • Acceptable use • Access Control • Information Classification and Handling • Information security and privacy • Secure Development • Supplier Security 	Reviewed in December 2023 by the Governance Function and submitted to YPO Board in January.	No actions needed, these policies will be stored on the meta-compliance system and set annual review dates.
Volunteering Policy	Reviewed in February 2024 by the Governance Function.	No actions needed, the policy will be stored on the meta-compliance system and set annual review dates.
Clear Desk and Clear Screen Policy.	Reviewed in March 2024 by the Governance Function.	No actions needed, the policy will be stored on the meta-compliance system and set annual review dates.
Mobile BYOD Device Policy	Reviewed in March 2024 by the Governance Function.	No actions needed, the policy will be stored on the meta-compliance system and set

		annual review dates.
Policy and SOP Template	Reviewed initially by the Governance Function in April 2024 and then submitted for final Board Approval that month.	Action for the templates to be made live for future polices.
Quality Policy	Reviewed initially by the Governance Function in April 2024 and then submitted for final Board Approval that month.	No actions needed, the policy will be stored on the meta-compliance system and set annual review dates.
Product Recall and Withdrawal Procedure	Reviewed initially by the Governance Function in April 2024 and then submitted for final Board Approval that month.	No actions needed, the policy will be stored on the meta-compliance system and set annual review dates.
Control of Documents template	Reviewed initially by the Governance Function in April 2024 and then submitted for final Board Approval that month.	No actions needed, the policy will be stored on the meta-compliance system and set annual review dates.
<p>ISO related Policies:</p> <ul style="list-style-type: none"> • Cloud Services Policy • Use of Generative AI Policy • Remote Access Policy • Email at Work Policy • Encryption and Key Management Policy • IT Asset Management Policy • Threat Intelligence Policy • Infrastructure Management Policy • Change Control Policy • IT Auditing and Monitoring Policy • IT Backup Policy • Anti Malware Policy • Data subject access request policy • Data retention policy • Personal data breach management policy 	Reviewed in June 2024 by the Governance Function and submitted to YPO Board that month for final approval.	No actions needed, these policies will be stored on the meta-compliance system and set annual review dates.
Flexible working Policy and application form	Reviewed in June 2024 by the Governance Function and submitted to YPO Board that month for final	No actions needed, these policies will be stored on the meta-compliance system and set annual review dates.

	approval.	
Vehicle CCTV Policy and GDPR Employee Declaration form.	Reviewed in June 2024 by the Governance Function and submitted to YPO Board that month for final approval.	No actions needed, these policies will be stored on the meta-compliance system and set annual review dates.

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YPO

AUDIT & GOVERNANCE SUB-COMMITTEE

TO BE HELD ON

19TH JULY 2024

TITLE: ASSURANCE REPORT - CLIMATE CHANGE, BIODIVERSITY AND ENVIRONMENTAL SUSTAINABILITY

REPORT OF: EXECUTIVE DIRECTORS FINANCE

1. BACKGROUND INFORMATION

- 1.1 This report arises from a request by the Audit & Governance Sub-Committee to follow up potential areas of risk identified in a report from Wakefield's Service Manager for Internal Audit & Risk, to the Sub-Committee in November 2023. As noted in that report, the IA Plan must conform to PSIAS requirements: this includes consideration of organisational priorities, objectives, and risks and the assurance provided by previous internal audit work and findings, as well as other independent sources of assurance. In addition to considering YPO's Strategic Risk Register in planning their work for 2024, IA also considered the Chartered Institute of Internal Auditors 'Risk in Focus 2024' report, which identified what other organisations considered to be their top 10 risks. IA then compared these risks with assurance work planned for 2024 and identified two key areas where there might be gaps in assurance: Digital Disruption (the subject of a separate report to the Sub-Committee) and Climate Change, Biodiversity and Environmental Sustainability (this report).
- 1.2 In the absence of specialist audit assurance work from IA, at the request of the Audit & Governance Sub-Committee, this report sets out what other arrangements YPO has in place to provide assurance that climate change, biodiversity and environmental sustainability risks are being identified, assessed, and mitigated effectively and will consider:
- 1.2.1 ISO 14001 – Environmental Management accreditation (including Aspects & Impacts, Legislative Obligations and Risk & Opportunities Registers).
 - 1.2.2 Activity across the Social Value and Sustainability Department (including working groups).
 - 1.2.3 External Support.
 - 1.2.4 Risk Management at YPO.
- 1.3 **ISO 14001 – Environmental Management accreditation.**
- 1.3.1 YPO have been accredited to the ISO standard for Environmental Management (ISO 14001) since June 2012. The most recent re-certification audit taking place in April 2024 which remains valid until June 2027 (subject to successful surveillance audits each year).

1.3.2 Clause 6. "Planning" within the ISO standard requires YPO to maintain an Environmental Aspects and Impacts, Legislative Obligations and Risk & Opportunities Registers. These registers are completed within our subscription to Compliance People.

1.3.3 The details of each register are as follows:

- Environmental Aspects and Impacts - details our organisational activities that can interact with the environment and any changes to the environment (positive or negative) resulting from these activities.
- Legislative Obligations – details any legal obligations YPO must adhere to in relation to environmental concerns e.g. The Environment Act 2021.
- Risk & Opportunities – details identified risks and opportunities in relation to environmental concerns including the potential to note comments, actions and objectives.

1.3.4 A recent addition to ISO 14001 (and all management systems standards operating according to Annex SL e.g. 45001, 9001 and 27001) is to include a specific reference to climate change within the context of the organisation (clause 4.1) and understanding the needs and expectations of interested parties (clause 4.2). These references are automatically included as part of the audit process.

1.4 **Activity across the Social Value and Sustainability Department.**

1.4.1 To expand knowledge of sustainability related concerns the Social Value and Sustainability Manager, Melissa Bell, has successfully completed an IEMA Foundation Certificate in Environmental Management course. This includes membership to IEMA (Institute of Environmental Management and Assessment).

1.4.2 The team also regularly attend knowledge learning sessions wherever possible such as the Yorkshire Sustainability Festival.

1.4.3 As part of the Social Value and Sustainability strategy, YPO have two groups related to the theme of The Environment.

- The Environmental Champions group meet on a quarterly basis and discuss updates on actions such as the progress on EV charging, lighting replacement and alternative fuel/vehicle replacement.
- The Environmental Strategy group meet monthly and provides a direct line into board members to discuss actions and activity across the organisation which may impact (positively or negatively) on our climate change commitments.

1.4.4 The Business Change and Business Development team have worked on developing a new dashboard to provide more accurate and live data in relation to utility usage which calculates carbon emissions of YPO operations. This dashboard is to be used in the strategy meetings to monitor progress of YPOs carbon reduction plans and highlight any activities or actions which may result in an increase.

1.5 **External Support.**

1.5.1 To support with internal knowledge YPO have a relationship with several external consultants who are experts in the sustainability sector. This includes EdenSeven and Go4Growth/Net Positive Futures.

- 1.5.2 Specifically, EdenSeven have supported YPO in completing a review of its published Climate Change Strategy and related action plan and also undertaken an Energy Audit.
- 1.5.3 Through EdenSeven YPO have a “critical friend” and direct line to Adrew Mckenzie who provides support and a sounding board to clarify any specific issues.
- 1.5.4 Alongside consultant support YPO are also developing a relationship with the Wakefield Council Climate Change Team.

1.6 Risk Management at YPO

- 1.6.1 YPO has introduced a new risk management system in 2024 and we are currently scoping out using this system to manage climate change, biodiversity and environmental sustainability risks. The system will allow for the risks to be managed, reviewed and updated in real time and for appropriate escalations to be made to the YPO Board where required.

2. STRATEGIC IMPLICATIONS

- 2.1 Social Value (and sustainability) forms a foundation stone of the YPO 3-5 year strategy and is recognised as a strategic business area for YPO. The report summarises how YPO captures, monitors, and reports its climate change, biodiversity and environmental sustainability risks and what sources of assurance it has in place, within YPO and from trusted third-party partners, to provide assurance that the risks are being managed and mitigated effectively.

3. FINANCIAL/RESOURCE IMPLICATIONS

- 3.1 There are no financial or resource implications arising from this report.

4. LEGAL IMPLICATIONS

- 4.1 There are no legal implications arising directly from this report.

5. RISK IMPLICATIONS

- 5.1 The report focusses on the arrangements in place across YPO to identify, assess and manage climate change, biodiversity and environmental sustainability risks, and the sources of assurance we might rely on.

6. CONSULTATION

- 6.1 The Governance Function group have been consulted on this report.

7. OPTIONS APPRAISAL

- 7.1 None: YPO must maintain effective climate change, biodiversity and environmental sustainability risk management arrangements to manage and mitigate the impact of disruption.

8. RECOMMENDATIONS

- 8.1 That Audit & Governance Sub-Committee note the arrangements in place to identify, assess and mitigate climate change, biodiversity and environmental sustainability risk.

- 8.2 That Audit & Governance Sub-Committee note the arrangements in place to seek assurance from independent third parties that climate change, biodiversity and environmental sustainability risk is being managed effectively.

9. REASONS FOR RECOMMENDATIONS

- 9.1 Arrangements are in place to manage climate change, biodiversity and environmental sustainability risk at all levels across YPO. Audit & Governance Sub-Committee play a key role in ensuring that risk management arrangements are operating effectively in practice.

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