Annual Governance Statement 2025-26

(DRAFT)

Reporting period	5 February 2025 to 31 March 2026
Version	Draft
Prepared for	Governance and Audit Committee / Combined Authority approval
Approval date	TBC

1. Executive summary

Hull and East Yorkshire Combined Authority was established on 5 February 2025 and this Annual Governance Statement covers the Authority's first reporting period to 31 March 2026. The period was one of establishment, transition and early delivery, during which the Authority moved from legal creation and organisational set-up into live operation under an elected Mayor.

During the year, the Authority established the core elements of its governance framework, including its Constitution, Mayor and Executive arrangements, statutory officer roles, Governance and Audit Committee, Overview and Scrutiny Committee, Single Assurance Framework, risk management framework, corporate risk register and policy framework.

The review of effectiveness has concluded that the Authority made significant progress in establishing the foundations of good governance during 2025-26. However, as a newly established Mayoral Combined Authority, the overall control environment remained in development during the year. Internal Audit has therefore provided a limitation of scope opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control. This reflects the early stage of design, implementation and embedding of many core governance, financial, operational and programme-delivery arrangements.

The review has identified significant governance issues during the year in relation to legacy procurement processes and the implementation of procurement policies, based on Internal Audit's review. Activity demonstrated adherence to procurement principles by the end of the financial year and management actions have been agreed to further improve compliance.

The Authority therefore concludes that its governance arrangements were developing and partially effective during 2025-26. The arrangements supported the establishment and initial operation of the Authority, but further work is required to embed them consistently, strengthen oversight, improve procurement governance and develop a more robust and integrated assurance environment.

2. Scope of responsibility

Hull and East Yorkshire Combined Authority 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 arrangements are in place to secure economy, efficiency, effectiveness and best value.

The Combined Authority's governance framework comprises the systems, processes, culture and values through which the Authority is directed and controlled. It enables the Authority to monitor the achievement of its strategic objectives, consider whether those objectives have led to appropriate outcomes, and ensure that services and activities are delivered in a lawful, transparent, accountable and value-for-money manner.

The Combined Authority's Single Assurance Framework sets out how HEYCA will use public money responsibly, openly and transparently, with best value principles at the centre of decision-making. It also explains how the Authority will prioritise, appraise, approve, deliver, monitor and evaluate investments.

3. Governance framework

The key elements of the Authority's governance framework during 2025-26 were as follows.

3.1 Mayor, Executive and decision-making

The Mayor and Executive provide the overall strategic direction for the Combined Authority. The Executive comprises the Mayor, constituent council members and non-constituent members, with decision-making arrangements set out in the Constitution. Decisions are made by the Mayor in relation to mayoral functions, or by the Mayor and Executive in relation to non-mayoral functions.

The Executive is responsible for approving strategic and key policy frameworks, setting the budgetary framework and Medium Term Financial Plan, and approving major strategies including the Gameplan and Investment Plan.

3.2 Constitution, codes and ethical standards

The Authority operates within its Constitution, which sets out decision-making arrangements, roles and responsibilities, codes of conduct, financial regulations, contract standing orders and other governance requirements. Members and officers are expected to observe the Nolan Principles of Public Life. The Authority has arrangements for declarations of interests, gifts and hospitality, whistleblowing, anti-fraud, bribery and corruption, anti-money laundering, complaints, equality and transparency.

3.3 Statutory officers

The Authority has appointed statutory officers, including the Head of Paid Service, Section 73 Officer, Monitoring Officer and Scrutiny Officer. These roles provide leadership and assurance over organisational coordination, financial administration, legal compliance, standards of conduct and the effective operation of scrutiny.

The Section 73 Officer is responsible for administering the financial affairs of the Combined Authority and providing final financial sign-off for funding decisions. The Monitoring Officer is responsible for maintaining the Constitution, ensuring lawfulness and fairness in decision-making, and promoting high standards of conduct.

3.4 Governance and Audit Committee

The Governance and Audit Committee is a key component of the Authority’s corporate governance arrangements. Its role includes reviewing and scrutinising financial affairs, risk management, internal control and corporate governance arrangements, and assessing economy, efficiency and effectiveness in the use of resources.

The Audit Committee met in September and December 2025 to consider/approve its terms of reference and forward work plan, the internal audit plan and charter, progress against this plan, the Authority’s Constitution and Single Assurance Framework, and finance and treasury management matters. It did not meet as planned during March 2026. Strengthening the operation and fulfilling the work programme of the Governance and Audit Committee is a priority for 2026-27.

3.5 Overview and Scrutiny Committee

The Overview and Scrutiny Committee holds the Mayor and Executive to account by reviewing decisions, scrutinising activity and making reports or recommendations on matters affecting the Combined Authority area. Its membership includes elected councillors from both constituent councils. The Authority has adopted scrutiny arrangements aligned with the English Devolution Accountability Framework and the MHCLG Scrutiny Protocol, including pre-decision scrutiny, public accountability, a member-led work programme and training.

The Committee met four times during the period from September 2025 to March 2026. It considered and made recommendations on the Authority’s Get Britain Working Plan, the Mayoral Community Investment Fund, the Local Growth Plan, the medium-term financial plan, and the Authority’s Corporate and Human Resources policy framework.

3.6 Internal audit and external audit

Internal audit services are provided by SWAP Internal Audit and are intended to provide an independent and objective assessment of the effectiveness of risk management, control and governance processes. Internal audit work is completed in accordance with Global Internal Audit Standards and relevant UK public sector guidance.

External audit is undertaken by Forvis Mazars LLP, who has been appointed as the Authority's auditor by Public Sector Audit Appointments, the official appointing body for auditors of eligible public sector bodies in England. The external auditors review and provide an opinion on the Authority's annual Statement of Accounts, including this Annual Governance Statement, and value for money arrangements.

3.7 Risk management

The Authority recognises risk management as an integral part of good governance. Its Risk Management Framework is designed to provide visibility of strategic, operational, programme and project risks, with review and escalation through senior leadership and monitoring by the Governance and Audit Committee.

Project-level risks are considered through business case development, due diligence, grant funding agreements and monitoring arrangements.

3.8 Single Assurance Framework and investment governance

The Single Assurance Framework sets out how the Authority will use public money responsibly, openly and transparently, with best value principles at the centre of decision making. It describes the Authority's governance arrangements for decision making, transparency and accountability.

It provides the governance route for investment decisions, including scheme initiation, development, appraisal, approval, monitoring and evaluation, and scheme closure. It is aligned with the English Devolution Accountability Framework and the HM Treasury Green Book, Orange Book and Magenta Book to support transparent, evidence-led and value-for-money decision-making.

4. Review of effectiveness

The Authority has a responsibility to conduct, at least annually, a review of the effectiveness of its governance arrangements and system of internal control. The review for 2025-26 considered whether arrangements were in place, whether they were operating effectively, and whether they supported the Authority's objectives and responsibilities for value for money and best value.

The review recognised the particular context of 2025-26 as the Authority's first reporting period. The Statement of Accounts covers the extended period from 5 February 2025 to 31 March 2026, reflecting both normal financial activity and the one-off characteristics of organisational establishment, including governance and assurance arrangements, capacity building, mayoral election costs and phased mobilisation of devolved funding streams.

The review identified that the Authority successfully established its legal, democratic and operational foundations during the year. Key milestones included creation of the Authority under the 2025 Order, adoption of the Constitution, delivery of the inaugural mayoral election, commencement of mayor-led governance and development of the first integrated strategic framework through the Gameplan.

The review also identified that the control environment was still maturing. Internal Audit's limitation of scope opinion reflects that many arrangements were necessarily at an early stage of design, implementation and embedding. The Authority accepts this assessment and has reflected the findings in its governance development plan.

The review highlighted specific improvement requirements in relation to procurement governance, monitoring and oversight, following Internal Audit's limited assurance opinion on Procurement and Decision Making. Management actions have been agreed and will be subject to follow-up by Internal Audit.

The review was informed by the following sources of assurance:

- the Constitution, codes, protocols and published governance policies;
- the Single Assurance Framework and associated investment decision-making arrangements;
- assurances from statutory officers and senior management;
- the work and planned work programmes of the Governance and Audit Committee and Overview and Scrutiny Committee;
- internal audit work undertaken during the period and the chief auditor's opinion;
- risk management reports, the Risk Management Framework and the corporate risk register;
- financial management arrangements overseen by the Section 73 Officer;
- transparency arrangements, including the Forward Plan of Decisions, meeting papers, decisions and published policies; and
- progress in developing the Authority's strategic framework, including the Gameplan, Investment Plan, Transport Framework, Work and Skills Framework and Local Growth Plan.

5. Internal Audit opinion

Internal Audit provides an important source of independent assurance to the Authority, the Governance and Audit Committee and senior management. For 2025-26, Internal Audit has provided a limitation of scope opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

This opinion reflects the fact that Hull and East Yorkshire Combined Authority is a newly established Mayoral Combined Authority and, as such, its overall control environment remains in development. Many core governance, financial, operational and programme-delivery arrangements are inevitably still at an early stage of design, implementation and embedding. Internal Audit work undertaken to date has therefore focused on reviewing foundational arrangements and support for the establishment of effective controls.

Internal Audit noted that the Authority has developed key elements of its governance infrastructure, including a risk management framework, corporate risk register and policy framework. These provide an essential foundation, but they are not yet fully embedded and consistent application across the organisation is still evolving.

Internal Audit also observed that the Authority's current stage of maturity makes it challenging to clearly identify and map all sources of assurance, particularly across second line functions. Further work is therefore required to develop a comprehensive assurance framework.

In relation to Procurement and Decision Making, Internal Audit issued a limited assurance opinion, highlighting significant gaps, weaknesses and instances of non-compliance, particularly in procurement governance, monitoring and oversight. Management actions have been agreed and will be followed up by Internal Audit.

Internal Audit also undertook an analytical review of financial transactions between February 2025 and April 2026, including duplicate payment testing, and did not identify any significant irregularities or errors.

Internal Audit intends to carry out an effectiveness review of the Annual Governance Statement in line with the CIPFA/SOLACE ‘Delivering Good Governance in Local Government framework’ addendum.

Internal Audit also noted that the Audit Committee did not meet as planned during March 2026, which has impacted the level of independent oversight. Overall, while key governance documents and frameworks are now in place, further work is required to embed these arrangements, enhance oversight, and develop a more robust and integrated assurance environment.

6. Assessment against the seven principles of good governance

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

Arrangements: The Authority has adopted codes of conduct for members and officers, arrangements for declarations of interests, gifts and hospitality, whistleblowing, anti-fraud, bribery and corruption, anti-money laundering and complaints. The Monitoring Officer has responsibility for maintaining the Constitution, ensuring lawful and fair decision-making, and promoting high standards of conduct.

Assessment: Developing and partially effective. The priority for 2026-27 is to continue embedding ethical standards, declarations processes and compliance arrangements across the Authority, advisory boards and delivery partnerships.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Arrangements: The Authority publishes a Forward Plan of key decisions, publishes agendas and papers in advance of meetings, and publishes decisions and minutes. Overview and scrutiny arrangements include public accountability, pre-decision scrutiny, work programming and stakeholder engagement.

Assessment: Developing and partially effective. Further development will focus on improving accessibility of governance information, strengthening public understanding of the Authority’s role and ensuring stakeholder engagement is systematically reflected in decision-making.

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

Arrangements: The Authority has developed a strategic framework through the Gameplan, which sets out a ten-year vision and strategic priorities: Good Jobs, Better Connected, Fit and Healthy, and Affordable Homes. The Single Assurance Framework requires investment proposals to demonstrate strategic fit, evidence-based need, value for money and contribution to the Authority’s objectives.

Assessment: Developing and partially effective. The main development priority is to complete and embed supporting delivery plans, performance measures and the Investment Plan.

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

Arrangements: Investment proposals are subject to staged development and appraisal through the Single Assurance Framework, including initiation, business case development, appraisal, approval, monitoring, evaluation and closure. Appraisal arrangements are aligned to HM Treasury Green Book principles and include consideration of value for money, best value, subsidy control and due diligence.

Assessment: Developing and partially effective. In 2026-27 the Authority will continue to develop monitoring and evaluation arrangements, gateway assurance, procurement controls and performance reporting to evidence delivery against intended outcomes.

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

Arrangements: The Authority has established statutory officer roles, senior leadership arrangements, member portfolios, induction arrangements and committee structures. The first reporting period involved a hybrid operating model, using directly employed staff, interim and agency support, and service level agreements with constituent councils.

Assessment: Developing and partially effective. Roles and responsibilities defined by the Constitution have been adhered to but schemes of delegation beyond that are in development. Capacity and capability will remain a key focus, including workforce planning, member and officer development, and sufficient specialist capacity in finance, governance, programme management, procurement, legal, data and assurance functions.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Arrangements: The Authority has established arrangements for risk management, financial oversight, internal audit, external audit and investment assurance. The Section 73 Officer oversees financial administration and the Governance and Audit Committee reviews risk management, internal control and governance arrangements.

Assessment: Developing and partially effective. Further work is required to embed the Risk Management Framework, ensure comprehensive policy and performance management arrangements, strengthen procurement controls, and develop assurance reporting across the three lines of assurance.

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

Arrangements: The Authority has established Governance and Audit Committee, Overview and Scrutiny Committee, internal audit and external audit arrangements. It publishes governance information, meeting papers, decisions and policies, and has committed to transparency in accordance with the Local Government Transparency Code.

Assessment: Developing and partially effective. The Authority will ensure that public presentation of governance information is comprehensive and that recommendations from internal audit, external audit, scrutiny and other assurance activity are tracked and implemented.

7. Overall opinion on governance effectiveness

The Authority has established the essential foundations of its governance framework during its first reporting period, including governance, risk management and control arrangements. However, these were still developing during 2025-26 and were not yet fully embedded across the organisation.

The review has identified significant governance issues during the year in relation to legacy procurement processes and the implementation of procurement policies, based on Internal Audit 's review. Activity demonstrated adherence to procurement principles by the end of the financial year and management actions have been agreed to further improve compliance.

The Authority therefore concludes that its governance arrangements were developing and partially effective during 2025-26.

8. Governance development action plan

The following actions will be taken forward during 2026-27. Progress will be monitored by senior management and reported to the Governance and Audit Committee.

Governance development area	Issue identified in 2025-26	Planned action for 2026-27	Lead	Target
Embedding the overall control environment	Internal Audit concluded that the Authority's overall control environment remains in development, with many arrangements at an early stage of design, implementation and embedding.	Implement a governance development plan to embed core governance, financial, operational and programme-delivery controls across the organisation.	Senior Leadership Team	September 2026
Procurement and decision-making	Internal Audit issued a limited assurance opinion, identifying significant gaps, weaknesses and instances of non-compliance in procurement governance, monitoring and oversight.	Implement agreed management actions; strengthen procurement governance; clarify decision routes; improve compliance monitoring; report progress to senior management and Governance and Audit Committee.	Monitoring Officer / Strategic Procurement Lead	July 2026
Assurance framework and assurance mapping	The Authority's early stage of maturity makes it challenging to identify and map all sources of assurance, particularly across second line functions.	Develop an assurance map covering first, second and third line assurance, including management controls, risk and compliance functions, internal audit and external assurance.	Statutory Officers / Chief Internal Auditor	September 2026
Risk management	A risk management framework and corporate risk register have been developed, but arrangements are not yet fully embedded and consistent application is still evolving.	Embed strategic, operational, programme and project risk reporting, with regular review by senior leadership and Governance and Audit Committee.	Senior Leadership Team	September 2026
Governance and Audit Committee oversight	Internal Audit noted that the Audit Committee did not meet as planned during the year, impacting the level of independent oversight available during the first reporting period.	Confirm and deliver a full Governance and Audit Committee work programme covering risk, internal audit, external audit, financial reporting, governance and AGS oversight.	Monitoring Officer / Section 73 Officer / Governance and Audit Committee	March 2027
Performance and delivery management	The strategic risk register identifies management of performance and delivery of organisational priorities, including the Gameplan, as a principal risk.	Develop performance reporting linked to the Gameplan, Outcomes Framework, delivery plans, investment activity and value for money.	Senior Leadership Team	September 2026
Organisational capacity and capability	The strategic risk register identifies development and maintenance of organisational capacity and capability as a principal risk.	Continue workforce planning, recruitment, specialist support where required, and member/officer development.	Head of Paid Service / Senior Leadership Team	November 2026
Public accessibility and transparency	As the Authority matures, governance information	Improve the public presentation of	Monitoring Officer / Section 73 Officer	September 2026

	should be easy for residents, members and stakeholders to find and understand.	governance and assurance information on the Authority's website, ensuring full compliance with statutory guidance.		

9. How governance improved during 2025-26

During 2025-26, the Authority established and developed core governance arrangements for a new Mayoral Combined Authority. This included the establishment of the Mayor and Executive arrangements, statutory officer roles, Governance and Audit Committee, Overview and Scrutiny Committee, internal audit arrangements, external audit arrangements, transparency arrangements and the Single Assurance Framework.

The Authority also developed its strategic framework, including the Gameplan and related strategic priorities, and progressed arrangements for investment governance, risk management, scrutiny and assurance over devolved funds.

As this is the Authority's first Annual Governance Statement, there are no prior-year actions to report against. Future statements will include a formal update on progress against the previous year's governance action plan.

10. Forward look on governance

The Authority's governance arrangements will continue to evolve during 2026-27 as devolved functions, funding streams and delivery responsibilities mature. The forward governance priorities are:

- embedding the Single Assurance Framework across all relevant funding streams and investment decisions;
- implementing agreed management actions arising from Internal Audit recommendations;
- strengthening performance, monitoring and evaluation arrangements so that the Authority can evidence delivery of outcomes and value for money;
- continuing to develop risk management arrangements at strategic, programme and project levels;
- ensuring audit, scrutiny and assurance activity provides effective challenge and supports learning and improvement;
- maintaining transparency and public accountability as the Authority's activity and investment programme increase;
- ensuring the Authority has the capacity and capability required to manage devolved powers, programmes and funding responsibly; and
- strengthening collaboration and governance arrangements with partners, including pan-Humber arrangements and relevant boards or advisory groups.

The Authority will continue to review its governance framework annually and will update this Annual Governance Statement in accordance with the Accounts and Audit Regulations, the CIPFA Code of Practice on Local Authority Accounting and CIPFA/SOLACE guidance.