

Meeting of:	Governance and Audit Committee
Date of Meeting:	Monday, 11 July 2022
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Draft Annual Governance Statement 2021/22
Purpose of Report:	To submit the draft Annual Governance Statement for review and to recommend its adoption by the Leader of the Council and the Managing Director
Report Owner:	Head of Finance, Section 151 Officer
Responsible Officer:	Head of Finance, Section 151 Officer
Elected Member and Officer Consultation:	Strategic Leadership Team
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The Council, as part of its arrangements for corporate governance, is required to undertake an annual review of internal control and governance and the resulting Annual Governance Statement (AGS) must be included within the Statement of Accounts. • The AGS therefore provides an assessment of the Council's corporate governance arrangements and an appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made. • The AGS concludes that from the review, assessment and on-going monitoring work undertaken that reasonable assurance can be given that the governance arrangements for the Vale of Glamorgan Council continue to be regarded as fit for purpose in accordance with the governance framework. • The AGS will be reviewed as part of the external audit on the Statement of Accounts and should reflect any governance issues right up to the date that the Auditor General for Wales signs off the Statement of Accounts for 2021/2022. 	

Recommendation

1. That the Annual Governance Statement for 2021/2022 be recommended for adoption by the Leader and Chief Executive

Reason for Recommendation

1. To provide for a review of the governance framework and the system of internal control, which has been in place within the Council for the year ended 31st March 2022.

1. Background

- 1.1 The Accounts and Audit (Wales) Regulations 2014, as amended from time to time, requires each Local Authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and the governance arrangements with its Annual Statement of Accounts.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Recommended Practice (the code) states that the preparation and publication of an Annual Governance Statement in accordance with "Delivering Good Governance in Local Government" fulfils the statutory requirement regarding the production of a statement of internal control in England, Wales and Northern Ireland.
- 1.3 In 2016, CIPFA published its new "Delivering Good Governance in Local Government Framework", which positions the attainment of sustainable economic, social and environmental outcomes as a key focus of governance processes and structures. The Guidance has considered the requirements of the Well-being of Future Generations (Wales) Act 2015 and embedded the five ways of working into the CIPFA framework.
- 1.4 As with all the work undertaken by the Council, the AGS reflects the Council's responsibilities under the Well-being of Future Generations (Wales) Act 2015. The Council has embedded the five ways of working across its activities and in delivering our priorities we will maximise or contribution to the seven national Well-being Goals.

2. Key Issues for Consideration

- 2.1 Good corporate governance requires the active participation of Members and Officers across the Council. These arrangements are reviewed on an annual basis and the findings used to update the AGS. This helps to ensure the continuous improvement of the Council's corporate governance culture. The inclusion of the AGS within the Statement of Accounts provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made.

- 2.2** The draft AGS for the 2021/22 financial year is attached at Appendix A. This Annual Governance Statement explains how the Council has complied with the terms of the CIPFA/SOLACE Framework (2016) for the year ended 31st March 2022.
- 2.3** The AGS concludes that from the review, assessment and on-going monitoring work undertaken that reasonable assurance can be given that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 2.4** One of the main issues raised as a significant governance issue for 2021/22 is the workforce pressure being faced across the organisation which includes pressure from a recruitment and retention perspective, social care market fragility and staff wellbeing and absence. Several risks are included in the Council's corporate risk register which have a significant workforce component. To support this pressure the Council has developed a workforce planning group and a number of actions have been taken and are planned to address the risks.
- 2.5** Financial pressures and resilience have also been identified as a significant governance issue. Emerging pressures during early 2022/23 relating to fuel, energy, standing charges, general inflation particularly in areas such as school transport and social care placements, cost of living and staffing pressures are being experienced across services. These pressures will need to be carefully monitored during the financial year and incorporated into the Council's Medium Term Financial Planning.
- 2.6** The draft AGS will be reviewed as part of the external audit on the Statement of Accounts and should reflect any governance issues right up to the date that the Auditor General for Wales signs off the Statement of Accounts for 2021/22.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** Providing this information helps to demonstrate how the Council ensures that laws & regulations are complied with including the Well-Being of Future Generations Act which sets out the 5 ways of working.

4. Climate Change and Nature Implications

- 4.1** None as a consequence of this report

5. Resources and Legal Considerations

Financial

- 5.1** The AGS includes the requirement that public money is safeguarded, properly

accounted for and used economically, efficiently, and effectively.

Employment

5.2 None as a direct consequence of this report.

Legal (Including Equalities)

5.3 Production of the Annual Governance Statement is required under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time and supports the annual Statement of Accounts.

6. Background Papers

Appendix A - Annual Governance Statement 2021/22

The Council is required to undertake an annual review of internal control and governance and this is achieved by producing the Annual Governance Statement (AGS) which must be included within the Statement of Accounts. The AGS describes the Council's corporate governance arrangements and provides an assessment of those arrangements and where appropriate identifies improvements that need to be made.

The Purpose of the Governance Framework

The Council's Governance Framework comprises all the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves.

A significant part of that framework is the Council's system of internal control. This helps to manage and control the business risks that the Council encounters in delivering its operations. Not all risks can be eliminated but they can be reduced and mitigated by implementing effective systems of control. This can only provide reasonable and not absolute assurance of the effectiveness of the environment. The Council's Governance Framework, including the Council's system of internal control, has been in place for the year ended 31st March 2022 and up to the date of the approval of the Statement of Accounts and is a continuous process.

The Council's Code of Corporate Governance was reviewed in 2016/17, with the amendments made being based upon the "Delivering Good Governance in Local Government: Framework" (CIPFA/SOLACE, 2016). The Framework positions the attainment of sustainable economic, social, and environmental outcomes as a key focus of good governance processes and structures. The focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term.

This Annual Governance Statement explains how the Council has complied with the terms of the CIPFA/SOLACE Framework (2016) for the year ended 31st March 2022.

As with all work undertaken by the Council, the Annual Governance Statement reflects the Council's responsibilities under the Well-being of Future Generations (Wales) Act 2015. The Council recognises the need to ensure that in line with the sustainable development principle we take account of how our decisions may impact on future generations. The Council has embedded the five ways of working across its activities and in delivering our priorities we will maximise our contribution to the seven national Well-being Goals.

Scope of Responsibility

The Vale of Glamorgan Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for and used economically, efficiently and effectively. The Vale of Glamorgan Council sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Strong, transparent and responsive governance enables the Vale of Glamorgan Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens confidence, these mechanisms must be sound and be seen to be sound.

The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA and SOLACE Framework - Delivering Good Governance in Local Government 2016. This statement explains how the Council has complied with the Code.

The Code of Corporate Governance sets out the principles of good governance and describes the arrangements in place to meet each of these principles.

A copy of the Council's Code is available on our website at www.valeofglamorgan.gov.uk

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

B - Ensuring openness and comprehensive stakeholder engagement.

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

D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

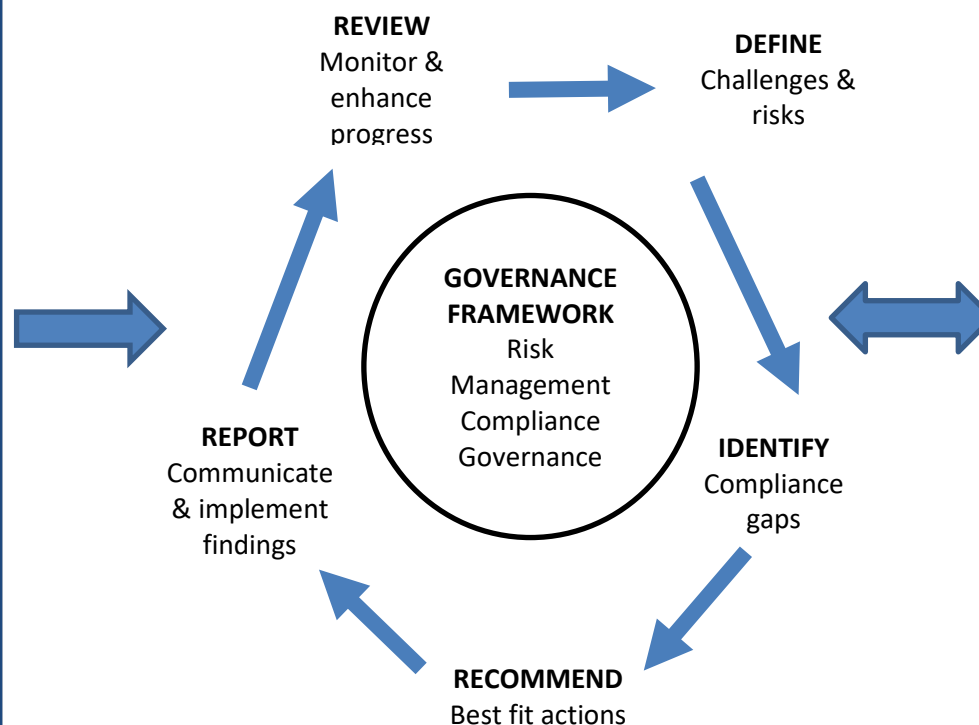
E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F - Managing risks and performance through robust internal control and strong public financial management.

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

GOVERNANCE PRINCIPLES
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
Ensuring openness and comprehensive stakeholder engagement.
Defining outcomes in terms of sustainable economic, social, and environmental benefits.
Determining the interventions necessary to optimise the achievement of the intended outcomes.
Developing the entity's capacity, including the capability of its leadership and the individuals within it.
Managing risks and performance through robust internal control and strong public financial management.
Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

**RELATIONSHIP BETWEEN GOVERNANCE PRINCIPLES,
INTERNAL CONTROLS
AND THE REVIEW OF EFFECTIVENESS**



INTERNAL CONTROLS
<u>Leadership, Culture and Planning</u> Organisational priorities and outcomes Corporate Plan & Annual Delivery Plan Directorate and Service/Team plans Performance Management Framework Medium term financial Plan
<u>Policies and Procedures</u> Constitution, Codes of Conduct Anti-fraud, Bribery and Corruption Policy, Whistleblowing Policy HR and OD Policies/Procedures, Corporate Safeguarding Policy, Health and Safety Policies and Procedures, Risk Management Strategy
<u>People, Knowledge, Finance, Assets</u> Robust HR and H&S practices Information governance Performance monitoring and improvement Financial management and reporting Ethical & legal practices
<u>Scrutiny and Transparency</u> Freedom of Information requests Complaints procedure Reports considered by Legal and Finance experts Equality impact assessments
<u>Partnership Working</u> Community engagement; Collaboration / Partnership toolkit

IMPACT OF COVID 19 PANDEMIC

The worldwide COVID 19 pandemic has, and will continue to have, an unprecedented impact upon society. It has led to significant changes to the day-to-day management of the Council, and the nature and delivery of its operations.

The Council's response to the coronavirus pandemic was managed in line with the Council's emergency planning arrangements and followed three broad phases:

- i. Preparation
- ii. Response
- iii. Recovery

During the 2021/22 financial year, the level of restrictions and associated changes to service delivery continued to be managed in line with the Council's emergency planning arrangements, focusing within the recovery and response phases. The frequency of the Gold team meetings flexed throughout the year commensurate with the level of risk to public health and impact on the organisation. The Council continued to contribute to regional and national partnership arrangements.

Recovery

A Recovery Strategy was developed to establish a council-wide approach to the recovery of the organisation. This was developed in line with the Council's Emergency Planning procedures in managing the recovery phase and was presented to Cabinet in September 2020.

Key principles followed in the development of the strategy included:

- i. Recognise this is not 'recovery' to a previous state for all services;
- ii. Acknowledge the recovery process will take significant time and be influenced by a number of significant issues, and will not necessarily be linear ('lockdowns' or other regulations may be introduced that impact upon different services in different ways and at different times and at short notice);
- iii. Identify this as an opportunity unlike any other to fundamentally think about the way in which the Council operates.

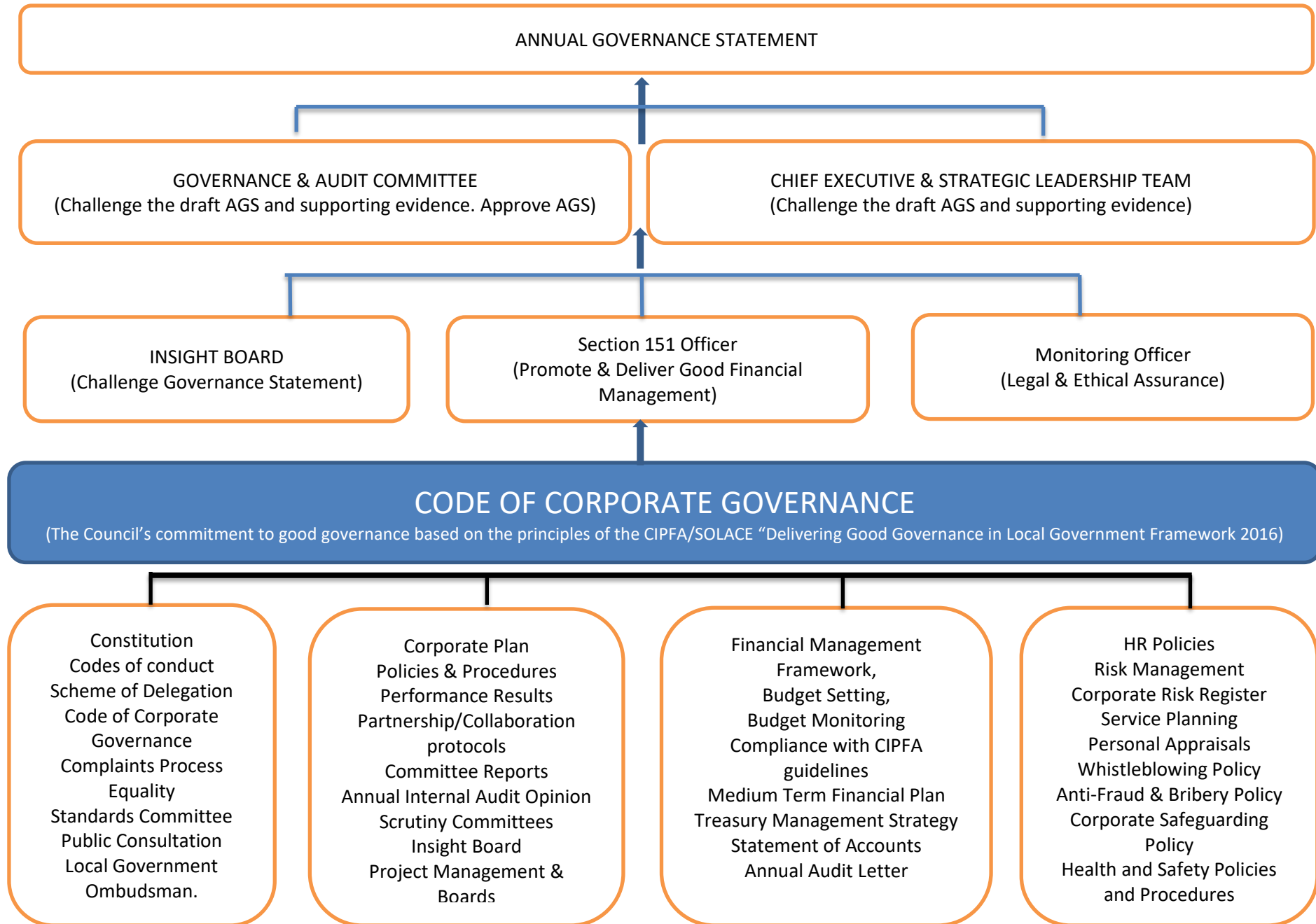
The organisation moved at a pace and scale to deliver change that has never been seen before. The learning from this is being harnessed and used to reshape the Council.

The Recovery Strategy facilitated the development of the Council's Annual Delivery Plan for 2021/22, which incorporates the strategic recovery principles and actions. However, as the full implications of the pandemic become clearer, the scope and priority of some of our activities in the Annual Delivery Plan may change in response to evolving circumstances. Service areas have used the Recovery Strategy as a catalyst to review the impact of Covid within their own service areas and identify key lessons learnt. Equally, service areas were able to draw on the Recovery Strategy to inform the development of their Service Plans for 2021/22.

To inform and accompany the Recovery Strategy, assessments of the economic impact and community impact of coronavirus on the Vale of Glamorgan were produced. Synthesising data and analysis from a range of international, national, regional and local sources, these assessments have identified the priority areas for action and will be key elements of the Council's evidence base upon which to take decisions going forward.

The assessments identify that the longer-term consequences of the coronavirus pandemic are still not yet fully known. During the year, trends emerged around increased costs of living with energy, fuel and food price growth driving inflation and changes to benefits arrangements increasing pressure on citizens and the organisation. These issues impact on the wellbeing of both of our citizens and staff.

Council Tax collection rates have still not recovered from pre pandemic levels and are 1.1% lower in 2021/22 compared with 2019/20 which is approximately £1.1m.



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

The Council supports a culture of behaviour based on shared values, ethical principles and good conduct. This guides how the long-term vision is put into effect and how members and officers behave in their day to day work. The behaviour of elected members and officers is governed by codes of conduct, which include a requirement for declarations of interest to be completed. The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council's business are defined in procedural standing orders, scheme of delegations, contract and financial procedure rules. Codes of Conduct are in place which define the high ethical values and standards of behaviour expected from Elected Members and officers to make sure that public business is conducted with fairness and integrity. The Council's Code of Conduct for its Elected Members builds on the seven principles of public life and the Council has arrangements in place to receive investigation reports from the Ombudsman regarding allegations of breaches of proper standards of conduct which are outlined within the Council's Constitution, including the Council's Local Dispute Resolution Procedures and the Protocol of Standards which support the Code of Conduct for Elected Members.

The Council's Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

The Council seeks feedback from the public through its complaints procedure for both Corporate and Social Services areas, responding to the outcomes as appropriate and reporting the results at least annually to the Governance and Audit Committee. The complaints dashboard enables data to be monitored in real-time across all service areas to ensure lessons are being learned to improve how we manage, monitor and learn from complaints. During 2021/22 the number of complaints received by the Council increased to 358 from 338 in the previous year. 60.9% of which were dealt with within corporate target timescales (2020/21 66.5%). The percentage of complaints being resolved at Stage 1 remained constant at 89.7% and 10.3% Stage 2. A slightly lower percentage of complaints have been resolved at Stage 1 than in the previous year (90.5%). Complaints and Enquiries received under the Social Services complaints procedure increased during the year from 93 to 140 of which 31% were dealt with within target times. During 2021/22, of the 61 complaints received by the Public Services Ombudsman for Wales only 2 were taken into investigation; one complaint was upheld against the Council (including Social Services) and 7 were resolved through the early resolution process.

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

The Council also has a clear Whistleblowing Policy and arrangements in place. During 2021/22 no concerns were raised compared to 4 concerns raised during 2020/21, of which 1 was partially upheld and 3 issues were not upheld.

The Whistleblowing policy has been updated in 2021/22 and a significant publicity drive launched in June 2022 to raise awareness of the policy. As part of this exercise it has been rebranded as the Speak Out Line.

The Constitution is at the heart of the Council's business. It provides an important means of enabling councillors, officers, citizens and stakeholders to understand how the Council makes decisions and who is responsible for those decisions. It also regulates the behaviour of individuals and groups through the codes of conduct, protocols and standing orders. Through the Council's Constitution, the Council has created the conditions necessary to ensure that the statutory Chief Officers, other key post holders, Members and where appropriate statutory committees are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. A number of updates have been made during the year and a significant piece of work is being undertaken across Wales, co-ordinated by the Welsh Local Government Association to produce a standard template for Councils to use as the basis for their Constitution.

The Local Government and Elections (Wales) Act 2021 introduced changes covering electoral reform, public participation, governance and performance and regional working. This has had a significant impact on the way the Council operates and as a result of the provisions detailed within the Act a working group of officers was established and a detailed action plan developed to ensure that Senior Officers and Members are aware of the provisions within the Act. Progress and changes have been reported to Full Council and changes have been made to the Council's Constitution to comply with the requirements of the Act. The Council has also responded to consultation regarding the establishments of Corporate Joint Committees (CJCs). Regular updates have been provided to Cabinet and Committees throughout the year.

**Principle B –
Ensuring
openness and
comprehensive
stakeholder
engagement**

The Council is committed to understanding and learning from the views of the public. Engagement is the process by which views of stakeholders are able to inform and influence policy and service delivery. The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.

How this will be achieved is detailed in our Public Participation Strategy and accompanying action plan. The Strategy explains how we will encourage and facilitate public participation in the Vale of Glamorgan. It also sets out how we will be diverse in our engagement methods, using social media platforms, community connectors and face-to-face engagement, to take an integrated approach to public participation. Our strategy seeks to provide as many stakeholders as possible the opportunity to participate and become involved in the decision-making process, enabling people to shape what we do and how we do it.

The Council has always sought to develop the methods used to engage with stakeholders in a way that is accessible and convenient. Recently this has included using Zoom webinars as means to consult, in which stakeholders were invited to meet and discuss with Council officers in a constructive way. Feedback from these sessions showed that they were well-received and that they could be developed further.

The Council has also expanded its use of social media to include social media polls and encouraging residents to leave 'comments' expressing their views. Data from both the polls and comment section have then been used in reports. We have also used social media to promote consultations, alongside bespoke videos to promote greater understanding of the issues in question.

We still undertake to host face to-face engagement sessions where possible and to provide consultation documents online.

An e-petitions function was launched in May 2022 to give residents a new way of engaging directly in the democratic processes of the Council.

**Principle B –
Ensuring
openness and
comprehensive
stakeholder
engagement**

Following the Staff Survey 2018 results, Local Engagement and Innovation Groups were established in all directorates to allow Heads of Service and local Engagement leads to drive forward the staff survey results and innovation ideas in a localised setting and allow all staff to share views and ideas with local Engagement Champions. Following this all areas will have Local Engagement Action Plans that will work in conjunction with the Corporate Action Plan to drive forward engagement and innovation. Whilst much of this work was suspended due to the coronavirus pandemic, the Council surveyed all staff in the summer of 2020 to understand how colleagues' well-being had been affected by the pandemic and to understand their thoughts about future working arrangements. This information was used to inform the Recovery Strategy.

The Engagement and Innovation Forum was relaunched in October 2020, with a new intake of Engagement Champions and a new focus to make tangible changes that directly impact the Engagement Index within the Staff Survey. A review of the Staff Charter was undertaken in 2020/21 and a new 'Culture Book' has been launched, complete with Staff stories which will be updated regularly, highlighting the many achievements and work of the council, aligned to our Corporate Values with input from the Engagement Champions.

In 2020 and 2021 a Staff Wellbeing Survey was undertaken to measure how staff were coping with the effects of the pandemic. As a result, Staff Wellbeing Champions and Mental Health champions have been working together to organise virtual activities to support staff wellbeing. During 2022 a full survey will be launched at the end of June and this will inform further engagement activity around 'building a listening culture, staff wellbeing and cost of living pressures during the forthcoming year.

The Council's Staff Awards is returning this year and is due to be held in September 2022, recognising the achievements of our staff, across the organisation over the last 2 years.

The Council will also be conducting a survey with Members later in 2022 which will include timing of meetings and wellbeing aspects.

**Principle B –
Ensuring openness
and comprehensive
stakeholder
engagement**

Decisions made by the Council and/or Cabinet are documented in the public domain, unless confidential, along with reasons for those decisions. The impact and consequences of all decisions are clearly set out.

A range of methods are used to gather Vale residents' views. These range from traditional methods such as quantitative surveys and focus groups to engagement events involving the use of participative methods such as interactive workshops. During the year, however, the primary means of engagement and consultation continued to be virtually due to the restrictions relating to the pandemic.

Key engagement and consultation work continues to be managed in an integrated way. For example, the Council's budget consultation for 2022/23 was planned to follow the consultation on the Annual Delivery Plan, with the aim of identifying priorities for residents that should be included in the Council's forward work programme.

The consultation was promoted across the Council's social media channels such as Facebook and Twitter, the local press.

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

“Strong Communities with a Bright Future” is the vision for the Vale of Glamorgan and the Corporate Plan 2020-2025 sets out how the Council intends to work towards the delivery of this vision and the promotion of well-being. The Plan set out the activities to be undertaken to ensure the best possible outlook for Vale citizens and communities.

In delivering this vision, the Council is mindful of the short, medium- and long-term challenges and the need to work with partners and the local community. In developing the Council’s Corporate Plan for 2020-25 consideration was given to the achievements from the previous plan, local needs and available resources and has incorporated the views of residents, partners and staff to inform the Council’s key priorities going forward. The Council has embraced the Well-being of Future Generations (Wales) Act 2015 (WFGA) and the Corporate Plan is framed around four Well-being Objectives that are aligned to the well-being goals of the WFGA and the Council’s Well-being Outcomes which are:

- An Inclusive and Safe Vale;
- An Environmentally Responsible and Prosperous Vale;
- An Aspirational and Culturally Vibrant Vale, and
- An Active and Healthy Vale.

The Corporate Plan is underpinned by a set of enabling strategies (including the Asset Management Plan, Medium Term Financial Plan, Human Resources Strategy, Workforce Plan, ICT Strategy, Customer Relations Strategy, Performance Management Framework and Risk Management Strategy and Register) which together form the Council’s overall policy framework supporting improvement.

An integrated model of working has been adopted to look at all aspects of corporate governance and planning arrangements to ensure that they are inter-related, complementary, consistent and no longer undertaken in isolation. This continues to ensure that the Council’s integrated processes and policies become an enabling force for the delivery of the Corporate Plan’s vision and the Well-being Outcomes.

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

2020/21 marked the start of a new Corporate Plan and the agreement to publish an Annual Delivery Plan (ADP) each year to support the five year Corporate Plan. The ADP sets out the key activities to be undertaken by the Council 'in year' to deliver on the commitments in the Corporate Plan. The ADP provides a framework for annual Service Plans and monitoring progress in delivering the Corporate Plan. The ADP for 2022/23 also identifies six priority cross-cutting areas for the year, hardship, community capacity, infrastructure, transformation, care and support and project zero. These themes cut across all of the Council's Well-being Objectives which are:

- To work with and for our communities
- To support learning, employment and sustainable economic growth
- To support people at home and in their community
- To respect, enhance and enjoy our environment

Both the Local Government (Wales) Measure 2009 and the Well-being of Future Generations (Wales) Act 2015, place specific duties on objective setting and reporting. The retrospective aspect of this duty involves undertaking an annual self- assessment that is presented as an Annual Report (previously referred to as the Improvement Plan (Part 2)). The Annual Report is one of the most significant documents produced by the Council that is used to demonstrate effective accountability and transparency.

The Annual Report presents a position statement on the Council's performance retrospectively over the past year in delivering the Council's priorities as set out in the ADP aligned to the Corporate Plan. Self-assessment of performance is an important way for the Council to identify the capacity and ability to deliver continuous improvement by identifying areas of strength and those requiring particular focus in coming years. The challenges and achievements from the Annual Report are used to identify the actions required to be undertaken in future years and progressed through the service plans. The Annual Report for the 2021/22 year will be the first under the Local Government & Elections Act and this self-assessment is due to be published in November 2022. The findings of the Annual Report 2020/21 will be used to inform the development of the next Annual Delivery Plan, that will set out priorities for delivery during 2023/24 alongside Service Plans and associated targets.

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

Quarterly/Monthly reviews and monitoring of corporate improvement priorities are undertaken to ensure actions are completed, reported and closed down in a timely manner. An annual review of regulatory recommendations / proposals for improvement also form part of the Council's Annual Report (Self-assessment process) enabling the Council to demonstrate progress on implementation of these in line with the Council's duties under the Local Government (Wales) Measure 2009 and Audit Committee receives a six months progress report.

The Insight Board continues to enhance and streamline the corporate governance arrangements relating to integrated planning activities and reports to SLT and Cabinet. Further work is being undertaken to enhance our internal 'insight' function, using a wide range of data sources (including a blend of operational and national research and information) to identify issues and take action. This will play an increasingly important role in strengthening our evidence base to meet our legislative requirements under the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015.

This focused approach is contributing to more integrated business planning practices, staff development opportunities, continued promotion of "One Council" working and has significantly reduced the overall amount of officer time spent in meetings. A review of the Insight Board is currently being undertaken to ensure that the membership and scope of the Board are still appropriate.

With corporate improvement and performance, a key aspect of the remit of the Board, monthly reviews and monitoring of corporate improvement priorities are undertaken to ensure actions are completed, reported and closed down in a timely manner.

Boards are also established for major projects as needed such as 21st Century Schools and developments such as Barry Regeneration to manage and ensure delivery.

Progress has also been made in developing the Insight function with a stronger emphasis on using evidence in terms of data and consultation outcomes and pages being developed for the Council's Staffnet. Progress has also been made with the use of Microsoft Power BI to improve the use of and accessibility of data through the provision of more engaging reports.

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

The Council has a successful track record of delivering a balanced budget made possible by its robust approach to managing finances which incorporates an effective corporate framework for financial planning, financial management and control. These arrangements enable the Council to regularly review and challenge financial performance and monitor spend against budgets.

The Council achieved a balanced budget in 2021/22 and was able to transfer £19.7m from revenue into reserves at year end, however, there were areas experiencing financial pressures mainly in Waste Management, Children's Services and Leisure Services. £66.4m was spent through the capital programme during 2021/22, with £30m relating to Schools.

The 2021/22 settlement from Welsh Government sustained an increase in funding that was evidenced in the 2020/21 settlement. The Council received an initial Revenue Support Grant of £124.4m and National Non-Domestic Rate of £43.9m which equates to total funding, referred to as the Aggregate External Finance (AEF) of £168.3m. This represented an increase in funding of £7.1m (4.42%) from the previous year after taking into account adjustments.

Based on this funding level, the Council was ranked 21st out of 22 councils in Wales (21st in 2020/21) on a funding per head of population, which is £222 per head below the Welsh average (£191 per head below in 2020/21). The Council was able to set a lower savings target for the year of £500k, with no savings being requested from schools. Service areas made some progress towards achieving these savings during 2021/22 and progress against these targets will continue to be monitored during the 2022/23 financial year.

The financial challenges facing the Council could still be significant depending on future settlements from Welsh Government. Based on Welsh Governments indicative funding projections of a 3.5% increase in 2023/24 and a 2.4% increase in 2024/25 alongside assumed Council Tax increases of 3.9% in both years give a projected cumulative budget shortfall of £15.7m by 2024/25. The Council will need to give further urgent consideration as to how it can bridge this projected shortfall.

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

The Council 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 the Council has to make to ensure intended outcomes are achieved. The Council must have robust decision-making mechanisms in place 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. The Council recognises that informed decision making is a fundamental part of good governance. Decision makers receive objective analysis of a variety of options indicating how intended outcomes would be achieved together with the risks associated with those options. In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders.

The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private and voluntary organisations in delivering services that meet the needs of the local community as stated in the Council's Corporate Plan.

The Council is a major partner in the Public Services Board, which works to deliver the Vale Well-being Plan, a new Well-being Assessment was published in 2022 and this will inform a new Well-being Plan to be published in 2023. This work is being led by council officers on behalf of the PSB. The Cardiff and Vale Regional Partnership Board brings together the two regional local authorities with health and others, to focus on delivering joined-up services across health, social care and housing.

Partnership working throughout the COVID crisis has been testament to the strong foundations in place. This includes work with the Health Board and Cardiff Council to establish a regional Test, Trace and Protect Service and to roll out mass vaccinations. Work has been undertaken through the Local Resilience Forum and Safer Vale and work with the Third Sector to establish Vale Heroes and with local schools to address food poverty. New arrangements are also being put in place between the health board, Council and Cardiff Council to consider public health issues and build on the arrangements put in place as part of the COVID response.

One of the Council's key strengths is its ability to explore opportunities to work in partnership with others and the Council has developed a robust approach to collaborative working to enable it to maximise benefits for its customers and residents. The Council has developed and hosts a few regional services, including the Shared Regulatory Service and the Regional Internal Audit Service.

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

The Council aims to deliver high quality services that provide value for money and which are aligned to the needs and priorities of the local community. The Council is committed to ensuring that the relevance of the Well-being Objectives in the Corporate Plan continue to reflect the priorities for the Vale of Glamorgan.

The Council undertakes annual Service Planning that is aligned to the priorities set out in the Annual Delivery Plan and Corporate Plan. Service Plans are our delivery arm of the ADP specific to each service area. Through self-assessment, Service Plans provide an opportunity for service areas to outline how they are going to achieve continuous improvement by delivering the priorities of the ADP and contribute to meeting the Well-being Objectives of the Corporate Plan.

The Council's vision and priorities as set out in the Corporate Plan are reflected in Service Plans and support the development of detailed actions and performance targets that contribute towards the achievement of Corporate Plan priorities and set out how resources will be used to support this work. Scrutiny Committees review the Service Plans on a quarterly basis, including the achievement of set targets and actions through performance reporting. Performance reporting via Scrutiny Committees is presented as a singular report, and performance is reported by Wellbeing Objectives. Scrutiny Committees review and scrutinise performance on a quarterly basis aligned to their committee's remit. Taking a more integrated and cross-cutting approach to how Service Plans and the ADP is reviewed enables a more holistic approach to monitoring and reflects that multiple service areas contribute to multiple priorities.

Service Plans are also used alongside other sources of information to inform the development of the Council's internal audit plan.

**Principle E –
Developing the
entity’s capacity,
including the
capability of its
leadership and
the individuals
within it.**

The Council aims to ensure that members and officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well-trained and competent people in effective service delivery. All new members and staff undertake an induction to familiarise them with protocols, procedures, values and aims of the Council. There is a Member Development Strategy, which provides a framework for supporting elected members in the numerous roles that they are required to undertake both within, and outside, the Council. This activity has moved to virtual delivery methods since the pandemic. Following the Local Government Elections 2022 a full comprehensive induction programme for Elected Members, Co-opted Members and Lay members was put in place with a number of elements of the training having been determined as Mandatory training by the Council e.g. Code of Conduct.

The Strategic Leadership Team consists of the Chief Executive, five Corporate Directors, the Council’s Monitoring Officer, the Council’s Section 151 Officer, and the Head of Human Resources. The roles and responsibility of Corporate Officers are defined in agreed job profiles and set out in the Council’s Constitution. Chief Officer Performance is reviewed on an annual basis in accordance with the Chief Officer Appraisal process.

The Chief Executive is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information / support to inform decision-making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.

Members continue to receive refresher training and support (including Co-opted / Lay Members and observers on Committees) on the use of virtual meeting software. Remote meeting procedures are available to Members and the public.

Democratic Services officers continue to support all Members and the public who are registered to speak on the use of the virtual meeting platforms as required prior to and during meetings. A trouble shooting / quick guide and useful hints aide memoire has been made available to all Members and Co-opted/ Lay Members.

**Principle E –
Developing the
entity’s capacity,
including the
capability of its
leadership and
the individuals
within it.**

Training provided to Members during 2021/22

- Treasury Management – 1st March 2021
- Equality and Diversity – e-learning module on iDev
- Equality Matters – e-learning module on iDev
- What is Discrimination? – e-learning module on iDev
- Trans Awareness – e-learning module on iDev.

A refreshed Member Development Strategy was approved by the Democratic Services Committee in July 2021. The Committee also approved a new Member Induction Programme for implementation in April 2022 to support a new cohort of Elected Members post Local Government Elections, in May 2022.

One of the Council's key strengths has been the ability to explore opportunities to work in partnership with others and the Council has developed a robust approach to collaborative working. In addition, Cabinet receives a six-monthly report providing an update on progress being made with strategic collaborative working initiatives. The Council continues to work proactively with a range of partners to transform how services will be delivered as well as considering new and innovative models of delivery in line with the Council's Reshaping agenda.

The Council has developed and implemented a protocol for managing information and the interface between Cabinet and Scrutiny.

**Principle E –
Developing the
entity’s capacity,
including the
capability of its
leadership and
the individuals
within it.**

Through the established workforce planning and staff engagement processes, the Council continues to maintain a highly skilled and resilient workforce that is responsive to the constantly changing environment. The Council has continued to make good progress in delivering the 15 commitments within the Staff Charter, which details the expectations of staff and managers in a “reshaped” working environment.

During 2019/20 the Core Competency Framework was launched for all staff and the Management Competency Framework for all Managers and Leaders, linked to the annual #Itsaboutme process and providing a framework around behavioural expectations. The #Itsaboutme process also moved online for staff with IT access, allowing for easier reporting and monitoring. In 2022 the process will be reviewed with the aim to launch a refreshed process for 2023. In line with the Management Competency Framework the bi-annual Management Development Sessions for Chief Officers and all managers continue to be delivered with a face-to face event having been held in the spring of 2022.

The enhanced onboarding and induction process, engaging with new staff from the time they sign contracts, ensuring a more robust and shorter time to competency has continued remotely and will move to face-to-face during the latter part of 2022. This is continuing reviewed and in the coming months will include elements of menopause awareness and diversity training .

The ongoing development of the online learning catalogue provides all staff with the opportunity to take charge of their development. The focus for 2021/22 was on providing learning initiatives around the new way of working and wellbeing; with several online learning modules and virtual learning being provided through learning café to support both areas. This service will see continued expansion in 2022, both in terms of modules delivered and organisation breadth and will include a refreshed offering through our Learning café’s again around the theme of ‘building a listening culture’ aligned to our Public Participation Strategy.

Wellbeing has been a huge focus during the pandemic and continued during the post pandemic recovery. Initiatives to support the physical, mental, emotional and financial wellbeing of all staff have been provided.

**Principle F –
Managing risks
and performance
through robust
internal control
and strong public
financial
management.**

The Council, which has overall responsibility for directing and controlling the organisation, has approved an Executive / Scrutiny model of decision making. Full Council sets the policy and budget framework. Within this framework, most key decisions are made by the Cabinet. Cabinet meetings are open to the public (except where items are exempt under the Access to Information Act). The decision-making process is scrutinised by five Scrutiny Committees, which support the work of the Cabinet as Executive and the Council as a whole.

Risk management is an important feature of the Council's governance arrangements, and it is recognised that successful risk management relies on a corporate approach to ensure that all risks are identified and managed systematically and consistently across the Council. The Risk Management Strategy sets out the approach to the identification of and responses to strategic and operational risks. The Council's Risk Management Strategy also provides essential input to the determination of Council priorities, targets and objectives. The Risk Management Strategy was last presented to the Council's Audit Committee on 1st May 2018 and work has commenced to refresh the strategy to reflect the new Corporate Plan 2020/25.

The Council has a well-established risk management process in place for corporate and service risks. This has been further enhanced by the Council's focused corporate approach to integrated planning via the Insight Board and enhanced corporate performance reporting arrangements. The Insight Board provides a strategic focus for the delivery of the Council's Corporate Plan and the Well-being of Future Generations Act, ensuring that the seven well-being goals and our five ways of working are grounded in our robust corporate governance and providing an integrated approach to corporate planning and risk management. The Council has continued to hone its approach to corporate risk management using a reporting format which reflects the different needs of the various audiences. This provides a holistic overview of all risks to enable the identification of any trends or themes within the risks impacting on the Council, as well as the robust management of individual risks by risk owners, the Insight Board and Audit Committee.

A key feature of corporate risk management continues to be horizon scanning of emerging risks which are outlined quarterly in a Corporate Risk Summary Report. This supports the role of the Insight Board, Corporate Management Team, Cabinet and Audit Committee by providing them with an overview of any issues associated with emerging risks and provides an opportunity to scrutinise potential risks in greater detail.

**Principle F –
Managing risks
and
performance
through robust
internal control
and strong
public financial
management.**

In addition to this, the Corporate Risk Summary Report also highlights a small number of risks on the register each quarter where a more detailed brief of the issues highlighted. This gives both officers and Members a spotlight for discussion where issues surrounding those risks can prompt more detailed scrutiny and analysis and enable the identification of any further action where required. This has been particularly effective during the Pandemic, as it identifies emerging risks and challenges associated with Covid to be highlighted through risk reporting. The monitoring of service risks identified through our service planning process continue to be monitored quarterly to enable risk owners to reduce, eliminate and manage their service risks.

An audit review of our risk management processes was undertaken during 2020/21. The findings from the review provided a 'reasonable' audit opinion in relation to the management of risks across the local authority. This indicates that the Council has sound systems/processes in place in terms of how risk is managed. The review identified that the 'Council's arrangements for risk management are well defined and consistently applied, with only low-level recommendations made. The Council recognises there is always scope for improvement and these recommendations will be further progressed in the forthcoming year.

The Council has put in place robust performance management arrangements, to monitor the Corporate Plan. Currently, reports are presented in a focused and accessible way that highlights performance by areas of exception thus promoting more effective scrutiny. By further strengthening our performance reporting arrangements we have developed a partnering approach with officers that has further enhanced performance accountability in service areas to ensure success.

Throughout the year, we have continued to focus on enhancing our monitoring and reporting of performance against the Corporate Plan in order to reflect the holistic and cross-cutting nature of the Corporate Plan and it also provides us with a strong evidence base for how we are contributing to the wellbeing objectives, the Plan's priorities and the national Well-being Goals.

The Corporate Plan and Annual Delivery Plan have provided an opportunity to further enhance the scrutiny function. For example, alternative forms of scrutiny and a focus on case studies and cross-cutting themes will continue to be developed during of the delivery of the Plan. This will take forward the work already underway in response to the report from the Wales Audit Office (Audit Wales) which identified areas for development for the Council in relation to the Scrutiny function and take advantage of the digital opportunities offered by virtual / hybrid meetings. An action plan has been devised and agreed by the Cabinet and the Scrutiny Committee - Corporate Performance and Resources with work now being undertaken to address the issues and ongoing monitoring taking place

Working with Directors and Elected Members via a member led working group a new style of performance reporting was developed. This new style of reporting aligned to the Corporate Plan 2020/25 will be further developed in line with the requirements of the Local Government & Elections Act.

**Principle F –
Managing risks
and performance
through robust
internal control
and strong public
financial
management.**

The Head of Finance / Section 151 Officer is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to Cabinet and the Council on all financial matters. The Council's system of internal financial control is based on a framework of financial / contract procedure rules and notes, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation of accountability.

The financial management of the Council is conducted in accordance with all relevant legislation and its Constitution. Through the Council's focus on integrated planning it has been able to take a more holistic approach to corporate planning arrangements that include risk management, financial and asset management, workforce planning, performance management and information management. As a consequence, corporate arrangements are now better co-ordinated and complementary to each other which puts the Council in a stronger position to secure continuous improvement. The Council has a successful track record of delivering a balanced budget made possible by its robust approach to managing finances which incorporates an effective corporate framework for financial planning, financial management and control.

The Council's statement of compliance with the CIPFA Financial Management Code was taken to Cabinet and Governance and Audit Committee in February 2022. In the report the Council set out a full consideration of the Council's compliance with the Financial Management Code in 2021/22 and in budget setting for 2022/23. The Council also identified potential areas for further improvement. The Council's compliance with the Code demonstrates that Council understands and demonstrates the collective responsibility to deliver good financial management across the organisation.

The Council's Medium-Term Financial Plan clearly links to the priorities outlined in the Corporate Plan to ensure they are financially viable and that the MTFP is closely aligned with the business planning cycle.

The Council has a proactive, holistic approach to tackling fraud, bribery, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably. The Council has been successful in investigating matches arising from the National Fraud Initiative and any recommendations raised in the Audit Wales report 'Raising Our Game Tackling Fraud in Wales' is integrated into the Council's Fraud Strategy and Framework 2021/22 to 2024/25.

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

The Council remains committed to implementing good practices in transparency, reporting and audit to deliver effective accountability. This is demonstrated by:

- Mechanisms which are in place for reporting progress against key regulatory recommendations / improvement proposals via the Insight Board, Governance & Audit Committee, all Scrutiny Committees, and Cabinet.
- All Committees have clear Terms of Reference and work programme;
- Procedures are in place for sign-off of Cabinet Reports ensuring legal and financial implications have been appropriately assessed and are consistent with corporate policy

The Council reports at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.

The Internal Audit Service is a key means of assurance. Since the 1st April 2019 the Council has hosted an expanded Regional Internal Audit Service (RIAS) partnering with Bridgend, Rhondda Cynon Taff and Merthyr Tydfil Councils. This has operated effectively throughout the year and the service operated to the Public Sector Internal Audit Standards (PSIAS). The Governance & Audit Committee annually review the Internal Audit Charter for the Regional Internal Audit Shared Service. The Governance & Audit Committee also approve the Internal Audit Annual Plan and receives progress updates at every meeting.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2021/22 is:

“Reasonable Assurance”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.

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

The Covid-19 pandemic continued to have an impact on how the Council has operated and the governance arrangements and processes in place to ensure it could continue to support residents and businesses during the year. Audit work was carried out remotely with staff predominantly working from home. Audits were conducted using various digital solutions and whilst there was a steep learning curve both for audit staff and auditees all adjusted well to this way of working.

The work completed by the Regional Internal Audit Shared Service for the financial year was sufficient for the Head of Audit to be able to give an opinion. No significant cross-cutting control issues were identified that would impact on the Council's overall control environment and the weaknesses identified are service specific. The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

The Council responds to the findings and recommendations of Internal Audit, External Audit and other inspection bodies. The Governance & Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of the effectiveness is informed by the work of Internal Audit and Chief Officers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The review of effectiveness is informed by:

- ✓ The Annual Internal Audit Assurance opinion, as provided by the Regional Internal Audit Service
- ✓ The Governance & Audit Committee provides the focus for reviewing the effectiveness of the system of internal control.
- ✓ The Cabinet (as Executive) is responsible for considering overall financial and performance management and receive comprehensive reports on a regular basis. The Cabinet is also responsible for the decisions and for initiating corrective action in relation to risk and internal control issues.
- ✓ The Scrutiny function which holds the Cabinet to account.

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council.

During 2021/22 the Council received 358 complaints (2020-21 = 338), 60.9% of which were dealt with within corporate target timescales. The percentage of complaints being resolved at Stage 1 was 89.7% and 10.3% at Stage 2.

The Standards Committee has monitored standards of conduct .

The Performance Framework has operated effectively during the year. Monitoring of key areas of performance has been regularly provided to Cabinet and Scrutiny.

Review of Effectiveness

In relation to Corporate Health, the Council continues to perform well in the context of supporting Council services in the delivery of the Corporate Plan Well-being Outcomes. The improved approach to Integrated Planning, via the established Insight Board, is enabling services to effectively deliver transformational change in line with the Reshaping Services agenda and the Council's duties under the Well-being of Future Generations Act. Integrated Planning enables the Council to take a more holistic approach to their corporate planning arrangements that include risk management, financial management, workforce planning, performance management and information management. The Council has developed a robust approach to collaborative working, has a successful track record of delivering a balance budget and generally performing well in performance indicators across all service areas.

During the latter part of 2021 an annual self-assessment (Annual Report) of the Council's performance over the previous year in delivering the Council's priorities relating to the Corporate Plan was undertaken as part of the Annual Report 2020/21. This Annual Report and the quarterly performance reports for 2021/22 are a key source of information supporting this Annual Governance Statement. Work on the 2021/22 Annual Report (self-assessment) has commenced and will be published in November 2022.

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. The Council introduced a strategy for transformational change called "Reshaping Services". Through effective management of the Council's Reshaping Programme, transformational change is being delivered in line with the Council's Corporate well-being outcomes and duties under the Well-being of Future Generations (Wales) Act 2015. In 2021/22, the Reshaping Programme work was redefined to reflect the breadth of transformation the Council is seeking to deliver – internally and externally, reflecting learning from the pandemic. The Reshaping Programme now focuses on reshaping with our work, community and resources. This revised approach to transformation was reported to Cabinet in March 2021.

Review of Effectiveness

Insight Board
considers corporate priorities outlined in the Corporate Plan including:
Financial Planning;
Workforce planning,
Partnership & collaborations;
Communication;
Risk and Asset Management, and Governance.

Working Groups / Projects
Staff Engagement Forum;
Information Governance Group;
Digital Champions Programme;
Housing Forums;
Local Government & Elections Act Working Group
Project Boards

Governance
The Code of Corporate Governance complies with the Delivering Good Governance in Local Government Framework 2016.

Key Developments
Implementation of the Management Competency Framework;
Revised staff appraisal #itsaboutme;
New report formats designed to make it easier to assess overall progress in each Well-being objective.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. Creditors, cash control, payroll) or generally in the reviews undertaken in respect of directorate systems.

Review of Effectiveness

The Council's external auditors, Audit Wales, have advised that their work for the 2021/22 Financial Year is on track and that they have completed the majority of their planning work and interim testing. This includes:

- High level assurance work upon the financial systems and the wider control environment – this work is designed to detect any material risk to the accounts;
- The commencement of our testing of the Council's income and expenditure transactions during 2021/22.

Whilst their work is continuing, to-date, there are no significant issues arising from their work.

Code of Corporate Governance (COCG)

The Council's COCG has been reviewed, amended and approved to reflect the 2016 Governance Framework.

Statement of Accounts 2020/21

In October 2021 the Council's External Auditor, Audit Wales, provided the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection Letter.

Internal Audit Opinion

Based on the assurance, work undertaken by Internal Audit, the Head of Audit has provided an overall **reasonable assurance opinion** on the adequacy and effectiveness of the Council's control environment.

Review of Effectiveness

Of the 37 opinions given by Internal Audit during 2021/22:

- 31 (84%) have been closed with either substantial or reasonable assurance opinion levels.
- 6 (16%) of the assignments were given an opinion of limited assurance due to weaknesses in the internal control environment.

The areas where control issues were identified during the year have tended to relate to specific service areas rather than any wider underlying concerns. The relevant managers have agreed with and are implementing the recommendations made to address the weaknesses identified. Internal Audit will follow up on these issues during 2022/23 to ensure that progress is being made.

Audit work has been carried out remotely with staff predominantly working from home. Audits have been conducted using various digital solutions and whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to this way of working.

As well as financial work, Audit Wales also completed performance audits on various services of the Council. These provide useful and timely feedback to the Council through which an action plan is developed for any matters to be addressed.

The Head of Audit's annual opinion report was presented to the Council's Governance & Audit Committee on 13th June 2022.

The Head of Audit provided an overall opinion of "**Reasonable Assurance**" on the Council's **internal control environment** based on the work undertaken during the year by Internal Audit.

In addition, the Head of Audit provided an opinion of "**Reasonable Assurance**" on the adequacy and effectiveness of the Council's framework of **governance, risk management and control**.

**Progress
Made on
the
Significant
Governance
Issues
2020/21**

Action Taken / Planned

Covid 19

The impact of the COVID 19 pandemic is detailed earlier in this document and the Council has worked hard to ensure that services to the most vulnerable people in our neighbourhoods has continued. Where required, our systems have been reviewed to ensure that decisions can be made in a timely manner whilst still being subject to appropriate scrutiny. Where possible, staff have continued to work from home, and this continues. Moving forward the Council has developed a Hybrid Working Strategy which will be presented to Cabinet in the Summer 2022 and seeks to shape the way the Council work moving forward, harnessing the learning from the pandemic and putting our citizens at the heart of everything we do.

Work undertaken by internal audit has concluded that the effectiveness of the internal control environment was reasonable during this period. Service areas have used the Recovery Strategy as a catalyst to review the impact of Covid within their own service areas and identify key lessons learnt. Equally, service areas have been able to draw on the Recovery Strategy to inform the development of their Service Plans.

Funding

One of the main issues over the last few years has been the ability of the Council to carry on meeting its service objectives and delivering positive outcomes for its customers and clients in the light of continued reductions in Welsh Government Funding. In the past year, external funding to support additional financial pressures resulting from Covid have been claimed where possible from Welsh Government via the Hardship Fund. Limited funding has been extended into 2022/23.

The Council received a positive settlement for 2021/22 which has meant that efficiencies to be found in the new financial year are £500,000 but the financial challenges facing the Council could still be significant depending on future settlements from Welsh Government. This has become more uncertain due to the ongoing impact of the pandemic and other pressures on prices arising in relation fuel, energy and food costs. There still remains some issues regarding services not achieving historic savings targets. Outstanding savings that were not achieved in 2021/22 totalled £170k.

Assumptions for future years' budgets will continue to be reviewed and amended to reflect the changing circumstances.

Emerging pressures during 2022/23 related to energy standing charges, general inflation particularly in areas such as school transport and cost of living and staffing pressures are being experienced across services and will need to be carefully monitored during the financial year.

**Progress Made on
the Significant
Governance Issues
2020/21**

Change in Statutory Officers

The Council's Head of Finance / Section 151 Officer and the Operational Manager (Accountancy) / Deputy Section 151 Officer had both left the Council by the end of the financial year 2021/22. These posts have been filled by experienced officers, with the previous Deputy Section 151 Officer providing interim cover for the Statutory role until the post was filled on a permanent basis.

**Significant Governance
Issues 2021/22**

Action Taken / Planned

Workforce Pressures on all Services

The Council is experiencing workforce pressures across the organisation, which are multi-faceted and include pressures from a recruitment and retention perspective, Market Fragility and Wellbeing (including Absence).

A number of risks are included in the Council's Corporate Risk Register which have a significant workforce component which mean that these risks have become Significant Governance issues for the Council. They are:

Corporate Risk 4 – Waste

Corporate Risk 5 - Workforce

Corporate Risk 17 - Market Fragility (Social Care Market)

Corporate Risk 18 – Demand Management & Service Capacity (Social Care)

The workforce issues impacting these risks are fundamentally to do with the Council and its partners struggling to attract and retain staff in key areas which is causing difficulties with regards to service delivery. There are a number of examples of this particularly in Social Care, HGV drivers for Waste Collections and for professional staff such as Property, Finance, Health and Safety, Planning and Payroll.

To support these pressures the Council have adapted its recruitment practices, harnessed digital technology to ensure real life data is available on aspects such as recruitment, absence and retention and developed a strategic workforce planning group, who review short, medium and long term workforce pressures.

The Council have expanded its Wellbeing offering to all staff, including a mix of physical, emotional and financial sessions and review market fragility with partner organisations

**Significant Governance
Issues 2021/22**

In 2022 the Council has committed to review accreditation to the Real Living Wage Foundation, uplifted its lowest paid to the Real Living Wage, with effect from July 2022 and will now undertake a wider review of pay, benefits and wider engagement to learning and development to focus on long term career opportunities in areas such as Social Care, Planning and Project Management.

Social Care market fragility is reviewed as part of a wider strategic workforce plan which includes considering options for overseas recruitment and the Fast Track to Care scheme working in partnership with Social Care Wales.

A number of actions have been taken and are planned which are included in the Councils risk management reports.

Senior Management Restructure

As a result of a restructure in 2021/22 two new Director posts were created - Director of Corporate Resources and Director of Place. These were filled following robust recruitment & selection process in April 2022 by internal promotions. This, alongside pre-existing senior vacancies, has meant that there are a number of senior management posts that are vacant and new structural arrangements to be put in place in the coming months to address priority areas for the Council and alleviate capacity issues.

Work is underway to review the structures in the two new Directorates to identify the necessary additional capacity and affordability of any further appointments which will progress in line with the Council's recruitment processes.

**Significant
Governance Issues
2021/22**

Financial pressures & resilience

The Council achieved a balanced budget in 2021/22 and was able to transfer £19.7m from revenue into reserves at year end. However, there were areas experiencing financial pressures mainly in Waste Management, Children's Services and Leisure Services.

Emerging pressures during early 2022/23 relate to fuel, energy, standing charges, general inflation particularly in areas such as school transport and social care placements, cost of living and staffing pressures are being experienced across services.

Further examples also include the cost of new house building per meter squared increasing by 166%. Similar challenges are being faced across all areas of construction including highways. Also, the general costs of living challenges and matters such as Universal Credit are affecting rent income and arrears are increasing as a result.

These pressures will need to be carefully monitored during the financial year and incorporated into the Councils Medium Term Financial Planning.

Based on Welsh Governments indicative funding projections of a 3.5% increase in 2023/24 and 2.4% increase in 2024/25 alongside assumed Council Tax increases of 3.9% in both years give a projected cumulative budget shortfall of £15.7million by 2024/25. The Council will need to give further urgent consideration as to how it can bridge this projected shortfall.

**Approval of the
Annual
Governance
Statement
2021/22**

Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet local people’s needs. It is fundamental to showing public money is well spent. Without good governance councils will struggle to improve services.

From the review, assessment and on-going monitoring work undertaken we have reached the opinion that reasonable assurance can be given that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We can confirm to the best of our knowledge and belief, this statement provides an accurate and fair view.

D.R. Thomas
Chief Executive

Date:

L. Burnett
Leader of the Council

Date: