

Meeting of:	Governance and Audit Committee
Date of Meeting:	Monday, 17 July 2023
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Draft Annual Governance Statement 2022/23
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 2022/2023. 	

Recommendations

1. That the draft Annual Governance Statement for 2022/2023 be recommended for adoption by the Leader and Chief Executive.

Reasons for Recommendations

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 2023.

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 2022/23 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 2023.
- 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 was 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. Progress made against this has been detailed within the AGS however this is still identified as a significant governance issue for 2022/23.
- 2.5 Financial pressures and resilience was identified as a significant governance issue in 2021/22 and again in 2022/23 and expectations and demands for services is another significant governance issue that has been identified during 2022/23.
- 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 2022/23.

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 2022/23

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 2023 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 2023.

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.

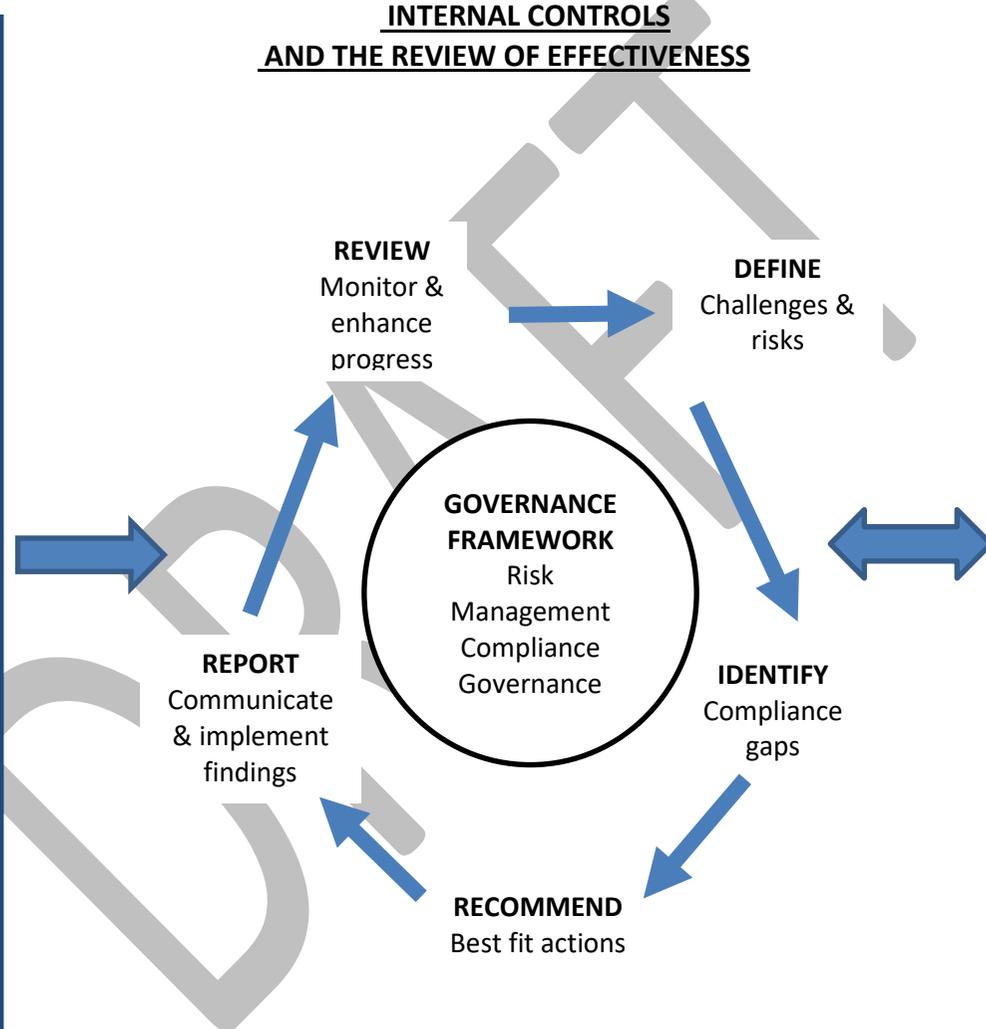
E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

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.

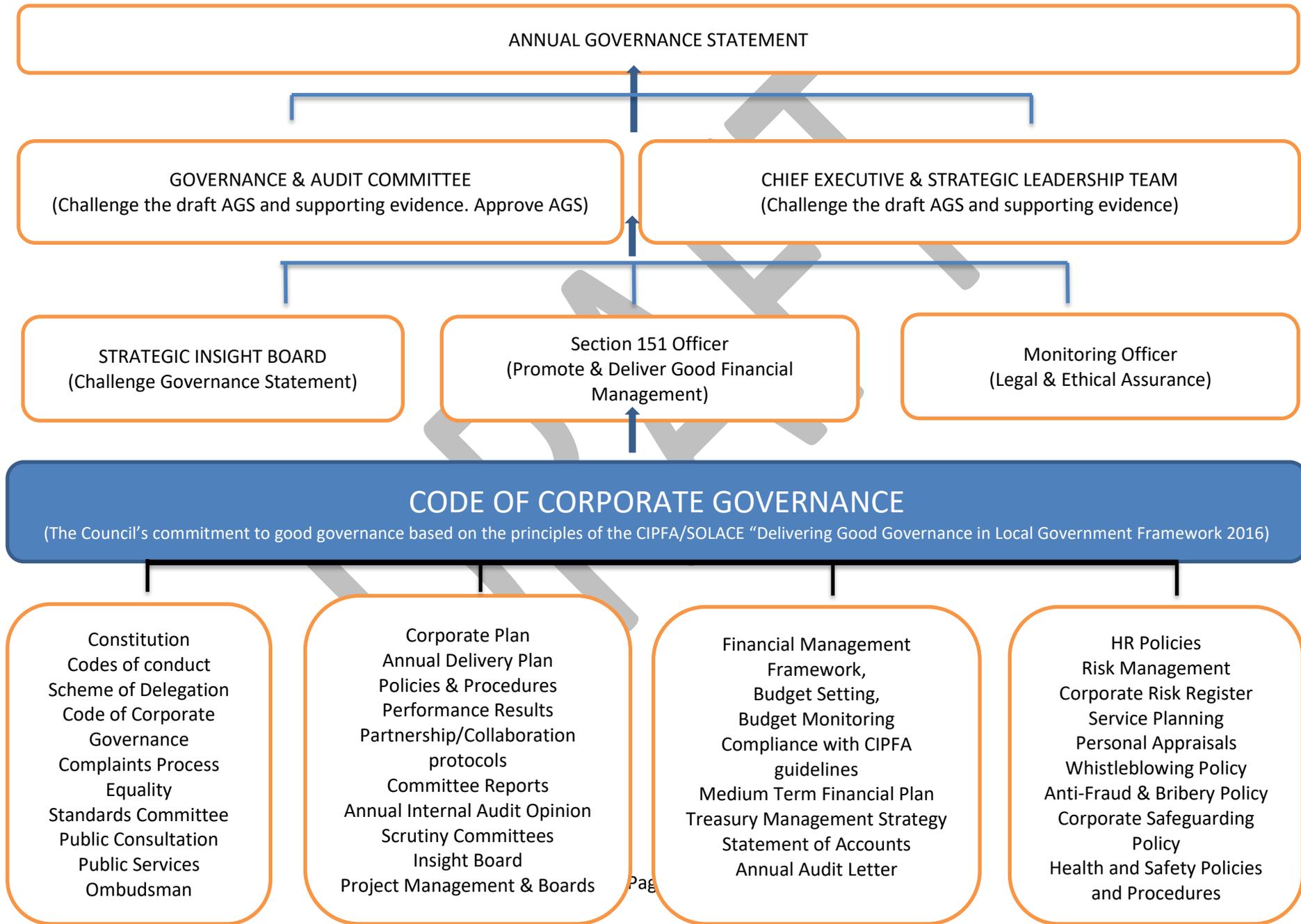
**RELATIONSHIP BETWEEN GOVERNANCE PRINCIPLES,
INTERNAL CONTROLS
AND THE REVIEW OF EFFECTIVENESS**



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

During the year the impact of the COVID 19 pandemic largely dissipated in isolation. However, the legacy of the pandemic continued to be felt by the organisation and the wider community as a whole. The financial arrangements provided by Welsh Government were tapered or removed during the year, requiring less intervention by Council teams to administer. The aftereffects of the COVID 19 pandemic and other macroeconomic events have created a significantly challenging environment within which to operate. During the year the focus moved away from the public health emergency and towards an economic one around the cost-of-living crisis. This, along with the effects of Brexit and the pandemic, have created a challenging environment with increasing inflation, supply chain issues and labour shortages, and the need to support the community in new ways.



**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 (supplemented by an additional 3 principles in Wales) and the Council has arrangements in place to receive investigation reports from the Ombudsman regarding allegations of potential 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. Following the 2022 Local Government Elections an ambitious induction training programme was established and agreed by the Council for new and returning Members and co-opted Members of the Council; as part of the induction training mandatory training was provided on the Ethical Framework which in part included training on the Members' Code of Conduct and the 10 Principles underpinning the Members' Code of Conduct.

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 2022/23 the number of corporate complaints received by the Council increased to 532 from 358 in the previous year. 51% of which were dealt with within corporate target timescales (2021/22 60.9%). During the year new complaints handling software was introduced and this has impacted performance in this area as staff have adjusted to using the new system. The percentage of complaints resolved at Stage 1 was 94.7%, an improvement on the previous year (89.7%) whilst 5.3% were resolved at Stage 2 which was slightly lower than the previous year (10.3%). Complaints and Enquiries received under the Social Services complaints procedure reduced during the year from 140 to 106 of which 60.3% were dealt with within target times. During 2022/23 of the 49 complaints received by the Public Services Ombudsman for Wales none were taken into investigation; one complaint was upheld against the Council (including Social Services) and 15 were resolved through the early resolution process.

**Principle A –
Behaving with
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The Whistleblowing policy was 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.

During 2022/23, 11 concerns were raised via the Speak Out line. Four concerns were considered to be outside of the Whistleblowing policy and dealt with under other policies. Of the 7 deemed to be under the Whistleblowing Policy, 1 concern was upheld, 1 was partially upheld, 2 concerns were not upheld and three concerns remain under investigation.

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 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, 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. The Council has also introduced a range of new approaches, which have 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 Council meetings, 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
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Since 2018 the Council has carried out Staff Surveys every two years, providing all staff with the opportunity to engage and rate on several factors. Following the publication of the results, a corporate action plan is created to make improvements.

Improvements that have taken place as a result of the Staff Surveys includes the launch of a 'Culture Book' in 2021 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 addition, the Council hosts Staff Awards bi-annually, recognising the achievements and hard work of our staff.

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, this has continued in 2022/23 with our wellbeing champions working in collaboration with our H&S and occupational health teams to continue to develop the wellbeing offering.

Following the 2022 Staff Survey, an Engagement and Involvement Strategy has been drafted and approved by SLT; this lays the foundation for our Engagement activity over the next 3 years, focusing on larger scale activity to embed the values, improve our diversity and inclusion activity and establish an Innovation Lab process.

The Council has also conducted a survey with Members in 2022 which included timing of meetings and wellbeing aspects. 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.

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

In May 2022 the Council agreed and published its Public Participation Strategy, which sets out how the Council will make it easier for residents to take part in the decision-making process. The strategy is split in to three key workstreams which are :

- **Reach** – Maximising opportunities for as many voices as possible to be heard, using variety of mechanisms.
- **Involve** – Targeting our activity to ensure different communities are offered different opportunities to participate.
- **Represent** – Making sure the views we gather are presented to decision makers at the right level, and that elected members are effective advocates for participation and have skills and tools to fulfil their role in increasing involvement.

Community of practise networks involving elected member champions, officers and partner organisations have been established to help meet the objectives under each of these workstreams. A new engagement platform, Participate Vale, has also been launched to make it easier for residents to share their and to be kept informed of progress on projects they are engaged in. A good example of effective community engagement is around building a new concrete skatepark at the Knap in Barry. The Council were approached with an idea to upgrade existing facilities and a project group was established to understand what the local skate community would like. Funding has been sought and secured and a final design was agreed in consultation with an engaged group of users. Construction of the new skate facility is underway and due for completion in September 2023.

**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. Our Well-being Objectives 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

The Corporate Plan is underpinned by a set of enabling strategies (including the Asset Management Plan, Medium Term Financial Plan, People Strategy, Workforce Plan, Digital 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 via the Strategic Insight Board 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
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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 2023/24 also identifies three critical challenges for the year: the cost of living crisis, project zero and organisational resilience. These challenges are pertinent to all s of the Council’s Well-being Objectives.

Both the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015, place specific duties on objective setting, self-assessment and performance reporting. The retrospective aspect of these duties involve undertaking an annual self-assessment of performance, use of resources and governance arrangements that informs our improvement journey and increases the extent to which the Council is meeting the performance requirements. The Annual Self-Assessment Report is one of the most significant documents produced by the Council that is used to demonstrate effective accountability and transparency.

The Annual Self-Assessment 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 findings from the Annual Self-Assessment Report are used to identify the actions required to be undertaken in future years and progressed through the Service Plans. The Council’s Annual Self-Assessment Report for the period 2022/23 will be published in November 2023. The findings will be used to inform the development of the next Annual Delivery Plan, that will set out priorities for delivery during 2024/25 alongside Service Plans, Workforce Plans and associated performance targets.

**Principle C –
Defining
outcomes in
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and
environmental
benefits.**

In line with the Council's Annual Performance Calendar, quarterly performance reviews and monitoring of corporate improvement priorities as aligned to our ADP and Corporate Plan Well-being Objectives are undertaken to ensure actions are completed and closed down and outcomes reported in a timely manner. Regular reviews of our regulatory recommendations also form part of the self-assessment process enabling the Council to demonstrate progress and outcomes on implementation of these in line with our performance duties. This is reported on a quarterly basis to the Strategic Leadership Team, Strategic Insight Board, Scrutiny Committees and Cabinet aligned with corporate performance monitoring arrangements thus enabling us to effectively meet both regulatory and statutory performance and reporting requirements using the same insight and resources. The Governance and Audit Committee has final oversight on all regulatory work in line with its remit. The Committee also play a key role in providing additional challenge to the draft Annual Self-Assessment findings and in ensuring that the Council is proactive in addressing the identified self-assessment findings.

The Strategic 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, community and public engagement insight and performance and risk insight) 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 in addressing our key challenges and taking advantage of opportunities to maximise benefits where they exist. A review of the Strategic Insight Board was undertaken in the autumn of 2022 to ensure that the membership and scope of the Board remains appropriate and this has resulted in a revised membership and terms of reference.

Programme Boards are established for major projects as needed such as Sustainable Communities for Learning (formerly 21st Century Schools), Project Zero, and Barry Regeneration to manage and ensure delivery.

**Principle C –
Defining
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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 2022/23 and utilised reserves of £17.029m this included a drawdown of £12.307m to fund capital schemes, £987k from the Council Fund which was a budgeted contribution. In addition £953k was utilised from the Housing Revenue Account Reserve and £11.785m was transferred into specific reserves from revenue and £15.554m was transferred from specific reserves to provide one off funding to support revenue budgets and projects. There were areas experiencing financial pressures mainly in Waste Management, Children's Services and Leisure Services. £80.791m was spent through the capital programme during 2022/23, with £34m relating to Learning and Skills and £22m relating to Housing.

The 2022/23 settlement from Welsh Government sustained the increase in funding that was evidenced in the 2021/22 settlement. The Council received an initial Revenue Support Grant of £138.065m and National Non-Domestic Rate of £47.950m which equates to total funding, referred to as the Aggregate External Finance (AEF) of £186.015m. This represented an increase in funding of £17.5m (10.4%) 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 2021/22) on a funding per head of population, which is £239 per head below the Welsh average (£222 per head below in 2021/22). With a positive settlement 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 good progress towards achieving these savings during 2022/23 and as part of the preparation for the 2023/24 budget.

**Principle C –
Defining
outcomes in
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and
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The Council is facing significant financial challenges, as are all councils across Wales, which have been driven by the surge in inflation over the past few years. This has impacted on pay, utility costs and contracts with suppliers and schools. A budget of £294.422m for 2023/24 was approved by Council on 6th March 2023. The revenue settlement from Welsh Government represented an increase, with a settlement of £202.797m, which represents an adjusted increase of £16.782m over 2022/23. The Council Tax was increased by 3.9% from 1st April 2023 this included a new policy around charging for empty and second homes in the region, the latter from 2024/25.

Whilst the additional funding in the settlement was significant this did not address the scale of cost pressures reported by Directorates across the Council, most significantly in Social Care, Additional Learning Needs and Housing and Homelessness. A challenging savings and efficiency target of £7.378m was set for the year and was at a level which was significantly higher than historical targets including an allocation to schools.

**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 has informed a new Well-being Plan which was published in May 2023. This work has been 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. Building on the strong working relationships the Council, UHB and Cardiff Council have formed an Amplifying Prevention Board focusing on key public health challenges in the region including bowel screening, childhood immunisations and delivery of the Move More Eat Well Plan. The Council continues to work closely with the third sector and a range of community groups and this is evident in the work undertaken to deliver warm spaces during the winter of 22/23 and work to tackle the cost of living crisis and in particular food poverty. Projects being taken forward through a number of schools are testament to the connections they have with pupils and their families and also the wider community.

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 number of regional services, including the Shared Regulatory Service, Regional Adoption Service and the Regional Internal Audit Service.

**Principle D –
Determining the
interventions
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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 Annual Performance Calendar of activities is the Council's key means of complying with the WCFG Act and the LG&E Act to demonstrate achievement of our Corporate Plan Well-being Objectives and contribution to the national well-being goals. The completion of the key activities outlined in the 2022/23 Annual Performance Calendar culminated in the approval and publication of the Council's first Self-Assessment under the LG&E Act (published in November 2022), the Annual Delivery Plan and Service Plans in March 2023 for the period 2023/24.

Engagement work with Elected Members, key partners and other stakeholders and council officers throughout the year (as part of a planned programme of collaboration) continues to help shape the key plans and activities within the performance calendar to further strengthen our approach to self-assessment and the evidence base/insight for identifying our improvement areas and ensuring appropriate and timely action is taken to address them. This process is reviewed annually at the start of the new calendar to identify further enhancements to our approach that will further strengthen the extent to which the Council is meeting the performance requirements and contributing to the national well-being goals.

The Council undertakes annual Service Planning that is aligned to the commitments set out in the Annual Delivery Plan (ADP) 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 and the ADP are reflected in Service Plans and support the development of detailed actions and performance targets that contribute towards the achievement of Corporate Plan and ADP priorities and set out how resources will be used to support this work. Scrutiny Committees review the progress of 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 Well-being 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, with the staff induction process returning to a face to face activity, to support the growth of strong relationships and collaborative working internally. 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 essential 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, this has recently been reviewed for 2023, with a revised process introducing greater touchpoints and more robust methods of reviewing performance. Introducing per-to-peer review and 360 feedback.

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 aide memoire has been made available to all Members and Co-opted/ Lay Members.

**Principle E –
Developing the
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A refreshed Member Development Strategy had been approved by the Democratic Services Committee in July 2021 and the Committee also approved the new Member Induction Programme for implementation in April 2022 to support a new cohort of Elected Members post Local Government Elections, in May 2022.

The Training following the Local Government Elections 2022 included both Mandatory and non Mandatory training.

Mandatory Training as below -

- Finance
- Induction Event
- Ethics and Standards
- Equality and Diversity
- Corporate Safeguarding
- Rules of Debate
- GDPR – e-learning on IDEV
- Chairing skills – if a Chair of a Committee
- Specific Training in respect of a Member’s role on a Committee e.g. Planning.

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 transformational change 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 and have evolved the Staff Charter to develop the Culture Book in 2021/22

During 2022/23 the OD and Learning Team have taken further steps to support the development our people by improving the scope and capacity of our Online Learning System, iDev. We continue to offer and develop a series of events through the Learning Café, and during 2022 this included several Ask the Chief Exec sessions and sessions linked to the ADP priorities, including Project Zero and Cost of Living.

In January 2023 we launched a new blended Onboarding and Induction Programme, aiming to provide all new starters with key information to ensure they feel welcomed and valued in the council, whilst ensuring they have the core knowledge to reach competency. All new starters are enrolled from day one in the Council, ensuring they have access to mandatory learning, key information about the Council and access to sign up to our half day induction session, Welcome to the Vale.

During 2022/2023 a revamped Chief Officer Performance Process was launched along with the relaunch of the Senior Leadership Competency Framework. The process brings our Senior level appraisal process more in line with a recognised approach to performance management, with more regular review touchpoints and a forward looking, strengths based approach to performance. This will be further developed in 2023/24 with a refreshed itsaboutme process, aligning with the Chief Officer Performance Review process and adding more touchpoints and a wider method of review (including 360 feedback and peer-to-peer review).

**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 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 Strategic Insight Board and enhanced corporate performance reporting arrangements. The Strategic 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 Strategic Insight Board and Governance 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 Strategic Insight Board, Strategic Leadership Team, Cabinet and Governance 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 identifies a small number of risks on the register each quarter where a more detailed brief of the issues is 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 internal audit review of a sample of corporate risks was undertaken during 2022/23. The findings from the review provided a 'substantial' audit opinion in relation to the management of those risks across the local authority and indicates that the Council has sound systems/processes in place in terms of how those risks were being managed. The review identified that the whilst the Council's arrangements for risk management are well defined and consistently applied in relation to the risks reviewed, the existing Risk Management Strategy is out of date, and this represents a risk that needs to be addressed. This work has commenced with Governance & Audit Committee members, the Strategic Leadership Team and the Strategic Insight Board to inform the review of the Council's Risk Management Strategy. It is anticipated that a draft Risk Management Strategy will be developed for consultation by the end of 2023.

The Council has put in place robust performance management arrangements, to monitor the Corporate Plan and our annual commitments as outlined in the Annual Delivery Plan. Currently, reports are presented in a focused and accessible way that highlights performance by areas of exception thus promoting more effective scrutiny. Elected members are also able to influence the information they receive to support their scrutiny roles through member workshops aligned to the annual performance calendar.

A self-reflective approach is taken by Directorates to reviewing their performance as part of corporate quarterly performance monitoring arrangements for the ADP culminating with an end of year position statement that dovetails with the Annual Directorate Self-Assessment. Key insights on performance, achievements, challenges and areas for improvement provide an evidence base that informs the Council's Annual Self-Assessment findings. Adopting a corporate approach to self-reflection across all its functions is helping the Council to demonstrate how well it is embedding the sustainable development principle in its use of resources in delivering the Annual Delivery Plan commitments and our Corporate Plan Well-being Objectives and the national Well-being Goals. It has also enhanced performance accountability in service areas to ensure success.

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

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.

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 continued focus on integrated planning it is 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. Therefore, corporate arrangements are coordinated 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.

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

The Council's statement of compliance with the CIPFA Financial Management Code was taken to Cabinet and Governance and Audit Committee in February 2023. In the report the Council set out a full consideration of the Council's compliance with the Financial Management Code in 2022/23 and in budget setting for 2023/24. The Council also identified potential areas for further improvement, it was felt that good progress had been made in demonstrating collective responsibility and transparency in budget setting but that an action plan should be developed to accompany the assessment and that there should be some consideration of peer review in future years. The Council's compliance with the Code demonstrates that Council understands and demonstrates the importance of 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 work will be undertaken to update the Medium-Term Financial Plan in July 2023 and to address the need for sustainable finances as part of the plan throughout the next budget setting 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 Strategic Insight Board, Governance & Audit Committee, all Scrutiny Committees, and Cabinet.
- All Committees have clear Terms of Reference and work programmes;
- 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 in compliance with 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 least quarterly.

The 2022/23 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control. The plan had regard to the continuing impact caused by the pandemic and the changes that have been made to the way the Council is operating.

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.

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 2022/23 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.

Many Council staff are continuing to work remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.

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 and risk.
- ✓ 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 2022/23 the Council received 532 complaints (2021/22 = 358), 51% of which were dealt with within corporate target timescales. The percentage of complaints being resolved at Stage 1 was 94.7% and 5.3% at Stage 2.

The Standards Committee has monitored standards of conduct. During 2022/23 there were no investigation reports of potential breaches of the Members' Code of Conduct referred to the Standards Committee by the Public Services Ombudsman for Wales.

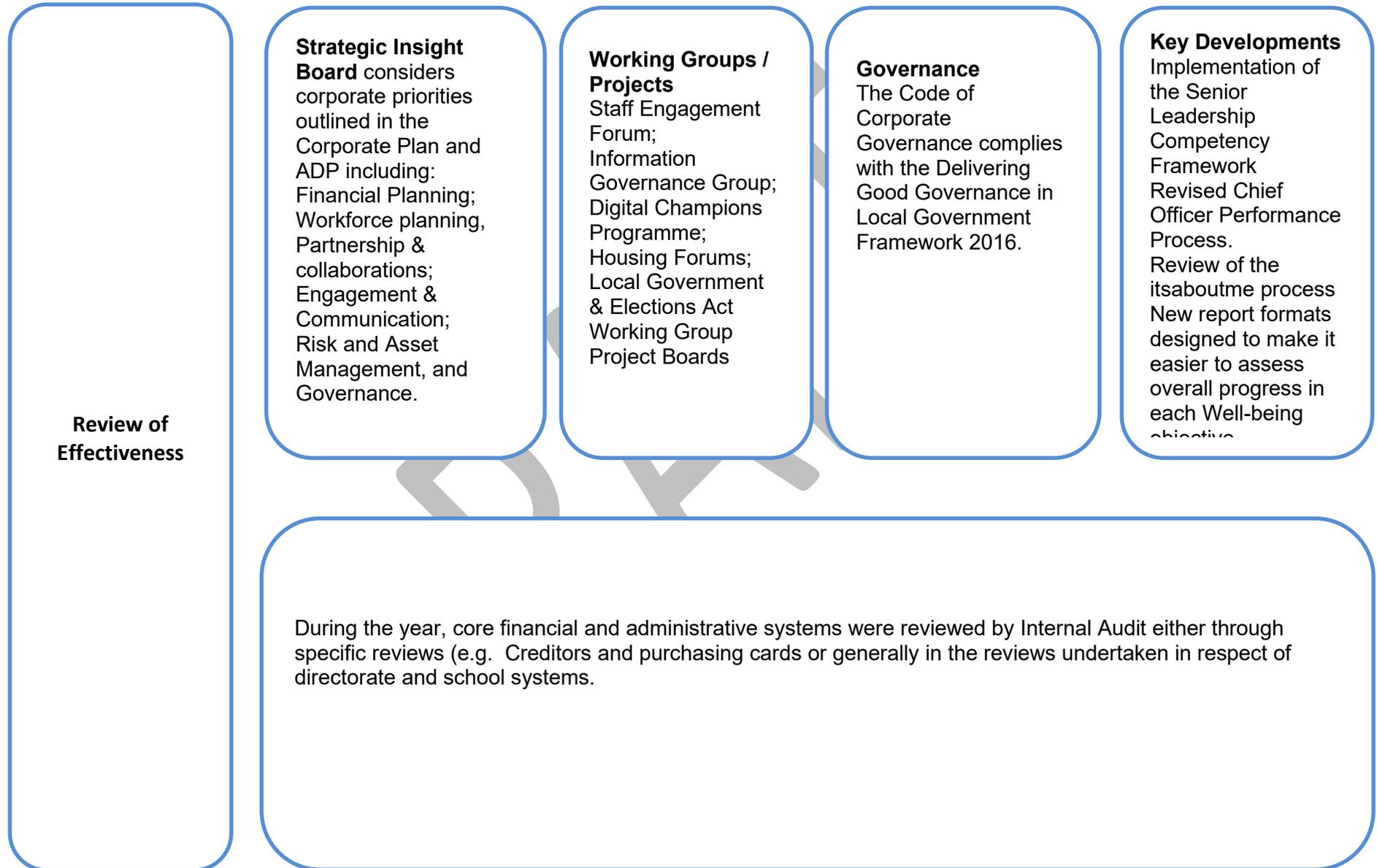
The Performance Framework has operated effectively during the year. Monitoring of key areas of performance has been regularly provided to Cabinet and Scrutiny.

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 Strategic 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.

The Council's first Annual Self-Assessment under the Local Government and Elections (Wales) Act was published in November 2022. The findings have informed the development of our Annual Delivery Plan for 2023/24. The Council's Annual performance calendar (which includes key activities such as the Quarterly ADP Performance reports, the Annual Directorate Self-Assessments (including Internal Peer Challenge of the DSAs) and the Council Annual Self-Assessment Report for the period 2022/23 are a key source of information supporting this Annual Governance Statement. Work on the 2022/23 Annual Self-Assessment has commenced and will be published in November 2023. An internal audit review of the Council's 2021/22 Self-Assessment undertaken in February 2023 provided a 'substantial assurance' audit opinion of the process.

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. During 2022/23 the financial situation meant a focus on tactical savings took precedence over transformation and this is something that is being revisited during the preparations of the 2024/25 budget to incorporate a more medium-term transformational focus to our work, community, and resources. This revised approach to transformation was reported to Cabinet in March 2021.



Review of Effectiveness

The Council's external auditors, Audit Wales, have advised that they have completed the majority of their planning work for the 2022/23 financial year. Whilst aspects of this planning work remain outstanding and the majority of their audit work for 2022/23 is yet to be completed they have confirmed that there are no significant issues arising from their work to date.

Code of Corporate Governance (COCG)

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

Statement of Accounts 2021/22

In January 2023 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 41 opinions given by Internal Audit during 2022/23:

- 32 (78%) have been finalised with either substantial or *Reasonable Assurance* opinion levels.
- 9 (22%) of the assignments were given an opinion of *Limited Assurance* or *No 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 2023/24 to ensure that progress is being made.

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 12th June 2023.

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
2021/22**

Action Taken / Planned

Workforce Pressures on all Services

The Council has continued to experience 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 1 – Financial Fragility

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, Legal, 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. During the year the Council continued to pay market supplements for some posts reflecting their scarcity and the market rate, for example HGV drivers. Within Social Services a range of activity has been put in place to support attraction and retention strategies, for example in direct care roles and children's social workers.

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. The Council has continued to support the network of Wellbeing Champions as well as undertaking a deeper analysis of the causes of absence, to inform a further review and engagement including 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. Several actions have been taken and are planned which are included in the Councils risk management reports.

**Progress Made on
the Significant
Governance Issues
2021/22**

In 2022 the Council has committed to review accreditation to the Real Living Wage Foundation and uplifted its lowest paid to the Real Living Wage, with effect from July 2022. A wider review of the pay structure was undertaken during the year and due to affordability issues, was not progressed. However, this will be considered again as part of the budget process for 2024/25. This is being done alongside a wider piece of work to review of pay, benefits and engagement including learning and development to focus on long term career opportunities in areas such as Social Care, Planning and Project Management.

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. A review of the structure of Corporate Resources has been undertaken and reported to Cabinet in July 2023, with endorsement of proposals given and recruitment to three new senior roles within the Directorate to be undertaken during the summer of 2023.

**Progress Made on
the 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.

Despite numerous financial pressures a generous settlement from Welsh Government has meant there was a minimal savings programme of £500k for 2022/23. There are nevertheless emerging pressures which 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.

Also, the general costs of living challenges and matters such as Universal Credit are affecting rent income and arrears are increasing as a result.

The Council has had a breakeven position at outturn for 2022/23. As well as through strong financial management the Council has benefited from accounting changes to care contributions in Adult Social Care and reduced financing costs for the Capital Programme through internal borrowing and increased investment returns on reserves in balances due to the Bank of England's strategy on the base rate of interest.

There are also pressures on the Capital Programme with significant increased costs, for example the cost of new house building per metre squared increasing by 166%. There are similar challenges across all areas of construction including schools and infrastructure which have required retendering, value engineering and negotiation to deliver the Programme.

These pressures as well as being carefully monitored during the financial year and have been incorporated into the Council's Medium Term Financial Planning as set out below.

**Significant Governance
Issues 2022/23**

Action Taken / Planned

Financial Pressures & Resilience

Financial pressures and resilience are likely to be an ongoing issue for the Council.

The Council is facing significant financial challenges, as are all councils across Wales, which have been driven by the surge in inflation over the past year. This is impacting on pay, utility costs and contracts with suppliers. In October 2022, based on 3.5% and 2.4% increases in AEF in 2023/24 and 2024/25 respectively from the three year Settlement the Council had been faced with a £28.2M funding gap in 2023/24 and £50M across the medium term. There has been a better than expected settlement with an 8.9% increase for 2023/24 and this along with work to mitigate some of the pressures has meant the approved a balanced budget with savings proposals of £4.628M and £2.750M of efficiencies for schools.

Prospects for the medium term do remain challenging with the inflationary pressures proving to be persistent, the decline since the start of the year stalling at 8.7% for May and numerous pay negotiations remaining ongoing. Further, the general health of the economy is a concern with the high inflation and interest rates being a drag on economic growth and the impending likelihood of a recession. Consequently, there is unlikely to be the better than expected Settlement in the autumn which the Council has experienced in recent years.

There was Government support through a number of strategies for Cost of Living during 2022/23 with significant grant support. The energy inflation has eased back albeit the underlying cost increase are in the system and food inflation remains high at 16% in May 2023 but the Government support has ceased in 2023/24 which will undoubtedly impact on the communities the Council is supporting.

**Significant Governance
Issues 2022/23**

Action Taken / Planned

Expectations & Demand for Services

The demands being placed on Council services are greater and more complex than in the past, in part as a result of the pandemic and cost of living crisis, but also as a result of an ageing population and increasing expectations at a time of limited resources. Transforming Council services to keep pace with these developments and taking preventative action are vital parts of the Council's strategy for the future, with a greater emphasis on investing in the short-term to save in the longer-term, focusing on prevention, the use of data and insight to inform decision making and improving public participation being key areas of focus across service areas in the coming year. This will also involve the consideration of greater partnership opportunities, both within the public sector but importantly with communities as the Council begins work on developing the new five year corporate strategy to define the organisation it needs to be by 2030.

**Significant Governance
Issues 2022/23**

Workforce

There are a number of risks are included in the Council's Corporate Risk Register which have a significant workforce component and have regular monitoring arrangements in place, in addition to the Council's Strategic Leadership Team and Strategic Insight Board's oversight.

As noted above, the Council identified the need to increase strategic capacity with the review of the Leadership Team. The coming year will see further reform of elements of the structure to ensure sufficient capacity and capability exist in key roles.

Requiring a multi-faceted approach, the revised People Strategy and Workforce Implementation plan provides the strategic direction and focus for much of this activity moving forward. Based around 3 key themes (Redesigning for responsiveness, Striving for high performance and Driving employee experiences) the strategy strongly aligns with our Corporate Plans and Wellbeing Objectives, whilst underpinned by other parts of the Council's integrated planning arrangements, such as the Medium Term Financial Strategy, Digital Strategy, and Strategic Equalities Plan.

However, it is recognised that internal mitigations must be supported by a partnership approach, working with key partners such as Social Care Wales, NHS, WLGA, our Trade Union Colleagues, ADSS and the PSB to continue to address the significant pressures facing the organisation in this space moving forward. Significant inroads have been made in 2022/23 to mitigate the effect of all workforce pressures which has included;

- Strategic Workforce planning, including competency-based training conducted and supported by the LGA, further development of succession plans and our Kickstarter scheme
- Roll out Equalities based training, including Race Awareness. Strong collaborative working with our Network groups, including the establishment of a Disability Network
- The growth of wellbeing initiatives, including Wellbeing Walks, Fika, and Menopause Sessions
- Hybrid Working Strategy
- Review of our pay structures, which will now align to the 2024/24 budget process
- Social Services Reshaping Board, with a strong focus on workforce capacity, this has seen a review of recruitment practices, the introduction of overseas recruitment and greater development

**Significant
Governance Issues
2022/23**

Workforce Continued..

- Revised Chief Officer Performance Appraisal Process and Competency Framework
- Learning Café
- Revised Learning Plan
- Improved Staff Induction and Welcome to the Vale
- H&S Policy Review and offering of IOSH qualification to improve H&S competence.

For 2023/24 our focus continues on embedding those initiatives delivered in 2023/23, such as the implementation of the Oracle Fusion Project and Strategic Workforce Planning as well as moving to further strategic elements aligned to the People Strategy Key Themes.

This includes;

- Review of all reward structures linked strongly to the review our recruitment practices the development of a Recruitment and Attraction Strategy and Reward Strategy
- Revised Reward Offering for 2024. Linked strongly to staff wellbeing, employee culture and the Council's priorities such as Project Zero and the cost of living
- Reviewed and Revised Recruitment Website
- Reviewed Recruitment Processes
- Further development of HR Dashboards to include workforce planning, aligned to the LGA Workforce Planning Matrix and Annual Delivery Plan
- Improved Occupational Health Digital Platform, greater efficiency in the occupational Health processes
- Review of Sickness Policy and process
- Reviewed EAP Provision, with focus on psychological wellbeing
- Suicide Prevention Policy, aligned to the Cardiff and Vale Suicide Prevention Strategy
- Innovation Lab – focusing a culture of growth and innovation
- Apprentices and the development of a Learning Academy
- Improved H&S practices and development of greater H&S competence at line manager level

**Approval of the
Annual
Governance
Statement
2022/23**

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: