

GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 24 th July 2024
Report Subject	Annual Governance Statement 2023/24
Report Author	Chief Officer, Governance
Type of Report	Assurance

EXECUTIVE SUMMARY

Each financial year the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance, in securing good governance and managing its risks.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue detailed guidance notes on the preparation and contents of an AGS – ‘Delivering Good Governance in Local Government: Guidance notes for Welsh authorities’ (December 2016). The AGS is based on the seven core principles of governance from that guidance note. It is good practice for the AGS to be presented separately from the final accounts to enable it to be given more detailed consideration.

This Annual Governance Statement has been prepared following a challenge workshop with Members of the Governance and Audit Committee and Cabinet, and also questionnaires to Overview & Scrutiny Chairs, Standards Committee and Cabinet for Members to contribute their views on governance.

The AGS for 2023/24 is presented to Governance and Audit Committee today with a commitment that the Governance and Audit Committee will receive a mid-year progress update report on the areas for improvement within the AGS.

RECOMMENDATIONS

1	That the Committee review the Annual Governance Statement 2023/24 (forming part of the Statement of Accounts).
2	Recommend to the Council for adoption of the Annual Governance Statement 2023/24.

REPORT DETAILS

1.00	EXPLAINING THE ANNUAL GOVERNANCE REPORT
1.01	Under the Accounts and Audit (Wales) Regulations 2018, each local authority must ensure it has a sound system of internal control to ensure good governance and manage risks. Each year the Council must conduct a review of the effectiveness of the system and prepare an Annual Governance Statement (AGS). The review must be considered and the AGS approved by a Committee or Full Council.
1.02	The AGS accompanies the financial statements but is not part of them. As such it is not part of the statement on which the external auditors' opinion is given. However, the auditors review the governance statement to confirm it is consistent with the audited financial statements and other information of which they are aware.
1.03	The preparation of the AGS has been coordinated by the Corporate Governance Working Group (CGWG) which has reported to the Chief Executive, the Monitoring Officer and the Section 151 Officer on its work.
1.04	<p>The working group continued this year with the format of the previous reports and keeping it aligned to the revised seven core CIPFA/SOLACE principles. These are as follows:</p> <ul style="list-style-type: none"> • Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law; • Principle B - Ensuring openness and comprehensive stakeholder engagement ; • Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits; • Principle D- Determining the interventions necessary to optimise the achievement of the intended outcomes; • Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it • Principle F - Managing risks and performance through robust internal control and strong public financial management • Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
1.05	It is this set of principles on which the assessment questionnaires and the resultant final draft governance statement is based. With regard to Principle E, Members asked previously that the term 'entity' not be used. In the text, it has been changed to 'organisation'.
1.06	<p>The process has been:</p> <ol style="list-style-type: none"> i) Self-assessment questionnaire reviewed by Corporate Governance Working Group members, with challenge provided by statutory officers; ii) Challenge Workshop with members of the Governance and Audit Committee and Cabinet; iii) Questionnaire with Cabinet and Chairs of the Overview and Scrutiny Committee, Standards Committee and Cabinet;

	<ul style="list-style-type: none"> iv) Identifying 'red' strategic risks contained within risk register; v) Red / limited assurance internal audit reports issued during the year (where relevant?).
	<p>The outcome of the process detailed above identified five themes for improvement. These being:</p> <ul style="list-style-type: none"> • Improvement in internal and external stakeholder engagement, consultation and participation <ul style="list-style-type: none"> ○ Enhanced decision making to ensure the most appropriate course of action is taken. ○ The ability to receive and use feedback to shape service improvement, including improved complaints handling. ○ Ensuring inclusivity with stakeholder groups and encouragement of public participation. ○ Improved social media presence. • Development of the Integrated Impact Assessments (IIAs) <ul style="list-style-type: none"> ○ This will ensure the Council assesses the impact of their decisions and policies on equality groups, the environment, the economy, and other areas of interest prior to policy / strategy changes. • Sustainability of Resources and Resilience of Workforce <ul style="list-style-type: none"> ○ Effectively managing service expectations with the resources available with all stakeholders especially. ○ Developing and retaining the workforce capacity, recruitment and retention following a pay modelling review. ○ Increase the use of the Welsh language within the workforce and members. • Training Opportunities <ul style="list-style-type: none"> ○ Enhanced decision making and challenge process through focused training, facilitated sessions available to Members and Senior Officers. • Embedding of Risk Management <ul style="list-style-type: none"> ○ Implementing robust and integrated risk management arrangements, within the Council's financial, social and environmental position. ○ Increase level of awareness and understanding of risk management across the Council through the development and roll out of risk management e-learning module.
	<p>An Annual Governance Questionnaire was provided to members of Cabinet and Chairs and Vice Chairs of Overview and Scrutiny Committees, with the aim of the questionnaire being to determine if Members agreed with the themes that had been identified as areas for improvement.</p> <p>Members agreed with the five themes identified for improvement, stating that;</p> <ul style="list-style-type: none"> • Making improvements within these themes will lead to enhanced decision making and shape service improvements; • Developing and retaining workforce capacity is at the crux of service delivery; • It is of paramount importance that all new Members and also employees are provided with relevant training on their roles and responsibilities;

	<ul style="list-style-type: none"> Increasing the use of Integrated Impact Assessments being completed to ensure that Flintshire County Council assesses the impact of any decision made; All Members agreed that the Welsh language is of great importance and that there needs to be an increase in the use of the language within the workforce; Embedding of risk management will enable the Council to identify future risks and also opportunities.
1.07	Progress against risks and mitigating actions to address governance issues identified in the Annual Governance Statement last year has also been included. Those risks and mitigating actions closed are noted.
1.08	The Governance and Audit Committee will receive a mid-year report on progress against the areas for improvement.
1.09	To shorten and simplify the Annual Governance Statement, it has been divided into two parts: a framework document, which explains the process and the AGS, containing the action plan for improvement, for 2023/24 itself.
1.10	Since the inclusion of the draft AGS within draft accounts the document attached within Appendix B has been updated to reflect the two limited assurance internal audit reports issued.

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The Annual Governance Statement has been produced using information from all Statutory and Chief Officers, Service Managers, Chairs of all Overview and Scrutiny Committees, Standards Committee, Cabinet and Members of the Governance and Audit Committee. A challenge workshop with Members of Governance and Audit Committee and Cabinet was also undertaken.

4.00	RISK MANAGEMENT
4.01	The Annual Governance Statement lists all the significant governance issues arising from the self-assessment along with any outstanding 'red' strategic risks. The Annual Governance Statement also describes actions taken against the governance issues reported in last year's Annual Governance Statement (2022/23).

5.00	APPENDICES
5.01	Appendix A: 2023/24 Annual Governance Statement Part 1 Appendix B: 2023/24 Annual Governance Statement Part 2

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	N/A

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Emma Heath (Strategic Performance Advisor) Telephone: 01352 702744 E-mail: emma.heath@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Corporate Governance: the system by which Local Authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Risk Management: the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency or likelihood of risk events occurring (wherever this is possible) and minimise the consequences if they occur. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p> <p>Financial Accounts / Statements: The Council’s annual finance report providing details of the Council’s financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p>