2019/20

Flintshire County Council – Annual Governance Statement

FINAL

What is Governance?

"Governance is at the heart of public services. It underpins how resources are managed, how decisions are made, how services are delivered and the impact they have, now and in the future. It also infuses how organisations are led and how they interact with the public. Governance needs to be robust but it must also be proportionate. Well-governed organisations are dynamic and take well-managed risks; they are not stagnant and bureaucratic."[1]

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Flintshire County Council acknowledges its responsibility for ensuring that there is a sound system of governance. We have developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on our website. A summary of the principles upon which it is based can be found later in this document.

Our governance framework supports our aim as a modern public body which has the **philosophy** of operating as a social business which refers to it:

- being lean, modern, efficient and effective
- being designed, organised and operated to meet the needs of communities and the customer; and
- working with our partners to achieve the highest possible standards of public service for the well-being of Flintshire as a County.

To meet these aspirations, we have set the **standards** of:-

- achieving excellence in corporate governance and reputation.
- achieving excellence in performance against both our own targets and against those of high performing peer organisations.
- being modern and flexible, constantly adapting to provide the highest standards of public, customer, and client service and support.
- using its four resources - money, assets, people and information - strategically, effectively and efficiently.

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[1] Wales Audit Office: "Discussion Paper: The governance challenges posed by indirectly provided, publicly funded services in Wales" 2017

- embracing and operating the leanest, least bureaucratic, efficient and effective business systems and processes.

To achieve these standards, our **behaviours** are:-

- showing strategic leadership both of the organisation and our partnerships.
- continuously challenging, reviewing, changing and modernising the way we do things.
- being as lean and un-bureaucratic as possible.
- using new technology to its maximum advantage.
- using flexible working to its maximum advantage.

We are committed to the **principles** of being:-

- a modern, fair and caring employer.
- fair, equitable and inclusive in its policies and practices.
- conscientious in planning and managing its activities, and making decisions, in a sustainable way.

We are committed to specific values and principles in working with our key partners and partnerships. These cover strategic partnerships such as the Public Services Board and with the third sector such as agreeing a set of Voluntary Sector Funding principles.

In previous years the Council's Annual Governance Statement has covered the Clwyd Pension Fund. From 2018/19 the Clwyd Pension Fund have produced their own Annual Governance Statement which will be presented to the Clwyd Pension Fund Board for consideration and approval.

The last quarter of 2019/20 has seen the growing Impact of the Corona Virus/Covid 19 emergency. The 'lock down' period commenced on 23rd March. However, our Chief and Senior Officers had already been planning our emergency response and the implications for our services as the gravity of the situation became apparent, commencing at the start of February. This had an immediate and significant impact as the Emergency Management Response Team (EMRT), led by the Chief Executive worked through significant changes to our working lives and culture. The emergency situation came at the end of the financial year; its impact for 2020/21 will be much more significant, resulting in significant changes to how we work and serve the people of Flintshire.

Following the Cabinet meeting on 17th March, a decision was made to cancel all of our formal meetings and events, initially until the end of April 2020.

For 2019/20, It had been our intention to have a formal contribution to the Annual Governance Statement (AGS) from the Members of the Audit Committee. This would have taken the form of a questionnaire (similar to that currently used for the Overview & Scrutiny chairs). There would then have been a 'challenge' workshop, where the draft statement would be submitted to ensure that the key themes within the CIPFA framework have received appropriate consideration and to highlight those areas where we think we are strong and where more work is needed. Audit Committee members would have been able to comment and ask questions. However, the Covid 19 emergency and subsequent lock down meant this innovation was not possible. The greater involvement of Audit Committee Members will be built into in the 2020/21 Annual Governance Statement process.

Dashboard : Effectiveness of the Council's Governance Framework

Good Governance Principles

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

B. Core principle: Ensuring openness and comprehensive stakeholder engagement

C. Core principle: Defining outcomes in terms of sustainable economic, social and environmental benefits

D. Core principle: Determining the interventions necessary to optimise the achievements of the intended outcomes

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

F. Core principle: Managing risks and performance through robust internal control and strong financial management

G. Core principle: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Evidence, but Further Action Needed - (Score of 3 or below) | **Good Evidence - (Score of 4)** | **Very Best Practice - (Score of 5)**

Further Action Required:
Defining outcomes in terms of sustainable economic, social and environmental benefits

Areas of Very Best Practice:
- Ensuring partnerships are based on trust and shared commitment
- Recognising the benefits of partnership and collaboration
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations in an open and embracing manner.

Annual Internal Audit Opinion 2019/20:
"For the year ending 31 March 2020, based on the work we have undertaken, my opinion is that Flintshire County Council has an adequate and effective framework of governance, risk management and control".

What is the Annual Governance Statement?

We are required by the Accounts and Audit (Wales) Regulations 2018 to prepare a statement on internal control. Alongside many authorities in Wales, we refer to this as the 'Annual Governance Statement'. This is a public document that reports on the extent to which we as the Council comply with our own code of governance.

In this document, we, the Council:

- Acknowledge our responsibility for ensuring that there is a sound system of governance;
- summarise the key elements of that governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describe how we have monitored and evaluated the effectiveness of our governance arrangements in year, and any planned changes in the coming period;
- provide details of how we have responded to any issue(s) identified in last year's governance statement; and
- report on any significant governance issues identified from this review and provide a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place at Flintshire County Council for the financial year 2019/20 and up to the date of approval of the Statement of Accounts.

How has the Annual Governance Statement been prepared?

The initial review of our governance framework was carried out by the Corporate Governance Working Group. This group worked with each corporate Chief Officer and also for some specific governance functions such as finance, human resources and legal. Our approach was based on the seven principles that follow in the main part of this document and were assessed to identify any areas for improvement. Questionnaires were also completed by the Chairs of Overview and Scrutiny committees. In addition the Audit Committee undertakes a self-assessment of its own effectiveness which has also informed this work.

The preparation and content of this year's governance framework has been considered by the Chief Officer Team, with assurance support from Internal Audit, Audit Committee and External Audit (Audit Wales?). We recognise that our governance framework cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

In preparing the Annual Governance Statement, we have:

- reviewed the Council's existing governance arrangements against the Local Code of Corporate Governance.
- updated the Local Code of Corporate Governance where necessary, to reflect changes in the Council's governance arrangements and the requirements of the new CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities.
- assessed the effectiveness of the Council's governance arrangements and highlighted any planned changes in the coming period.

The Chief Officer Team, which is led by the Chief Executive, have also considered the significant governance issues and principles facing the Council. These are evidenced in pages 7-14 of the document. Principles assessed as needing further improvement are detailed from page17.

Our Audit Committee provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework and internal control environment. As part of this role the Committee reviews and approves the Annual Governance Statement.

The six Overview & Scrutiny Chairs have also considered and commented on issues within the remit of their respective committees . They expressed general satisfaction with the Annual Governance Statement.

What are the key principles of the Corporate Governance Framework?

We aim to achieve a good standard of governance by adhering to the seven key principles of the new CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities, which form the basis of the Local Code of Corporate Governance. The seven key principles are:

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

Principle A

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

Sub Principles:

Behaving with Integrity

Demonstrating strong commitment to ethical values

Respecting the rule of law

How we do this:

- The behaviour and expectations of Members and Officers are set out in our Codes of Conduct, Constitution, and a suite of policies and procedures relating to Officers and Member induction, supervision, training and appraisals and leadership competencies.

- Case management both for Members and Officers.

- Codes of Conduct for Members and Officers specify the requirements around declarations of interests formally and at the beginning of meetings, gifts and hospitality etc.

- **We take fraud seriously. Key policies are in place to prevent, minimise and manage such occurrences. Polices include:**
    - **Whistleblowing Policy**
    - **Anti-Fraud and Corruption Strategy**
    - **Fraud Response Plan**
    - **Financial and Contract Procedure Rules**

- Compliance with policies and protocols e.g. Contract Procedure Rules

- Enhanced profile of Internal Audit

- A set of leadership competencies are deployed in each Portfolio and led by each Chief Officer.

- Our recruitment policy, training and competencies based appraisal processes underpin personal behaviours with ethical values.

- **Robust policies and procedures are in place, subject to formal approval prior to adoption by formal committees.**

- **All contracts and external service providers, including partnerships are engaged through the robust procurement process and follow the Contract Procedure rules regulations.**

- **Application of the corporate operating model; our way of being organised, working internally to promote high standards of professional performance and ethical behaviour to achieve organisational priorities and objectives.**

- We ensure that statutory and other key officers and Members fulfil legislative and regulatory requirements through a robust framework which includes: Scheme of delegation; induction, development and training of existing and new requirements; application of standing operating procedures; and engagement of early / external advice where applicable.

- **We ensure that the full use of the Council powers are optimised by regular challenge and keeping abreast of new legislation to achieve corporate priorities and to benefit citizens, communities and other stakeholders e.g. alternative delivery models (ADMs)**

- Effective Anti-Fraud and Corruption framework supported by a suite of policies; any breaches are handled in accordance with key legislative provision and guidance from appropriate bodies.

- **Our Monitoring Officer is responsible for ensuring the Council complies with the law and avoids maladministration. Our Constitution & Democratic Services Committee promotes high standards of conduct which are monitored by the Standards Committee**

Principle B

Ensuring openness and comprehensive stakeholder engagement

Sub Principles:

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including individual citizens

How we do this:

- **We are committed to having an open culture. This is demonstrated by:**
  - **Complaints and Compliments Procedure**
  - **Meetings are conducted in an open environment**
  - **Our Council website**
- **The most appropriate and effective interventions / courses of action are determined using formal and informal consultation and engagement supported by:**
  - **Public consultation around the Medium Term Financial Strategy (MTFS)**
  - **Consultation principles, e.g. School Modernisation Programme**
  - **Formal and informal engagement models with employees and communities e.g. alternative delivery models Member workshops**
  - **County Forum (Town and Community Councils)**

  Positive engagement with Trade Unions both formally and informally

- **We engage effectively with stakeholders to ensure successful and sustainable outcomes by:**
  - **Effective application and delivery of communication strategies to support delivery**
  - **Targeting communications and effective use of Social Media**
  - **Formal and Informal meetings with key stakeholder groups**
  - **Effective stakeholder engagement on strategic issues**
  - **Service led feedback questionnaires and events**
- **Effective use of resources and achievement of outcomes is undertaken by the Council both through informal and formal partnerships:**
  - **Extensive range of partnerships to support the delivery of the Council's strategic priorities, including the Public Services Board**
  - **Open and productive partnership arrangements supported by an effective governance framework**
  - **Trust and good relations lead to delivery of intended outcomes e.g. community asset transfers**
  - **Partner representation at Scrutiny committees**

- The achievement of intended outcomes by services is supported by a range of meaningful guidance on consultation engagement and feedback techniques with individual citizens, service users and other stakeholders. This includes:
  - Range of customer channels
  - Undertaking Impact assessments
  - Results from satisfaction surveys to enhance service delivery where applicable
  - Complaints reviewed to assess organisational learning and change
  - Sharing soft intelligence and good practice
  - Committee reports portray all relevant feedback
  - **Services are assessed for value for money and opportunities for efficiencies**
  - **Taking account of the interests of future generations of tax payers and service users**
- We have appropriate structures in place to encourage public participation governed through the Communication and Social Media Policies. These include:
  - E-newsletters
  - The Council's website

Principle C

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

Sub Principles:

Defining outcomes

Sustainable economic, social and environmental benefits

How we do this

- **We have a clear vision describing the organisation's purpose and intended outcomes which is achieved through:**
  - **Linking of vision and intent to the MTFS which links to the Council Plan, Portfolio Business Plans and other plans and strategies with a focus on priorities for change and improvement**
  - **Organisational objectives are delivered through Programme Boards and political decision making processes**
  - Service Planning consideration including sustainability of service delivery

- Risk Management is applied consistently at project, partnership and business plan levels using the corporate performance system (CAMMS) which adheres to the Risk Management Policy and Strategy and ensures consistent application of risk registers and terminology.

- **Risk appetite is also considered whilst developing future scenarios and options with key staff.**

- The development of the County's Well-being Plan and delivery of the Public Services Board's priorities ensure that public services work effectively together to add value.

- We take a longer term view and balances the economic, social and environmental impact of policies, plans etc. along with the wider public interest when taking decisions about service provision. This is supported by a range of governance approaches:
  - **Budget setting of the Capital Programme and MTFS and longer term business planning through the use of effective forecasting models**
  - **Setting longer term objectives regardless of political term**
  - **Delivering defined outcomes**
  - **Multi-disciplinary approach to policy development and wider public interest of economic, social and environment issues e.g. Welfare Reform, Corporate Safeguarding**
  - **Ensuring fair access to services**
  - Procurement strategy defines expectations around economic, social and environment benefits which inform service specifications, tenders and contracts.
  - Communication plans for public and community engagement
  - Clear documented record of route to change

Principle D

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

Sub Principles:

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

How we do this

- Good judgement in making decisions is achieved by ensuring decision makers receive objective and rigorous analysis of information and options to achieve intended outcomes including the related risks. This is achieved by:
  - **Full engagement with members on a longer term basis e.g. MTFS and Business Plans**
  - **Delivery of the MTFS and revenue and capital budget setting process providing options for the public, stakeholders and members to be engaged to consider modifications**
  - Development of forecasting models
  - Active engagement of key decision making in the development of initial ideas, options and potential outcomes and risks e.g. ADM Programme, Gateways
  - **Clear option appraisals detailing impacts, savings and risks to ensure best value is achieved**
  - Budget monitoring for each Portfolio and corporate considerations
  - **Managing expectation for key stakeholders**
  - Other key workforce strategies e.g. digital and procurement
  - Application of Impact Assessments

- We have established and implemented robust planning and control cycles covering strategic and business plans, priorities, targets, capacity and impact. This is achieved through:
  - Co-design of service solutions with key stakeholders
  - **Application of risk management principles when working in partnership and collaboratively and the active use of risk registers**
  - **Regular monitoring of business planning, efficiency and reliability including feedback on business planning model**

- **Service performance is measured through national performance indicators and establishing a range of local indicators, which are regularly monitored, reported and used for benchmarking purposes**

- **Robust and inclusive methodologies are in place to formulate the MTFS which is an integral part of the Council's governance framework and Portfolio**

- Resource requirements for the services are identified through the business planning process and detailed within the MTFPs highlighting any shortfall in resources and spending requirements.

- **To ensure the budget process is all-inclusive, taking into account the full cost of the operations over the medium and longer term, regular engagement and ownership of the budget through the Chief Officer Team and consultation with members through workshops and robust scrutiny process is undertaken.**

- Social values are achieved through the effective commissioning of services and compliance with Council procedures.

- Consultation and engagement around the content of the MTFS through public and employee events sets the context for residents and employees. In particular relating to ongoing decisions on significant delivery issues or responses to changes in the external environment

Principle E

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

Sub Principles:

Developing the entity's capacity

Developing the capability of the entity's leadership and other individuals

How we do this:

- **We review our operations, performance, and use of assets on a regular basis to ensure their continuing effectiveness by:**
  - **Review of service delivery, performance and risks through team meetings and quarterly formal reporting,**
  - **Programme boards' development and monitoring**
- **We review the sufficiency and appropriateness of resource allocation through techniques such as:**
  - **Benchmarking, both internal and external review undertaken to identify improvements in resource allocation, including the use of national and local PIs**
  - **Internal challenge**
- **Benefits of collaborative and partnership working both regionally and nationally to ensure added value is achieved by linking services and organisation priorities to partnership working**
- Develop and maintain the workforce plan to enhance the strategic allocation of resources through the publication of regular workforce data reports and drawing intelligence from supervision and appraisal meetings.
- Future workforce and succession planning is undertaken in each portfolio to identify future workforce capability and progression.

- **Effective shared leadership which enables us to respond successfully to changing external demands and risks is supported by:**
  - **a range of management and leadership development programme, run in partnership with Coleg Cambria**
  - **'Development workforce' and 'leadership capacity' and 'managing performance' are three of the five priorities within the People Strategy 2016-2019**
  - **The Leader of the Council and the Chief Executive have clearly defined and distinct leadership roles**

- Individual and organisational requirements are supported through:
  - Corporate induction for new employees to the Council
  - Inductions for employees in new jobs
  - Continued learning and development for employees identified through the competency based appraisal system and one to one meetings
  - **A comprehensive range of training and development opportunities available, in partnership with Coleg Cambria and professional bodies.**
  - **Feedback and shared learning to the organisations both through reports and interactive sessions such as the 'Academi'**

- **To support and maintain the physical and mental wellbeing of the workforce a range of interventions is provided including: Occupational Health Service, Signposting employees and Members to Care First (independent Counselling support), Management Awareness and Support, internal training and awareness sessions to support stress related absences**

Principle F

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

Sub Principles:

Managing risk

Managing performance

Robust internal control

Managing data

Strong public financial management

How we do this:

- Risk Management is an integral part of all activities and decision making through:
  – **Application of risk management policy and strategy**
  – Identification of all risks and appropriate mitigations and transitional plans reported to Committees
  – **Clear allocation of management for risk responsibility with oversight by senior management and chief officers**
  – **Assurance by Internal Audit and Audit Committee**
  – Established the Chair and Vice Chair Liaison Group

- **Members and senior management are provided with regular reports on service performance against key performance indicators and milestones against intended outcomes**

- **Members are clearly and regularly informed of the financial position and implications including environmental and resource impacts**

- **Internal Audit provides the Council, through the Audit Committee, with an annual independent and objective opinion on the adequacy and effectiveness of the Council's internal control, risk management, governance arrangements and associated policies.**

- We are dedicated to tackling fraud as detailed within the Anti-Fraud and Corruption Strategy, Fraud Response Plan, and Whistleblowing Policy

- We have **effective strategic direction, advice and monitoring of information management with clear policies and procedures on personal data and provide regular training to ensure compliance with these.**

- We have appropriate Information Sharing Protocols in place in respect of all information shared with other bodies.

- **The quality and accuracy of data used for decision making and performance monitoring is supported by guidance from a range of professional bodies.**

- **Our Financial management arrangements support both the long term achievement of outcome and short term financial performance through the delivery of the MTFS**

- Setting a prudent Minimum Revenue Provision for the repayment of debt

- The integration of all financial management and control was reviewed as part of the finance modernisation project

Principle G

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

Sub Principles:

| Implementing good practice in transparency | Implementing good practices in reporting | Assurance and effective accountability |

How we do this:

- We recently improved the layout and presentation of our reports in order to improve the presentation of key information to decision-makers and monitor this regularly.
- We are mindful of providing the right amount of information to ensure transparency.
- A review of information sharing protocols has been undertaken and new principles adopted.

- **We report at least annually on the achievement and progress of our intended outcomes and financial position. This is delivered through the:**
  - **Annual Performance report assessing performance against the Council Plan**
  - **Annual Statement of Accounts demonstrate how the Council has achieved performance, value for money and the stewardship of its resources**
  - **Progress against the Well-being Plan**

- **Our Annual Governance Statement is published following robust and rigorous challenge to assess and demonstrate good governance.**
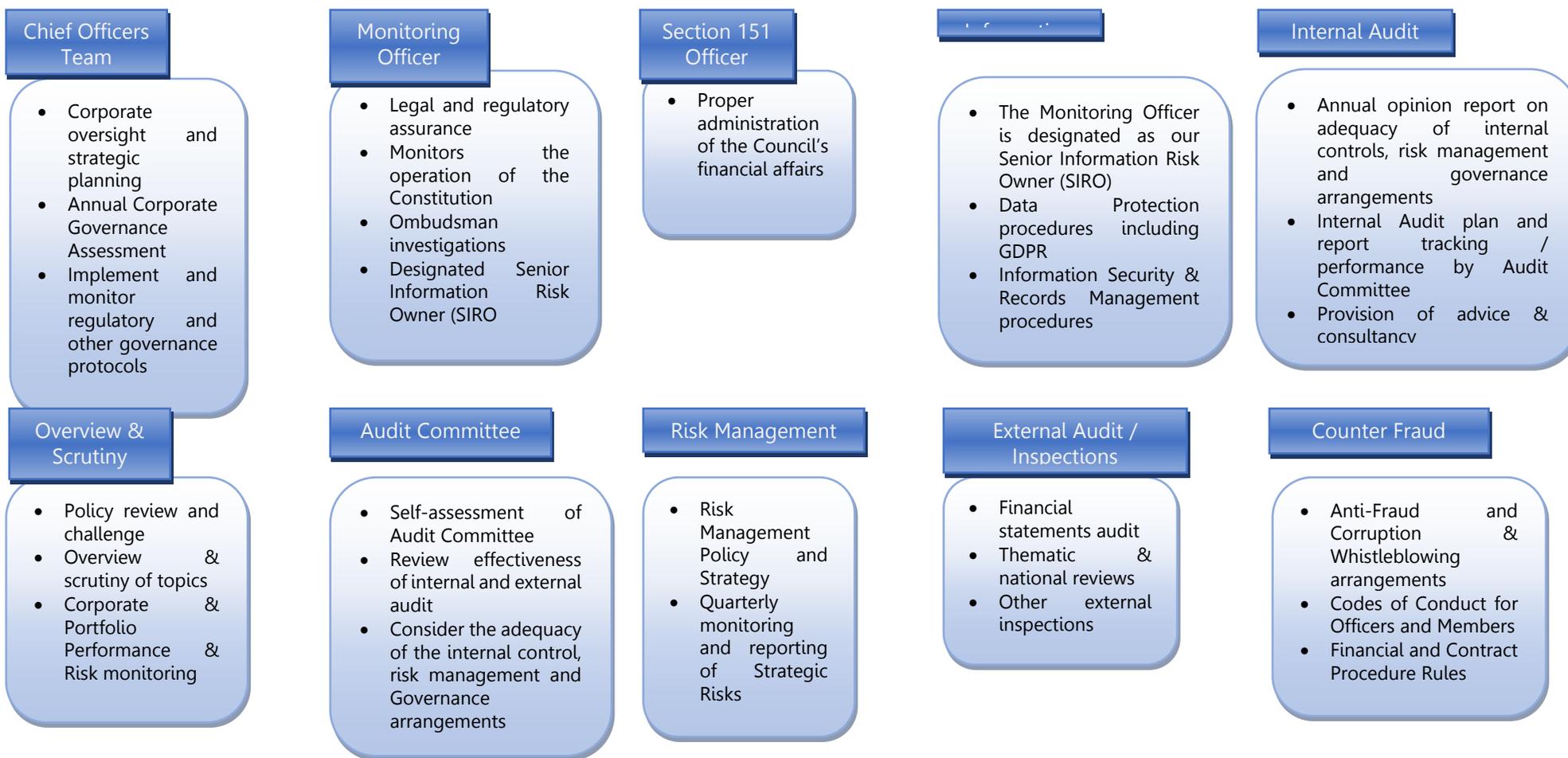
- Through robust assurance mechanism, we can demonstrate effective accountability. These mechanisms include:
  - **Internal Audit undertakes independent reviews to provide an annual assurance opinion of the Council's control, risk management, and governance framework. To allow this Internal Audit has direct access to Chief Officer and members of the Council.**
  - **All agreed actions from Internal Audit reviews are monitored regularly with reports to Chief Officers monthly and each Audit Committee.**
  - **Any 'limited/red' assurance opinions are reported to Audit Committee in full and progress monitored closely**
  - **Peer challenge and inspection from regulatory bodies and external compliance reviews. The outcomes from these inspections are used to inform and improve service delivery**
  - Through effective commissioning and monitoring arrangements and compliance with Council's procedures, we gain assurance on risk associated with delivering services through third parties and any transitional risks.
  - Reports are presented to Cabinet and an annual report to Audit Committee of external feedback from regulatory work and peer reviews along with the Council's responses.

Contributors to an effective Governance Framework

Council
- Approves the Council Plan
- Endorses the Constitution

Cabinet
- Primary decision making body of the Council
- Comprises of the Leader of the Council and Cabinet members who have responsibility for specific portfolios

Audit
- Help raise the profile of internal control, risk management and financial reporting issues within the Council, as well as providing a forum for the discussion of issues raised by internal and external auditors

Standards
- Standards Committee promotes high standards of conduct by elected and co-opted members and monitors the operation of the Members' Code of conduct.
- Constitution & Democratic Services Committee considers and proposes changes to the Constitution

Portfolio
- Track efficiencies, highlighting risk and mitigating actions to achievement
- Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery

Overview & Scrutiny Committees
- Review and scrutinise the decisions and performance of Council, Cabinet, and Committees
- Review and scrutinise the decisions and performance of other public bodies including partnerships
- Assists the Council and Cabinet in the development of the Budget and Policy framework by in-depth analysis of policy issues

Chief Officers Team & Service Managers
- Set governance standards
- Lead and apply governance standards across portfolios
- Undertake annual self-assessment

Internal Audit
- Provide an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements
- Investigates fraud and irregularity

How have we monitored and evaluated the effectiveness of our governance arrangements?

On an annual basis, we review the effectiveness of our governance framework including the system of internal control. The key elements of assurance that inform this governance review are detailed below:

Chief Officers Team

- Corporate oversight and strategic planning
- Annual Corporate Governance Assessment
- Implement and monitor regulatory and other governance protocols

Monitoring Officer

- Legal and regulatory assurance
- Monitors the operation of the Constitution
- Ombudsman investigations
- Designated Senior Information Risk Owner (SIRO

Section 151 Officer

- Proper administration of the Council's financial affairs

Information

- The Monitoring Officer is designated as our Senior Information Risk Owner (SIRO)
- Data Protection procedures including GDPR
- Information Security & Records Management procedures

Internal Audit

- Annual opinion report on adequacy of internal controls, risk management and governance arrangements
- Internal Audit plan and report tracking / performance by Audit Committee
- Provision of advice & consultancy

Overview & Scrutiny

- Policy review and challenge
- Overview & scrutiny of topics
- Corporate & Portfolio Performance & Risk monitoring

Audit Committee

- Self-assessment of Audit Committee
- Review effectiveness of internal and external audit
- Consider the adequacy of the internal control, risk management and Governance arrangements

Risk Management

- Risk Management Policy and Strategy
- Quarterly monitoring and reporting of Strategic Risks

External Audit / Inspections

- Financial statements audit
- Thematic & national reviews
- Other external inspections

Counter Fraud

- Anti-Fraud and Corruption & Whistleblowing arrangements
- Codes of Conduct for Officers and Members
- Financial and Contract Procedure Rules

How have we addressed the governance and strategic issues from 2018/19 AGS

The 2018/19 Annual Governance Statement contained 16 key improvement areas as i) Internal Council Governance issues – those derived from the portfolio, Overview and Scrutiny and Audit Committee annual self-assessments that affect the internal governance arrangements of the Council; and, ii) Strategic Council Plan issues – those that were identified as part of the Council Plan for 2018/19 which remained un-mitigated i.e. a 'Red' risk status. These key improvement areas within Annual Governance Statement 2018/19 also include some items which had been carried over from 2017/18.

The issues and how they were addressed are below:

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
Views and experiences of citizens, service users and organisations of different backgrounds including reference to future needs are taken into account.	• Service planning does not take into account service user's needs in the future. • Legal and or judicial challenges. • Lack of effective feedback mechanisms to inform stakeholders how their views have been taken into account: stakeholders remain uninformed and less likely to support service change. • Lack of structures to encourage public participation	• Development of an integrated impact assessment approach to inform budget decisions and longer term sustainability of services. • Communication strategies developed and actioned for all major decisions affecting the public. • Ensure that effective feedback mechanisms are built into communication strategies, taking into account the diversity of communication methods.	Integrated Impact Assessments (IIA) now developed and used to inform 2018/19 business planning. CAMMS system been updated with IAA for all relevant efficiency projects and policies; process to be fully operational from May 2019. Although the Council has policies and procedures to ensure the lawfulness of its decisions the potential for legal and judicial challenges remain an ongoing risk to the Council. Communication strategies have been developed for policy change and other major decisions affecting the public, including feedback mechanisms. The system for completing IIAs within CAMMS is now fully operational. The inclusion of IIAs within committee reports ensures decision makers are aware of any impacts identified. Further training for IIA authors is being planned to improve robustness of IIAs undertaken.	**Closed**

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
Performance management: (Identified by Overview and Scrutiny Committee chair).	Council's approach to performance management and monitoring is not fully understood; leading to ineffective challenge and scrutiny.	Member workshop: understanding the Council's performance management approach and supporting systems.	A workshop explaining the Council Plan and it's measures in relation to performance management was held in 2018. Workshops have been held with members on Performance Management.	**Closed**
(A1, A2, A3) Behaving with integrity. # (E54) Developing the capability of the entity's leadership and other individuals – developing protocols to ensure that elected and appointed leaders negotiate their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. #	• Protecting the reputation of the Council • Members not leading by example on the values for the organisation.	• Refresh training and advice. • Sustained work with Group Leaders and the Chair of the Council. • The Council has approved the Flintshire Standard which sets expectations about behaviour. • The Council regularly sends members on the WLGA Leadership Programme which will explain the roles of elected members and officers. • There is a process of induction for councillors who are new to positions of responsibility within the Council (e.g. committee chair or cabinet member). This explains the remits of elected councillors and officers. • Council procedures further reinforce the respective roles.	The collective and coordinated approach by Group Leaders and members, supported by officers has led to an improvement in behaviour. Where isolated cases continue this is being addressed separately.	**Closed**
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(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
(A8) Demonstrating strong commitment to ethical values. #	Under realisation of external service providers to provide social value benefits that communities can gain from.	• Review of expectations of external providers, both voluntary and contractual, as part of the implementation of a new Social Value Strategy (endorsed Cabinet March 2019). • Initial focus is to generate social value through procurement	The Social Value Strategy has been rolled out with the creation of a dedicated Social Value Officer. Action to remain open to fully embed process.	**Open**
(B23,24,25) Engaging stakeholder effectively, including individuals citizens and service users. * (E61) Developing the capability of the entity's leadership and other individuals – ensure that there are structures in place to encourage public participation. * (F69) Managing performance – making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	• Ensuring that impacts, both negative and positive are fully understood when making Council decisions. • Public participation is not built into consultation and communication strategies, leading to mis-communication and difficulties in implementing change.	• Template and guidance for all committee reports to ensure that both communications and risk are comprehensively considered and reported on as part of the Integrated Impact Assessment, captures specific issues which may be of consequence for protected groups and other issues of impact need to be considered and captured. • New format for reporting introduced Autumn 2019 and subsequently monitored. • Increased use of tools such as Gov. Delivery and Customer Accounts.	• There has been an improved report format used during the year. This action needs to remain open action to capture the report of Integrated Impact Assessments. • There is a detailed communications strategy in place for all aspects of engagement. • All major decisions are based on clear objective analysis.	**Open (B23, 24,25)** **Closed (E61)** **Closed (F69)**

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
(C27,29) Defining outcomes in terms of sustainable economic, social and environmental benefits. #	• Expectations of delivery in accordance with the Future Generations and Wellbeing Act have been raised. • Service planning does not take into account service user's needs in the future. • Legal and or judicial challenges.	• Part of the review of the Council Plan 2019/20 and the review of the current set of Well-Being Objectives. • Reflect within provisions made in the Medium Term Financial Strategy. • The financial impact on the Council from Covid 19 is currently unknown.	Case studies to be included within the Annual Performance Report demonstrating best practise in line with Future Generations and Wellbeing Act	**Closed**
(C30,31) Defining outcomes – identifying and managing risks to the achievement of outcomes and making best use of the resources available. *	• Risk management not fully related to the achievements of all that we do. • Inconsistent application of the risk management strategy across all portfolios. • Risks are not mitigated during transitional or implementation phases. • Outcomes are under-achieved	• Improvement still needed in this area to ensure that risk management is related fully and comprehensively to the achievement of outcomes in all that we do. • Ensure that within the new risk register arrangements are in place to risk assess the achievement of outcomes.	• Revision of Risk Management Framework • Workshops with portfolios on revised risk framework.	**Closed**
(D38,39) Planning interventions - establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.*	• Inconsistent application of planning methodologies to ensure effective delivery of outcomes. • Ensuring that impacts, both negative and positive are fully	• Provided and applied a comprehensive set of tools and guidance to ensure that strategic and operational plans are maintained to inform other strategies such as the MTFS	There is a systematic approach to budget planning, production of the MTFS and risk escalation	**Closed**

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
Planning interventions – Engaging with internal and external stakeholders in determining how services and other interventions can best be delivered. *	understood when making Council decisions. • Lack of effective feedback mechanisms to inform stakeholders how their views have been taken into account: stakeholders remain uninformed and less likely to support service change. • Lack of structures to encourage public participation.			
(D43) Planning interventions – Ensuring capacity exists to generate the information required to review service quality regularly. *	Lack of appropriate information to inform service quality and policy decisions.	Review of the information available to inform service quality, as part of the Members' Workshop on Performance Management.	Members workshops have now been held.	**Closed**
(E53) Developing the entity's capacity – Developing and maintaining an effective workforce plan to enhance strategic allocation of resources. *	• Sustainability of service provision. • Ineffective allocation of resources. • Reputational damage following reduction in quality of service.	Whilst the Council already has individual Portfolio workforce plans, these need to be consolidated into one Council workforce plan in accordance with the People Strategy.	Whilst positive work has been undertaken, this action should remain open and under review.	**Open**
(E58) Developing the capability of the entity's leadership and other individuals – Ensuring employees have access to	• Employees unable to carry out their roles effectively following recruitment. • Employees not provided with the values and	• Ensure that Induction sessions are a carried out in a timely fashion and that all new employees attend.	There is a clear induction process in place for new members of staff. The action to remain open until a more effective corporate induction and remote e-learning tool is available.	**Open**

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
appropriate induction, with ongoing training and development matching individual and organisational requirements is available and encouraged. *	objectives of the organisation. • Changes to policies, technologies, practices, legislation and understood; leading to inefficiency and under productivity.	• Introduce monitoring of the corporate induction process as a quarterly report to CRO&SC and Cabinet to monitor effectiveness and ensure compliance.		
(E64) Developing the capability of the entity's leadership and other individuals – Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. *	Resilience of workforce is impacted by capacity and changing demands.	Next stage of development of the Mental Health and Wellbeing Plan for the workforce as one of the commitments within the People Strategy.	Positive work has taken place to develop the Mental Health and Wellbeing plan and will continue to evolve to support the changing workforce and their needs.	**Open**
(F68,F69) Managing performance – Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. *	• Outcomes following implementation may not have been delivered. • Lessons not learned nor shared.	• Inclusion of post implementation reviews in Scrutiny Forward Work Programmes. • Work with Scrutiny Chairs and vice-chairs and the Liaison Group to ensure that risks and performance are 'cornerstone' items of O&S FWPs. • Ensure risks are adequately covered in committee reports. • Brief committees on risk issues using half hour slots before meetings where necessary.	Whilst considerable work has taken place, further work is required to ensure there is a consistent approach for the inclusion of post implementation reviews in Scrutiny Forward Work Programmes.	**Open**

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
(F71) Managing performance – Providing members and senior management with regular reports on service delivery and on progress towards outcome achievement. *	Lack of timeliness of reporting leading to out of date information upon which to make decisions / assess risks.	• Continue with Council Plan reporting on historical factual information within 2 months of the quarterly period, but with current updates contained within the report. • Use of the most up to date data to inform reports for decision making. • Members to be involved in what is valuable to be measured within portfolios (Performance Management workshop).	• Performance reports are presented within 2 months of the quarter end. • Recruitment of Data Officer to lead support for reporting completion	**Closed**
(F78) Managing Data – Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to ensure the security of personal data used. *	• Legal challenge and fines. • Personal confidentiality breached.	Continue with monitoring processes and procedures set out for compliance with GDPR, until evidence that consistent approaches are being undertaken in each portfolio	There is an effective framework in place however to ensure consistency in compliance this action is to remain open	**Open**
Agreed actions within the Red / Limited assurance (2) Internal Audit reports are implemented.	Failure to address control and governance issues identified as part of the audit work undertaken.	Detailed action places in place to address the funding.	All actions relating to these Red / Limited assurance Internal Audit report have been implemented.	**Closed**

(ii) Strategic Issues from the 2018/19 Council Plan	Risk	Mitigation	Management Comment	Current Status

(ii) Strategic Issues from the 2018/19 Council Plan	Risk	Mitigation	Management Comment	Current Status
Supportive Council: Availability of sufficient funding to resource key priorities – with particular reference to Disabled Facilities Grants (DFGs).	• Demand for DFGs and adaptations are not met due to budget availability. • DFGs are not delivered in a timely manner; under-performance nationally.	Response to Internal Audit recommendations to improve processes.	Oversight Board established to review and monitor progress. Improvements in process and timeliness evidenced in last half of the year. Performance of this has improved. All actions have been addressed and the oversight board has ceased.	**Closed**
Supportive Council: Demand outstrips supply for residential and nursing home care bed availability.	• Lack of residential and nursing home care bed availability leading to more hospital stays. • Increased stress on carers. • Primary care resources stretched further.	• Expansion of Marleyfield to support the medium term development of the nursing sector is ongoing. • Re-phasing of Integrated Care Fund capital to fit in with the Council's capital programme has been agreed by Welsh Government. • Other active workstreams, including the development of resources to support the sector, diagnostic reviews for providers and Care Conferences.	The expansion of Marleyfield to support the medium term development of the nursing sector continues under the direction of the Programme Board. A review for Programme Board of demand and supply in light of the new capital developments has been undertaken. Risk had reduced due to developments on track and no care homes in escalating concern. However, the impact of Covid 19 and the need to open an additional care home at the Oaks still needs to be factored in.	**Open**
Learning Council: Limited funding to address the backlog of known repair and maintenance work in Education and Youth assets.	Fabric of Education and Youth buildings will continue to decline leading to an increase in health and safety issues and imbalance between surplus and unfilled places.	• Condition surveys continue to identify priorities for investment. • Implement County Policy for School re-organisation and modernisation.	The School Modernisation Programme is one of the strategic options to address the repairs and maintenance backlog. Capital business cases for improvement and repair and maintenance projects in schools are considered through the Council's business case process. This continues to be a financial risk to support the school infrastructure.	**Open**

(ii) Strategic Issues from the 2018/19 Council Plan	Risk	Mitigation	Management Comment	Current Status
Green Council: Funding will not be secured for priority flood alleviation schemes.	Flood alleviation schemes will not be delivered leading to increased risks of damage to infrastructure and community disturbance.	Review our approach to funding capital projects.	Flintshire's local risk management strategy contains an action to 'identify projects and programmes that are affordable, maximising capital funding from internal and external sources'. A service review is intended to create a more effective approach / structure that balances the ability to secure funding for flood alleviation works with the delivery of statutory duties under the Flood and Water Management Act. New Strategic Urban Drainage Scheme (SUDS) legislation needs to be implemented. Due to increase pressure of statutory duties the status of risks still lie within the red RAG rating.	**Open**
Serving Council: The scale of the financial challenge.	The Council has insufficient funding to meet its priorities and obligations.	• The Council's Medium Term Financial Strategy and efficiency programme. • National negotiations on local government funding.	The Council's budget setting process and management of the Medium Term Financial Strategy enabled the Council to set a balanced budget for 2019/20. The future of Council funding however, remains uncertain. The initial forecast for 2019/20 was considered by Cabinet in April 2019 and will continue to be closely monitored.	**Open**

Those actions closed are shown in blue text

What are the significant governance and strategic issues identified during 2019/20

The review of the effectiveness of the Council's governance framework has identified the following significant issues that will need to be addressed during 2019/20. These are categorised as:

i)   Internal Council Governance issues – those derived from the portfolio, Overview and Scrutiny and Audit Committee annual self-assessments that affect the internal governance arrangements of the Council.

NOTE: Issues marked * have been retained as high profile for further work, even though the risk score was 3 or above.

Issues marked # show risk issues which have increased in risk significance, even though they still retained a score of 3 or above

ii) Strategic Council Plan issues – those that have been identified as part of the Council Plan for 2019/20 which remain un-mitigated i.e. a 'Red' risk status.

i) Internal Council Governance issues for 2019/20	Risk	Mitigation
(C29) Defining outcomes in terms of sustainable economic, social and environmental benefits. #	• Expectations of delivery in accordance with the Future Generations and Wellbeing Act have been raised. • Service planning does not take into account service user's needs in the future. • Legal and or judicial challenges.	• Part of the review of the Council Plan 2020/21 and the review of the current set of Well-Being Objectives • Reflect within provisions made in the Medium Term Financial Strategy. • The financial impact on the Council from Covid 19 is currently unknown.

ii) Strategic Issues from the 2019/20 Council Plan	Risk	Mitigation
Supportive Council Debt levels will rise if tenants are unable to afford to pay their rent or council tax.	• Council will not recover income to offset costs. • Tenants will fall into more categories of debt. • Potential rise in homelessness presentations.	• Early intervention for tenants claiming Universal Credit to tackle rent arrears and encourage payment of rent. • Avoid new or escalating arrears to ensure that homelessness is prevented where possible.
Supportive Council Demand outstrips supply for residential and nursing home care bed availability.	• Lack of residential and nursing home care bed availability leading to more hospital stays. • Increased stress on carers. • Primary care resources stretched further .	• Expansion of Marleyfield to support the medium term development of the nursing sector is ongoing. • Re-phasing of Integrated Care Fund capital to fit in with the Council's capital programme has been agreed by Welsh Government. • Other active workstreams, including the development of resources to support the sector, diagnostic reviews for providers and Care Conferences.
Supportive Council Homelessness will remain a growing area of demand due to the current economic climate	• Lack of suitable, settled accommodation for those on welfare benefits has caused delays in being able to achieve positive outcomes for customers.	• We have been awarded in year funding to assist with additional measures to develop Landlord incentives within the private rented sector and a strategic partnership with HAWs (a lettings agency) commenced in May 2019. • The emergency beds provision is in place and is proving to be in demand. • Recruitment of an Outreach Worker in post, employed through Clwyd Alyn, who follows up on street homeless and individuals who attend the emergency bed provision
Supportive Council Insufficient supply and escalating cost of placements for children with complex needs	• Increasingly difficult to secure appropriate placements for children with complex needs within budget constraints.	• Supporting resilient families through the Early Help Hub • Targeted support to families on the edge of care • Combat exploitation through the Strategic and Operational MET (Missing, Exploitation, Trafficking) group • Policies and models to attract new foster carers and expand the type of placements offered • Working with local providers to reshape the residential market • Maximising local housing options

ii) Strategic Issues from the 2019/20 Council Plan	Risk	Mitigation
Green Council Funding will not be secured for priority flood alleviation schemes.	• Inability to secure the WG grant funding and/or FCC capital funding necessary to deliver priority flood alleviation schemes.	• Review our approach to funding capital projects.
Serving Council The scale of the financial challenge.	• Reduction in funding of Revenue Support Grant leading to challenging financial position for the Council in its ability to set a balanced budget.	• The Medium Term Financial Strategy (MTFS) continues to be reviewed to forecast the financial resources to be available to the Council during the period based on the best available intelligence and identification of solutions available. • National and local solutions for addressing the budget gap continue to be explored.
Serving Council Fully funding demand led services and inflationary pressures	• Reductions or cessation of services • High increases in Council Tax level	• National lobbying for improved funding for local government in Wales to include indexation of nationally agreed pay award, increases in demand and Nationally agreed legislative changes. • Maximisation of business planning efficiencies from Portfolios and increases to fees and charges
Serving Council Meeting Internal Targets	• Impact on the overall financial position of the Authority impacting on Medium Term Financial Strategy.	• Review of in year efficiencies and mitigate any shortfalls. • Review of income and expenditure to ensure financial management is robust. • Review at Programme Board and escalation as necessary.
Serving Council Increasing costs of service delivery and rising demand for some services	• We may not be able to deliver services or may not be able to set a legal balanced budget	• Regular monitoring of budgets • Escalation of areas of increasing financial risk such as increased cost and demand • Seek additional national funding for inflationary uplifts and areas of high service demand • Challenge by finance for mitigation within the service • Prevention strategies to minimise demand • Regular reporting to COT/Cabinet/Council

ii) Strategic Issues from the 2019/20 Council Plan	Risk	Mitigation
Corporate Finance Increasing Debt	• An increase in the level of debt owed to the Council	• We are still collecting income and are only making flexibilities where tax-payers, tenants, customers and businesses approach us to request support. • 'Soft' enforcement has begun for tax-payers and tenants who are falling into debt and not made any contact with us and a first batch of reminder letters is to be issued in late May/early June 2020. • Full enforcement action cannot resume until it is sensitive to do so. • This risk will need to be taken into account in the review of the Medium-Term Financial Strategy (MTFS).
Corporate Finance Insufficient reserves level	• Insufficient reserves remain following the response phase	• Protect an over-exposure of our reserves by maximising our grant claims to Welsh Government for refunds of additional emergency expenditure and the recovery of lost income.
Corporate Finance Insufficient reserves level impacts financial resilience	• Insufficient reserves impact on the financial resilience of the Council to sustain a lengthy recovery phase	• This risk will need to be taken into account in the review of the Medium-Term Financial Strategy (MTFS).

Certification

The review provides good overall assurance that Flintshire County Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework requirements for Local Authorities within Wales.

Opportunities to maintain and develop the Council's governance arrangements have been identified through this review. We pledge our commitment to addressing these issues over the coming year and we will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Flintshire County Council

Colin Everett – Chief Executive   **Cllr. Ian B Roberts – Leader of the Council**

Flintshire County Council Corporate Governance Framework
Principal Statutory Obligations and Organisational Objectives

Behaving with integrity, demonstrating strong commitment to ethical values & respecting the rule of the Law

Ensuring Openness & Comprehensive Stakeholder Engagement

Defining Outcomes in terms of Sustainable Economic, Social & Environmental Benefits

Determining the Interventions to optimise the achievements of the intended outcomes

Developing the Council's capacity, including capability of its leadership & individuals within it

Managing risks & performance through robust internal control & strong financial management

Implementing good practices in transparency, reporting & audit to deliver effective accountability

Assurance Statement

Public Key Documents:

- Annual Governance Statement
- Annual Outturn Finance Report
- Annual Performance Report
- Annual Information Governance Statement
- Capital Strategy and Asset Management Plan
- Code of Corporate Governance
- Code of Ethical Practice on Procurement
- Contract Procedure Rules
- Digital Strategy
- Financial Regulations
- Council Plan
- Medium Term Financial Strategy
- Members' Allowance Scheme
- Overview and Scrutiny Annual Report
- People Strategy
- Portfolio Business Plans
- Public Services Board Wellbeing Plan
- Statement of Accounts
- Strategic Equality Plan
- Strategic Risk Register
- Treasury Management Strategy
- Annual Audit Report

Key Documents: Ad-hoc Review / Production

- Anti-Fraud Work plan
- Business Continuity Plans
- Communications Principles
- Constitution
- Data Protection Policy
- Equality and Diversity Policies
- HR Policies
- Health & Safety Policies
- Internal/External Audit Protocol
- IT Policies
- Members Code of Conduct
- Officers Code of Conduct
- Procurement Strategy
- Social Media Policy
- Welsh Language Standards
- Whistle Blowing Policy

Contributing Processes Regulatory Monitoring

- Appraisal and Supervision
- Attendance management
- Audit Committee
- Budget Monitoring Reports
- Comments, Complaints and Compliments
- Corporate Governance
- Corporate Health & Safety
- Council (Plan) Governance Framework
- Council Meetings
- Engagement and Consultation
- External Audit
- FCC Web site
- Induction
- Inspectorate Reports
- Internal Audit
- Job Descriptions
- Manager Toolkits
- Member Training
- Monitoring Officer
- Partnership Self Assessments
- Performance Management
- Risk Management
- Scrutiny Framework
- Staff induction
- Your Council newsletter