

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	18 July 2024
<b>Subject:</b>	Annual Governance Statement (AGS)
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<b>Nature and Reason for Reporting:</b> The purpose of the Annual Governance Statement (AGS) is to provide assurance regarding the Council's governance arrangements.  The Governance and Audit Committee has the responsibility of approving the Council's AGS each year.	

## Introduction

1. To demonstrate good governance, the Council must show that it is complying with the core (and supporting) principles contained within the Framework for Delivering Good Governance in Local Government (CIPFA / Solace, 2016). This statement has been prepared in accordance with those principles.
2. The Isle of Anglesey County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
3. The Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk together with adequate and effective financial management.

## Recommendation

4. That the Governance and Audit Committee reviews and approves the Draft Annual Governance Statement that will form part of the 2023/24 Statement of Accounts



# Annual Governance Statement 2023/24

**Prepared by:** Transformation Service

**Publication date:** July 2024

Mae'r ddogfen hon ar gael yn y Gymraeg / This document is available in Welsh

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## Scope of Responsibility

The Isle of Anglesey County Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards, and that it safeguards and properly accounts for public money, and how public money is used.

The Council also has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk together with adequate and effective financial management.

The Council approved and adopted a revised [local code of corporate governance](#) in March 2022, which is consistent with the seven core principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government.

This statement explains how the Council has complied with the code and meets the requirements of non-statutory proper practice encouraging the publication of an Annual Governance Statement. It also meets the requirement of regulation 5 of the Accounts and Audit (Wales) Regulations 2014 in relation to the publication of a statement on internal control.

## The Governance Framework

The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled. It also guides the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable and not absolute assurance of effectiveness.

There have been no changes to the [committee structures](#) or the [Leadership Team and Corporate Management Teams](#) over the past year.

## Review of Effectiveness

The Isle of Anglesey County 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 effectiveness is informed by the work of managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework has been evaluated by a combination of:

- the results of the regular in-year review and monitoring by officers and committees;
- a review of relevant documents prepared during the year or relating to the year;
- the review of progress against the Council Plan;
- reviews of feedback from Estyn and Care Inspectorate Wales (CIW) and the related scrutiny panels on the improvement work in relation to Education and Social Services;
- discussions with, and receiving comments from, groups of officers and members including the Leadership Team and the Executive.

In addition, regular in-year review and monitoring includes:

- formal risk management activity, including specific consideration of those risks linked to governance processes;
- internal audit, whose work includes auditing the highest risks identified in the Strategic Risk Register, including risk management, in accordance with the annual internal audit strategy, and which includes 'follow-up' work to ensure that senior officers address agreed 'Issues / Risks';
- the work of the Council's Scrutiny and Governance and Audit and Standards committees and other Committees, including;
- the opinions and recommendations of the Council's external auditors and other review agencies and inspectorates;
- the regular monitoring of improvement and performance against the Council Plan and its supporting plans and strategies by members and senior managers.

## Annual Review of the Effectiveness of the Council’s Governance Framework

### Conclusion of Assessment

The following table provides the conclusion of the assessment for 2023/24:

Core Principles of the Framework	Conclusion of the assessment
<b>Principle A:</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Council has clear, transparent decision-making processes which incorporate strong ethical values and are lawful. The codes of conduct set out expectations for behaving with integrity.
<b>Principle B:</b> Ensuring openness and comprehensive stakeholder engagement	The Council exists to serve its residents and is dependent on a wide variety of stakeholders for working effectively in partnership. Engagement and consultation mechanisms are in place.
<b>Principle C:</b> Defining outcomes in terms of sustainable economic, social, cultural and environmental benefits	The Council works with communities to plan outcomes. In setting policies and strategies, the Council take a long-term view about outcomes, taking into account sustainable economic, social, cultural and environmental benefits.
<b>Principle D:</b> Determining the interventions necessary to optimise the achievement of the intended outcomes	The Council takes decisions on interventions based on its clear vision for services, engaging with communities, regulators and practical expertise of professional service officers. This combination leads to optimising the achievement of intended outcomes.
<b>Principle E:</b> Developing the entity’s capacity, including the capability of its leadership and the individuals within it	The Council has the appropriate structures and leadership in place and people with the right skillsets and qualifications to ensure it is operating efficiently and effectively to achieve its intended outcomes. There are clear policies and strategies in place to demonstrate that it has the capacity to fulfil its mandate and that management has the operational capacity.
<b>Principle F:</b> Managing risks and performance through robust internal control and strong public financial management	The Council has an effective performance management system that facilitates effective and efficient delivery of services. Risk management and internal control are integral important parts of the performance management system and they have been developed further during the year. They are crucial to achieving the outcomes of the new Council Plan. The Council demonstrates compliance with the <a href="#">CIPFA Financial Management Code</a> .
<b>Principle G:</b> Implementing good practices in transparency, reporting, and audit to deliver	The Council's elected members and senior management are accountable for making decisions and delivering services which are supported by both internal and external audits. The activities undertaken are in a transparent and clear manner in which stakeholders are able to understand and respond. <a href="#">No significant governance issues</a> were found during the year.

## Statutory Officers' Statements

### Head of Paid Service



Dylan Williams  
Chief Executive

“As the Chief Executive of the Isle of Anglesey County Council, I take pride in ensuring that effective governance arrangements are in place to uphold transparency, accountability, and the highest standards of public service. My role is to provide strategic leadership and guidance to the organisation, working closely with the elected members, officers and partners.

I am satisfied that the governance arrangements are robust and comprehensive, as they have been developed and refined over time to meet the evolving needs of the organisation, community and stakeholders. Through regular engagement with various internal and external stakeholders, we have fostered a culture of open information sharing, communication and collaboration, which strengthens our governance practices.

We actively monitor and take appropriate steps to address any issues that arise, ensuring that our governance arrangements remain effective and responsive to the evolving landscape.

I am confident that our governance framework promotes sound decision-making, ethical conduct, and the efficient delivery of services, enabling us to fulfil our responsibilities to the residents of Anglesey.”

### Section 151 Officer



Marc Jones  
Director of Function  
(Resources)

“As the Section 151 Officer of the Isle of Anglesey County Council, I hold a crucial responsibility for overseeing the financial management and ensuring the proper use of public funds.

I am satisfied that the governance arrangements in place provide a robust framework for financial stewardship and accountability. Through diligent financial planning, budgetary control, and effective risk management, we strive to ensure the financial sustainability of the council.

Our arrangements are underpinned by strong financial policies, procedures, and internal controls, which are regularly reviewed and updated to align with best practices and statutory requirements.

Regular financial reporting and scrutiny by both internal and external auditors provide independent assurance, and any identified areas for improvement are promptly addressed.

I am confident that our governance arrangements support prudent financial management, safeguarding the Council's resources, and enabling us to deliver quality services to the community.”

**Monitoring Officer**



Lynn Ball  
Director of Function  
(Council Business)

"As Monitoring Officer one of my key roles is to work closely with elected members and officers to promote good governance and good decision-making across the Council.

The Council has a robust governance framework in place and we aim to ensure that our working culture reflects the requirements of that framework and promotes the accountability, transparency and integrity of our decision-making.

Nurturing and promoting high standards of ethical behaviour among elected members and officers is crucial for the Council to discharge its good governance responsibilities."

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## Governance matters identified

### Progress on Identified Governance Matters as noted last year

The table outlines the governance matters identified last year and an update on progress can be found below:

Actions identified to address weaknesses	Lead Officer / Service / Board	Update on progress
1. The Council needs to review and revise the Corporate Scorecard provision following the adoption of the new Council Plan 2023-2028	Transformation	There has been a review of the Corporate Scorecard indicators during the year. A new scorecard, which links indicators to the six council plan objectives, has been drafted and agreed with the Executive. The first quarterly report will be discussed by the Corporate Scrutiny Committee and the Executive in September 2024.
2. Matters related to the Local Government and Elections (Wales) Act 2021 are implemented accordingly	Monitoring Officer	<p>The Petitions Scheme was adopted by the Council in September 2023.</p> <p>During 2023, the Council reviewed the approach to self-assessment and made a number of adjustments to further strengthen the process. The template was amended to focus on seven key areas, in line with applying the Wellbeing of Future Generations Act.</p> <p>The Participation Strategy was adopted by Council in <a href="#">October 2023</a>.</p> <p>The Council did not undertake the planned training on the General Power of Competence as the training was no longer to be offered by the WLGA owing to the emergence of other priorities. Currently there are no plans to undertake this training.</p>
3. The Council's risk management framework requires an update	Resources	The Council has adopted a revised risk management framework and updated the risk management system, 4Risk, to meet the requirements of the framework.
4. The new Council needs to identify its capital spending in line with the new Council Plan	Chief Executive	The new <a href="#">Capital Strategy 2024-2029</a> was adopted by the Isle of Anglesey Council in March 2024.
5. Complete the assurance mapping exercise for the Council	Transformation / Resources	The assurance mapping exercise is underway following an update to the risk management system, 4Risk. Further work is required during 2024/25 to embed the process.

## Identified Governance Matters 2023/24

No significant governance matters were identified for the year ending 31<sup>st</sup> March 2024. However, the assessment process did identify the following Governance Matters.

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
1. Matters related to the Local Government and Elections (Wales) Act 2021 are implemented accordingly	<ul style="list-style-type: none"> <li>Prepare for the Council's first <a href="#">Panel Performance Assessment</a> (PPA) that will take place in second half of 2025</li> <li>Work with <a href="#">WLGA</a> to scope out the role of the PPA</li> </ul>	Transformation / Council Business	<ul style="list-style-type: none"> <li>Failure to comply could lead to further scrutiny from the Welsh Government and a loss of reputation</li> <li>Unable to continually improve the Council's performance</li> <li>Will not effectively capture the necessary insights to improve service delivery</li> <li>May lead to making uninformed decisions or exceeding legal authority</li> <li>Legal and reputational risks and compromised governance practices within the council</li> </ul>	March 2026
2. The Council does not map all sources of assurance	<ul style="list-style-type: none"> <li>Complete the assurance mapping exercise for the Council</li> </ul>	Transformation / Resources	<ul style="list-style-type: none"> <li>Possible governance issues which were not identified</li> <li>Unable to continually improve the Council's performance</li> <li>Possible service failure</li> <li>Insufficient or duplication of assurance provision</li> </ul>	March 2025
3. The Council must ensure that it meets the requirements of the new Procurement Act 2023	<ul style="list-style-type: none"> <li>Implement agreed actions from the Procurement Improvement Plan</li> <li>Publish a Procurement Strategic Plan</li> </ul>	Resources	<ul style="list-style-type: none"> <li>Failure to comply could lead to fines and penalties, legal action and regulatory scrutiny</li> <li>Reputational damage</li> <li>Possible service failure</li> </ul>	March 2026

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
<p>4. The Council needs to respond to identified workforce planning challenges including its age profile in some services and recruitment and retention problems in others</p>	<ul style="list-style-type: none"> <li>• Review, revise and implement a recruitment drive for the Provider Unit</li> <li>• Implement the people risk management strategy</li> <li>• Modernise the recruitment website and</li> <li>• Increase the retention of staff in areas that see higher turnover and specifically in roles that are specialists and cannot easily be recruited</li> </ul>	<p>Transformation</p>	<ul style="list-style-type: none"> <li>• Possible service failure</li> <li>• Potential for talent shortages, skills gaps and high turnover of staff</li> <li>• Potential increase in costs</li> <li>• Reputational damage</li> </ul>	<p>March 2025</p>
<p>5. The Council needs to manage and rationalise assets to ensure that they are needed, are fit for purpose and if not identify the work required to bring them up to standards.</p>	<ul style="list-style-type: none"> <li>• Publish and implement a new Asset Management Strategic Plan 2024- 2029</li> <li>• Review and publish a new small holding asset management strategy</li> <li>• Undertake rationalisation of council assets</li> <li>• Responding to and managing RAAC within council assets</li> </ul>	<p>Highways, Waste &amp; Property</p>	<ul style="list-style-type: none"> <li>• Increase in associated maintenance costs</li> <li>• Potential serious health and safety breaches if deterioration in assets</li> <li>• Potential service failure</li> <li>• Missed opportunities for enhancing services or generating revenue</li> </ul>	<p>March 2025</p>

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
6. The financial resilience of the Council is under pressure due to the cost of living crisis and a decrease in funding	<ul style="list-style-type: none"> <li>• Maximise the grants available to the Council</li> <li>• Monitor and review the Medium Term Financial Plan (MTFP)</li> <li>• Identify savings for 2025/26 onwards</li> <li>• Review and streamline processes to improve efficiency and effectiveness of services and reduce the impact of reduced funding</li> </ul>	Resources	<ul style="list-style-type: none"> <li>• Reduction of services available to residents</li> <li>• Risk of serious financial issues</li> <li>• Negative impact on local economy and an increased vulnerable population</li> <li>• Reputational damage</li> <li>• Risk of intervention by the Welsh Government</li> </ul>	March 2025
7. The Council needs to continue modernising its digital and data infrastructure	<ul style="list-style-type: none"> <li>• Digital strategic plan</li> <li>• Complete a data maturity assessment to review our data infrastructure, skills and capacity</li> <li>• Implement a new telephony system</li> </ul>	Transformation	<ul style="list-style-type: none"> <li>• Ineffective and inefficient services using outdated technology for service delivery</li> <li>• Potential cybersecurity risks</li> <li>• Increase in costs to maintain older legacy systems</li> <li>• Reputational damage</li> </ul>	March 2025

## Certifying the Annual Governance Statement

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance and Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in the document.

We propose to take appropriate steps to address these and the other weaknesses identified in the Annual Governance Statement and to further enhance our governance and assurance arrangements in the forthcoming year. We will monitor the implementation and operation of improvements through the Governance and Audit Committee and as part of our next annual review.

**On behalf of the Isle of Anglesey County Council**

**XXXXXX  
Leader, Anglesey County Council  
XX XXXX 2024**

**Dylan Williams  
Chief Executive, Anglesey County Council  
XX XXXX 2024**

## Appendix 1

### CIPFA Financial Management Code (2019)

CIPFA's Financial Management Code (2019) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code is not prescriptive and is based on six principles supported by specific standards considered necessary to ensure continued financial resilience within the Local Authority setting. The six principles of effective financial management underpinning the Code are as follows:

- Leadership
- Accountability
- Transparency
- Professional Standards
- Assurance
- Sustainability

The six principles are translated into seventeen Financial Management (FM) standards (denoted from A-Q), grouped into seven sections. All local authorities were required to demonstrate full compliance with the Code by 31 March 2022.

Following an internal audit of compliance with the Code in April 2020, a further audit of Financial Resilience was undertaken in November 2022 to seek to answer the following question: Does the Council have adequate arrangements in place to manage the implications of real term funding reductions to ensure that it continues to achieve its priorities and delivers quality services?

The report states:

**“Overall, our review concludes that within the scope of its control, the Council has a framework of effective controls in place to manage the implications of real term funding reductions. Despite this, it is clear that the Council faces difficult decisions over the next two years due to the current challenging and unpredictable economic climate.”**

The review identified one issue/risk which required management attention to strengthen arrangements in this area and an action plan was agreed with management.

## Significant Governance Issues

The Council's Internal Audit report for 2023/24 came to the following conclusion –

***“For the 12 months ended 31 March 2024, the Isle of Anglesey County Council’s Head of Audit and Risk’s opinion is that the organisation has an adequate and effective framework for risk management, governance and internal control.***

***While I do not consider any areas of significant corporate concern, some areas require the introduction or improvement of internal controls to ensure the achievement of objectives, and these are the subject of monitoring.***

***There are no qualifications to this opinion.”***

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