

ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	16 July 2025
<b>Subject:</b>	Draft Annual Governance Statement (AGS)
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<b>Nature and Reason for Reporting:</b> The committee is receiving this report in line with section 3.4.8.4.2 of the ToR:  3.4.8.4.2 The Committee will review the Annual Governance Statement (AGS) prior to full council approval and consider whether it properly reflects the risk environment and supporting assurances, including the Head of Audit and Risk's annual opinion. It will consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.	

## 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 2024/25 Statement of Accounts



# Draft Annual Governance Statement 2024/25

**Prepared by:** Transformation Service

**Publication date:** July 2025

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](#) over the past year. There was one change to the [Leadership Team and Corporate Management Teams](#) during the year as Aaron Evans succeeded Marc Hughes as Director of Education, Skills and Young People in January 2025.

## 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 [Audit Wales](#), [Estyn](#) and [Care Inspectorate Wales \(CIW\)](#) and the [related scrutiny panels](#) on the work in relation to Finance, 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;
- 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 2024/25:

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 maintains clear and transparent decision-making processes that embed strong ethical values and ensure decisions are lawful. Codes of conduct clearly set expectations for integrity and ethical behaviour.
<b>Principle B:</b> Ensuring openness and comprehensive stakeholder engagement	The Council exists to serve its residents and depends on effective engagement with a wide range of stakeholders to work successfully in partnership. Mechanisms for consultation and engagement are in place to support open and inclusive decision-making.
<b>Principle C:</b> Defining outcomes in terms of sustainable economic, social, cultural and environmental benefits	The Council works with communities to plan and define outcomes. When setting policies and strategies, the Council takes a long-term perspective, considering 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 makes decisions on interventions informed by its clear vision for services, engagement with communities, regulators, and the professional expertise of its officers. This integrated approach optimises 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 robust structures and effective leadership in place, supported by staff with appropriate skills and qualifications, to ensure efficient and effective operations. Clear policies and strategies demonstrate that the Council has the capacity to deliver its responsibilities and that management has sufficient operational capability.
<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 enables efficient and effective service delivery. Risk management and internal control are essential components of this system and have been further strengthened during the year, supporting the successful delivery 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 decisions and service delivery, with processes supported by both internal and external audit. Activities are carried out in a transparent and understandable way, enabling stakeholders to engage meaningfully. <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:

Governance matters identified	Lead Officer / Service / Board	Update on progress
1. Matters related to the Local Government and Elections (Wales) Act 2021 are implemented accordingly	Transformation / Council Business	Following agreement with the WLGA, the Panel Performance Assessment (PPA) will be held between the 10 <sup>th</sup> – 13 <sup>th</sup> November 2025. A working group has been established, and work is underway to prepare the scoping document for the PPA.
2. The Council does not map all sources of assurance	Transformation / Resources	The third line of assurance are currently recorded against the strategic risk register on the 4Risk system. However, following staff changes, arrangements for mapping the first and second sources of assurance are currently being reviewed. Any changes as a result of the review will start to be implemented during 25/26.
3. The Council must ensure that it meets the requirements of the new Procurement Act 2023	Resources	<p>The Procurement Strategic Plan and revised Contract Procedure Rules were approved by the Executive in December 2024. The Procurement Act 2023 was brought into force in February 2025.</p> <p>A successful training programme was carried out at the start of the year, where over 100 of our staff received the training on the new procurement act which was delivered internally. A procurement handbook and templates are also in place.</p> <p>A Procurement Manager is now in post on an interim basis due to difficulties in recruiting.</p>

Governance matters identified	Lead Officer / Service / Board	Update on progress
<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>	<p>Transformation</p>	<p>The council continue to undertake a recruitment drive for the Provider Unit. During 2024/25 the Denu Talent scheme only focussed on Adult Services, specifically to try and recruit to difficult to fill posts. Five young people successfully undertook a placement over 10 weeks, with two being recruited to permanent posts following the scheme.</p> <p>The Corporate People Risk Management Strategy was reviewed and republished during the year.</p> <p>New dedicated Careers pages were published on the Council Website (<a href="#">Jobs and Careers</a>).</p> <p>There continues to be a drive to increase retention of staff, particularly in areas that see higher turnover. Staff turnover for 2024/25 was 8% compared to 9% the previous year, and staff retention was around 82% for 24/25.</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>	<p>Highways, Waste &amp; Property</p>	<p>All mitigating actions to manage RAAC within council buildings were actioned during the year.</p> <p>The Asset Management Strategic Plan 2024-2029 was published during the year.</p> <p>A new Computer Aided Facilities Management System was adopted in Summer 2024 with the aim for it to be used to manage all council assets, maintenance and build projects.</p> <p>Work is underway to develop a new small holding asset management strategy with plans in place to complete the work during 2025/26.</p>
<p>6. The financial resilience of the Council is under pressure due to the cost of living crisis and a decrease in funding</p>	<p>Resources</p>	<p>The Council secured £47.748m of capital grants in 2024/25, which is equivalent to 61% of the total capital funding in 2024/25.</p> <p>MTFP for the period 2025/26 to 2027/28 was approved by the Executive in September 2024, with the period of the plan being</p>

Governance matters identified	Lead Officer / Service / Board	Update on progress
		<p>increased from 2 to 3 years.</p> <p>Service budget savings were put forward for consultation during the budget setting process in early 2025. Savings that were identified and not implemented in 2025/26 will potentially be put forward to the Executive as part of the 2026/27 budget process.</p> <p>Work is ongoing across all services to identify areas where processes can be streamlined in order to reduce costs. A cost of change reserve has been set up to fund any expenditure required to implement changes. Examples of funding provided to date include:</p> <ol style="list-style-type: none"> <li>1. Citizens Access Portal - which allows Council Taxpayers, Housing Benefit claimants and landlords access to their accounts so that they can receive information about their account and update the Council on changes electronically</li> <li>2. Maritime Income – Fund the purchase and implementation of Chip and Pin machines which allows visitors to pay for services by card at beach locations</li> <li>3. Transport Review – to fund the cost of an external review of the Council’s transport provision across all services, with the aim of identifying changes that provides a more coordinated service at a lower cost</li> </ol>
7. The Council needs to continue modernising its digital and data infrastructure	Transformation	<p>The <a href="#">Digital Strategic Plan</a> is now in place which aims to provide a clear direction and vision for corporate IT based upon the Council’s general principles and priority areas for ICT service delivery.</p> <p>The council successfully implemented a new telephony system for the majority of offices and sites.</p> <p>A data maturity assessment was completed during the year and the working group are working on the next steps to improve on its data use including a new data strategy.</p>

## Other notable governance work undertaken during the year

Below are some of the notable governance work that was undertaken and not previously noted above

Governance matters identified	Lead Officer / Service / Board	Update on progress
External review of our Scrutiny arrangements	Council Business	<p>The Local Authority commissioned an external review of our scrutiny arrangements, which was completed within the context of our local corporate governance framework. The recommendations have informed our scrutiny development programme moving forward. Progress is to be monitored by the Scrutiny Chairs and Vice-chairs Forum and Leadership Team.</p> <p>Further information can be found in the <a href="#">Scrutiny Annual Report</a>.</p>
Develop a new Counter Fraud, Bribery & Corruption Strategy for 2025-28	Resources	<p>A new <a href="#">Counter Fraud, Bribery &amp; Corruption Strategy</a> was developed and agreed during the year.</p> <p>The strategy outlines the activity that the Council, under the leadership of Internal Audit, will carry out during 2025-28 to minimise the risk of fraud, bribery and corruption occurring within and against the Isle of Anglesey County Council.</p> <p>This supports the requirements of the Public Sector Internal Audit Standards, 2022 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120). In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council's responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.</p>

## Identified Governance Matters 2024/25

No significant governance matters were identified for the year ending 31<sup>st</sup> March 2025. However, the assessment process did identify the following governance matters which will be developed during the forthcoming year.

Governance matters identified	Improvement actions identified	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
1. 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 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
2. The Council needs to respond to identified workforce planning challenges including its age profile in some services and recruitment and retention problems in others	<ul style="list-style-type: none"> <li>Review, revise and implement a recruitment drive for Council Business and the Provider Unit</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>	Transformation	<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>	March 2026
3. 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.	<ul style="list-style-type: none"> <li>Review and publish a new small holding asset management strategic plan</li> <li>Continue to implement the new Computer Aided Facilities Management System</li> <li>Undertake rationalisation of council assets in line with <u>Asset Management Strategic Plan 2024-29</u></li> </ul>	Highways, Waste & Property	<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>	March 2026

Governance matters identified	Improvement actions identified	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
4. 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 2026/27 onwards</li> <li>Continue to 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 2026
5. The Council needs to continue modernising its digital and data infrastructure	<ul style="list-style-type: none"> <li>Develop a Data Strategic Plan with the aim of becoming a data informed Council</li> <li>Scope out the need for a new telephony system at the remaining schools and other Council buildings not previously included in phase 1</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 2026
6. The Council does not map all sources of assurance	<ul style="list-style-type: none"> <li>Complete a review of how best to review and monitor the 1<sup>st</sup> and 2<sup>nd</sup> lines of assurance</li> <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 2026

## 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**

**Cllr Gary Pritchard**  
**Leader, Anglesey County Council**  
**July 2025**

**Dylan Williams**  
**Chief Executive, Anglesey County Council**  
**July 2025**

## 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 2024/25 came to the following conclusion –

***“For the 12 months ended 31 March 2025, 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.”***