

APPENDIX A



Foreword

Annual Governance Statement

“One Council working together to improve lives”

This is the Council’s vision as stated in the [Corporate Plan](#) for 2018-2022 reviewed for 2020-21, which also sets out what our long-term Well-being objectives are so that amongst all of the complexity of increased demand and reduced resources we can keep a clear focus on what is really important for our communities.

We want to contribute to a place where people love to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, enjoy good health and a sense of well-being and independence.

It is necessary to ensure that our communities and those that use and pay for our services, those who deliver our services and our partners and suppliers have confidence in our governance arrangements. They must be assured that our services are provided effectively and efficiently and delivered on a consistent basis, that public money is safeguarded and properly accounted for; and that decisions are taken transparently and lawfully. This is especially the case given the challenges faced by us all during the worldwide Coronavirus pandemic that has affected everyone and every business across the county borough. Additional measures have been put in place to ensure the Council maintains proper governance through this unprecedented event.

The Council also has a duty to set well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in delivering its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

Our governance arrangements operate effectively in supporting the Council in meeting its challenges and responsibilities, and have continued to do so in the current uncertain times. Improvements are continually being made and opportunities to do so going forward have been identified. These will be monitored during 2020-21 to ensure that the necessary improvements are made.



Mark Shephard
Chief Executive



Cllr Huw David
Leader of the Council



Dunraven Place regeneration

What is Corporate Governance?

Corporate governance comprises the systems, processes, culture and values by which the Council is directed and controlled, led and held to account, and how it engages with stakeholders. It is also about the way that Councillors and employees think and act.

The Governance Framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

What this Statement tells you

This Statement describes the extent to which the Council has complied with its Code of Corporate Governance and the requirements of the Accounts and Audit (Wales) Regulations 2014, for the year ended 31 March 2020.

It also sets out how the Council has responded to governance issues identified during 2019-20 and actions to be undertaken during 2020-21 following an annual review of the Governance Framework.

The Statement has been prepared in accordance with the 2016 guidance: '[Delivering Good Governance in Local Government Framework](#)' produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE)

The Council's Governance Responsibilities

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

It also has a duty to make arrangements to secure continuous improvement in the exercise of its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation¹.

The Council must consider the longer term impact of any decisions it makes, and should work collaboratively with other public bodies to improve wellbeing in Wales.²

As a public body the Council has to ensure it delivers sustainable social, cultural, environmental and economic outcomes as a key focus of its governance process and structures. This is achieved by:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- ensuring openness and comprehensive stakeholder engagement

The Council's Code of Corporate Governance sets out its commitment to, and responsibility for, ensuring that there is a sound system of governance in place. The [Code](#) is on the Council's website or can be obtained from the Section 151 Officer.

The Council's Code of Corporate Governance sets out the seven principles of good governance in line with the CIPFA Code.

Bridgend County Borough Council Code of Governance (2017)

The Council's Governance Principles are based on the following:	
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B	Ensuring openness and comprehensive stakeholder engagement
C	Defining outcomes in terms of sustainable economic, social and environmental benefits
D	Determining the interventions necessary to optimise the achievement of the intended outcomes
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practice in transparency, reporting, and audit to deliver effective accountability



¹ Local Government (Wales) Measure 2009

² Well-being of Future Generations (Wales) Act 2015

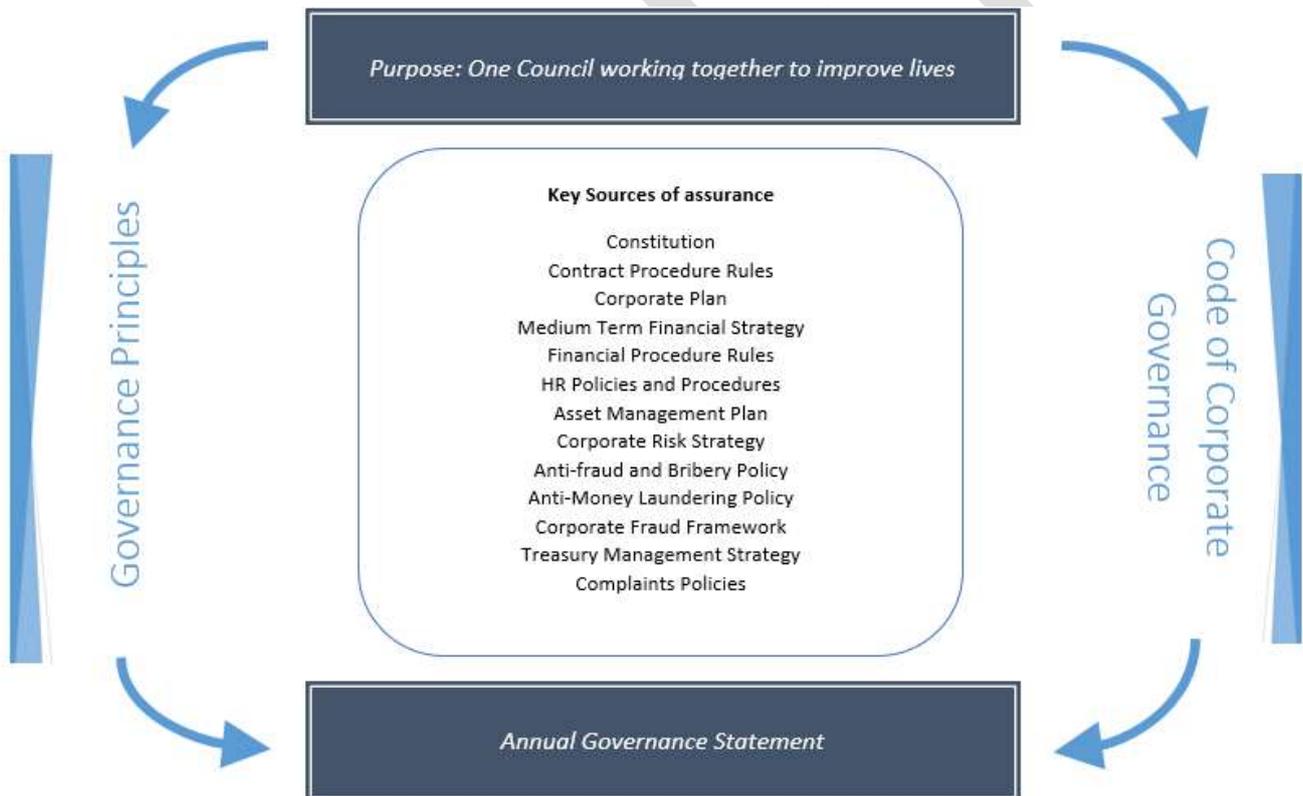
The Governance Framework

The Governance Framework comprises the systems, processes and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local 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, cost-effective services.

The system of internal control is a significant part of that framework and is designed to make appropriate use and prevent loss of public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all the risk, the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and manage their impact.

In order to review the effectiveness of the governance framework, assurances are provided to, and challenged by, the Audit Committee, Scrutiny Committees, Council, Cabinet and Corporate Management Board as appropriate. In addition the Section 151 Officer promotes and delivers good financial management and the Monitoring Officer legal and ethical assurance.

Some of the key elements of the governance framework are highlighted below.



More widely, as part of its partnership and joint working arrangements, the Council is involved in bespoke external governance arrangements driven by the different partnership and delivery arrangements in place. Examples of these include the following:

- The Council is one of ten Councils jointly delivering the Cardiff Capital Region City Deal (CCRCD), which has in place joint Scrutiny and Cabinet to ensure governance in its implementation. The CCRCD aims to raise economic prosperity, job prospects and improve digital and transport connectivity and is a significant investment into the South Wales economy.

The Council is committed to contributing to the delivery of these objectives across the region to ensure that the community and business within the Borough can benefit from this investment.

- One of the most significant changes in April 2019 was the Health Board boundary change which meant that all community health services within Bridgend County Borough transferred from Abertawe Bro Morgannwg University Health Board into the new Cwm Taf Morgannwg University Health Board. Bridgend is now part of the new Cwm Taf Morgannwg Region. During 2019/20 the new regional arrangements have been put in place for the health and social care partnership and a new governance structure will be presented to the Regional Partnership Board in early 2020/21.
- The Council is a participant in a number of shared services, with other local authorities, such as the Shared Regulatory Services with Cardiff and the Vale of Glamorgan Councils, and Central South Consortium, a joint education service for five local authorities. These are governed by joint committees which comprise elected members from each of the local authorities. The Council also is a partner in the Regional Internal Audit Shared Services with Vale of Glamorgan, Rhondda Cynon Taff and Merthyr Tydfil Councils.

COVID-19

The UK was put into lockdown on 23 March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. This followed similar action in other countries across the world. The UK Government put into place a limited number of reasons for people to be allowed to leave their homes. As a consequence many non-essential shops and businesses had to close, schools were closed and all non-key workers were required to work from home where possible. Initially the lockdown was for a period of 3 weeks but this was then extended with a slow lifting of restrictions only beginning 2 months after the lockdown started. The worldwide COVID-19 pandemic has, and will continue to have, an unprecedented impact upon society as a whole. This has led to significant changes to the day-to-day management of the Council, and the nature and delivery of its operations.

In order to maintain continuity of service wherever possible, the Council moved extremely quickly to equip as many of its office-based staff with mobile technology to enable home-working within a very short timescale. Nearly all office-based staff have been equipped to work at home with laptops, with telephone facilities installed on the laptops as offices across the County Borough closed. Some staff have been able to work on home computers and link to the Council's corporate network. The Council significantly increased its infrastructure ability to enable all who could work from home to do so. This included providing multiple accessibility platforms to enable access. The capacity of back end storage has been increased. Whilst the security of the network remains at a high level, to mitigate a potential risks the use of Outlook Web Access was removed. In addition to this and to further strengthen network security, the Council has increased its firewall provision. Where roles for staff have diminished as a result of reduced volumes of work or services not being delivered, opportunities for temporary redeployment are actively sought and implemented.

The Council has had to consider which of its front-line services it could continue to deliver, taking into account the number of staff self-isolating and actually sick. The Council maintained a significant number of essential services running, particularly the provision of social care services for vulnerable adults and children and waste collection services. However, following a Welsh Government announcement the majority of schools closed for pupils on 20 March 2020 with the exception of children of essential and key workers who have to be in work and are unable to keep their children at home. The Education Service has continued to make provision for the children of essential and key workers who have to be in work and are unable to keep their children at home. The provision of free school meals for eligible children has also continued. Whilst day centres within Adult Social Care were closed, alternative provision at home has been provided where possible. Services not operating during the pandemic include:

- Schools (as noted above)
- Day Services (although alternative provision is being put in place where appropriate)
- Leisure Centres (which are run by our partner organisation, Halo)
- Cultural venues – libraries, life centres and the Grand Pavilion
- Parks & Playing Fields

Some services were temporarily suspended and/or delivered in a new way, including:

- Community recycling centres and garden waste
- Registrars
- Provision of transport

As the country moved into lockdown, all formal meetings of Council were immediately cancelled. This was in line with government measures to mitigate the spread of Coronavirus. This extended to Council, Cabinet and all committee and sub-committee meetings including Development Control, Overview and Scrutiny, Audit Committee and Licensing. All other non-essential meetings were also cancelled. Key and urgent decisions continue to be made in accordance with the Council's Scheme of Delegation of Functions and urgent decision-making procedures. Schedules of the use of the Emergency Powers and key decisions exercised during the pandemic are reported to all Elected Members on a weekly basis and published on the Council's website. To ensure appropriate governance procedures are in place during this time, a COVID-19 Group has been established with members of the Cabinet and Corporate Management Board (CMB), along with a number of other key officers. Decisions made during these COVID-19 meetings and outside the normal delegation process are recorded in the minutes, and in some cases these lead to communications actions on the Council's website.

Local Authorities have now been given new powers to hold public meetings virtually using video conferencing technology. There is no longer a requirement to hold such meetings in person during the pandemic. This will enable the Council to make effective and transparent decisions on the delivery of services for residents whilst ensuring that Councillors, staff and the wider public are able to follow government advice by staying at home to stop the spread of Coronavirus. The Council will be required to determine how meetings are conducted, voting procedures will work and how to ensure that the public have access.

Part of the national response to the impact of the pandemic has been to provide additional financial support to the economy, including the distribution of Business Grants and extended business rates relief, both of which have been administered by the Council. This has required staff to focus on administering, managing and paying a large volume of grants in short timescales, at the same time as dealing with the impact of the new council tax and business rates bills on citizens and businesses within the County Borough. The management of this has been coordinated via the Finance department, working closely with colleagues in Regeneration, Legal and Customer Services to respond to as many businesses as possible within as short a timescale as possible, at the same time ensuring that public funds are used appropriately and that control mechanisms are in place to safeguard the funding.

Other services have had to think differently about how they could continue to provide services during the lockdown period, and to re-consider options as time went on. One example is the provision of free school meals, which initially was provided through a 'packed lunch' style arrangement, which pupils collected from specific locations. Over time, and to address social distancing rules, this has changed

to a food parcel delivery service to pupils' homes. Options were presented to the Covid-19 Group to determine the preferred way forward.

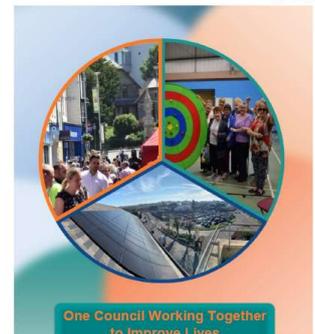
In addition to the business grants, Welsh Government has provided a number of specific grants to meet the additional costs of Local Authorities, for costs in general and targeted at specific areas, such as adult social care, free school meals, cyber security and school counselling. Costs are being collated across the Council to enable these grants to be drawn down. There is also the impact of lost income from fees and charges, which creates an additional pressure, coupled with a likely downturn in council tax collection due to the impact of the financial circumstances on a number of residents, and the consequential increase in those claiming council tax reduction. At this stage it is unclear whether this additional funding will cover all of the Council's additional costs incurred as a result of the pandemic, but close monitoring is in place and all costs are subject to close scrutiny,

The longer term consequences of the coronavirus pandemic are not yet known. However it seems inevitable that a number of businesses will find themselves in financial difficulties and maybe go out of business. There are also likely to be potential increases in levels of deprivation with associated demands placed upon Council services as a consequence of the increased number of families applying for universal credit and council tax support. Financially we expect there to be pressures on service costs, reduced council tax and business rates income, reduced income at car parks and playing fields and other facilities as people remain wary of going out and socialising in large groups. In the short term it will be difficult to quantify the wider impacts, which will be understood once the peak of the pandemic has passed and life begins to return to normal. Whilst the Council has provided a holiday rental window to businesses renting Council premises during the crisis period, this may not be enough for their longer term survival. It is likely it will take some time to recover from the economic downturn due to Covid and the impact is likely to be felt for at least the next year if not longer.

The Government is likely to impose social distancing rules for some time to come, which will have consequential impacts on services such as leisure and cultural services, where mass attendances at leisure centres, swimming pools and public performance events will have to adjust to any new rules following Covid-19. Retail and leisure services independent to the Council will also be affected as it takes time for public confidence to increase.

The Corporate Plan

The Corporate Plan 2018-22, agreed in February 2018, sets out the Council’s vision: ‘**One Council working together to improve lives**’. The Plan defines the Council’s three priorities – also known as our Well-being objectives – that sets out how the Council intends to deliver them. The Council defines its purpose to ‘contribute to a place where people love to live, work, study and do business, where people are qualified with the skills they need to improve their life chances and enjoy good health and independence’.



Corporate Plan 2018-2022 reviewed for 2020-2021

Well-being Goal	Well-being Objective		
	Supporting a successful sustainable economy	Helping people and communities to be more healthy and resilient	Smarter use of resources
A prosperous Wales	✓		✓
A resilient Wales			✓
A healthier Wales	✓	✓	✓
A more equal Wales	✓	✓	✓
A Wales of cohesive communities	✓	✓	✓
A Wales of vibrant culture and thriving Welsh language	✓	✓	
A globally responsible Wales	✓		✓

Underpinning the Council’s Corporate Plan and throughout its decisions-making process, the principles of the Well-being of Future Generations (Wales) Act 2015 are applied. The table shows how the Council’s well-being objectives contribute to the seven well-being goals.

In addition to the seven well-being goals, the Well-being of Future Generations (Wales) Act 2015 puts in place the sustainable development principle, and defines the five ways of working that public bodies must adopt to demonstrate they have applied the sustainable development principle. The five ways of working are:

Long-term: thinking of future generations and of our natural resources.

Prevention: this is the step before any issues arise and is aimed at making sure that solutions and interventions are targeted and available to stop statutory services being required

Integration and collaboration: with colleagues and partners. Ensure decisions are joined up across services and work more closely with partners in the public, private and third sectors.

Involvement: consult and involved local people in planning and delivering services.

5 Ways of Working	Long term	Prevention	Integration	collaboration	Involvement
Our Principles					
To support communities and people to create their own solutions and reduce dependency on the Council.					
To focus diminishing resources on communities and individuals with the greatest need.					
To use good information from service users and communities to inform its decisions.					
To encourage and develop capacity amongst the third sector to identify and respond to local needs.					
To not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies.					
To work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches.					
To transform the organisation and many of its services to deliver financial budget reductions as well as improvements.					

Welsh language – Wales has two official languages, Welsh and English, and services and information should be equally available in both. The Council’s internal business language is English, but all the services and information we provide for local people will be equally available in either language.

The Corporate Plan identifies a number of key principles which underpin its Well-being objectives and has adopted a set of values that represent what the Council stands for and influences how it works.



Bridgend Council’s well-being objectives	
Supporting a successful sustainable economy Helping people and communities to be more healthy and reliant Smarter use of resources	
Key Principles	Values
<p>Where ever possible the Council will support communities and people to create their own solutions and reduce dependency on the Council</p> <p>The Council will focus diminishing resources on communities and individuals with the greatest need</p> <p>The Council will use good information from service users and communities to inform its decisions</p> <p>The Council will encourage and develop capacity amongst the third sector to identify and respond to local needs</p> <p>The Council will not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies</p> <p>The Council will work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches</p> <p>The Council will transform the organisation and many of its services and in so doing will deliver financial budget reductions as well as improvements</p>	<p>Fair – taking into account everyone’s needs and situations</p> <p>Ambitious – always trying to improve what we do and aiming for excellence</p> <p>Citizen-focused – remembering that we are here to serve our local community</p> <p>Efficient – delivering services that are value for money</p>

Assessing Performance

The Councils' performance is reported in its Annual Report, its annual self-evaluation of progress against the Council's Corporate Plan.

Audit Wales, our External Auditor, assesses the Council's arrangements for delivering continuous improvement and subsequent performance, the results of which are published in their [Annual Improvement Report](#). In October 2019 they reported that 'the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20'. Whilst there were some proposals for improvements, the Auditor General made no formal recommendations, demonstrating the commitment of the Council to continuous improvement.

Audit Wales have undertaken and reported on a number of reviews during the year, the key outcomes of which are set out below.

Report	Key outcomes
Savings Planning Follow Up, August 2019	The purpose of the review was to assess the Council's progress in addressing proposals for improvement in the Council's savings planning, and consider the effectiveness of the Council's arrangements for achieving its savings proposals. Overall the review found that the Council has strengthened arrangements to develop and achieve savings plans, but further work is needed to develop a deliverable medium term financial strategy. The review noted that the Council has identified indicative proposals to cover the period of the medium term financial strategy, but more work is needed to fully develop proposals for 2020-21 and beyond. The Council has strengthened the arrangements for developing budget savings proposals, but further work is needed to ensure that timescales for delivery are as accurate as possible. The review also noted that in prior years achievement of savings plans has been variable, but the Council achieved most of its 2018-19 savings plans and now needs to ensure that its strengthened arrangements continue this improved position. No further proposals were identified during the follow up.
Delivery with Less – Environmental Health Services – Follow up Review, September 2019	The purpose of the review was to follow up on recommendations made after a 2014 national review of Environmental Services. Since that time Bridgend has partnered with Cardiff Council and the Vale of Glamorgan Council under a joint working agreement known as the Shared Regulatory Service (SRS), providing environmental health, licensing and trading standards. The review sought to answer the question: 'is the Council's environmental health service continuing to deliver its statutory obligations given the financial challenges?' Overall the Audit Wales found that the SRS model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. They did feel however that there is scope for the Council to strengthen its scrutiny and oversight arrangements of environmental health services and work with SRS and other providers to explore the opportunities for future improvement.
Well-being of Future Generations: An examination of delivering the Porthcawl Resort Investment Focus Programme, October 2019	The review sought to assess the steps the Council has taken to meet its Wellbeing Objectives and the extent to which it is acting in accordance with the Sustainable development principle in delivering the programme. The review found that there are positive aspects in how the Council has taken account of the sustainable development principle in its approach to delivering the programme. It did find however that the Council has further work to do to consistently embed the five ways of working. The Council has responded to these recommendations including a review of the Masterplan for Porthcawl to develop a long-term and holistic vision for the town; it will work with its partners and regularly review how to integrate local and national Wellbeing Goals as early as possible; and long

	term transport solutions will be considered as part of the Strategic Transport Plan and Local Development Plan.
Follow-up review of corporate arrangements for the safeguarding of children, October 2019	<p>Audit Wales undertook to seek assurance that the Council has effective corporate arrangements in place for safeguarding and to answer the question: 'Has the Council acted upon the recommendations and proposals for improvement contained in the national and local reports of the Auditor General published in 2014 and 2015?'</p> <p>Overall the review found that the Council has met, or partially met, the previous recommendations and proposals for improvement, but it identified some further proposals for improvements to strengthen aspects of the Council's corporate safeguarding arrangements. These included:</p> <ul style="list-style-type: none"> • strengthening awareness of the roles of the lead officer and lead member for safeguarding • strengthen the Corporate Safeguarding Policy • strengthen its Recruitment and Selection Manager's Guidelines in relation to safeguarding and safe recruitment • update the DBS Policy to make sure it makes reference to current legislation • ensure the consistent use of safeguarding provisions in tenders and contracts awarded across all Directorates and ensure appropriate monitoring of such contractual commitments • improve the approach to safeguarding training including when mandatory training needs to be refreshed • develop a central system for recording and monitoring volunteer information, including training records and DBS checks for volunteers

Decision Making and Responsibilities

The Council consists of 54 elected Members, with an elected Leader and Cabinet who are supported and held to account by Scrutiny Committees. The Council's constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business, and sets out a list of functions and decisions exercisable by officers. It also contains the rules and protocols by which the Council, Members and officers operate.



Through the Constitution, along with the Member's Code of Conduct, Standards Committee and role of internal audit, the Council operates with **integrity**, **ethical values** and within its **legal** powers.

All Council and Committee meetings' agendas, papers and minutes can be viewed on-line and all meetings are open to the public unless exempt or confidential matters are being discussed. The Council's forward work programme contains information about all matters that are likely to be the subject of a decision taken by full Council or Cabinet during the forthcoming period. They also include information regarding Scrutiny Committees. To further enhance **openness** and **comprehensive stakeholder engagement** the Council has a Citizen's Panel, which takes part in surveys on a range of issues. The Council also uses social media to promote services and engage with the public and makes information available on a range of formats to maximise the opportunity for information sharing and residents communicating with the Council.

Managing Risk

The Council faces a range of risks as would be expected from the broad range of services it delivers and activities it is engaged with. On a day-to-day basis operational risk arises from the challenge of ensuring sufficient capacity and capability to advise on, and to deliver, the key policy objectives of the Council.

The Council has developed a robust approach to the management of risk. The Corporate Risk Management Policy is aligned with Directorate Plans and the Council's performance management framework. The Council defines risk as: 'Any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

- achieve its Well-being objectives
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.'

Risks are viewed from both a Service and Council-wide perspective which ensures the key risks are distilled in the [Corporate Risk Assessment](#). The Risk Assessment sets out how the Council is addressing these risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and the Audit Committee.

It is not possible to eliminate all risk of failure to meet the targets in the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but one of reasonable assurance.

Financial Management

The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. The Council has in place Financial Procedure Rules, Contract Procedure Rules, a specific Financial Scheme for Schools and the scheme of delegation also provides the framework for financial control. The Section 151 Officer is responsible for establishing a clear framework for the management of the Council's financial affairs and for ensuring that arrangements are made for their proper administration.

The Council's ability to deliver savings and contain its expenditure within its overall budget is well established. However, the Council faces significant challenges in the future in the face of further Government plans to cut public spending and significant uncertainty as a result of Brexit and the impacts this might have on Council services. The Council estimates that it will need to generate approximately £29 million of savings over the period 2020-21 to 2023-24. The Medium Term Financial Strategy has taken account of cost pressures and priority areas in line with the Corporate Plan, and involved extensive consultation to ensure a robust process. Given the single-year funding provided by the Welsh Government, the Council has developed detailed budgets for year on of the Strategy with indicative budgets thereafter based on a range of funding scenarios.



Consultation overview

Over the past four years, we have made budgetary savings of more than £30 million. Some of the ways we have done this include:

- cutting senior management and reducing our workforce by more than 400 employees
- transferring cultural services to Awen Cultural Trust
- reducing provision of some services like public conveniences and street cleaning

Also, we have made a wide range of investments including state-of-the-art new schools, new sea defences, and new highways improvements.

Despite the changes made to date, we still have to make a further £35 million saving by 2023, which is currently 13.5% of our net budget.

In this consultation, some of the areas we are asking you about include:

- council tax
- leisure and cultural services
- schools and education
- transport
- recycling and waste
- social services

The Council has in place robust arrangements for effective financial control through the Council's accounting procedures, key financial systems and the Financial Procedure Rules. This includes

established budget planning procedures and regular budget monitoring reports to Cabinet and Scrutiny Committee, as well as detailed information to budget holders. The Council prepares its Annual Accounts as required by the Accounts and Audit (Wales) Regulations and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Council follows the CIPFA Code on Treasury Management and Welsh Government's Guidance on Local Authority Investments to ensure that funds invested are secure, accessible when necessary and attract an appropriate return and any borrowings needed are in line with the Council's Treasury Management Strategy, as approved by Council. During the Coronavirus pandemic reliance on Treasury Management advice has been crucial, and significant levels of cash movements meant an increased focus was needed on managing cash flows in as secure a manner as possible. Significant use was made of the Treasury's Debt Management Office to deposit funds during the initial stages of the crisis to maintain security and liquidity, but as the crisis begins to ease monies will be invested in wider instruments in line with the Council's Treasury Management Advisor's advice.

The updated Prudential Code and Treasury Management Code of Practice, issued in December 2017, set out new requirements in relation to the setting of a Capital Strategy. Detailed guidance on these new codes were issued in August and September 2018 with new statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) in March 2018, outlining new requirements for the Capital Strategy. Welsh Government adopted this guidance in 2019 and the Council approved its Capital Strategy 2019-20 in February 2019, in line with the Code requirements. The strategy requires the Council to consider the longer term as well as the short term. It requires that capital expenditure plans are affordable, prudent and sustainable and outlines the future commitments so that affordability of both the long term plan and any new proposals can be properly understood. Further it enables the ongoing capital and revenue implications of capital expenditure to be better understood. The Capital Strategy is evolving to provide a robust, medium to long term capital plan for the Council.



Audit and Audit Assurances

The Council is audited externally by the Auditor General for Wales, supported by Audit Wales. The objectives of this are to obtain assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; that the accounts have been prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; and to issue an opinion thereon. They also assess our arrangements for securing economy, efficiency and effectiveness in the use of resources.

In 2019 the External Auditor gave an unqualified audit opinion on the financial statements 2018-19.

Audit Wales also audit a number of grant claims and in the year completed 11 audits of grants and returns. The audit confirmed that there were generally sound working papers and all claims were certified ahead of the audit deadlines in place. One recommendation was made in relation to Housing Benefits, to continue to review the strength of the Council's arrangements for processing housing benefit claims, which the Council is in the process of doing.

In addition Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to Audit Committee.

The Internal Audit Service is a key means of assurance. From 1 April 2019 the Council partnered in an expanded Regional Internal Audit Shared Service (RIASS) with Vale of Glamorgan, Rhondda Cynon Taff and Merthyr Tydfil Borough Councils. This has operated effectively throughout the year and the service operated to the Public Sector Internal Audit Standards (PSIAS). The Audit Committee approved the Internal Audit Charter for the Regional Internal Audit Shared Service in April 2019. The Audit Committee also approve the Internal Audit Annual Plan and receives progress updates at every Audit Committee.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2019-20 is:

“Reasonable Assurance”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year and the contribution to the Audit Plan made by the South West Audit Partnership Internal Audit Services (SWAP), no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.

The Audit Committee provides independent assurance on the Council's internal control environment. It is a statutory requirement and consists of 12 Councillors and 1 Lay Member. Its main functions are:

- Review & scrutinise reports and recommendations in relation to the Council's Financial Affairs
- Review & scrutinise reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements
- Oversee the Council's internal and external audit arrangements
- To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies
- To monitor the Council's Anti-Fraud and Bribery Strategy, Whistleblowing Policy and Anti-Money Laundering Policy
- To Review and approve the Council's Annual Governance Statement and the Annual Statement of Accounts
- To review and consider reports from the External Auditor and Inspectors

The recommendations made to improve the overall control environment have been accepted and are being/will be implemented.

An issue for the Regional Internal Audit Service has been the number of vacant posts carried by the service. As a consequence SWAP Internal Audit Services were commissioned to help address the shortfall and deliver elements of the Plan. The Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion.

A new staffing structure has been developed for the Service and it is planned to commence recruitment when the restrictions around the COVID-19 pandemic allow.

The COVID-19 outbreak has had little impact on the delivery of the internal audit plan for 2019-20 as relevant testing in all but 3 reviews had been completed prior to the lockdown coming into force, allowing final reports to be issued.

During the year there continued to be interim arrangements in place to cover the statutory position of the Council's Section 151 Officer/Head of Finance, which does cause some concern from a continuity and capacity perspective. Whilst there is little or no risk in the short term as the current Statutory Officer is extremely experienced and more than capable to fulfil the role, it is important that the interim position is permanently addressed as soon as possible. To help strengthen the resilience of the Finance function, a temporary Deputy Head of Finance and Section 151 Officer post was appointed in May 2019. Following a review of the Head of Finance role, Council agreed the post should be re-designated as Chief Officer, Finance, Performance and Change. The post was subsequently advertised at the start of 2020, but there was not sufficiently qualified applicants to be able to progress through all stages of the appointments process.



The Pavilion, Porthcawl

Improving Governance

The progress made on the significant issues identified in the Council's 2018-19 Annual Governance Statement is shown below:

<p>Medium Term Financial Strategy – the economic uncertainty and increasing public expectations and demands facing public sector organisations continue to challenge and place pressures on the Council, impacting on its ability to deliver the required efficiencies.</p>	<p>The external fiscal climate is kept under continuous review, with regular information on the economic climate, including interest rates and inflation predictions received from our Treasury Management advisors. Assumptions built into the MTFS are adjusted accordingly over the 4 year period.</p> <p>All current and proposed budget reductions are monitored closely against their implementation plan to ensure that they remain deliverable. Any deviation from plans are highlighted through quarterly monitoring reports to Cabinet, and more regular reports to Directors, to ensure plans are put in place to mitigate these.</p> <p>A budget reduction contingency reserve is also available to draw on for one-off delays to proposals that are outside of officers' control.</p> <p>In addition the Council's earmarked reserves are regularly reviewed to make sure they are still required, and at the right level. New reserves are established to deal with one-off pressures, to avoid unnecessary burden on the MTFS, and the Council Fund is maintained at a level that is deemed sufficient to mitigate any unexpected events, without placing the Council in financial difficulty and challenging its financial sustainability.</p>
<p>The findings from the HMIP report on Western Bay Youth Offending Service concluded that the overall rating was inadequate and that <i>'The governance and leadership of the service are ineffective. There is no vision, understanding of purpose or the strategy to provide a high-quality personalised responsive service to children and young people.'</i></p>	<p>Good progress is being made with implementing the post inspection action plan (PIAP). A new staff management structure is in place with two operational lead practitioners overseeing the work of the team. New quality assurance and management oversight arrangements are in place which will result in improved assessments, care plans and associated interventions. A full-time health practitioner has now started with the team to oversee the health needs of young people open to the service.</p> <p>A new management board is in place which has strengthened the governance arrangements. The board is jointly chaired by the Chief Executive of the Council and Cabinet Member for Communities.</p> <p>The focus now is on quality assurance and risk management, which is being driven by the two new operational lead practitioners. Support for young people open to the team is also benefiting from services available from the wider integrated working and family support portfolio.</p>
<p>Outcome of the Estyn Inspection on Education Services</p>	<p>A post inspection action plan was submitted to Estyn in August 2019 following reporting of the plan to Scrutiny. Estyn established 4 recommendations:</p> <ul style="list-style-type: none"> • raise standards of literacy in primary schools • improve outcomes for post-16 learners in sixth forms • increase the pace of improvement in schools causing concern • strengthen the role of the Welsh Education Strategic Forum (WESP) to ensure timely progress in delivering the priorities identifying in the Welsh Education Strategic Plan. <p>The Council has in place a detailed action plan and continues to deliver the actions identified in order to respond to the recommendations raised by Estyn. The Director of Education and Family Support and the Post-16 Coordinator conducted reviews with</p>

	<p>all the schools at the beginning of the academic year to identify and share good practice. There have been a number of activities for more able pupils via the Seren Network to help them work towards the highest grades.</p> <p>One school was taken out of special measures in September 2019, a 2nd is on track to be taken out in a timely manner following the most recent Estyn inspection and the 3rd has had a change of leadership and is now making good progress in improvements.</p> <p>The Council has been working closely with Welsh Government, other local authorities and the national coordinator for the parent's action group (RhAG) to review the composition and function of the Forum to increase its effectiveness in delivering the WESP priorities.</p> <p>The impact of COVID-19 and the closure of schools in March 2020 will mean that further progress will need to be made in the new academic year to fully respond to the recommendations made.</p>
<p>The role of the s.151 Officer is filled on an interim basis pending decisions on way forward with the post in light of the appointment of the Chief Executive</p>	<p>The Chief Executive was permanently appointed in May 2019 and the Section 151 post was advertised at the start of 2020. Unfortunately there was not sufficiently qualified applicants to be able to progress to the assessment centre stage. To help strengthen the resilience of the Finance function, a temporary Deputy Head of Finance and Section 151 Officer post was appointed in May 2019.</p>
<p>The impact of the Health Boundary change from the Western Bay Region to the Cwm Taf Region</p>	<p>The Council is now formally part of the new Cwm Taf Morgannwg Regional Partnership Board and the associated groups. The Council has contributed to the planning and review of this new partnership to ensure that the new arrangements reflect the changes made. This was monitored throughout the year and the partnership continues to progress well.</p>
<p>The impact of Brexit on services and finances could place increased pressures on Council resources</p>	<p>The Council has established an internal cross-Directorate Brexit Forum, chaired by the Chief Executive, to assess the potential impact of Brexit on service delivery along with actions to mitigate against risks. A report was presented to Cabinet in March 2019 setting out a Brexit risk register, which has been actively monitored and updated as necessary, and the Council will continue to do so as the UK progresses an exit from the European Union.</p>
<p>The Council's scrutiny functions should seek ways to improve its focus and scrutiny activity to ensure that the Council makes the most effective use of the resources available and improve the impact of scrutiny activity³</p>	<p>A system of monitoring recommendations has been implemented to ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes. A report is presented to each Overview and Scrutiny Committee to approve the feedback and responses to the comments and recommendations prepared by Members at the previous meeting. Red, Amber and Green (RAG) statuses are allocated to each recommendation where appropriate and action the feedback as needed. The RAG statuses are monitored by Committees on an ongoing basis and actioned as appropriate.</p> <p>Research has been undertaken by the Scrutiny Team to look at best practice elsewhere, particularly how other local authorities get the public involved in the scrutiny process. In pursuance of this, members of the Scrutiny Team attend and participate fully in two Scrutiny Networks, namely the Welsh Local Government Association (WLGA) Scrutiny Officers' Network and the South East Wales Scrutiny</p>

³ Audit Wales Annual Improvement Report 2017-18 – September 2018

	<p>Officers' Network. Both Networks provide an invaluable opportunity for Scrutiny Officers to exchange ideas on best practice and to receive training.</p> <p>Regular Officer Planning meetings take place with the Chairs of Overview and Scrutiny Committees to enable them to have more involvement and input into the Scrutiny Forward Work Programme items that are recommended by Officers.</p> <p>Regular quarterly meetings are held between Cabinet, Corporate Management Board (CMB) and Scrutiny Chairs. These meetings have been very positive to agree to add to and also change the order of the Forward Work Programme to accommodate pre decision topics.</p> <p>The WLGA has recently delivered training to Scrutiny Committee Members on Questioning Skills to enable Members to be equipped with the necessary skills to effectively scrutinise and challenge service performance. A repeat session has been arranged to take place. In addition, the WLGA will shortly be delivering Scrutiny Committee Chairs training.</p>
<p>Digital Transformation and channel shift – the Council needs to continue to develop its online platforms to enable residents and businesses to interact with the Council digitally</p>	<p>The continuation of promoting self-serve routes into council services and supporting the ambition of helping people be more self-reliant is the ongoing focus. The introduction of a chatbot has been the recent contact tool to aid channel shift; this will also be enhanced by creating a new customer self-serve hub in the civic reception where our public can utilise technology to transact with us via the My Account platform.</p> <p>The Housing Jigsaw portal is now live and provides an online, bi-lingual customer gateway to housing services that supports the individual management of supported accommodation and maximises the capacity of the customer services and housing staff. The online portal provides citizens with a digital solution that replaces the previous 'homelessness' and 'housing register' processes which were time consuming, often involving follow up meetings and the production of evidence which caused unnecessary delay. The online portal allows citizens to complete their applications online, at a time that is convenient to them, and also allows them to upload any evidence that is required, saving time and speeding up the housing services we offer.</p> <p>We are in the final stages of testing the Love Clean Streets functionality and we are now at a point to go-live with this system, allowing citizens to report their environmental issues with us.</p> <p>Our Social Services teams have also been trialling new software enhancing the support services that are given to older people and our most vulnerable citizens. This will be live in June 2020.</p> <p>With a rapidly changing market in digital platforms, work has been ongoing to assess how the Council can further improve citizen independence by growing the platform further with intelligent and innovative functionality.</p>

Based on a review of the governance framework, the following significant issues identified in 2019-20 which will be addressed in 2020-21:

<p>Covid-19 will have significant impacts as the infection rate increases. This will impact on workforce, delivery of services, economic and social pressures and disruption for months and possibly years to come.</p>	<p>The Council will need to consider how its front-line services can continue to deliver, taking into account the number of staff self-isolating and those who are ill with the virus. The Council will face increasing cost pressures, such as the provision of personal protective equipment (PPE) to front line staff, equipping office based staff to work remotely via IT solutions – laptops and associated software requirements, and increased needs of communities as people’s personal financial positions change. Following the move back to more normal operating conditions the Council will need to plan to bring back into operation those services temporarily suspended, and the potential impacts on service demand following the pandemic.</p>
<p>The uncertainty regarding the impact of and exit from the European Union may well place continued increasing expectations and demands on public sector organisations and the Council which will need to be factored into the Medium Term Financial Strategy</p>	<p>The Council will continue to monitor external economic and fiscal information to ensure that it can respond as quickly as possible to unexpected events. The COVID-19 pandemic will place increasing pressures on Council resources and budgets, and the Council will need to closely monitor costs and lost income as a result of the pandemic and lockdown arrangements, on its budget and cash-flow requirements.</p>
<p>Changes in Senior Management at Corporate Management Board level</p>	<p>The current coronavirus pandemic means that taking forward any recruitment process will be delayed, until such time as the Council is able to return to more normal operational arrangements. The Corporate Director Social Services and Wellbeing was due to retire at the end of April, but has agreed to continue in the role for a 3 month period during the pandemic. The recruitment process for this post has commenced and longlisted candidates were due to be interviewed in March 2020. The interview arrangements are currently on hold and will be rescheduled as soon as the lockdown arrangements ease. A new Corporate Director Communities took up position in March 2020 and the advertisement for the Chief Officer, Finance, Performance and Change will be advertised as soon as is practicable. Meanwhile the current interim arrangements are likely to continue past summer 2020.</p>
<p>Outcome of the Audit Wales report into Safeguarding and implementing the recommendations made therein</p>	<p>The outcome of the Audit Wales report are noted under ‘Assessing Performance’. The report makes a number of recommendations that the Council will need to put in place to ensure that the Councils’ safeguarding arrangements are robust. The Council’s Audit Committee have requested they have the opportunity to review an action plan and progress report from Officers.</p>
<p>Strengthen the scrutiny and oversight arrangements of environmental health services and work with the Shared Regulatory Services and other providers to explore the opportunities for future improvements</p>	<p>As noted above under ‘Assessing Performance’, a number of recommendations have been made to strengthen the scrutiny and oversight of environmental health services for Bridgend, within the overall Shared Regulatory Services arrangements. The Council will need to ensure that it works with the Shared Regulatory Services and other providers to ensure a robust service with sufficient and appropriate monitoring thereof.</p>
<p>The risk of fraud especially in the current Covid-19 pandemic with significant funding moving around and increased digitalisation of transacting with the Council</p>	<p>The Council is seeking to strengthen arrangements to tackle and minimise fraud including considering the appointment of a Corporate Fraud Officer, updating and strengthening anti-fraud and anti-money laundering policies and mandatory e-learning for all staff, and continued working alongside the UK Government’s National Fraud Initiative.</p>

	In terms of the specific funding being provided for business grants, we are considering alternative options for a post-payment check on grants awarded to provide assurance that grants were not fraudulently obtained. This most likely will be through the National Fraud Initiative.
The increasingly challenging budgets for Schools, with potential for greater deficit school budgets	<p>There have been increasing pressures on school budgets and an increase in schools setting deficit budgets. Whilst schools do set deficit budgets, this must be a licensed deficit and in line with the requirements set out in the Financial Scheme for Schools, which includes the need to have approved deficit recovery plans in place. At the end of 2019-20 school balances overall were a net surplus of £108,000, a reduction of £506,000 for the year.</p> <p>It is difficult to know what impact Covid-19 will have on school budgets during 2020-21 as the majority will have been closed for months, whereas others are set up as hubs. There may be a requirement to re-allocate funding either amongst schools where expenditure was incurred, or even wider outside of school budgets where cost pressures have not been funded elsewhere.</p>

These issues will be monitored via a detailed action plan during 2020-21, with the responsible officer and deadline for implementation identified for each action, and reported to Cabinet/Corporate Management Board and to the Audit Committee.

Assurance

Subject to the above issues being resolved, we can provide an overall reasonable assurance that Bridgend County Borough Council's governance arrangements remain fit for purpose.

Steps to address the matters referred to above will be taken to further enhance our governance arrangements.

Signed: _____ Date: _____
(Chief Executive)

Signed: _____ Date: _____
(Leader)

