

Annual Governance Statement



2023-24

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1 Foreword

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 has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements and keep under review the extent to which is its exercising its functions effectively, using its resources economically, efficiently and effectively and to have in place effective governance for securing these requirements.

In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk. It is necessary that our communities and those that use and pay for services, those who deliver 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.

The Local Government and Elections (Wales) Act 2021 repeals the performance duties which were set out in the Local Government (Wales) Measure 2009. The Act came into force on 1 April 2021. The new performance and governance regime commenced from the 2021-22 financial year. It requires councils to undertake an annual assessment of performance, and answer the following questions:

- Is the Council exercising its functions effectively?
- Is the council using its resources economically, efficiently and effectively?
- Does the Council have effective governance in place for securing the above?

The Council's [second self-assessment](#) has been published and sets out responses to the questions above for the 2022-23 financial year - the self-assessment for 2023-24 will be reported in autumn 2024. The self-assessment confirms that the Council has good governance in place. This statement sets out the Council's assessment of its governance for 2023-24.

The Cabinet and Corporate Management Board are confident that the governance arrangements operated effectively in supporting the Council in meeting its obligations and responsibilities. There are always opportunities to make improvements, and these are set out within this statement and will be addressed during the forthcoming year.



Cllr John Spanswick
Leader of the Council



Mark Shephard
Chief Executive

2 Governance Framework

What is Corporate Governance?

The Council has a key role in governing and leading our community. Effective local government relies on public confidence in Elected Members and Council Officers. 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 they 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 and the Accounts and Audit (Wales) (Amendment) Regulations 2018 for the year ended 31 March 2024.

It also sets out how the Council has responded to governance issues identified during 2023-24 and actions to be undertaken during 2024-25 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).



Porthcawl

The Council's Governance Responsibilities

The Council must consider the longer-term impact of any decisions it makes and should work collaboratively with other public bodies to improve well-being in Wales.¹

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; and
- 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 of Corporate Governance](#) is reviewed annually, the outcome of which is reported to the Governance and Audit Committee, and is available on the Council's website.

The Council's Code of Corporate Governance sets out the seven principles of good governance in line with CIPFA's 'Delivering Good Governance in Local Government: Framework'.

Bridgend County Borough Council Code of Corporate Governance 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



Civic Offices

¹ Well-being of Future Generations (Wales) Act 2015

The Council's 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 of, 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.

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

Decision Making and Responsibilities

The Council consists of 51 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 under delegated powers. It also contains the rules and protocols by which the Council, Members and officers operate.

Local Government and Elections (Wales) Act 2021

The Local Government and Elections (Wales) Act received Royal Assent on 20 January 2021. The Act is a substantial piece of legislation covering electoral reform, public participation, governance and performance and regional working. There are many reforms within the Act, however, in summary the Act introduced:

- Reform of electoral arrangements for local government, including extending the voting franchise to 16- and 17-year olds;
- Introduction of a general power of competence;
- Reforming public participation in local government;
- Reforms around democratic governance and leadership;
- Collaborative working;
- Reform of the performance and governance regime; and
- Powers to facilitate voluntary mergers of principal councils.

The Act continues to have a wide-ranging impact on the organisation, powers, performance measurement and governance of the Council. From May 2022 the composition of the Governance and Audit Committee changed, and one-third of its members are required to be lay members, including the Chair of the Committee. For the Council the Governance and Audit Committee now comprises 8 elected

members and 4 lay members, although as at the year end only 3 lay members were in post. New responsibilities assumed by the Committee include:

- a role in reviewing the Council's self-assessment report and making any recommendations for change;
- consideration of the outcome and response to a panel performance assessment of the Council; and
- responsibility for making reports and recommendations in relation to the authority's ability to handle complaints effectively.

Role of the Governance and Audit Committee

The **Governance and Audit Committee** is a statutory Committee that provides independent assurance on the Council's internal control environment. It consists of 8 Councillors and 4 Lay Members. Its main functions are:

- Review, scrutinise and issue reports and recommendations in relation to the Council's financial affairs.
- Review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control, arrangements to secure value for money and corporate governance arrangements.
- To consider the report on the annual risk assessment, any interim reports and the Corporate Risk Management Policy.
- Oversee the Council's internal and external audit arrangements (including the performance of external providers of Internal Audit) and review its financial statements.
- To approve the Internal Audit Charter.
- To approve the risk-based internal audit plan and to approve significant interim changes to the risk-based internal audit plan.
- To consider and approve the Head of Internal Audit's annual report and opinion, a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale and approve necessary remedial action.
- To be responsible for ensuring effective scrutiny of the Treasury Management function, Strategy and Policies.
- To monitor the Council's Anti-Fraud and Bribery Strategy, Anti-Money Laundering Policy and Anti-Tax Evasion Policy
- To review and approve the Council's Annual Governance Statement and Code of Corporate Governance.
- To review and approve the Annual Statement of Accounts and appropriateness of the accounting policies and whether they have been followed correctly, and to consider whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To review and consider reports from the External Auditor on the Council's performance, financial probity and corporate governance, and to receive reports from other external regulators as appropriate.
- To review and assess the Council's ability to handle complaints effectively and make recommendations in this respect.
- To review the Council's draft self-assessment report on its performance and, if deemed necessary, make recommendations for changes to the conclusions.

3 Corporate Governance Arrangements

Bridgend County Borough Council is committed to ensuring good governance principles and management practices are adopted in all business activities to ensure public trust. The arrangements the Council has for Corporate Governance is set out below.

1	Bridgend County Borough Council Code of Corporate Governance	The Council's Code of Governance provides a public statement that sets out the way in which the Council meets and demonstrates compliance with the CIPFA Governance principles.
2	The Governance Framework	The Council's Code is underpinned by a Governance Framework which comprises the policies, procedures, behaviours and values by which the Council is governed and controlled.
3	The Annual Governance Statement	The Annual Governance Statement provides assurances regarding the Council's Governance arrangements, together with identifying areas of future focus and improvement. The purpose of the Annual Governance Statement is to report publicly on the extent to which the Council complies with its Code of Corporate Governance. It identifies those areas which have been identified as needing improvement following self-assessment.
4	Annual Governance Statement Action Plan	The Council continues to review the areas for improvement identified within the Governance statement which are monitored through the Annual Governance Statement Action Plan.

4 Governance Assessment

Sources of assurance for the Governance assessment are set out below.

Assurance required	Sources of assurance	Assurances received
Delivery of Corporate Plan priorities	Corporate Plan Directorate Business Plans Service Plans Corporate Performance Framework	Corporate Self-Assessment report
Services are delivered economically, efficiently and effectively	Corporate Performance Assessment	Corporate Self-Assessment report Scrutiny Committees and reviews Annual Self-Assessment of the Governance & Audit Committee

Assurance required	Sources of assurance	Assurances received
Management of risk	Risk Management Framework	Governance and Audit Committee review of risk Audit Wales external challenge
Effectiveness of internal controls	Constitution and Scheme of Delegation, including contract procedure rules and financial procedure rules Strategic Leadership Team – Cabinet & Corporate Management Board	External audit reports Internal audit reports
Community engagement & public accountability	Forward Work Programme Complaints Policy Participation and Engagement Strategy	Community Engagement Feedback Ombudsman Reports
Procurement processes	Contract Procedure Rules	Value for money
Roles & responsibilities of Members & Officers	Head of Paid Service Monitoring Officer & S151 Officer	External Inspections eg Estyn, Audit Wales, Care Inspectorate Wales.
Standards of conduct & behaviour	HR Policies & procedures Members Code of Conduct Employee Code of Conduct	Complaints and compliments received
Training & development of Members & Officers	Corporate Learning & Development Plan Member Development Plan	Staff survey Performance Development Reviews – appraisal process
Compliance with laws & regulations, internal policies & procedures	Constitution Council Policies Welsh Language Standards Health & Safety Policy Internal Audit reports Whistleblowing Policy Anti-Fraud and Bribery Strategy Anti Money Laundering Policy Anti-Tax Evasion Policy	External Audit reviews Internal Audit reviews Independent external reviews – Estyn, Care Inspectorate Wales.

Audit Wales have undertaken and reported on a number of reviews during the year and these have been reported to Governance and Audit Committee. The key outcomes of the reviews are set out below.

Report	Key outcomes
Use of performance information: Service User perspective and Outcomes – Bridgend County Borough Council (September 2023)	<p>This review focused on the performance information provided to senior officers and senior members (senior leaders) about service user perspectives and outcomes, and how this information is used. This was not a full review of the Council's performance management arrangements or an in-depth review of the quality of the data that the Council collects. The review also didn't focus on engagement with service users on specific service charges or the development of policies and strategies.</p> <p>Overall the audit found that the Council's performance information does not enable senior leaders to understand the service user perspective, which is</p>

	<p>restricting their ability to understand the impact of their services and policies. Two recommendations were made to strengthen the information given to senior leaders:</p> <ul style="list-style-type: none"> • The Council should strengthen the information it provides to its senior leaders to enable them to understand how well services and policies are meeting the needs of service users; and • The Council should strengthen the information provided to senior leaders to help them evaluate whether the Council is delivering its objectives and its intended outcomes.
<p>Digital Strategy Review: Bridgend County Borough Council (March 2024)</p>	<p>Audit Wales looked at the extent to which the Council's strategic approach to digital has been developed in accordance with the sustainable development principle and whether it will help to secure value for money in the use of the Council's resources.</p> <p>The key findings were:</p> <ul style="list-style-type: none"> • The review found weaknesses in the Council's strategic approach to managing and delivering its digital strategy. The Council's digital strategy 2020-24 is not expressed as a set of timebound measurable objectives and milestones. In the absence of clear objectives and measure of success, the Council cannot easily understand whether it is achieving its intended outcomes and value for money; • The Council has not drawn on a broad range of evidence from both internal and external sources to sufficiently analyse the 'as is' to develop an understanding of the underlying causes of current demand/issues to be addressed; • The Council has not identified and engaged with all those stakeholders who may have an interest in the development of its digital strategy; and • The Council has not costed the delivery of its digital strategy nor identified its planned savings from delivering its digital strategy. The absence of this information makes it difficult for the Council to be assured that the strategy is deliverable, and that it is delivering value for money over time.

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 Business 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; or
- 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 Council has seen increasing uncertainty and risk, particularly in relation to the current economic climate and the financial challenges the Council faces. 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 Governance and 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.

During 2021-22 detailed Risk Management Guidance was developed for use by all departments across the Council. It enables staff to identify risks, prioritise them and implement actions to mitigate them, in a consistent and timely manner. Training was rolled out to all directorate management teams and the roles and responsibilities at each stage of the process outlined. Directorate Business Plans were revised to ensure that processes and actions are aligned with the corporate risk management process.

Changes at a political level places risk upon the Council, as a new Leader is to be elected during the May 2024 annual meeting. Changes in the Cabinet are likely, the extent of which will only be known once the annual meeting takes place.

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 of functions 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 uncertain funding levels and cost pressures, the impact of Cost-of-Living crisis and the ongoing conflict in the Ukraine. The Council estimates that it will need to generate approximately £45 million of savings over the period 2024-25 to 2027-28. The Medium-Term Financial Strategy has taken account of known cost pressures and priority areas in line with the Corporate Plan and undertaken extensive consultation to ensure a robust process. To ensure greater involvement of stakeholders in the development of the Medium Term Financial Strategy a three week consultation 'Shaping Bridgend's Future' was undertaken between 15 January 2024 and 4 February 2024, the emphasis of which was to seek citizen's views on how we should address the budget situation. It was recognised that the budget planning for 2024-25 was more difficult and uncertain than ever before, and the Council is facing even more cost pressures than experienced in previous years, as a result of the global economic circumstances arising from the cost-of-living crisis, high levels of inflation and the ongoing conflict in Ukraine. The results were collated and used to further inform final decisions on the Medium Term Financial Strategy. The Medium Term Financial Strategy can be found on the Council's website [here](#). Welsh Government has given no indication of funding levels for future years. Given this uncertainty, the Council has developed detailed budgets for 2024-25 but can only make assumptions for future years based on a range of funding scenarios.

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. Arrangements in place to demonstrate good financial control include established budget planning procedures and regular budget monitoring reports to Cabinet and Corporate Overview 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.

Compliance with the CIPFA Financial Management Code of Practice

The Chartered Institute of Public Finance and Accountancy (CIPFA) launched the Financial Management Code of Practice (FM Code) in November 2019. The FM Code was developed in the context of increasing concerns about the financial resilience and sustainability of local authorities.

The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. It clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972 and emphasises the collective financial responsibility of the whole leadership including the relevant elected members.

Whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out. In its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*) CIPFA stated that the Annual Governance Statement should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Also, that where there are outstanding matters or areas for improvement, these should be included in the action plan.

The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2023-24 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2024-25. These actions are included in the AGS Action Plan for 2024-25 and are to:

- Review and update the Council's Financial procedures and policies as required e.g. Financial Procedure Rules, Financial Scheme for Schools, Fees and Charges Policy, to reflect changing circumstances and processes as a result of the challenging financial climate;
- Provide additional training to full Council and schools, as required, on Budget Management, Capital Strategy and Earmarked Reserves;
- Continue to develop budget reduction proposals for the full life of the MTFs and a high level of monitoring of achievement of existing reductions; and
- Try to improve and widen the reach of the budget consultation process to ensure more meaningful, and specific responses.

Progress against these are included in Section 6 – Improving Governance.

5 Audit Assurance

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 2024 the External Auditor gave an unqualified audit opinion on the financial statements for 2022-23.

Audit Wales also audit a number of grant claims and in the year completed 5 audits of grants and returns. In addition, Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to the Governance and Audit Committee.

Internal Audit is a statutory requirement within Local Government. The Council's internal audit is undertaken by the Regional Internal Audit Service, a partnership shared service between Bridgend County Borough Council, Rhondda Cynon Taf County Borough Council, Merthyr Tydfil County Borough Council hosted by the Vale of Glamorgan Council.

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 2023-24 is:

“Reasonable Assurance”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. 90% of the agreed plan has been achieved indicating good internal audit coverage across all service areas. The weaknesses that have been identified are service specific. Audit opinions have been presented to Governance and Audit Committee throughout the year as summarised below.

Audit Opinion	Number
Substantial assurance	10
Reasonable assurance	25
Limited assurance	6
No assurance	0
Total	41

85% of Internal Audit opinions issued were positive which provided a good level of assurance on the effectiveness of the control environment; there were no *No Assurance* opinions issued.

Of the 12 audits that were deferred from 2022-23, 10 have been completed with 2 in progress at year end. Additionally 2 2023-24 planned audits have been deferred into 2024-25. The recommendations made to improve governance, risk management and control have been accepted by operational management and are at various stages of implementation. Progress on implementation of agreed Internal Audit recommendations and the progress of completion of the Internal Audit Plan was reported quarterly to Governance and Audit Committee.

The Governance and Audit Committee also receives twice-yearly a regulatory tracker. This was implemented to cover all regulators and all completed inspections and their recommendations for the Council. The tracker focuses on amber and red rated recommendations, being adequate and unsatisfactory rated recommendations, whilst the Subject and Overview Scrutiny Committees receive the report to include all recommendations irrespective of rating.

6 Improving Governance

A number of significant issues were identified in the Council's 2022-23 Annual Governance Statement. The progress made on the significant issues is shown below.

6.1 Progress on issues raised in 2022-23 that were addressed in 2023-24

Issue	Governance Principle	What the issue was	Outcome of actions taken
Workforce Development	E	Like many other Councils Bridgend is experiencing significant workforce challenges particularly in Social Services. Audit Wales identified that the Council did not have in place a strategic Workforce Plan to guide and inform approaches to managing short term critical workforce pressures and ensuring future resilience within the workforce.	<p>A number of key workforce planning activities have taken place, including:</p> <ul style="list-style-type: none"> • Supporting children's services workforce planning to improve the recruitment of social workers, including international recruitment, continuing to grow our own social worker and reduce reliance on agency social workers. • Supporting recruitment and retention of staff in adult social care to meet current and future service demand. • Dedicated recruitment plan for catering services. • School leadership age analysis to understand short and medium-term succession planning. • Development of policies to support new ways of working. • Introduction of a new Employee Assistance Programme available for all employees to access. <p>For 2023-24 directorate business planning included workforce planning priorities and information on their workforce and working planning. This has improved visibility on workforce issues in each Directorate, as well as identifying some of the workforce planning priority areas and activities taking place to address them.</p>

Issue	Governance Principle	What the issue was	Outcome of actions taken
			<p>The current focus is on supporting services who have to identify reductions in service budgets in line with the Medium Term Financial Strategy. The level of reductions are unprecedented and will have a wide-ranging impact on the level of services that the Council can deliver.</p>
Strategic Asset Management	E	<p>An Audit Wales review identified workforce challenges are impacting on the Council's ability to plan strategically and to ensure the Council's buildings meet statutory safety requirements.</p>	<p>Significant work has been undertaken to improve the Council's statutory compliance in the "Big 5" areas of compliance, including electricity, gas, fire safety, asbestos and legionella. The first four areas are well into the 90% compliance for the first time in 10 years, significantly improving the statutory compliance picture.</p> <p>A new Integrated Works Management System (IWMS) is also being procured, which will increase visibility and efficiency in uploading new data and certification to give a live view on compliance across the Authority.</p>
Disabled Facility Grants (see AW report referred above)	F	<p>The Council has been slow to respond to Audit Wales proposals for improvement in relation to Disabled Facilities Grants and performance remains poor. The council is developing a new operating model for 2023-24 which is intended to be simpler, better coordinated and more responsive to service user needs.</p>	<p>Significant work was undertaken to improve this service in 2023-24. This has included updating procedure guidelines, working with external surveyors to enable progress with existing grant applications and work, the introduction of a new software system to monitor progress on all applications and improved tendering processes to ensure value for money.</p> <p>For the first time in many years, the service has fully spent its capital allocation in 2023-24</p>
Decarbonisation 2030	D	<p>Whilst the Council has in place a Decarbonisation 2030 strategy, it</p>	<p>The Welsh Government have announced that they have</p>

Issue	Governance Principle	What the issue was	Outcome of actions taken
		has not fully identified the resources needed to implement the strategy nor how partners may help to deliver the strategy ambitions.	realigned their ambitious 2030 net zero targets for public sector decarbonisation to 2035. The Council's strategy will now be reviewed in line with national objectives however the intention to work with other public sector partners to deliver the strategy will still remain.
Long to medium term financial management	F	<p>The Council has robust financial management process in place, but there are some areas where improvements can be made:</p> <ul style="list-style-type: none"> • provide additional training to full Council on Capital Strategy and Earmarked Reserves • provide finance training to schools on closing of accounts procedures and requirements • rationalisation of earmarked reserves and developing timescales for usage • continue to review consistently under and overspends and realign budgets accordingly • continue to develop budget reduction proposals for the full life of the Medium Term Financial Strategy 	<p>Capital Strategy training was undertaken for all members on 18 May 2023. Training for schools on the closing process was provided on 12 March 2024.</p> <p>Reserves are regularly reviewed and members have been provided with details of reserves held. A major review of reserves was undertaken at the start of the financial year, as well as ongoing monitoring throughout the year, with unwinding and repurposing of reserves as necessary.</p> <p>Budget monitoring is undertaken throughout the year, with quarterly reports presented to Cabinet and Scrutiny.</p> <p>Budget reduction proposals have been developed as part of the Medium Term Financial Strategy and were presented to Council for approval 1 February 2024.</p>
Additional Training for Members to support their role in ensuring proper financial management of the Council	E	As new members have joined the Council it is crucial that they develop the skills and knowledge to undertake their role competently. There may be knowledge gaps in some areas particularly in relation to the Capital Strategy, Earmarked Reserves and Statement of Accounts.	Training was provided during the year to Members including Capital Strategy, Treasury Management and Earmarked Reserves to enable members to have a better understanding of these areas and enable greater scrutiny of decision-making, ensuring a more robust delivery of these services.
Performance Management Arrangements	F	A review of the Council's performance management arrangements have identified that they do not consistently enable it	A 1-year Corporate Plan Delivery Plan was agreed by Council on 17 April 2024.

Issue	Governance Principle	What the issue was	Outcome of actions taken
		to effectively manage its performance.	<p>New arrangements for performance monitoring and summaries are almost entirely complete and will be complete at the quarter 4 reporting in June. They have received positive feedback from members.</p> <p>Arrangements for self-assessment were agreed at Governance and Audit Committee on 18 April 2024.</p> <p>Performance Indicator audits commenced in summer 2024.</p> <p>The Audit Wales Service User Perspective data has been received and a range of solutions presented to Corporate Overview and Scrutiny Committee (COSC) in late March. A service user perspectives workshop was held with COSC members on 3 June 2024.</p>

Based on a review of the governance framework, and an assessment of compliance with the CIPFA Financial Management Code, the following significant issues identified in 2023-24 will be addressed in 2024-25 with the links to the [Governance Principles](#) on page 5:

6.2 Issues raised in 2023-24 that will be addressed in 2024-25

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
Medium to long term financial management	F	The impact of budget reductions is no longer sustainable through top-slicing of budgets, and the focus will need to turn to reductions in service delivery and the potential for the Council to cease providing some services.	<p>The budget setting process for 2025-26 is to start earlier than usual. The process for setting the budget will be reviewed with the Cabinet.</p> <p>The BREP process is being reviewed to ensure engagement and challenge to take place throughout the year leading up to the setting of the 2025.26 budget.</p>
Recruitment	E	Difficulties remain in certain areas for recruitment of staff.	Targeted recruitment continues in certain key areas, with bespoke

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
			recruitment packages being developed as appropriate. We continue to work regionally and nationally to develop solutions that will not destabilise the job market
Decarbonisation (carried forward from 2023-24)	D	Whilst the Council has in place a Decarbonisation 2030 strategy, it has not fully identified the resources needed to implement the strategy nor how partners may help to deliver the strategy ambitions.	The Welsh Government have announced that they have realigned their ambitious 2030 net zero targets for public sector decarbonisation to 2035. The Council's strategy will now be reviewed in line with national objectives however the intention to work with other public sector partners to deliver the strategy will still remain.
Use of performance information (service user perspective)	B	The Council's needs to ensure that performance information enables senior leaders to understand the service user perspective and to plan services accordingly.	The Council's performance management team is working with the Corporate Overview and Scrutiny Committee (COSC) to develop a small suite of PIs to measure service user perspectives better from 2025/26. Research has been completed to assess existing measures in the Council, measures in other councils and national measures and a workshop will take place on 3 June to review the research and develop an action plan.
Improved Financial Management	G	The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2023-24 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2024-25	<ul style="list-style-type: none"> • Review and update the Council's Financial procedures and policies as required e.g. Financial Procedure Rules, Financial Scheme for Schools, Fees and Charges Policy, to reflect changing circumstances and processes as a result of the challenging financial climate. • Provide additional training to full Council and schools, as required, on Budget Management, Capital Strategy and Earmarked Reserves

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
			<ul style="list-style-type: none"> • Continue to develop budget reduction proposals for the full life of the MTFS and a high level of monitoring of achievement of existing reductions • Try to improve and widen the reach of the budget consultation process to ensure more meaningful, and specific responses
Digital Strategy	D	An Audit Wales review found weaknesses in the Council's strategic approach to managing and delivering its digital strategy. The Council's digital strategy 2020-24 is not expressed as a set of timebound measurable objectives and milestones. In the absence of clear objectives and measure of success, the Council cannot easily understand whether it is achieving its intended outcomes and value for money. The review also found that the Council has not consulted with all stakeholders, nor has costed the delivery of its digital strategy or savings achievable.	<ul style="list-style-type: none"> • The Council is currently drafting a new Digital Strategy. The new document will take into account the needs of stakeholders, both within and outside of the Council, and will be supported with an action plan which includes key milestones.


These issues will be monitored via a detailed action plan during 2024-25, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Board and to the Governance and Audit Committee.

7 Assurance Statement

Governance arrangements have effectively supported the Council through the reporting period. Decisions are subject to effective external and internal scrutiny and where weaknesses are found, action plans are put in place and monitored. Based on this, 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: 15/11/24
(Leader)

Signed:  _____ Date: 15/11/24
(Chief Executive)

