

Annual Governance Statement 2015-16

1. Scope of Responsibility

- 1.1 Bridgend County Borough 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.
- 1.2 The Council also has a duty under the Local Government (Wales) Measure 2009 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 innovation.
- 1.3 In discharging its overall responsibilities, the Council is responsible for ensuring that it has proper arrangements for the governance of its affairs and a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Code of Corporate Governance which is consistent with the framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

2. The Purpose of the Governance Framework

- 2.1 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.
- 2.2 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 risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and to manage their impact.
- 2.3 The following paragraphs summarise the governance framework and the system of internal control, which has been in place within the Council for the year ended 31 March 2016. The description of the arrangements in place is built around the core principles set out in the Council's Code of Corporate Governance. During 2015-16 a review of the Council's Code of Corporate Governance was undertaken by Internal Audit. The finding of the internal audit was that the Council had embedded corporate governance into all aspects of its key functions.

3. The Governance Framework

- 3.1 The six principles of corporate governance that underpin the effective governance of all local authority bodies as defined by CIPFA and SOLACE, incorporating the WG governance principles (shown in italics) are as follows:
 - Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area; (*Putting the Citizen First; Achieving Value for Money*).

- Members and officers working together to achieve a common purpose with clearly defined functions and roles; (*Knowing Who Does What and Why*);
- Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour; (*Living Public Service Values*);
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk; (*Fostering Innovative Delivery*);
- Developing the capacity and capability of Members and officers to be effective; (*Being a Learning Organisation*);
- Engaging with local people and other stakeholders to ensure robust public accountability; (*Engaging with Others*).

3.2 The Council has followed these principles and has identified the following points whilst gathering evidence to gain assurance that governance within the Council is robust.

4. Principle 1 - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area (*Putting the Citizen First; Achieving Value for Money*).

4.1 The Council reviewed and published its Corporate Plan 2013-2017, including the Improvement Priorities, for 2015-16. The priorities were aligned with the key outcomes of the Local Service Board's 'Bridgend County Together' Single Integrated Partnership Plan. This ensured that the Council delivered on the commitments made with partner organisations. The Plan also took into account a number of factors including service demands, legislative requirements, citizens' needs, resource availability, the priorities of partner organisations, together with the expectations of the Welsh Government and regulatory bodies.

4.2 The Plan included the following six improvement priorities:

- Working together to develop the local economy
- Working together to raise ambitions and drive up educational achievement
- Working with children and families to tackle problems early
- Working together to help vulnerable people to stay independent
- Working together to tackle health issues and encourage healthy lifestyles
- Working together to make the best use of our resources

4.3 These improvement priorities gave direction for Directorate Business Plans. Arrangements were in place for progress against the improvement priorities to be reviewed on a quarterly basis. The Corporate Plan identified a number of outcome-focused success indicators, some of which were benchmarking measures. All of the indicators included in the Plan were aimed at measuring the success of our joined up working with citizens and partners.

4.4 During the year, the Council developed a revised set of corporate priorities and a new corporate plan for 2016-2020, taking account of the significant challenges ahead of our communities – not least the increasing demands made on many of our services against the background of a shrinking budget. The new plan sets out how the Council is to change and what its focus will be over the next four years. The three corporate priorities are as follows:

- Supporting a successful economy
- Helping people to become more self-reliant
- Smarter use of resources

- 4.5 Alongside the corporate plan, the Council approved a Medium Term Financial Strategy (MTFS) for the period 2016-17 to 2019-20. This provides an integrated planning and financial framework for the next four years, including the detailed budget strategy for the next financial year. The annual revenue budget and forward financial planning together with the capital programme enables the Council to align its financial resources with its new priorities. Quarterly budget monitoring reports are submitted to Cabinet and to Scrutiny Committee, with the Corporate Resources and Improvement Scrutiny Committee nominated as the lead Scrutiny Committee.
- 4.6 The Council has a range of projects and programmes in progress to ensure that the improvement priorities are achieved. The corporate Programme Management Board (PMB) is overseeing a number of major initiatives under its Transformation Management Programme including:
- School modernisation programme;
 - Remodelling Adult Social Care;
 - Remodelling Childrens Social Services;
 - Successful Economy Programme;
 - Strategic Review of the School Curriculum and Estate;
 - Third Sector Programme;
 - Digital Transformation programme;
 - Rationalising the Estate programme;
 - Corporate Procurement Review; and
 - Strategic collaboration projects e.g. City Deal.
- 4.7 The Auditor General's latest Annual Improvement Report on the Council was received in September 2015. The overall conclusion was that the Council continued to make progress in delivering improvements in its priority areas and recognised the need to support improvement of children's services, and that its forward planning arrangements and track record suggested it was well placed to secure improvement in 2015-16. The Auditor General did not make any statutory recommendations, but made 13 specific proposals for improvement. Those proposals have been considered and actions have been or are being taken to tackle those areas where improvement should be made.
- 4.8 The Auditor General carried out an audit of the Council's Improvement Plan for 2015-16 and certified in May 2015 that "the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties".
- 4.9 The Auditor General also audited the Council's assessment of its performance in 2014-15 in accordance with the Measure and his Code of Audit Practice and certified in November 2015 that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.
- 4.10 The Auditor General undertook a Corporate Assessment of the Council in 2015-16. The purpose of the assessment was to provide a position statement on the authority's capacity and capability to deliver continuous improvement. The focus of the assessment was on the extent to which arrangements are helping to improve service performance and outcomes for citizens.

The assessment considered the authority's track record of performance and outcomes as well as examining the key arrangements necessary to underpin improvements in services and functions.

The auditors interviewed, met with, observed, and conducted online surveys of elected members, senior officers and frontline staff, both individually and collectively.

The outcome of the assessment is very positive. The Auditor General's overall conclusion is that *"the Council is developing appropriate plans for the future and subject to aligning ICT and human resource functions with the transformation programme, is well placed to secure improvement"*.

The Auditor General found no reason to make any formal recommendations, or conduct an inspection, or recommend that Ministers of Welsh Government intervene. He did, however, make eight proposals for improvement (including some of those included in the above mentioned AIR report). The Council has already taken initial actions to address five of the proposals, with action being taken to improve the remainder. The Council endeavours to make further improvement in all of the identified areas.

4.11 Other activities that demonstrate the Council's commitment to Principle 1 - **"Putting the Citizen First"**, included:

- Ongoing use of the Citizens' Panel and extensive public consultation and engagement activity undertaken with customers on various council services and policies and in particular on the new corporate priorities and budget reduction proposals;
- Delivery of the Council's Communications, Marketing and Engagement Strategy 2015-16; and
- Customer contact centre as focal point for customer engagement.

5. **Principle 2 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles (*Knowing Who does What and Why*).**

5.1 The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It operates a Leader and Cabinet system within which:

- The Council sets the overall budget and appoints the Leader of Council;
- The Leader appoints members of the Cabinet and announces the Deputy Leader and the portfolio of Cabinet Members;
- Audit Committee has a clearly defined function providing an independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process;
- Scrutiny Committees advise on policy formulation and hold the Cabinet to account in relation to specific matters. They may also review areas of activity which are not the responsibility of the Cabinet or matters of wider local concern;

- Regulatory Committees (e.g. Licencing, Development Control) are in place to determine matters as defined within the Council's Constitution;
 - The Cabinet makes decisions within this framework but some decisions are delegated to individuals in the Cabinet, committees of the Cabinet or officers; and
 - Clear arrangements are in place to record decisions made by Cabinet Members and officers under delegated powers.
- 5.2 There is a Standards Committee to promote and maintain high standards of conduct by Town and Community Councillors and County Borough Councillors, co-opted members and Church and Parent Governor Representatives.
- 5.3 The Constitution is at the heart of the Council's business and assigns responsibility within the Council. It also provides a framework that regulates the behaviour of individuals and groups through codes of conduct, protocols and standing orders.
- 5.4 The Constitution is a comprehensive document that is kept under continual review by the Monitoring Officer. It provides a point of reference for individuals and organisations both inside and outside the Council. Its Rules of Procedure govern the overall framework within which the Council operates. Procedural rules and codes of conduct outline how the Constitution will be put into effect. Whilst the Constitution is required by statute its content is not fully prescribed. The Council is satisfied that it is consistent with statute, regulations and guidance. To ensure continued compliance, the Corporate Director – Operational and Partnership Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989.
- 5.5 All Committees have clear terms of reference that set out their roles and responsibilities and work programmes. These are reviewed by the committee during the year and updated as required. The Audit Committee, through its work programme, provides assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.
- 5.6 The Council's Chief Executive (as Head of Paid Service) leads the Council's officers and chairs the Corporate Management Board. Due to the resignation of the Corporate Director – Resources, changes to the management structure were proposed by the Chief Executive and were agreed by Council in April 2016.
- 5.7 All staff, including senior management, have clear terms and conditions of employment and job descriptions which set out their roles and responsibilities. Terms and conditions of employment are monitored by the Human Resources Department.
- 5.8 The Corporate Director - Resources was the Section 151 Officer appointed under the 1972 Local Government Act and carried overall responsibility for ensuring that the Council's financial management arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The corporate finance function provides a range of support to departments and determines the budget preparation and financial monitoring process. In April 2016, the post of Corporate Director was deleted from the management structure following the departure of the post holder. Functions and responsibilities of the role have been accommodated amongst the remaining members of the Corporate Management Board. The newly designated Head of Finance has assumed the Section 151 responsibilities previously undertaken by the Corporate Director – Resources, as agreed by Council. The newly appointed Section 151 Officer

is a member of the Corporate Management Board on the same basis as other members of CMB.

- 5.9 The Corporate Director – Social Services and Wellbeing is statutory Director for Social Services, as defined by the Local Authority Social Services Act 1970, which outlines the six core responsibilities across all the Social Services functions, including ensuring that the Authority has proper safeguards to protect vulnerable children and adults.
- 5.10 The role of the Assistant Chief Executive was changed at Council to that of Corporate Director of Operational and Partnerships Services, acknowledging the scale and complexity of an increased portfolio of services. The post holder also continues to carry out the role of Monitoring Officer which holds overall responsibility for ensuring compliance with the law and his staff work closely with departments to advise on legal matters.
- 5.11 The Corporate Director – Education and Family Support (formerly Corporate Director – Education and Transformation, until April 2016) is the Chief Education Officer, as prescribed by the Education Act 1996 and statutory Director for Children and Young People, as defined by the Children Act 2004.
- 5.12 Following changes made in December 2014, the Corporate Director – Social Services and Wellbeing held line management responsibility for the social care functions for children and adults. This has enabled the new ways of working laid down by the Social Services and Wellbeing (Wales) Act 2014 to be embedded within the service. The CSSIW report of 2014-15, published in October 2015, recognises that these changes have created additional leadership capacity to meet the challenges ahead within social services.
- 5.13 The Council's Performance Management Framework, revised and adopted by Cabinet in June 2014, continues to guide the Council's integrated Corporate, business and financial planning and performance management processes and practice. The document clearly defines the Council's processes and procedures and the roles and responsibilities of managers within the process. It includes expectations around the style and behaviour of managers to support the further evolution of a strong culture of self-assessment. During 2014-15, the Council introduced CMB challenge on Performance Management, which complements the Corporate Performance Assessment (CPA). This structured challenge focuses on a wide range of issues as well as Performance Indicators. The introduction of a bespoke Performance Management system provides timely, consistent management information for managing service improvement and decision making.
- 5.14 In his Corporate Assessment report, published in January 2016, the Auditor General for Wales noted that the Council has clarified roles and responsibilities and established effective arrangements for holding people to account. He also found that Cabinet members and the Corporate Management Board were working closely together to develop the options for the future role of the Council and to identify new opportunities for engaging with local communities.

6. Principle 3 - Promoting Values for the Council and Demonstrating the Values of Good Governance through upholding High Standards of Conduct and Behaviour (*Living Public Service Values*).

- 6.1 The Council's core values encapsulated in the acronym FACE demonstrate the Council's commitment to the Public Service values. It stands for:

Fair (taking into account everyone's needs and situation);

Ambitious (always trying to improve what we do and aiming for excellence);

Citizen focused (remembering that we are here to serve our local communities); and

Efficient (delivering services that are value for money).

6.2 In developing its new Corporate Plan for 2016-2020, the Council identified a new set of principles. These have been developed to help steer the Council to become the sort of organisation that it needs to be in order to meet new challenges:

- Wherever possible the Council will support communities and people to create their own solutions and reduce dependency on the Council.
- The Council will focus diminishing resources on communities and individuals with the greatest need.
- The Council will use good information from service users and communities to inform its decisions.
- The Council will encourage and develop capacity amongst the third sector to identify and respond to local need.
- The Council will not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies.
- The Council will work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches.
- The Council will transform the organisation and many of its services and in so doing will deliver financial budget reductions as well as improvements.

6.3 The Council has a clear and simple vision, that is, always to act as **'One Council working together to improve lives'**.

6.4 The behaviour of elected members and officers is governed by codes of conduct, which include a requirement for declarations of interest to be made. There is also a gifts and hospitality register.

6.5 The Council takes fraud, corruption and maladministration very seriously and has the following policies, which aim to prevent or deal with such occurrences;

- Anti-Fraud and Bribery Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- HR policies regarding the disciplining of staff involved in such incidents
- Corporate Complaints Policy

The first three policies above were reviewed, updated and approved by Cabinet during 2014-15.

6.6 Conduct of Members is monitored by the Public Services Ombudsman for Wales. The Council's Standards Committee also considers any reports submitted by the Ombudsman and the Monitoring Officer and any representations received relating to alleged breaches of the Code of Conduct.

- 6.7 A corporate complaints policy is in place for the Council to receive and investigate complaints made against it and this is overseen by the Monitoring Officer.
- 6.8 The Audit Committee helps raise the profile of internal control and risk management within the Council. This enhances public trust and confidence in the financial governance of the Council.
- 6.9 The Council has a “Bridgend County Borough Council, social media and you” protocol which is available on the website. The aim of this is to be clear about how the Council will engage with users and manage expectations.
- 7. Principle 4 - Taking Informed and Transparent Decisions which are subject to effective scrutiny and Managing Risk (*Fostering Innovative Delivery*).**
- 7.1 The Council’s Constitution sets out how the Council operates and the process for policy and decision-making. Within this framework, key decisions are made by the Cabinet. All Cabinet meetings are open to the public (except on the limited occasions where items are exempt or confidential).
- 7.2 All decisions made by the Cabinet are taken on the basis of written reports, including assessments of the legal, financial, and equalities implications. Consultation (including with ward members when appropriate) is a routine part of the process.
- 7.3 The decision-making process is monitored by five Overview and Scrutiny Committees, which support the work of the Council as a whole. The Council’s Constitution provides for the Chairs of these committees to be appointed based on the political balance of the elected members that form the Council. The members of a Scrutiny Committee can “call in” a decision that has been made by the Cabinet but not yet implemented. They may recommend that the Cabinet reconsider the decision. They may also be consulted by the Cabinet or the Council on forthcoming decisions and on the development of policy.
- 7.4 Other decisions are made by Cabinet Members individually or by officers under delegated powers. The authority to make day-to-day operational decisions is detailed within the Schemes of Delegation.
- 7.5 Policies and procedures that assist the governance of Council’s operations include Financial Procedure Rules (FPRs); Contract Procedure Rules (CPRs); and the Risk Management Policy. All managers have responsibility to ensure compliance with these policies.
- 7.6 The Council’s Performance Management Framework describes the ‘Golden Thread’ for planning which links the Council’s vision of “Working together to improve lives” through services delivered at the frontline of the Council and how external factors influence the vision. The external factors include national priorities from both Welsh and UK Government and local priorities from Citizens, Partners, and the Local Service Board via the Single Integrated Partnership Plan (SIPP) entitled “Bridgend County Together”. The vision and priorities that are set out in the Corporate Plan have a direct relationship with directorate business plans, service delivery plans, group delivery plans and the individuals’ objectives within staff appraisals.
- 7.7 The Corporate Performance Assessment (CPA) is undertaken on a quarterly basis and is attended by Cabinet Members, Corporate Management Board, and Heads of Service and is supported by the Corporate Improvement and Finance teams. The purpose of the CPA is as follows:

- Obtain a holistic view of the Council's performance;
- Identify and explore cross-cutting issues;
- Critically challenge areas of poor performance; and
- Identify service improvement opportunities, risks to delivery and resource implications.

7.8 Specifically, the CPA monitors:

- The overall financial position;
- The Council's improvement priorities as defined by the Corporate Plan;
- Agreed key indicators/measures and service actions that are linked to directorate priorities as defined by the Corporate Plan;
- The budget allocated to delivering improvement priorities; and
- Corporate risks.

When necessary, the CPA may also, by way of exception, monitor progress against relevant national and collaborative initiatives.

7.9 The Council has developed a robust approach to the management of risk. The risk management policy is aligned with Directorate Business Plans and the Council's performance management framework. All risks identified are assessed against the corporate criteria.

7.10 Risks are viewed from both a Service and Council-wide perspective which allows the key risks to be distilled in the Corporate Risk Register. Most major risks are managed within one of the key strategic programmes. Following a change made in 2014-15 the task of reviewing the risk register was carried out by the Senior Management Team (SMT). SMT regularly reviews the risk register and actions being taken to mitigate the risks. The Corporate Risk Register is also presented to Audit Committee for review.

The main risks facing the Council that were identified during 2015-16 included:

Risk Description	Potential Impact
Welfare Reform Bill	Changes being made by the UK Government to benefit entitlements mean that demands on some services are likely to increase as the Council's resource base reduces.
Using resources effectively	The Council has to consider its resources very carefully and make difficult spending decisions. This will carry on over the next few years as the public finance outlook continues to be bleak. If there is a shortfall in savings the Council might fail to achieve its MTFS. This could necessitate the unplanned use of reserves to bridge the funding gap or unplanned cuts to services which put vulnerable people at risk.
Local Government Reorganisation	Delivering the transformative change required to make MTFS savings, at a time when demand for some services is up, is already challenging. Without specific funding Local Government Reorganisation will add to these cost pressures and mean that larger savings will be required to balance the budget. This will make it harder to provide good quality

	public services.
Supporting vulnerable people,	Failure to remodel services will restrict the council's ability to safeguard people and respond to assessed needs as set out in the Social Services Act. It will also result in longer stays in hospital, greater need for expensive treatment and vulnerable people leading less fulfilled lives.
School Modernisation	Insufficient progress may have a negative impact on pupils' learning and wellbeing.
The economic climate and austerity	There could be further job losses and business failures within the local economy. Town centres will continue to suffer without regeneration because they will be less attractive places to visit and unable to compete with neighbouring centres.
Supporting vulnerable children, young people and their families	The wellbeing and safety of children may be compromised. They may be unable to thrive and make the best use of their talents.
Disposing of Waste	Failure to achieve recycling/composting targets could result in inefficient use of resources with waste going to landfill sites and penalties against the Council.
Healthy lifestyles	Unhealthy lifestyles have many affects including shortened life expectancy, worse emotional health and a loss of independence. High rates of obesity results in significant costs to the economy, health and social services.
Maintaining the infrastructure	A poor highways network leads to increased third party liability claims, a loss of reputation, a possible adverse impact on the economy and reduced quality of life for citizens.
Equal pay claims	The result of the Abdulla case means that there is a risk of further equal pay claims against the Council.
The impact of homelessness	Homelessness can lead to increased stress, depression and isolation. The use of bed and breakfast accommodation results in high costs both in terms of finance for the Council and the wellbeing of individuals.
Collaboration with partners	If the Council fails to collaborate successfully with partners some of the most vulnerable people in the community will not have their needs met.
Educational attainment	There are risks to the emotional wellbeing of young people, their future employment prospects, the local economy and a range of Council services if young people leave education ill-equipped for employment.

7.11 In April 2015 SMT received a report on Health and Safety gap analysis. It was decided that the risk should be escalated to the corporate risk register. The risk describes the Council's duties and identifies that there are areas where there can be improvement in some health and safety arrangements.

7.12 The Council's approach to risk management ensures that key risks are considered when determining Council priorities, targets and objectives. These are incorporated in Directorates' Business Plans.

- 7.13 The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. In particular, the Financial Procedure Rules and Contract Procedure Rules and the scheme of delegation provide the framework for financial control. The –Section 151 Officer has responsibility 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. As part of its performance management framework, the Council links the strategic planning process with the budget process and ensures alignment between them, facilitating the allocation of resources to corporate priorities. Chief Officers are responsible for financial management within their respective services. Monthly financial monitoring is undertaken by CMB and quarterly reports are produced for Cabinet and Scrutiny Committee. This work informs the production of the statutory annual Statement of Accounts.
- 7.14 The Council is committed to demonstrating due regard to the Equality Act 2010 and the Public Sector Equality Duty. It published its Strategic Equality Plan 2016-2020 on 1 April 2016. The plan outlines the Council’s approach to ensuring equality of opportunity for customers, citizens, residents and visitors and seeks to ensure that Bridgend County Borough is a fair and welcoming place to be. The plan has been written based on what we know about our services and on the views and needs of Bridgend County Borough citizens and the people who use them. The council has a duty to publish Strategic Equality Plan annual reports with the most recent going to Cabinet Equalities Committee in January 2016. The annual reports review and reflect on previous work and outline progress made by the Council on each of its equality objectives and themes. Heads of Service and Senior Service Managers are responsible for ensuring the actions in the Strategic Equality Action Plan are achieved. Updates are provided to the Cabinet Equalities Committee and to the Bridgend Equality Forum. Committee and Council reports requiring a policy decision are supported by equality impact assessments.

8. Principle 5 - Developing the Capacity and Capability of Members and Officers to be Effective (*Being a Learning Organisation*).

- 8.1 The Council aims to ensure that members and officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities. New members and staff are provided with an induction to familiarise them with protocols, procedures, values and aims of the Council.
- 8.2 There is an Elected Member Learning & Development Strategy 2012-17, which provides a framework for supporting elected members in the roles that they are required to undertake both within, and outside, the Council. The Strategy assists members to develop and strengthen their ability to be confident and effective political and community leaders.
- 8.3 While undertaking his Corporate Assessment of Bridgend County Borough Council, the Auditor General for Wales found that Elected Members of the Council benefitted from a range of opportunities that equipped them with the skills they needed to discharge their roles effectively.
- 8.4 The Council’s appraisal process enables individuals to understand how they contribute to achieving the aims of the Council. Appraisals give individuals and their manager an opportunity to review performance, agree personal objectives and learning and development requirements, which will help to achieve personal objectives and learning and development requirements, which will help to achieve those objectives.

Appraisals take place between January and June each year and targets are linked to service priorities reflected in annual business plans. There is also a Six Month Appraisal Review which identifies progress on targets or any additional objectives that need to be included.

- 8.5 The appraisal process also incorporates management competencies that reflect the types of behaviours the Council wishes to promote and develop. These help to foster an understanding of expectations and support the identification of learning and development needs and performance management arrangements. The Appraisal system is an important part of the Council's Performance Management Framework.
- 8.6 The Member Development Programme is regularly reviewed by the Democratic Services Committee to ensure that any training activities are appropriate, relevant and timely.
- 8.7 In 2015-16 a cross party group of 3 Elected Members participated in the Leadership academy co-ordinated by the Welsh Local Government Agency (WLGA) consisting of 3 modules including Leading through relationships, Leading Innovation and Change and Community Leadership. The Academy also supported the personal development of these Members and promoted collaborative working across Wales.

9. Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability (*Engaging with Others*);

- 9.1 The Council is committed to understanding and learning from the views of the public and using their feedback to help shape our services and policies. The Council has a consultation and engagement toolkit in place to help managers to ensure consultation activities are robust as well as following Participation Cymru's National Principles for Public Engagement in Wales that have been adopted by the council. The Council's planning and decision-making processes are designed to include consultation with stakeholders. The Council's Communications, Marketing and Engagement Strategy provides a framework for engagement activities, which are undertaken by the Council.
- 9.2 The Council has a Citizens' Panel made up of people aged 16 or over from across the county borough. Its panel members agree to take part in three or four surveys a year about a range of issues relating to council services and policies. Previously, members of the Citizens' Panel have given their views on a range of topics including street cleanliness, customer service and the local housing strategy. This has helped the Council to understand residents' opinions about the services the Council provides and to help improve things in the future.
- 9.3 During 2015-16, the Council consulted on a wide range of issues including the following (this list is not exhaustive):
 - Shaping Bridgend's Future (Corporate Priorities and MTFS review);
 - Blue badge parking;
 - Active travel 2015;
 - Household waste and recycling review;
 - Various schools proposals.

The Shaping Bridgend's Future consultation included 15 community engagement events throughout the county borough, an on-line survey and access to a budget simulator which captured the views of the public on how to achieve the budget savings necessary over the whole MTFS period.

The Council is also using social media to promote its services and engage with the public, holding regular Q&A sessions/debates as part of consultation exercises to capture citizen's feedback. This has been successfully implemented as part of the "household waste and recycling review" and the "Shaping Bridgend's Future" consultations.

- 9.4 The Council operates a corporate complaints procedure and uses this to identify areas where service quality is not satisfactory, and to take action to improve. Complaints can be made electronically or in writing and the Council has set target times for responding to all complaints received to ensure accountability.
- 9.5 All Council meetings are open to the public except where personal or confidential matters are discussed. All public agendas, reports and minutes are available on the Council's website. The Council has also implemented a webcasting facility which provides live streaming and an archive facility for those meetings which are considered to be of key public interest.
- 9.6 The Local Service Board (now the Public Service Board) brings together representatives from organisations across a range of service areas in Bridgend to work together to improve the quality of life for people living and working in Bridgend. The members of the LSB during the year were:
- Abertawe Bro Morgannwg University Health Board
 - Bridgend Association of Voluntary Organisations
 - Bridgend Business Forum
 - Bridgend College
 - Bridgend County Borough Council
 - Community Rehabilitation Company Wales
 - National Probation Service
 - Natural Resources Wales
 - Public Health Wales
 - South Wales Fire and Rescue Authority
 - South Wales Police
 - Valleys to Coast Housing Association
 - Welsh Government

During 2015-16, the LSB consulted widely with children, young people and local citizens. The purpose of the consultation was to find out why residents in some areas felt more unsafe and disengaged from their communities and service delivery than others and then to work with those communities to develop activities and inform service delivery to address this. Every secondary school age student in the borough was given the opportunity to take part through their ICT lessons. Over 3000 students responded. The survey helped identify two communities in Bridgend County who felt most disengaged. Further consultation with these two communities is underway.

Citizen involvement will continue to be a key feature of the work of the Public Services Board which was developed during the year and established on 1 April 2016.

- 9.7 The Wellbeing of Future Generations (Wales) 2015 Act (Act) gained royal assent on 29 April 2015. The Act establishes Public Services Boards in each local authority, which replaced Local Service Boards from 1 April 2016.

The four statutory members of Bridgend Public Services Board are:

- Bridgend County Borough Council
- Abertawe Bro Morgannwg University Health Board
- South Wales Fire and Rescue Authority
- Natural Resources Wales

9.8 In the first year the main focus of the PSB will be the statutory requirement to publish the Assessment of Local Wellbeing by April 2017. The PSB will also be responsible for implementing Bridgend County Together, the Single Integrated Partnership Plan for Bridgend, until it publishes its Wellbeing Plan in April 2018.

9.9 In the Medium Term Financial Strategy 2016-17 to 2019-20, over 10% of budget reductions identified over the 4 year period were identified as coming from collaboration and service transformation. Council had recently agreed that collaboration should focus on projects which have the potential to generate the greatest benefit, make a clear contribution to the Council's corporate priorities and result in a clear service benefit.

10. Review of Effectiveness

10.1 The Council has responsibility for annually reviewing the effectiveness of its governance framework, including the system of internal control and the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). This is informed by the work of Internal Audit and chief officers within the Council who have responsibility for the development and maintenance of the internal control environment. The Council also draws assurance on its governance arrangements from independent sources and in particular Internal Audit, External Audit and other external regulators.

10.2 The following elements are key to the Council in monitoring and reviewing its governance:

- The Constitution, which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It also includes the Codes of Conduct for both members and employees.
- The Cabinet (as Executive) who are responsible for considering overall financial and performance management and receive comprehensive reports on a regular basis. The Cabinet is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The Scrutiny function which holds the Cabinet to account. The Corporate Resources and Improvement Overview and Scrutiny Committee is responsible for maintaining an overview of financial performance including value for money. The Partnerships and Governance Overview and Scrutiny Committee maintain an overview of cross-cutting matters. In the Committee's Terms of Reference it has a responsibility "to consider the Council's policies and strategies in relation to collaborative and partnership working arrangements". The Committee Chairpersons liaise with each other ensure the effective scrutiny of collaborative collaboration topics to ensure that work programmes are co-ordinated to prevent duplication.
- The Audit Committee which provides the focus for reviewing the effectiveness of the system of internal control. This is primarily based upon reviewing the work of

Internal Audit and receiving reports from the Council's external auditors. The Committee met regularly throughout the year and provided independent assurance to the Council in relation to the effectiveness of the risk management framework, internal control environment and governance matters.

10.3 Additional requirements of the Local Government (Wales) Measure 2011 have included:

- the election of the Chairperson of the Audit Committee by the Audit Committee itself rather than by an appointment by Council;
- the requirement that Audit Committee must have at least one lay-member, a professional representative with no connections to the Authority that is able to assist in the role of the Audit Committee. The number of lay-members required to support the committee is being kept under review;
- the appointment of a Head of Democratic Services.

10.4 Training has been provided to ensure that all members (including the Lay-Member) have the opportunity to gain a comprehensive understanding of their role. In February 2016, all Elected Members were offered training on Treasury Management to assist them in scrutinising the Annual Treasury Management Strategy of the Council. The effectiveness of member training was recognised by the most recent Estyn Inspection which noted that training provided to elected members to increase their understanding and ability to interrogate data to enable them to challenge the performance of the Children's Directorate and schools was well received.

10.5 The Council has adopted the WLGA model of role descriptions for all committee Member and Chairpersons including the Audit Committee. These have been adapted to reflect the specific roles undertaken in the Council. The role descriptions form part of Personal Development Review Process which enables members to better understand their role, reflect on how they have undertaken their duties in the previous year and identify any further support or training that they require to effectively carry out their duties. This will increase the ability of Audit Committee members to analyse, monitor and challenge the effective performance of the Council.

10.6 The Cabinet and Scrutiny Committee functions provide a further mechanism for review and challenge of any issues that may impact upon the system of internal control. Scrutiny Committees establish Research and Evaluation panels (including to the review of budget proposals); they undertake reviews of specific areas of Council operations and make recommendations to Cabinet for improvement.

10.7 Internal Audit also provides independent and objective assurance. It undertakes a continuous audit of Council services that are assessed and prioritised according to relative risk. This risk assessment draws upon the corporate and service risks identified as part of the Service planning process. During 2015-16, in carrying out its duties, Internal Audit worked to the Public Sector Internal Audit Standards (PSIAS). The PSIAS is applicable to all areas of the United Kingdom public sector and is based on the Chartered Institute of Internal Auditor's (CIA's) International Professional Practices Framework. The Head of Audit undertook a self-assessment to demonstrate the extent to which the Internal Audit Shared Service complied with the PSIAS and to identify areas where further work was required to demonstrate compliance. The Council's External Auditors have recently undertaken a desk top assessment of compliance and have verbally reported that the Internal Audit Shared Service is

complaint. It is planned that, in accordance with the Standards and during 2016-17 the Shared Service will undergo an external assessment, which has been agreed by the Council's Audit Committee.

- 10.8 Internal Audit completed a programme of reviews in accordance with the Annual Audit Plan for 2015-16. As part of the normal audit reporting process, recommendations were made and agreed with the relevant chief officers to address any issues that could impact upon the system of internal control. . The internal audit arrangement enables the Chief Internal Auditor to provide an opinion on the internal control, risk management and governance arrangements. In addition, Internal Audit undertakes fraud investigation and is proactive in fraud detection work. This includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the Audit Committee and Cabinet as appropriate.
- 10.9 Based on the internal audit work carried out for the year, the Head of Internal Audit concluded that the Council's framework of governance, risk management and control is considered to be reasonable and that "there are no significant cross cutting internal control weaknesses identified which would have an impact on the Council's Annual Governance Statement". She did, however, specify some weaknesses and made a total of 58 recommendations, of which management has given written assurance that all of these will be implemented.
- 10.10 The Head of Internal Audit has found that Bridgend County Borough Council is committed to the principles of good governance and as a result has adopted a formal Code of Corporate Governance (COCG) for the last six years. In 2015-16, the Council's financial management arrangements were found to be conforming to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 10.11 The Council is subject to an annual programme of independent external audits and statutory inspections which report on the Council's governance, performance and accounting arrangements. During 2015-16 the Council was subject to two significant pieces of assessment work both of which were undertaken on behalf of the Auditor General for Wales, the Financial Resilience Assessment and the Corporate Assessment.
- 10.12 The Financial Resilience Assessment was undertaken during May to October 2015 and focused on delivery of the 2014-15 savings plans and the 2015-16 financial planning period. The assessment considered whether the Council has appropriate arrangements in place to secure and maintain its financial resilience in the medium term (typically three to five years ahead). While there may be more certainty for the Council over an annual cycle, financial pressures impact beyond the current settlement period. When reaching their view, the auditors considered evidence of the Council's approach to managing its finances in the recent past and over the medium term. The work focused on answering the following question: Is Bridgend CBC managing budget reductions effectively to ensure financial resilience? Whilst also considering whether:
- financial planning arrangements effectively support financial resilience;
 - financial control effectively supports financial resilience; and
 - financial governance effectively supports financial resilience.

Overall the assessment concluded that "Whilst the Council faces significant financial challenges, its current arrangements for achieving financial resilience are sound".

10.13 The purpose of the Corporate Assessment was to provide a position statement of an improvement authority's capacity and capability to deliver continuous improvement. It also considered the authority's track record of performance and outcomes as well as examining the key arrangements that were necessary to underpin improvements in services and functions. The fieldwork focused on the extent to which arrangements were contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question, "Is the Council capable of delivering its priorities and improved outcomes for citizens?"

As a result of this work, the Auditor General has concluded that the Council is developing appropriate plans for the future and is well placed to secure improvement. The Auditor General came to this conclusion because the Council:

- is consulting on key strategic themes designed to improve its focus on priority activity for the future;
- has effective governance arrangements in place to support improvement and drive change;
- has performance management arrangements that are driving improvement in key service areas but the way in which performance evaluation is presented is inconsistent;
- strong financial and asset management arrangements are in place but the Council has not yet established a vision for the way in which human resource and ICT services will be delivered in the future and;
- collaborates across a wide range of activities and whilst it is able to identify improved outcomes from some activities it is not yet able to evaluate the impact of Local Service Board activity.

10.14 The Public Services Ombudsman for Wales reports on each council in Wales the number of complaints received and investigated. In August 2015 the Council received its Annual Letter for 2014-15. The letter noted a decrease in the number of complaints received, 33 in 2014-15 compared to 39 in 2013-14. The comparative figure for the local authority average was 42 for 2014-15 (40 for 2013-14). No investigations were commenced by the Ombudsman in 2014-15. The letter noted that whilst there had been a decrease in the number of complaints relating to Children's Social Services, there had been an increase in complaints relating to Adult Social Services. The Ombudsman issued one "upheld" report but there were no Quick Fixes or Voluntary Settlements recording during the year.

10.15 The Care and Social Services Inspectorate Wales (CSSIW) Annual Review for Bridgend 2014-15 concluded that the Council remained realistic about the challenges posed by the need to deliver improving services within the context of reducing financial resources. This has accelerated the drive to greater efficiency, improving strategic partnership working, more integrated services and a growing commitment to regional commissioning which aligns with the preparations for the new Social Services and Wellbeing (Wales) Act 2014. The review identified that, in January 2015, the Corporate Director – Social Service and Wellbeing assumed line management responsibility for children's social services and overall line management of children's safeguarding. In addition, the appointment of a new head of adult social care has provided additional leadership capacity for the council's challenges.

CSSIW report recognised that within adult social care the Council's remodelling and transformation programme continued to be the central foundation for

strengthening the prevention and wellbeing agenda across Bridgend, and regionally across the Western Bay Health and Social Care Collaboration (Western Bay). A number of specific areas for follow up and improvement were identified in the body of this report. In relation to adult social services this included the ongoing implementation of the service changes in readiness for the Social Services and Wellbeing (Wales) Act and the progress made towards the implementation of the extra care model, as well as bringing the district nursing service into the integrated referral management centre.

The report also set out the progress that had been made within children's social services, primarily the reduction in the numbers of children looked after and introduction of safeguarding hubs. Areas for improvement included the improvement of review performance and outcomes, the redesign of looked after children provision for adolescents with complex needs and challenging behaviour, the monitoring of the re-referrals rate as well as monitoring the LAC reduction Strategy. Strengthened political support was recognised, with the Council having two cabinet members for social services, one for children's and one for adults.

- 10.16 In October 2012, Estyn Inspection carried out a major inspection of the quality of education services for children and young people in Bridgend. The Report identified that the Council had more strengths than areas for improvement, but concluded that the Council fell into the category of follow-up activity. There were follow up visits in March and December 2014. Estyn concluded in its letter to the Council in January 2015 that the Council "is judged to have made sufficient progress in relation to the recommendations following the inspection of October 2012. As a result, Her Majesty's Chief Inspector of Education and Training in Wales considers that the authority is no longer in need of Estyn monitoring and is removing it from further follow-up activity".

11. Significant Governance Issues

- 11.1 Across the whole of the United Kingdom, local councils are facing unprecedented challenges following reduced Government funding and increased demands on essential services. Between 2016-17 and 2019-20, the Council is expecting to have to make budget reductions of £35.5 million. Budget cuts of this scale present a significant challenge that will require the Council to make many difficult decisions about which services can be maintained and which cannot. It will mean that "business as usual", however well managed, will not be enough. The challenge will be to consider alternative delivery models for services across the Council and this will be essential to mitigate the impact of cuts and assist in continuing to provide priority services. As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery, it is necessary to ensure that the control environment, including governance and risk management, remains robust, proportionate and as efficient and effective as possible.
- 11.2 The Council remains unwavering in its commitment towards improving and finding ways of delivering local services, providing better outcomes for residents and achieving savings that will ensure they can deliver a succession of balanced budgets.
- 11.3 Based on the internal and external audit work completed for the year 2015-16 there are no significant cross cutting control issues that would impact on the Council's Annual Governance Statement. The weaknesses that have been identified are service specific and the recommendations made to improve the overall control environment have been accepted and are being / will be implemented.

12. Certification of Annual Governance Statement

Steps to address and mitigate the matters referred to in section 11 above will be taken to further enhance our governance arrangements.

Signed:

Section 151 Officer.....Date.....

Chief Executive Officer.....Date.....

Leader of the Council.....Date.....