

Report of:	Meeting	Date	Item no.
Corporate Director Resources (S151 Officer)	Audit and Standards Committee	20 June 2023	

DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23

1. Purpose of report

- 1.1** To approve the draft Annual Governance Statement (AGS) for 2022/23 for inclusion in the Annual Statement of Accounts following a review of the council's governance arrangements.

2. Outcomes

- 2.1** Evidence that the council has effective and robust governance arrangements in place.

3. Recommendations

- 3.1** The Committee is asked to review and formally approve the draft AGS.
- 3.2** The Committee is asked to give delegated authority to the Section 151 to make minor amendments and any changes requested by External Audit.

4. Background

- 4.1** The AGS is a valuable means of communication. It enables an authority to explain to the community, service users, taxpayers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.
- 4.2** In accordance with the Accounts and Audit Regulations 2015 the council is required to prepare an AGS, which is published alongside the Statement of Accounts.
- 4.3** The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have jointly issued a framework and guidance in relation to the AGS; 'Delivering Good Governance in Local Government 2016'. The guidance urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on

an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation. It also recommends that when complying with the guidance, authorities should use it in a way that best reflects their structure, type, functions and size.

4.4 The framework recognises that effective governance is achieved through seven core principles;

- 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; and
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

4.5 In addition to the consideration of the 'Delivering Good Governance in Local Government 2016' guidance, the council has also reflected on CIPFA's Advisory Note: Understanding the challenge to local authority governance (March 2022) and as a result has included a new section on how the cost of living crisis has put additional financial pressures on the council.

5. Key Issues and proposals

5.1 The draft AGS for 2022/23 is attached at Appendix 1. Once approved by the Committee, the Leader of the Council and the Chief Executive will be asked to sign the statement certifying that they are aware of the governance issues within the Authority and of the measures that are needed to mitigate them.

5.2 The statement raises three separate 'significant governance issues' and also includes a number of minor issues, which have been documented in an action plan (Appendix 2). The implementation of these issues will be monitored by CMT and the Audit Committee.

Financial and legal implications	
Finance	None arising directly from the report.
Legal	Effective audit and risk management assist in good governance and the probity of council actions.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with an x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Draft Annual Governance Statement 2022/23

Appendix 2 – Annual Governance Statement Action Plan 2022/23

ANNUAL GOVERNANCE STATEMENT 2022/23

1.0 INTRODUCTION TO CORPORATE GOVERNANCE

- 1.0 Good governance is about how the council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, culture and values by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities. Good governance also enables the council to pursue its corporate vision effectively, as well as underpinning that vision, with mechanisms for control and management of risks.

2.0 SCOPE OF RESPONSIBILITY

- 2.1 Wyre Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and that funding is used economically, efficiently and effectively. Wyre Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.2 In discharging this overall responsibility, Wyre Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and includes arrangements for the management of risk.
- 2.3 Wyre Council has adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE 'Delivering Good Governance in Local Government' framework 2016.

3.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 3.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify

and prioritise the risks to the achievement of Wyre Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 3.3 The governance framework has been in place at Wyre Council for the year ending 31 March 2023 and up to the date of approval of the annual accounts.

4.0 WYRE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE

4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have published a framework and guidance for delivering good governance in local government. The guidance helps local authorities to interpret the overarching principles contained in the framework prior to developing and maintaining their own 'local' corporate governance arrangements. The framework recognises that effective governance is achieved through seven core principles and 21 sub-principles.

4.2 It should be noted that the CIPFA / SOLACE guidance is not prescriptive and authorities are encouraged to use it in a way that best reflects their structure, type, functions and size.

4.3 In writing this statement, consideration has also been given to CIPFA's Advisory Note: Understanding the challenge to local authority governance (March 2022).

5.0 PROCESS FOR THE COMPLETION, REVIEW AND REPORTING OF THE ANNUAL GOVERNANCE STATEMENT

5.1 The CIPFA/SOLACE guidance recommends that authorities should undertake annual reviews of their governance arrangements to ensure continuing compliance with best practice as set out in the framework.

5.2 On 24 April 2023, a governance workshop was held with key officers of the council who have the most appropriate knowledge, expertise and levels of seniority to consider the extent to which the organisation complies with the principles set out in the good governance framework. The principles were discussed in length and evidence was put forward to demonstrate how the council was meeting each of the principles. It was also an opportunity to identify any issues or gaps that could lead to a weaker governance structure.

5.3 In addition, evidence to produce the statement was also collected from a number of other sources, namely:

- The views of Internal Audit through regular progress reports, the Annual Internal Audit Opinion and the review of the effectiveness of Internal Audit;
- The views and reports of our External Auditors in their value for money opinion, and the
- The examination of risk reports, risk registers and an overview of the risk management process.

5.4 Following the meeting, this information was collated and a draft statement was produced and circulated for comment. The final draft version of the statement is presented to Audit Committee for approval. Once approved by the Audit Committee, the statement is then signed by the Leader and Chief Executive and will ultimately form part of the 2022/23 Statement of Accounts. The draft Annual Governance Statement can be revised, up to the date of the signing of the Statement of Accounts, should there be a requirement to do so.

6.0 HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

6.1 Set out below is how the council has complied with the seven core principles set out in the CIPFA / SOLACE framework during 2022/23.

Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Behaving with integrity

- Established codes of conduct define expected standards of personal behaviour for both staff and Elected Members.
- The council has a set of corporate values for its staff reflecting public expectations about the conduct and behaviour of individuals and these are reflected in the recruitment and selection and performance appraisal processes.
- The council has a Member Code of Conduct in place that helps to achieve high standards of conduct for Elected Members.
- Elected Members attend training in relation to 'Ethical Standards' and the recently refreshed Code of Conduct.
- Induction training is in place for both staff and newly Elected Members.
- Arrangements are in place to ensure that Elected Members and employees of the council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.
- A register of interests is maintained for Elected Members and officers.
- An up-to-date register of gifts and hospitality is maintained for officers and Elected Members and is reviewed annually by the Monitoring Officer and the Audit Committee.
- There is an efficient Standards Committee. However it should be noted that following the May 2023 elections this has now been merged with the Audit Committee. A new terms of reference for the Audit and Standards Committee has been approved by Full Council in May 2023.
- Arrangements are in place for whistleblowing, to which all officers, Elected Members and all those contracting with the council have access. A fundamental review was completed in 2022 and approved by the Audit Committee in November 2022.
- Arrangements are in place so that conflicts of interest on behalf of Elected Members and officers are avoided.
- Effective, transparent and accessible arrangements are in place for dealing with complaints. This includes the use of Independent Members in relation to

councillor complaints.

Demonstrating strong commitment to ethical values

- The Head of Governance and Business Support champion's ethical compliance for both officers and Elected Members.
- Ethical Governance Surveys are carried out every three to four years to test both staff and Elected Members' knowledge and understanding of the council's key policies and procedures. The last staff survey was carried out in 2019 and the Elected Member survey took place during November 2021. This survey will be repeated for both staff and Elected Members later in the year.
- Protocols are in place for partnership working. These are documented in the council's Financial Regulations and Financial Procedure Rules and reviewed annually.
- A competency framework, listing required behaviours and values is currently used to drive recruitment and regular performance reviews are undertaken as part of the performance appraisal system.
- Policies and procedures are in place and are regularly reviewed for dealing with unacceptable behaviours.

Respecting the rule of law

- The authority observes both the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer and the Head of Internal Audit in Local Government with any non-compliance reported in the Annual Governance Statement.
- The Constitution sets out the responsibilities of Elected Members by defining the decision-making powers of the Council, Executive, Overview and Scrutiny and regulatory and other committees, providing clear terms of reference and describing their roles and functions.
- The Chief Internal Auditor is a 'Certified' Internal Auditor and has extensive internal audit experience.
- The Head of Governance and Business Support is a Certified and Chartered Auditor (CIA, CMIIA), holds a Qualification in Internal Audit Leadership (QIAL) and also has an Advanced Certificate in GDPR Practice.
- Anti-fraud and anti-corruption policies are in place and reviewed annually by the Audit (and Standards) Committee.
- The Monitoring Officer is responsible to the council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- All allegations concerning breaches of the Code of Conduct by Elected Members are thoroughly investigated by the Monitoring Officer.
- Up to date job descriptions and person specifications are maintained for the Chief Executive, Section 151 Officer and the Monitoring Officer.
- All staff completed Data Protection training in 2018. However, this is to be refreshed later this year using the on-line training material within Learning Pool. Newly Elected Members are to receive training by an external provider in July 2023.
- Freedom of Information and Environmental Information Regulation training was provided to Service Managers in February 2022.

- Subject Access Request training was provided to all officers involved in the administration of these in February 2022.
- Regular training is provided to Elected Members who sit on regulatory committees such as Planning, Licensing and the Audit (and Standards) Committee.
- Specific legislative requirements are observed, as well as the requirements of general law. In particular the key principles of good administrative law including rationality, legality and natural justice form part of procedures and decision-making.
- Proper professional advice on matters that have legal or financial implications is available and when sought, recorded in advance of decision-making.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- The Council's Constitution was amended following the pandemic to allow 'Non-Executive Decisions' to be taken under 'Emergency Powers' in the event of an on-going emergency.

Core Principle B – Ensuring openness and comprehensive stakeholder engagement.

Openness

- A business plan is published annually giving information on the council's strategic narrative, priorities and performance measures which is shared with all officers, Members, partners and the community. However, it should be noted that a fundamental review is imminent following the appointment of a new Chief Executive and Leader.
- An annual Statement of Accounts is produced with an easy to read narrative report.
- The annual efficiency statement is published with the revenue estimates.
- The Corporate Director Resources (Section 151 Officer) is responsible for publishing annual accounts, in a timely manner and within statutory deadlines, to communicate the council's activities and achievements, its financial position and performance. The draft 2020/21 and 2021/22 accounts are awaiting formal sign-off following delays by External Audit and a national issue affecting infrastructure asset valuations.
- The council as a whole is open and accessible to the community, service users and its officers and is committed to openness and transparency in all its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- Compliance to the Local Government Transparency Code 2015 continues to be monitored following a review in 2021/22 that identified a number of gaps.
- Wyre Voice, an information magazine produced by the council, is delivered to every household annually with a monthly E-newsletter being sent to those who have subscribed.
- A monthly newsletter 'core brief' is produced and cascaded to all staff.
- Periodic reports are produced on the overview and scrutiny function activity.
- Key decisions are published in the Schedule of Executive Decisions.
- All audio recordings of Council meetings are available on the council's website

and YouTube.

- A property investment panel has been established which considers proposals for investment opportunities.
- The Council website complies with the New Accessibility Regulations 2019.
- Full Council receives Executive Report updates from all Cabinet members.

Engaging comprehensively with institutional stakeholders

- The council continues to meet regularly with the YMCA to oversee the operation of the council's leisure centres and pools.
- The council has established a Beach Management Board that meet on a monthly basis to oversee the sea defences scheme, which is estimated to cost £42m. Internal Audit attend each meeting to provide advice and guidance on risk, control and governance issues.
- Key partnerships are periodically reviewed through the internal audit plan and the Financial Regulations and Financial Procedure Rules include advice and guidance, which can assist officers in managing the key risks of partnership arrangements.
- Corporate guidance has been issued on consultation and public involvement mechanisms offering practical steps and advice.
- The council maintains links with the parish and town councils by regular attendance at the Lancashire Association of Local Councils (LALC) meetings.
- Clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively, e.g. flood forums and the Waste Management Partnership Board.
- Household Support Funding has been distributed to local groups, charities and food banks during 2022/23.

Engaging with individual citizens and service users effectively

- The council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and are clearly articulated and disseminated.
- Arrangements are in place to enable the council to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands.
- The council has a digital hub located at the Fleetwood Market in partnership with Citizens Advice to provide additional support to residents to help them develop their digital skills.
- Community engagement takes place across Wyre through engagement roadshows, attending regular events and local partnership meetings. Local third sector organisations are supported through regular communications, workshops and updates to enable them to make a difference to communities in Wyre.
- The council undertakes regular consultations, including the annual budget consultation, and all are available through the online consultation portal.

Core Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Defining outcomes

- The Council has made a clear statement of its vision, ambitions, key programmes and projects in its business plan (2019 – 2023) which is used for service and corporate planning.
- The business plan includes a set of measures defining outcomes which are reported quarterly to the Overview and Scrutiny Committee.
- There are effective arrangements to deal with failure in service delivery.
- There is a corporate complaints procedure. Annual reports from the Local Government Ombudsman are available on the website. Our record for dealing with complaints and the low number received is strong.
- The medium term financial plan (MTFP) / revenue estimates and capital programme are soundly based and are designed to deliver the council's strategic priorities.
- The council's approach to value for money is reflected in the annual efficiency statement reported to Cabinet, with targets and achievements monitored throughout the year.
- Strategic, operational and ICT (including cyber security) risk registers are maintained on a dedicated risk management system (GRACE). Risk workshops are held throughout the year to review current risks and controls and identify any new risks. Risk registers are reviewed quarterly, in line with the Risk Management Policy and Procedure.

Sustainable economic, social and environmental benefit

- The council embraces community engagement and involvement and encourages neighbourhood engagement. It works collectively with ward councillors, parish and town councillors, community groups and other partner organisations to identify local issues and priorities.
- Following the declaration of a climate emergency in July 2019 the Council continues to work through a comprehensive action plan of key issues effecting both council services and the wider community. A Climate Change Strategy is also being developed to better steer the strategic focus of the council.
- The council has been accredited as a Bronze Level Carbon Literate Organisation and was the first authority in Lancashire to achieve this status.
- Our business plan states a number of ambitions which will improve the health and wellbeing of our communities.
- The Council is working with partners within the Lancashire and South Cumbria Integrated Care Partnership to improve access to health and care services and to help individuals make choices that will improve their own health and wellbeing and address the root causes of ill health. This work includes linking in with the Lancashire and South Cumbria Integrated Care Board and with a broad range of partners (including other local authority partners, the NHS and Voluntary Community Faith Sector organisations) within the North Lancashire Place Based Partnership.
- The business plan is subject to an equality impact assessment on an annual

basis.

- Equality and Diversity Training took place for key staff in 2022.
- The development and delivery of the local plan has been subject to extensive consultation.
- Individual projects are equality impact assessed promoting access to services.
- Our 'together we make a difference network' works with the community to identify priority projects, makes links with partners, develops relationships with key stakeholders and helps facilitate the delivery of community priorities.
- The council has been awarded a number of green flag awards for our clean parks and open spaces.
- The Council's Constitution considers social value when procuring goods and services.
- The council is working with Historic England to implement a heritage scheme to create new ways to champion and revive Fleetwood's historic high streets.
- The council continues to work closely with Associated British Ports and other partners to bring new commercial floor space at Fleetwood Docks to help safeguard the fish and food processing industry for Fleetwood (Project Neptune).
- The council operates a weekly online community lottery to provide good causes and community groups with a simple way to raise funds.
- The council continues to work and support local business following the pandemic through the development of the Wyred Up business network.
- £300,000 was allocated during 2021/22 towards a new town centre strategy fund, which was formed to support our town centres following the pandemic. This has largely been used to help our four main town centres develop regeneration frameworks with any remaining funding carried forward.

Core Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.

Determining interventions

- There are mechanisms in place for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- Those making decisions are provided with information that is fit for purpose and relevant.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- Proper, professional advice on matters that have legal or financial implications is available and when sought, recorded in advance of decision making.
- A Digital Transformation Board is in place to oversee key ICT infrastructure projects and a Digital Transformation Strategy 2022/23 to 2026/27 has been approved by Corporate Management Team and noted by Full Council in October 2022.

Planning interventions

- The Council's business plan is refreshed annually and is subject to review by the Overview and Scrutiny Committee prior to approval by Full Council.
- Business plan actions are managed by officers and monitored by Cabinet and the Overview and Scrutiny Committee.
- The business plan is developed taking into account geographic information, including locality plans, neighbourhood profiles and public health reports.
- Service quality is regularly reviewed via the council's formal complaints system, the Waste Management Partnership Board and the Wyre Leisure Management Partnership Board.
- The business plan includes a set of measures which are reported quarterly to the Overview and Scrutiny Committee.
- The MTFP, revenue estimates and capital programme are published annually and are key documents for forecasting our budget requirements and planning ahead.
- An efficiency programme compliments the MTFP ensuring sustainability going forward.
- We explore opportunities to work with our partners and collaborate on funding applications, for example the Wyre Beach Management Scheme, decarbonisation schemes and improving the council's CCTV across town centres.

Optimising achievement of intended outcomes

- The MTFP is agreed annually in October, updated regularly and published with the revenue estimates in February.
- The MTFP, revenue estimates and capital programme are soundly configured to meet the requirements of the business plan.
- The MTFP sets out the framework for corporately managing the council's resources in the years ahead.
- Where external funding requires the reporting of outcomes and expenditure, the council complies with their reporting arrangements to ensure no loss of funding. This includes the UK Shared Prosperity Fund, Rural England Prosperity Fund and others.
- Performance outcomes are regularly reported to the Corporate Management Team, Cabinet and the Overview and Scrutiny Committee.

Core Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Developing the Entity's capacity

- The council continues to support the YMCA and allocated a subsidy at the start of 2022/23 to the YMCA of £347,500. This is a higher level than pre-Covid. The outturn position indicates that it was exceeded and the council will send an additional £6,900.
- Effective mechanisms exist to monitor service delivery through the overview

and scrutiny arrangements and quarterly performance reports highlight where corrective action is necessary.

- A key activity in the council's business plan is to continue the programme of works to maximise the use of our assets.
- The council subscribes to the APSE advisory service, with a view to benchmarking its front line services.
- Benchmarking is undertaken periodically via relevant Lancashire professional groups e.g. revenues and audit.
- The council's performance appraisal system allows for documentation of the development of the individual through their personal development plan.
- Internal Audit received a 'full compliance' overall opinion when assessed against the Public Sector Internal Audit Standards (PSIAS) in 2018. The next assessment has been delayed and is now taking place in July 2023. Internal self-assessments continue to take place annually.
- The council regularly benchmarks Elected Members allowances as part of the review undertaken by the Independent Remuneration Panel. The last review was completed in November 2022.
- The council attends the Lancashire Waste Partnership and contributes to shaping the Lancashire Waste Strategy; the strategy is currently under review, with the objective of delivering effective and efficient waste services for Lancashire while considering the requirements of national strategy, policy and emerging legislation. This will be achieved through consultation with advisory groups such as the Local Authority Recycling Advisory Committee (LARAC), Waste and Resource Action Programme (WRAP) and the Association of Public Service Excellence (APSE) and adhering to guidance from DEFRA (Department for Environment, Food & Rural Affairs).
- A partnership arrangement is in place with a leading external environmental enforcement provider (District Enforcement Limited) to tackle environmental crimes such as dog fouling and littering to ensure Wyre remains a clean and green borough.

Developing the capacity of the entity's leadership and other individuals

- The Chief Executive is responsible and accountable to the council for all aspects of operational management and is expected to attend regular performance appraisal meetings with the Leader of the Council.
- The Corporate Director Resources (Section 151 officer) is responsible to the council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts and for maintaining an effective system of internal financial control.
- There is an established pay and grading structure for employees referred to as the job evaluation system and a process for appeals.
- There is a clearly defined management structure and a scheme of delegation to officers, which is underpinned by the Members' Code of Conduct and a protocol for officer / Elected Member relations.
- There are published job descriptions and established protocols, which ensure that the Leader and Chief Executive establish their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
- Financial Regulations and Financial Procedure Rules are reviewed annually by

the Audit (and Standards) Committee.

- Career structures are in place where possible for Elected Members and officers to facilitate succession planning.
- Funding was made available to fund six new apprenticeship posts. All posts have now been filled and the apprentices are working towards their qualifications whilst gaining experience rotating across the council.
- 23 officers completed an 'Aspiring Leaders' course during 2022/23 that was run by North West Employers.
- Effective management arrangements are in place both at the top of and throughout the organisation to support the health and wellbeing of officers.
- The council has in place a 'listening service' that is believed to be well received and utilised.
- The council has a new Chief Executive who has extensive local government experience. Training in areas such as elections, has and will be arranged going forward as and when required.
- The Council's three statutory officers (Chief Executive, S.151 and Monitoring Officer) now meet on a monthly basis.
- The council ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the council.
- Training programmes are tailored to meet individual needs and there are opportunities for Elected Members and officers to update their knowledge on a regular basis.
- The council assesses the skills required by Elected Members and officers and makes a commitment to develop these to enable roles to be carried out effectively.
- Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
- Arrangements are in place via the volunteering initiative to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority. Staff can take up to 2 days paid voluntary leave each year.
- A competency framework exists to ensure that all staff have the appropriate skills enabling them to deliver high quality services.

Core Principle F – Managing risks and performance through robust internal control and strong public financial management.

Managing risk

- Risk management is embedded into the culture of the council, with Elected Members and managers at all levels recognising that risk management is part of their job.
- The Risk Management Policy and Procedure is refreshed annually and approved by the Audit Committee.
- Strategic, Operational and ICT (including cyber security) risk registers are managed through a dedicated risk management system (GRACE). Workshops

are held regularly to review current risks and identify any new risks.

- A number of services have Information Asset Registers in place which are reviewed by Internal Audit as part of each audit review ensuring compliance with legislation and demonstrating best practice in information governance. Gaps are slowly being addressed and Internal Audit and the Information Governance Group will continue to monitor these until a full suite has been achieved.
- Officers responsible for answering Freedom of Information, Environmental Information Requests and Subject Access Requests have attended mandatory training from an external provider.

Managing performance

- Performance is regularly reported to the Corporate Management Team, Cabinet and the Overview and Scrutiny Committee.
- The council has an Overview and Scrutiny Committee which allows for constructive challenge and enhances the council's performance overall.
- There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- There is a calendar of dates for submitting, publishing and distributing timely reports to the council's committees.
- A workshop was held in February 2023 with the Overview and Scrutiny Committee and CMT to agree the Committee's work programme for 2023/24.

Robust internal control

- An effective Internal Audit function is adequately resourced and maintained.
- Internal audit reviews are conducted under the Auditing Practices Board guidelines and in line with Public Sector Internal Audit Standards (PSIAS).
- In accordance with the Accounts and Audit Regulations 2015, an annual assessment of the council's systems of Internal Audit is carried out using the PSIAS and the checklist provided in the Local Government Application Note published by CIPFA. The standards also require an external assessment be carried out every five years. In April 2018 the Internal Audit Service received a 'full compliance' overall opinion following an external assessment carried out by Allerdale Borough Council and Preston City Council. The next review has been slightly delayed and is now scheduled for July 2023.
- A quality assurance improvement programme (QAIP) is in place to ensure the continual improvement of the internal audit service.
- An Audit (and Standards) Committee is in place, which is independent of the Executive and the Overview and Scrutiny function.
- The Audit Committee undertakes an annual review of its own effectiveness against the checklist in the CIPFA guidance 'effective audit committees' and is satisfied that it meets the required standard with only two minor actions identified following the last review in June 2022.
- Both the Audit and Risk Manager (Chief Internal Auditor) and the Audit, Risk and Performance Lead have extensive experience in internal audit. The current Chief Internal Auditor is a Certified Internal Auditor.

- The Head of Governance and Business Support holds both the Chartered Auditor and a Qualification in Internal Audit Leadership.
- The implementation of internal audit report recommendations is monitored by the GRACE risk management system, the Internal Audit Team and the Audit Committee.
- Counter-fraud policies are in place and reviewed annually. The effectiveness of these policies is reviewed on a regular basis.
- The council has an effective whistleblowing policy which is reviewed annually by the Audit (and Standards) Committee.

Managing data

- All staff completed Data Protection training in 2018. However, this is to be refreshed using the on-line training material within Learning Pool. Newly Elected Members are to receive training by an external provider in July 2023.
- The council has appointed a Data Protection Officer (and a Deputy) who is responsible for ensuring the council's compliance with any data protection legislation.
- The Audit (and Standards) Committee have delegated responsibility for ensuring the council is compliant to data protection legislation and receives six monthly updates from the Head of Governance and Business Support.
- The Audit Committee have delegated responsibility for Cyber Security. The Committee receives updates as part of the audit and risk management update in June and November.
- Information Asset Registers are in place for the majority of services to demonstrate the council knows what data it processes, where it is stored and how it is shared (data flows) internally and externally.
- Information is stored securely and confidential waste disposal arrangements are in place.
- Key performance data is regularly reviewed for accuracy by internal audit.

Strong public financial management

- Those making decisions are provided with information that is fit for purpose, relevant, timely and gives clear explanations of technical and financial issues and their implications.
- Up to date registers of gifts and hospitality are held for both Elected Members and officers, demonstrating openness and transparency.
- Registers of interests are maintained for both officers and Elected Members.
- There is an established pay and grading structure in place for employees.
- Financial Regulations and Financial Procedures Rules are reviewed annually and any changes are presented to the Audit (and Standards) Committee for approval.
- It is expected that the External Auditors will issue satisfactory value for money commentaries for the 2020/21 and 2021/22 financial years.

Core Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Implementing good practice in transparency

- Wyre Voice, an information magazine produced by the council is delivered to every house in the borough.
- An easy to read 'narrative report' accompanies the Statement of Accounts.
- The Local Government Ombudsman annual report is presented to Full Council and also published on the council's website.
- Compliance to the Local Government Transparency Code 2015 continues to be monitored following a review in 2021/22 that identified a number of gaps.

Implementing good practices in reporting

- Bi-Annual presentations are delivered for Elected Members concerning the council's finances as part of the production of the revenue estimates, the capital programme and the update of the MTFP.
- A set of questions and answers supports the financial position at the year-end illustrating key issues for members of the Audit (and Standards) Committee and the relevant stakeholders.
- The annual efficiency statement is published alongside the revenue estimates as part of the report to Cabinet in February.
- The Annual Governance Statement is regularly reviewed by the Section 151 Officer and the Head of Governance and Business Support. The action plan is monitored by Corporate Management Team and reported to Audit (and Standards) Committee in June and November each year.
- Executive update reports are prepared and delivered by portfolio holders to Full Council.

Assurance and effective accountability

- An effective internal audit function is resourced and maintained enabling the Audit and Risk Manager (Chief Internal Auditor) to deliver an annual internal audit opinion.
- The Chief Internal Auditor has reported in her Annual Audit Report that reasonable assurances can be given on the overall adequacy and effectiveness of the council's governance, risk management, and control processes (i.e. the system of internal control). This means that 'generally' there is a sound system of internal control, governance and risk management and that controls are in place and are generally being applied consistently. Whilst some issues, non-compliance or scope for improvement were identified recommendations have been made and if implemented will improve the control environment.
- In accordance with the Audit and Account Regulations 2015, an annual assessment of the effectiveness of the internal audit function is completed and presented to the Audit Committee with any areas of non-compliance documented in an action plan and in the Internal Audit Quality and Assurance Improvement Programme.

- The Audit Committee work programme provides the opportunity for the Chief Internal Auditor to have a private and confidential discussion with the Audit Committee members.
- The council participates in RIPA inspections as and when required with the last inspection being carried out in January 2022. Only minor observations were made.
- Key partnerships are periodically reviewed through the internal audit plan with delivery via third parties being included in the assurance reviews undertaken annually.
- The Financial Regulations and Financial Procedure Rules include partnership guidance which can assist officers in managing the key risks of any partnership arrangements.
- Clear terms of reference exist for the key partnerships, clarifying arrangements for accountability, for example the Waste Management Partnership and the Community Safety Partnership.

7.0 RISK MANAGEMENT FRAMEWORK

- 7.1 Overall, the council's risk management and assurance framework appears to be well embedded and supported by CMT, the Audit (and Standards) Committee and across the organisation. Other than the regular review and approval of the Risk Management Policy and Procedure in November each year and the training of the new Audit (and Standards) Committee members in June 2023, the council has no further plans to make any changes to the risk management processes going forward as it considers them to be effective and working as intended.
- 7.2 Following the purchase of a risk management system (GRACE) in June 2021, the council's risk management process is now fully automated which has allowed Internal Audit to remove themselves, as much as possible, from the management and administration of risk. All the council's key risks (operational, strategic and ICT) are now populated within the system and action plans are added and updated on a regular basis to assist with the mitigation of the risks identified.
- 7.3 Each year the council's Corporate Management Team (CMT), Head of Governance and Business Support, Audit and Risk Manager and the Audit (and Standards) Committee Chairman attend a strategic risk workshop, to identify and prioritise risks and to produce an action plan. This year, the workshop took place on 12 January 2023. The results of this workshop can be found as an appendix to the Annual Internal Audit Report for 2022/23. At the workshop, significant business risks that may impact upon the council's priorities (the business plan) are identified and assessed, and appropriate control measures are in place. The associated action plan is presented to Audit (and Standards) Committee and progress is monitored on a quarterly basis through the CMT.

- 7.4 Following the strategic risk workshops, operational risk workshops were held in February to identify any new risks that could occur during the year preventing the achievement of individual service plans. Prompts are automatically issued continually throughout the year to encourage staff to review their risks and update their action plans. ICT risks continue to be monitored quarterly, with the last review being carried out on the 2 May 2023.
- 7.5 Whilst the Audit (and Standards) Committee do not have access to the GRACE risk management system, strategic risk reports are produced and presented to the Committee on a regular basis and all Councillors have access to regular reports on the council's strategic, operational and ICT risk that are placed on their portal.
- 7.6 Whilst the Chief Internal Auditor has provided 'reasonable assurance on the overall adequacy and effectiveness of the processes in place' within the annual audit opinion, it is still the intention to obtain an independent opinion later in the year, as part of a peer review process, with a neighbouring authority who also use the GRACE risk management system.

8.0 EVALUATION OF THE EFFECTIVENESS OF INTERNAL CONTROL

- 8.1 In accordance with the Accounts and Audit Regulations 2015, the council must ensure that it has a sound system of internal control which:
- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives,
 - b) ensures that the financial and operational management of the council is effective; and
 - c) includes effective arrangements for the management of risk.
- 8.2 The council is also responsible for conducting a review each financial year of the effectiveness of the system of internal control.
- 8.3 The Corporate Director Resources (Section 151 Officer) is responsible for the proper administration of the council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations and Financial Procedure Rules, to ensure they remain fit for purpose, submitting any additions or changes necessary to the Audit (and Standards) Committee for approval and reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council.
- 8.4 The Council's internal audit service, via a specific responsibility assigned to the Audit and Risk Manager (Chief Internal Auditor) is required to provide an independent and objective opinion to the council on its risk management, governance and internal control environment. The Chief Internal Auditor's Annual report for 2022/23 concluded that 'reasonable assurances can be given on the overall adequacy and effectiveness of the council's governance, risk management, and control processes (i.e. the system of internal control)'. This means that 'generally' there is a sound system of internal control, governance and risk management and that controls are in place and are generally being applied consistently. Whilst some issues, non-compliance or

scope for improvement were identified recommendations have been made and if implemented will improve the control environment.

9.0 VALUE FOR MONEY COMMENTARY

- 9.1 Owing to delays on the part of the external auditor, a value for money commentary has yet to be provided for 2020/21 or 2021/22. However, to date no issues have been raised with the Section 151 Officer, in relation to either year.

10.0 SIGNIFICANT GOVERNANCE ISSUES IDENTIFIED

- 10.1 A significant governance issue arises when something has gone wrong which will affect the overall achievement of the council's objectives. An issue may arise unexpectedly or may result from a poorly managed risk or internal controls. The determining of something being 'significant' will always contain an element of judgement, however, it is likely to be significant if it has a material impact on the council's accounts, has required resources to be diverted to deal with the issue or formal action has had to be taken from the Chief Executive, Section 151 Officer or the Monitoring Officer.
- 10.2 It should be noted that at the time of writing, the AGS for 2020/21 and 2021/22 still remains as 'draft' owing to the accounts for both these years having yet to be finalised and signed-off. Whilst no fundamental issues have yet been brought to the attention of the S.151 Officer in relation to these accounts, it is considered a significant governance concern owing to the on-going resources required to get these accounts over the line, and the lack of capacity in the External Audits arrangements. Previous assurances by Deloitte to catch up and have the accounts signed off by 31 March 2023 have not been met.
- 10.3 In April 2022, a significant breach of procurement regulations was found to have taken place. The breach was fully investigated and reported to the Executive, the Chairman of Audit Committee and External Audit. The S.151 Officer and the Chief Internal Auditor are both satisfied that it was an isolated incident and a detailed action plan was agreed which included training for staff and minor changes to the financial regulations. It is pleasing to note that all recommendations have now been implemented and no further action is required in relation to internal control. However, a piece of work is currently being completed by Internal Audit to fully document all procurement processes as mentioned in the annual audit opinion report.
- 10.4 A large piece of work was completed by Internal Audit in December 2022 in respect of the controls, processes and procedures at the Marine Hall following a number of reported weaknesses to the S.151 Officer. Following a number of workshops, an action plan was agreed and work has already started to ensure that priority 1 (immediate) actions are addressed. Regular follow-ups will be completed by Internal Audit.
- 10.5 When reviewing compliance to the CIPFA guidance during the AGS workshop, a number of minor issues have been identified which have been documented

in an action plan and will be monitored by Corporate Management Team and reported to the Audit Committee prior to sign off again in November each year.

- 10.6 Other than the breach of procurement regulations referenced above, there were no other significant governance issues raised in the 2021/22 AGS that were required to be followed-up this year and the minor issues identified at that time have been monitored throughout the year and were last reported to the Audit Committee in November 2022. These issues have either been implemented or have been carried forward to the 2022/23 action plan.

11.0 COST OF LIVING CRISIS

- 11.1 Following the Covid-19 pandemic and the transition into recovery, the cost of living crisis has presented a new challenge to the financial resilience of the council and its stakeholders. Numerous central government support schemes have been launched and the council has been pivotal in their delivery.
- 11.2 Energy costs in particular have caused pressures for the YMCA and extensive work has been completed by the Procurement Officer to mitigate their ongoing impact. Other inflationary pressures are being felt and reserves have been utilised to cushion the council from their impact.
- 11.3 The economic crisis initiated during the 'Truss' Government did yield an opportunity for the council to go 'debt free' at a discount, saving the council £1.9m in interest charges over the two loan periods and £70,864 on the principle repayment (£1,481,136).

12.0 FINANCIAL MANGEMENT CODE

- 12.1 Strong financial management is an essential part of ensuring public sector finances are sustainable, and CIPFA launched a Financial Management Code to support this. A key goal of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The code incorporates existing requirements on local government, to give a comprehensive picture of financial management in the council. Councils were required to be compliant with the code from the 2021/2022 financial year and 2022/23 is the second year in which compliance has to be demonstrated.
- 12.2 The council's Section 151 Officer carried out a review of the Financial Management Standards in 2021 and was confident that the council could demonstrate compliance against each, however recognising that improvements could be made, in particular around long-term financial planning. Currently, a long-term capital programme is published as part of the Capital Strategy but the equivalent is not published for the revenue forecast. Whilst many councils have reduced their Medium Term Financial Plan (MTFP) period to one or two years owing to the uncertainty of government funding, Wyre's MTFP period has been increased to a five year plan (current year plus four years). This was deemed prudent by the S.151 Officer despite the lack of a multi-year settlement and is intended as a bridge to when more clarity is delivered about the Fair Funding Review and other delayed reforms. The

MTFP acts as an 'early warning system' for the council's finances and is strengthened by maintaining a true medium-term approach.

- 12.3 Whilst longer term forecasting is fraught with uncertainty, there are approaches the council can take to undertaking more horizon scanning around the impact of factors such as increasing demand, aging population, climate change and hybrid working to name a few. An exercise will be undertaken to commence capturing these longer-term drivers of costs and income with the Senior Leadership Team in order to strengthen the long-term financial planning at the council and improve compliance with the new Code. Without multi-year settlements though, any forecasting will prove difficult to produce with any accuracy and this remains the position for all local authorities.

13.0 OVERALL OPINION ON THE EFFECTIVENESS OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

- 13.1 As reported in the Annual Internal Audit report for 2022/23 it is again pleasing to report that governance processes and the overall framework across the organisation have been well supported and have continued to operate effectively.

14.0 CERTIFICATION

As the Leader of the Council, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31 March 2023 is satisfactory.

COUNCILLOR M VINCENT
LEADER OF THE COUNCIL

As the Chief Executive, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31 March 2023 is satisfactory.

R HUDDLESTON
CHIEF EXECUTIVE

ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2022/23

Details to follow