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**Date: 19th January 2021**

Dear Sir/Madam,

A digital meeting of the **Audit Committee** will be held via Microsoft Teams on **Tuesday, 26th January, 2021 at 2.00 pm** to consider the matters contained in the following agenda. You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so.

This meeting will be recorded and made available to view via the Council's website, except for discussions involving confidential or exempt items. Therefore the images/audio of those individuals speaking will be publicly available to all via the recording on the Council website at [www.caerphilly.gov.uk](http://www.caerphilly.gov.uk)

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chrissy'.

**Christina Harrhy**  
CHIEF EXECUTIVE

## AGENDA

- |   | Pages                             |  |
|---|-----------------------------------|--|
| 1 | To receive apologies for absence. |  |
| 2 | Declarations of Interest.         |  |

Councillors and Officers are reminded of their personal responsibility to declare any personal

**A greener place Man gwyrdach**



and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

To approve and sign the following minutes: -

- |   |   |         |
|---|---|---------|
| 3 | Audit Committee held on 21st October 2020.          | 1 - 6   |
| 4 | Special Audit Committee held on 16th November 2020. | 7 - 10  |
| 5 | Audit Committee Forward Work Programme.             | 11 - 16 |

To receive and consider the following reports: -

- |    |   |          |
|----|---|----------|
| 6  | Verbal Update from Wales Audit Office.  |          |
| 7  | Caerphilly County Borough Council - Annual Audit Summary 2020.                            | 17 - 24  |
| 8  | Audit Wales Report - 'Raising Our Game' - Tackling Fraud in Wales.                        | 25 - 74  |
| 9  | 2018/20 National Fraud Initiative Update, Local Outcomes and Plans for the 2021 Exercise. | 75 - 86  |
| 10 | Update of Corporate Risk Register - December 2020.  | 87 - 96  |
| 11 | Local Government and Elections (Wales) Bill.  | 97 - 102 |

To receive and note the following information items:-

- |    |   |           |
|----|---|-----------|
| 12 | Regulation of Investigatory Powers Act 2000.  | 103 - 106 |
| 13 | Register of Employees' Interests Forms 2019/20.   | 107 - 114 |
| 14 | Officers Declarations of Gifts and Hospitality - April to June 2020.  | 115 - 118 |
| 15 | Officers Declarations of Gifts and Hospitality - July to September 2020.  | 119 - 122 |
| 16 | Six Month Update on the Number of Complaints received under the Council's Corporate Complaints Policy.                  | 123 - 130 |
| 17 | Annual Review of Complaints received under the Council's Corporate Complaints Policy 1st April 2019 to 31st March 2020. | 131 - 150 |

*\*If a member of the Audit Committee wishes for any of the above information reports to be brought forward for discussion at the meeting please Emma Sullivan, 01443 8644207, by 10.00 a.m. on Tuesday 26<sup>th</sup> January 2021.*

**Circulation:**

Councillors M.A. Adams, Mrs E.M. Aldworth, J. Bevan, C.J. Cuss, Ms J. Gale, D.T. Hardacre, C.P. Mann, B. Miles, Mrs T. Parry, Mrs M.E. Sargent (Chair), G. Simmonds and J. Simmonds

And Appropriate Officers

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# Agenda Item 3



## AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD REMOTELY VIA MICROSOFT TEAMS ON WEDNESDAY 21ST OCTOBER 2020 AT 10.00 AM

#### PRESENT:

Councillor M.E. Sargent – Chair  
N. Yates – Vice Chair

Councillors: M. Adams, E. Aldworth, J. Gale, C. Mann, B. Miles, T. Parry, M. Sargent (Chair), G. Simmonds, J. Simmonds and N. Yates – Lay Member (Vice-Chair).

Officers: S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), R. Roberts (Business Improvement Manager), R. Tranter (Head of Legal Services and Monitoring Officer) and A. Dredge (Committee Services Officer).

G. Hawkins and B. Morris (Grant Thornton – External Auditors).

G. Jones (Audit Wales).

R. Tranter (Head of Legal Services and Monitoring Officer) opened the meeting as this was the first meeting of the Audit Committee following the Annual Meeting of Council and a Chair and Vice-Chair was to be appointed.

#### 1. TO APPOINT A CHAIR AND VICE-CHAIR OF THE AUDIT COMMITTEE FOR THE ENSUING YEAR

It was moved and seconded that Councillor M. Sargent be appointed as Chair of Audit Committee for the ensuing year. By a show of hands this was unanimously agreed.

It was moved and seconded that N. Yates (Lay Member) be appointed as Vice-Chair of Audit Committee for the ensuing year. By a show of hands this was unanimously agreed.

#### RECORDING ARRANGEMENTS

The Chair reminded those present that the meeting was being recorded and would be made available to view via the Council's website, except for discussions involving confidential or exempt items. Please follow the link: <https://youtu.be/KnF-xvGLIRc>

#### 2. APOLOGIES

Apologies for absence were received from Councillors J. Bevan, C. Cuss, D. Hardacre, E. Stenner (Cabinet Member for Finance, Performance and Customer Services), R. Edmunds (Corporate Director for Education and Corporate Services) and N. Jenkins (Audit Wales).

### **3. DECLARATIONS OF INTEREST**

There were no declarations of interest received at the commencement or during the course of the meeting.

### **4. MINUTES - 28TH JANUARY 2020**

RESOLVED that the minutes of the Audit Committee held on the 28th January 2019 (Minute No. 1 – 9) were approved as a correct record.

### **5. AUDIT COMMITTEE FORWARD WORK PROGRAMME**

The Head of Financial Services and S151 Officer presented the Forward Work Programme for 2020 which provided Members with an opportunity to request additional items to be included for future meetings. He advised Members that a Special Audit Committee has been scheduled on the 16th November 2020 for the Committee to consider the Financial Statements for 2019/20, prior to their presentation to Special Council on 24th November 2020.

In addition, the Committee were advised that the Audit Wales Report - 'Raising Our Game' - Tackling Fraud in Wales would be scheduled for the meeting on the 26th January 2021. Officers also requested that Annual Refresher Training be added to the Forward Work Programme, for a date to be convened. Members noted that the Forward Work Programme would be populated for the meetings scheduled throughout 2021, ahead of the meeting in January.

Subject to the changes above, Members noted the Forward Work Programme and the Chair thanked the Officer for the update.

### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

### **6. FINANCIAL STATEMENTS FOR 2019/20 - VERBAL UPDATE FROM GRANT THORNTON**

Mr B. Morris provided Members with a verbal update as to the current position with the audit of the Council's Financial Statements for 2019/20. A report was originally due to be presented to the Audit Committee in July but this was subsequently cancelled due to the significant impact of Covid-19. The 2019/20 Financial Statements and External Auditor's Report will now be presented to the Audit Committee at its Special Meeting at 2pm on 16th November 2020.

Mr B. Morris outlined the work that had been undertaken and the difficulties involved and explained that the majority of the work had been completed.

Points of clarification were requested on various aspects of the Auditor's verbal update and Mr B. Morris of Grant Thornton and Officers responded to the points raised. The Head of Financial Services and S151 Officer set out the challenges encountered by staff with the different ways of working and the loss of an experienced member of staff in the accountancy team. It was also confirmed that an update in relation to the Pension Fund deficit has been provided by Torfaen County Borough Council and that this is reflected in the Financial Statements. Members noted the exceptional circumstances surrounding the preparation of this year's accounts and the work undertaken in order to meet the statutory deadline.

The Chair thanked colleagues from Grant Thornton for providing the update and Members noted the current position.

## **7. ANNUAL INTERNAL AUDIT REPORT 2019/20**

Consideration was given to the report which detailed the Acting Internal Audit Manager's overall opinion on the Authority's Internal Control Systems, derived from the work undertaken by Internal Audit Services during the 2019/20 financial year.

It is a requirement of the Council's Financial Regulations, the Internal Audit Charter and the Public Sector Internal Audit Standards (PSIAS) that the Head of Internal Audit provides an annual report to support the Annual Governance Statement. It was explained that the report should:

- Include an opinion on the overall systems of internal controls;
- Present a summary of the audit work that has been undertaken on which this opinion is based;
- Draw attention to any issues which may impact on the level of assurance provided.

Members discussed the report and clarification was provided on several points, including the electronic Audit Management Software System which went live in September 2019. The efficient and effective ways in which the system will be used were explained.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By way of electronic voting, this was unanimously agreed.

RESOLVED that for the reasons contained therein, the contents of the Report, be noted.

## **8. AUDIT WALES 2020 AUDIT PLAN AND UPDATE LETTERS - CAERPHILLY COUNTY BOROUGH COUNCIL**

Consideration was given to the Audit Wales 2020 Audit Plan and update letters, appended to the Officers report.

It was explained that under normal circumstances the 2020 Audit Plan and update letters would have been presented at the Audit Committee meeting that was scheduled for the 9th June 2020. Due to the suspension of meetings because of Covid-19, the Plan and update letters were emailed to the 13 Members of the Audit Committee on the 8th June 2020. It was requested that responses be received confirming approval of the documents or otherwise. The Audit Committee were asked to formally endorse the Audit Wales 2020 Audit Plan and update letters.

The Head of Financial Services and S151 Officer confirmed that a total of 9 responses were received from Members, with 7 confirming approval of the documents and 2 neither confirming nor disagreeing.

Members discussed the Audit Plan and update letters and clarification was provided in relation to several points regarding concerns with asset and pension valuations.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By way of electronic voting, this was unanimously agreed.

RESOLVED that the contents of the Audit Plan and Update Letters, be noted.

**9. INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN 2020/21 (1/10/20 TO 31/3/21)**

Consideration was given to the report which sought Audit Committee approval for the Internal Audit Services Annual Audit Plan - planned work programme for the remainder of the 2020/21 financial year (1/10/2020 to 31/3/2021). Members were asked to note and approve the Internal Audit Services Annual Audit Plan for the remainder of the 2020/21 financial year.

Members discussed the report and clarification was provided on how the plan can be implemented by staff working from home.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By way of electronic voting, this was unanimously agreed.

RESOLVED that the contents of the report be noted and the Internal Audit Services Annual Audit Plan 2020/21, be approved.

**10. FINANCIAL SUSTAINABILITY ASSESSMENT - CAERPHILLY COUNTY BOROUGH COUNCIL AND SUSTAINABILITY OF LOCAL GOVERNMENT AS A RESULT OF THE COVID - 19 PANDEMIC**

Mr G. Jones (Audit Wales) introduced the reports in relation to agenda items 10 and 11 together, by way of a presentation.

The Financial Sustainability Assessment - Caerphilly County Borough Council item sought to assess the sustainability of the councils' short to medium-term financial position. This included a focus on the financial strategy as well as reviewing financial 'indicators' and the financial position in relation to:

- performance against budget;
- delivery of savings plans;
- use of reserves;
- council tax; and
- borrowing.

The Sustainability of Local Government as a result of the Covid - 19 Pandemic item, sets out the key findings on the initial impact of the pandemic, the key messages that have been identified and the Audit Wales approach in moving forward.

Points of clarification were requested on various aspects of the presentation and Mr G. Jones of Audit Wales and Officers responded to the points raised. In relation to queries raised regarding the level of reserves and underspend, a significant amount will be invested into the Council's Place Shaping Plan, which will include working with all Members. Reference was also made to the Transformation Strategy (TeamCaerphilly – Better Together) approved by Cabinet, and Members will receive updates on progress in the in the next few months. It was also confirmed that a joint Scrutiny Committee would be held in mid-January 2021 to consider

budget proposals. Details were also provided of the Covid-19 funding claims submitted to Welsh Government.

Following consideration and discussion, it was moved and seconded that the recommendations in both reports be approved. By way of electronic voting, this was unanimously agreed.

RESOLVED that the contents of the reports and presentation, be noted.

**11. INFORMATION ITEMS (Agenda Items 12 and 13):**

The Committee received and noted the following information items:

- (i) Regulation of Investigatory Powers Act 2000.
- (ii) Officers Declarations of Gifts and Hospitality.

The meeting closed at 12.10 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 26th January 2021, they were signed by the Chair.

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CHAIR

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## **SPECIAL AUDIT COMMITTEE**

### **MINUTES OF THE MEETING HELD REMOTELY VIA MICROSOFT TEAMS ON MONDAY 16TH NOVEMBER 2020 AT 2.00 PM**

PRESENT:

Councillor M.E. Sargent – Chair  
N. Yates – Vice Chair

Councillors: M. Adams, E. Aldworth, C. Cuss, J. Gale, C. Mann, B. Miles, T. Parry, M. Sargent (Chair), G. Simmonds, J. Simmonds and N. Yates – Lay Member (Vice-Chair).

Officers: S. Harris (Head of Financial Services and S151 Officer), R. Edmunds (Corporate Director for Education and Corporate Services) D. Gronow (Acting Internal Audit Manager), A. Southcombe (Finance Manager - Corporate Finance) and A. Dredge (Committee Services Officer).

B. Morris, G. Hawkins and M. Royle (Grant Thornton – External Auditors).

G. Jones (Audit Wales).

#### **RECORDING ARRANGEMENTS**

The Chairperson reminded those present that the meeting was being recorded and would be made available to view via the Council's website, except for discussions involving confidential or exempt items. [https://youtu.be/cs2--vt7\\_6k](https://youtu.be/cs2--vt7_6k)

#### **1. APOLOGIES**

Apologies for absence were received from Councillors J. Bevan and D. Hardacre and R. Roberts (Business Improvement Manager) and N. Jenkins (Audit Wales).

#### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest received at the commencement or during the course of the meeting.

#### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

#### **3. AUDIT COMMITTEE ASSURANCES OVER MANAGEMENT PROCESSES AND ARRANGEMENTS.**

Consideration was given to the report which set out the Chair of Audit Committee's response to the External Auditor, Grant Thornton, on how the Committee gains assurance over management processes and arrangements. As part of their audit planning and to comply with International Auditing Standards, the External Auditor needs to gain an understanding of how the Audit Committee gains assurance over management processes and arrangements.

The list of questions was sent to the Chair of the Audit Committee and the responses are appended to this report. Points of clarification were requested on various aspects of the report and Officers responded to the points raised.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report, the Chair's response appended to the report, be noted.

#### **4. FINANCIAL STATEMENTS FOR 2019/20**

The report detailed that as a result of the Covid-19 pandemic, the statutory deadline for completing the 2019/20 Draft Financial Accounts was extended by the Welsh Government from the 15th June 2020 to the 31st August 2020. The Draft Financial Accounts were prepared and submitted to the External Auditor on the 7th August 2020. This was later than the mutually agreed submission date of the 14th July 2020, with the delay being attributable to staff focussing on Covid-19 priorities and the new challenges presented through working remotely.

The Draft Accounts have since been subject to External Audit review and this work has now been completed. The External Auditor's Audit of Accounts report was attached to the report considered by the Audit Committee at Appendix 1. The revised statutory deadline for the approval of the Audited Financial Accounts is the 30th November 2020 and the Committee was advised that it is the Auditor General's intention to issue an unqualified audit report on the 2019/20 Financial Accounts.

The Auditor's Report provided details of misstatements identified during the audit process and apart from one item these have all been corrected by management. The one uncorrected misstatement of £1.2 million will be reviewed by management during the 2020/21 financial year and adjustments will be made as appropriate once the review has been completed. All of the corrected misstatements have been incorporated into the audited 2019/20 Financial Accounts attached at Appendix 2 of the report that was presented to the Audit Committee.

Members were also referred to the recommendations detailed in Appendix 5 of the External Auditor's report and the management responses to the recommendations. The Head of Financial Services & S151 Officer advised Members that he would chair a Project Team that will ensure that the recommendations in the Auditor's Report are fully addressed by the end of the 2020/21 financial year.

Members discussed the report and reference was made to paragraph 5.3 which provided details of the uncorrected misstatement relating to an unidentified bad debt provision of £1.2 million. The Head of Financial Services & S151 Officer reiterated that

further work will be undertaken to substantiate this balance and once this is completed appropriate adjustments will be made.

A Member sought clarification in respect of Exhibits 8 and 9 in the Auditor's report, where it stated a listing of debtor and creditor balances on a transactional basis could not be provided for audit. Officers explained this is due to details of closing balances being provided from a range of third-party systems covering areas such as Council Tax, NNDR and Housing Benefits. However, management have responded positively to the recommendations made and the Project Team will look to make improvements in these areas.

Members discussed the External Auditor's recommendations in relation to the IT controls and the role of the Digital Leadership Group, declarations of interest and the oversight and review of capital accounting. Officers explained that a separate report on IT controls had previously been prepared by Grant Thornton and that progress against the recommendations in the report is being monitored by the Digital Leadership Group. Officers also explained that processes will be reviewed to ensure that all declarations of interest are received in a timely manner in the future. In relation to the oversight and review of capital accounting it was explained that we lost an experienced member of staff in March 2020 who dealt with these technical aspects of the accounts. A replacement has been appointed but the member of staff has been on a very steep learning curve. The individual has performed exceptionally well during a difficult period and this was endorsed by the External Auditor. The experience gained will be invaluable moving forward and a review of systems and processes will be undertaken including oversight and review arrangements.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report:

- i. the comments of the Audit Committee upon the External Auditor's Audit of Accounts Report, be noted;
- ii. the management responses to the Auditor's recommendations arising from the 2019/20 Financial audit work, be noted;
- iii. the 2019/20 Audited Financial Accounts attached at Appendix 2, be approved.

The meeting closed at 3.10 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 26th January 2021, they were signed by the Chair.

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CHAIR

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## AUDIT COMMITTEE – FORWARD WORK PROGRAMME

AUDIT COMMITTEE – 26TH JANUARY 2021			
AUDIT COMMITTEE – 26TH JANUARY 2021			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Verbal Update from Audit Wales (Standing Item).	To provide an update to the Audit Committee.		Various (Audit Wales)
Caerphilly County Borough Council - Annual Audit Summary 2020.	To present the Annual Audit Summary.	The report provides a summary of work completed since the last Annual Improvement Report, which was issued in July 2019.	G. Jones (Audit Wales)
Audit Wales Report – ‘Raising Our Game’ – Tackling Fraud in Wales.	To present the key findings of the Audit Wales report.	The key issues will be summarised in a presentation.	G. Jones (Audit Wales)
Audit Wales – The National Fraud Initiative in Wales 2018 – 20.	The report advises Members of the publication of the Audit Wales document “The National Fraud Initiative in Wales 2018-2020”.	Report will incorporate outcomes of the National Fraud Initiative Wales 2018-20 and will also include details of NFI activity within Caerphilly CBC.	D. Gronow
Corporate Risk Register Update	To provide an update of the Corporate Risk Register in accordance with the Council’s Risk Management Strategy.	To provide an opportunity for the Audit Committee to satisfy itself that appropriate arrangements are in place for the Council’s risk management processes to be regularly and robustly monitored and scrutinised.	R. Roberts
Local Government and Elections (Wales) Bill	To provide the Audit Committee with details of the key proposals of the Local Government and Elections (Wales) Bill in so far as they		D. Gronow and R. Roberts

## AUDIT COMMITTEE – FORWARD WORK PROGRAMME

AUDIT COMMITTEE – 26TH JANUARY 2021			
AUDIT COMMITTEE – 26TH JANUARY 2021			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
	directly impact on the work of the Audit Committee.		
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)		L. Lane
Officers Declarations of Gifts and Hospitality	To provide the Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		L. Donovan
Corporate Complaints	To provide Members with an update on the number of complaints received under the Corporate Complaints Policy during 2020.	To update Members on the use of the Policy and Procedure to deal effectively with unacceptable, persistent or unreasonable actions by complainants.	L. Lane

## AUDIT COMMITTEE – FORWARD WORK PROGRAMME

AUDIT COMMITTEE – 26TH JANUARY 2021			
AUDIT COMMITTEE – 26TH JANUARY 2021			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER

AUDIT COMMITTEE – 20TH APRIL 2021			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Verbal Update from Wales Audit Office (Standing Item)			Wales Audit Office
Regulator Recommendation and Proposal Register'			R. Roberts
Audit Plan			D. Gronow, S. Harris
CCBC Anti-Fraud Strategy (Provisional)			D. Gronow
Update on Implementation of Recommendation Tracker			D. Gronow, S. Harris
<b>INFORMATION ITEMS</b>			
Officers Declarations of Gifts and Hospitality	To provide the Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		L. Donovan

## AUDIT COMMITTEE – FORWARD WORK PROGRAMME

AUDIT COMMITTEE – 20TH APRIL 2021			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)		L. Lane

AUDIT COMMITTEE – 8TH JUNE 2021			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Verbal Update from Wales Audit Office (Standing Item)			Wales Audit Office
Corporate Risk Register Updates			R. Roberts
Annual Audit Outturn			D. Gronow, S. Harris
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the		L. Lane

## AUDIT COMMITTEE – FORWARD WORK PROGRAMME

AUDIT COMMITTEE – 8TH JUNE 2021			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
	provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)		
Officers Declarations of Gifts and Hospitality	To provide the Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		L. Donovan

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## Caerphilly County Borough Council Annual audit summary 2020

This is our audit summary for Caerphilly County Borough Council. It shows the work completed since the last Annual Improvement Report, which was issued in July 2019. Our audit summary forms part of the Auditor General for Wales' duties.

More information about these duties can be found on our [website](#).



## About the Council

### Some of the services the Council provides



#### Key facts

The Council is made up of 73 councillors who represent the following political parties:

- Labour 49
- Plaid Cymru 18
- Independent 6

The Council spent £371 million on providing services during 2019-20, the fifth-highest spend of the 22 unitary councils in Wales.

As at 31 March 2020 the Council had £100.5 million of usable financial reserves. This is equivalent to 27% of the Council's annual spend on services, the joint-third-highest percentage of the 22 unitary councils in Wales.

## Key facts

Caerphilly County Borough Council has 11 (10%) of its 110 areas deemed the most deprived 10% of areas in Wales, this is the ninth highest of the 22 unitary councils in Wales<sup>1</sup>.

Caerphilly County Borough Council's population is projected to increase by 1.5% between 2020 and 2040 from 181,585 to 184,340, including an 8.1% decrease in the number of children, a 3.5% decrease in the number of the working-age population and a 26.4% increase in the number of people aged 65 and over<sup>2</sup>.

## The Auditor General's duties

### We complete work each year to meet the following duties

- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Council has to put in place arrangements to get value for money for the resources it uses, and the Auditor General has to be satisfied that it has done this.

- **Continuous improvement**

The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

<sup>1</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>2</sup> Source: Stats Wales



Since the Spring of 2020, the ongoing pandemic has affected our audit work. We recognise the huge strain on public services and have reshaped our work programme, and found new ways of working to reduce its impact on public bodies' response to COVID-19, while still meeting our statutory duties.



**To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.**

## What we found

### Audit of Caerphilly County Borough Council's 2019-20 Accounts

Each year we audit the Council's financial statements.

#### For 2019-20:

- The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 26 November 2020, four days ahead of the statutory deadline.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- We agreed that the original 15 June 2020 date for the receipt of the draft accounts could not be met. Through our discussions with officers, we agreed a revised timetable for receipt of the draft accounts and audit, in order to enable officers to rightly prioritise their response to the pandemic. This was agreed to be 14 July 2020. We did not receive the draft accounts until 7 August 2020.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in November 2020.
- In addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- The Auditor General issued the certificate confirming that the audit of accounts for 2019-20 has been completed.
- Key facts and figures from the 2019-20 financial statements can be viewed [here](#).

## Well-being of Future Generations Examination – Social care (November 2019)

The examination that we undertook in 2019-20 considered the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to prevent unnecessary admissions to hospital and facilitating timely discharges. We concluded that:

**There are examples that show how the Council has applied the sustainable development principle in practice, however it will need to consider how it can effectively meet anticipated challenges over the longer term.** The report can be viewed [here](#).

## Continuous Improvement

The Auditor General certified that the Council has met its legal duties for improvement planning and reporting, and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.

## Financial Sustainability (March 2020)

During 2019-20 we examined the financial sustainability of each council in Wales. For Caerphilly County Borough Council, we concluded that **the Council has a strong financial position, with an increasingly high level of usable reserves, a relatively stable level of borrowing, and significant budget underspends in recent years.** The full report can be viewed [here](#).

## National Fraud Initiative

In October 2020, the Auditor General published his report on the findings of the latest National Fraud Initiative (NFI) data-matching exercise in Wales. The exercise helped public bodies in Wales, including the 22 unitary authorities, identify fraud and overpayments amounting to £8 million. The report can be accessed on our website [here](#). NFI continues to be developed and in the forthcoming NFI exercise (NFI 2020-2022), local authorities will have access to matches designed to help identify potential fraudulent applications for COVID-19 business support grants.

## Environmental health follow-up review (November 2019)

During 2019-20 we examined the Council's progress in addressing our proposals for improvement issued in 2014 relating to environmental health services. We concluded that: **The Council has acted upon the recommendations raised in 2014. The Council should use its strong financial position to explore more innovative ways in which it can ensure the long-term financial and operational sustainability of environmental health services, whilst contributing to the Council's wider strategic objectives.** The report can be viewed [here](#).

## Leisure follow-up review (April 2020)

During 2019-20 we examined the Council's progress in addressing our proposal for improvement issued in 2016 relating to leisure services. We concluded that: **The Council has taken effective action to develop and agree a holistic vision and strategy for its sports**

and leisure services, but now needs to take some further important steps to deliver on its strategic ambitions. The report can be viewed [here](#).

## **Other Inspectorates**

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. Care Inspectorate Wales published its Local Authority Performance Review in August 2020. The full report can be found [here](#).

## **Local Government Studies**

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report we have published the following reports:

### **The ‘Front Door’ to Social Care (September 2019)**

We considered the effectiveness of the new ‘front door’ to social care, looking specifically at services for adults. We found that whilst councils are preventing social-care demand, information, advice and assistance are not consistently effective. The full report can be viewed [here](#).

### **Review of Public Services Boards (October 2019)**

We inspected how Public Services Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements. We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. The full report can be viewed [here](#).

### **Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)**

We examined how the new duties and responsibilities of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act are being rolled out and delivered. We found that victims and survivors of domestic abuse and sexual violence are often let down by an inconsistent, complex and fragmented system. The full report can be viewed [here](#).

### **Rough Sleeping in Wales – Everyone’s Problem; No One’s Responsibility (July 2020)**

We looked at how well public services are responding to the issue of rough sleeping. Overall, we found that responding to COVID-19 is an opportunity for public bodies to start addressing long standing weaknesses in partnership working which has stopped them from tackling rough sleeping in the past. The full report can be viewed [here](#).

## **Better Law Making (September 2020)**

This report draws on five reports published between 2019 and today looking at how local authorities are responding to the challenge of implementing new legislation. Implementation is a complex task which needs to be fully thought through by the Welsh Government and the Senedd whenever they bring forward and make any new legislation. The paper highlights the difficulties faced by local authorities and their public sector partners in implementing their new responsibilities. The full report can be viewed [here](#).

## **Commercialisation in Local Government (October 2020)**

Councils have conducted commercial activity for a long time, and many councils are exploring additional commercial opportunities to mitigate against the financial pressures they face. Our report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation. It will also help councils to demonstrate how well they are discharging their value for money responsibilities. The full report can be viewed [here](#).

## **Planned work for 2020-21**

We also looked at the key challenges and opportunities facing the Council. These risks could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle, the use of its resources and continuous improvement.

The most significant risk and issue facing councils and the wider public sector during 2020-21 is the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our work for 2020-21 includes:

- Recovery planning in response to the COVID-19 pandemic
- COVID-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic
- Assurance and risk assessment; and
- A review of the Council's financial sustainability

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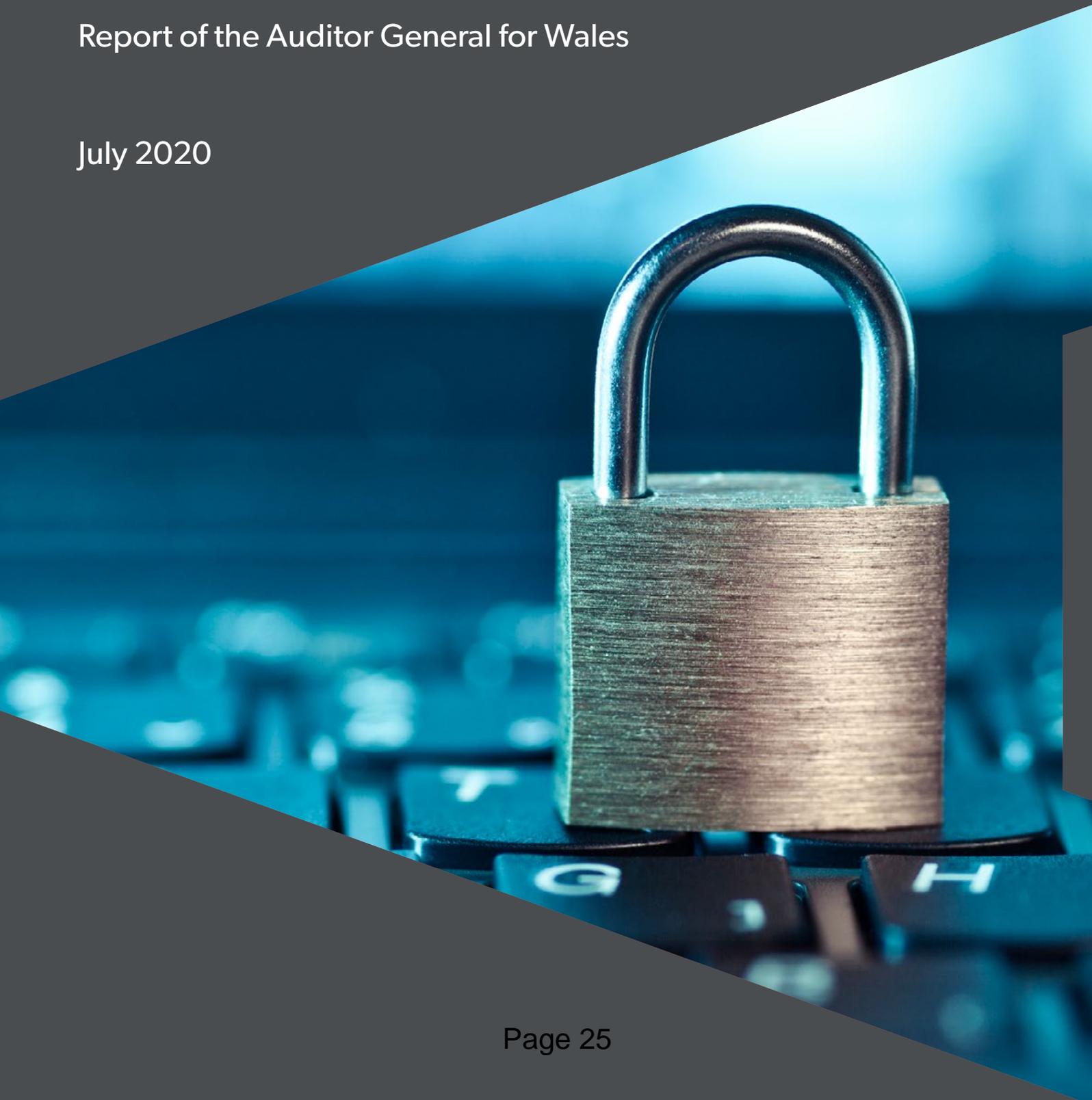
This document is also available in Welsh.

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# 'Raising Our Game' Tackling Fraud in Wales

Report of the Auditor General for Wales

July 2020



This report has been prepared for presentation to the Senedd under the Government of Wales Acts 1998 and 2006 and the Public Audit (Wales) Act 2004.

The Audit Wales study team comprised Rachel Davies, Christine Nash and Ian Hughes, under the direction of Mike Usher.

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The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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# Foreword by the Auditor General

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- 1 In June 2019, I published a report giving an overview of the scale of fraud in the Welsh public sector, together with a description of counter-fraud arrangements across the Welsh Government, the NHS and Local Government. I noted that the sums lost annually in Wales to fraud and error are significant – and could be anywhere between £100 million and £1 billion. The Crime Survey for England and Wales recognises fraud as being one of the most prevalent crimes in society today.
- 2 However, some senior public sector leaders are sceptical about the levels of fraud within their organisations. As a result, they are reluctant to invest in counter-fraud arrangements and assign a low priority to investigating cases of potential fraud identified to them by the National Fraud Initiative, even though there are many examples of a good return on investment in this area. Their stance runs contrary to all the research being done by recognised leaders in the field such as CIPFA and the UK Government's Counter Fraud Function. This latest report, which examines the effectiveness of counter-fraud arrangements at over 40 public-sector bodies in Wales, has found that where such scepticism arises, it is not based on any significant local counter-fraud work or robust fraud risk assessments.
- 3 But we also know that fraudsters appear the very instant that an opportunity presents itself. Fifteen individuals have to date been jailed for fraud in the light of the Grenfell fire tragedy. Fraudsters and scammers were quickly on the scene earlier this year whilst the flooding in South Wales was ruining the homes and lives of local people. There has been an explosion in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic. I welcome the proactive steps which the Welsh Government has taken to raise awareness across the public sector in Wales about this risk.

- 4 Public sector bodies can mitigate these risks by having the right organisational culture supported by strong counter-fraud arrangements. Many local authorities have invested so little in counter-fraud arrangements that they have only a few of the key components in place. Whilst the position is generally much more robust across the NHS in Wales, there is still a challenging agenda to make counter-fraud fit for the next decade where globalisation and the advent of digital technology have created new risks, and opportunities, for the fraudsters.
- 5 I was heartened to see the Welsh Government's positive response to my 2019 report and, following the one-day conference organised by the Public Accounts Committee in July 2019, the Permanent Secretary's commitment (see **Appendix 2**) to provide Wales-wide leadership in raising the profile of counter-fraud activity.
- 6 In this latest report, based on a more extensive programme of field work, we identify a significant range of further opportunities to improve on the current national position, including:
  - a strengthening strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;
  - b increasing counter-fraud capacity and capabilities, especially across local government, and exploring the potential for sharing resources and expertise across public bodies;
  - c getting the right balance between proactive and reactive counter-fraud activities;
  - d improving awareness-raising and staff training in counter-fraud; and
  - e better evaluation of fraud risks and sharing of fraud information, both within and across sectors.
- 7 There is also significant potential for Wales to take advantage, where appropriate, of many of the counter-fraud initiatives underway across the wider UK public sector. These include the recent establishment of a recognised government counter-fraud profession, with defined competencies and career paths, and the increasing focus on tackling fraud by smarter use of data analytics.

- 8 As I publish this report, Wales continues to grapple with the effects of the COVID-19 pandemic. This report contains a timely illustration of some of the ways in which fraudsters have moved rapidly in recent months to exploit the pandemic for criminal gain. I have already taken steps to extend the scope of our National Fraud Initiative (NFI) to enable local authorities in Wales to undertake eligibility checks on applications for COVID-19 support grants. I am also proposing to mandate that all local authorities, together with the Welsh Government, should submit COVID-19 grant and payment data to the NFI, to help identify fraudulent applications.



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**Adrian Crompton**

Auditor General for Wales

# Summary and recommendations

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## Ensuring that the arrangements for preventing and detecting fraud in the Welsh public sector are effective

This report examines seven '**key themes**' that all public bodies need to focus on in raising their game to tackle fraud more effectively:

- leadership and culture;
- risk management and control frameworks;
- policies and training;
- capacity and expertise;
- tools and data;
- collaboration; and
- reporting and scrutiny.

For each theme in turn, the report examines:

- why it is important;
- what our audit fieldwork identified in terms of current working practices and their effectiveness across the 40 Welsh public sector bodies that we examined (listed in **Appendix 1**); and
- what needs to happen next to generate improvement.

Our **recommendations for improvement** which are addressed to all public bodies in Wales within the Auditor General's remit, are as follows:

**Theme**

**What needs to happen next?**

**Leadership and Culture**



- R1** The Welsh Government should enhance its strategic leadership of counter-fraud across the public service in Wales, playing a coordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities.
- R2** All public bodies should champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.

**Risk management and Control framework**



- R3** All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.
- R4** Fraud risk assessments should be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.

**Policies and Training**



- R5** All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.
- R6** Staff working across the Welsh public sector should receive fraud awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.
- R7** Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.

## Theme

### Capacity and Expertise



## What needs to happen next?

- R8** All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.
- R9** All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.
- R10** All public bodies should consider models adopted elsewhere in the UK relating to the pooling /sharing of resources in order to maximise the availability of appropriately skilled staff.

### Tools and Data



- R11** All public bodies need to develop and maintain dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action and re-enforces the tone from the top that the organisation does not tolerate fraud.
- R12** All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.

### Collaboration

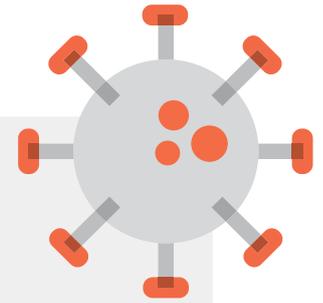


- R13** Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.

### Reporting and Scrutiny



- R14** Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.
- R15** Audit committees must become fully engaged with counter-fraud, providing support and direction, monitoring and holding officials to account.



## **The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis**

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We know from experience that fraudsters appear the very instant that an opportunity presents itself. Fifteen individuals have to date been jailed for fraud in the light of the Grenfell fire tragedy. Fraudsters and scammers were quickly on the scene earlier this year whilst the flooding in South Wales was ruining the homes and lives of local people.

Predictably, there has been an explosion in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic.

The first reported positive cases of COVID-19 were reported in the UK on 31 January 2020. By this time the fraudsters and scammers had mobilised and were already hard at work.

The first fraud report relating to COVID-19 was received on February 9 by Action Fraud, the UK's fraud reporting centre. Since that time, the number of reports has increased significantly across the UK – the media reporting an unprecedented number of scams linked to the virus.

We have seen examples of good practice by some public bodies and organisations in Wales in identifying the fraud risks and sharing them with other bodies and citizens. The Welsh Government is liaising with the UK Cabinet Office and is sharing its guidance and learning on counter-fraud with the rest of the public service in Wales, including Local Authority Counter Fraud leads. Welsh Government officials have agreed to maintain and develop this group post-COVID. The intelligence obtained from these meetings has also assisted the Head of Counter Fraud with fraud intelligence sharing with Cabinet Office and the three other devolved administration fraud leads.

But has the Welsh public sector response been more reactive than proactive? What can we do better? Whilst globalisation has benefited the fraudsters it can also be to the advantage of counter-fraud specialists; we had early notice of scams from thousands of miles away a few weeks before the first case of COVID-19 was identified in the UK.

## **The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis**

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We believe that the COVID-19 pandemic provides an important opportunity for the Welsh counter-fraud community to come together (by appropriate means) and reflect on the speed and effectiveness of its response to the scammers and fraudsters.

The key issues and recommendations set out in this report could help set an agenda or framework for such an event. There has never been a timelier opportunity for Welsh public sector leaders and counter-fraud specialists to consider how to:

- create stronger strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;
- make best use of counter-fraud capacity and capabilities and explore the potential for shared arrangements, resources and expertise;
- get a better balance between proactive and reactive counter-fraud activities;
- raise awareness amongst employees and provide the necessary training to those most likely to come across a fraud; and
- evaluate fraud risks more effectively and share fraud information both within and across sectors.

So, what do we already know about the fraudsters' response to the pandemic?

The mobilisation of fraudsters has benefited from a number of factors, for example:

- more people are spending time online to shop and socially interact. Elderly people are seen as particularly vulnerable, being generally less computer literate and more susceptible to scams such as phishing emails and ordering fake products such as face masks and sanitisers.
- working patterns have changed at short notice which can leave weaknesses in processes and procedures.
- an unprecedented amount of public money has been put into a range of new and innovative financial support schemes to businesses and individuals.

## **The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis**

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Fraudsters and scammers mobilised quickly for a number of reasons:

- they are very good at evaluating risks and exploiting vulnerabilities which can be at a process or at an individual level;
- they have well-established tools and methodologies and can adapt them at short notice to a new opportunity; and
- they do not recognise geographical boundaries and can be effective individually and by collaborating with like-minded individuals.

There are more examples of COVID-19 frauds and scams coming to light than can be mentioned here. There are, however, a number of themes emerging:

- the early reports related to the sale of Personal Protective Equipment such as face masks and hand sanitiser and testing kits. Typically, the items were fake or often failed to arrive after payment had been made<sup>1</sup>.
- the next to emerge were phishing emails. For example, one claiming to be from the Department for Work and Pensions (DWP) asking the individual for debit or credit card details by saying that they are entitled to a council tax refund.
- as the attentions and resources of organisations were diverted to new ways of working and many staff were laid off, the incidence of cyber security attacks to steal business-sensitive and personal data increased.
- with more people working from home following the UK-wide lockdown, phishing campaigns then targeted applications that are being relied upon during remote working, in particular popular conference calling applications and parcel delivery firms.

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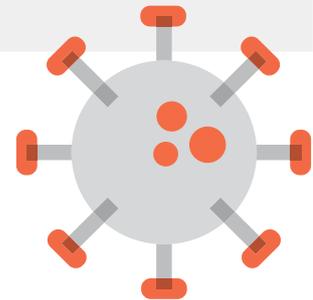
<sup>1</sup> NHS in Wales introduced arrangements to mitigate against this fraud risk and it did not become an issue.

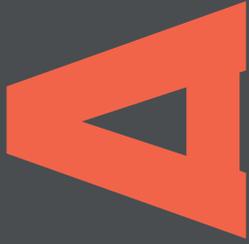
### **The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis**

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- as the national focus turned to test and track, the fraudster's net became wide and indiscriminate, as shown by a fake text message attempting to dupe people into believing they have been in contact with someone who has tested positive for the virus, directing recipients to a website for more information. The link is then used to harvest personal and financial data.

A world-leading counter-fraud response would mean that counter-fraud specialists had identified the risks at least at the same pace as the fraudsters, if not sooner. It would also mean they had the right tools to prevent and detect fraudsters exploiting any new opportunities; and that the counter-fraud response was mobilised rapidly through effective collaboration and information sharing.





# Culture and leadership across the Welsh public sector

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01

## Why is it important?

- 1.1 The Crime Survey for England and Wales recognises fraud as one of the most prevalent crimes in society today. Every pound stolen from the public sector means that there is less to spend on key services such as health, education and social services. Public sector bodies can mitigate the risks from fraud by having the right organisational culture supported by effective counter-fraud arrangements.
- 1.2 Strong leadership sets the appropriate tone from the top of an organisation and plays a crucial part in fostering a culture of high ethical standards. It is important that senior management leads by example and sends a clear message that fraud will not be tolerated either from inside or outside of the organisation. A strong tone at the top can raise the profile of fraud risks and promote the best standards and approaches in counter-fraud work.

## What did we find?

- 1.3 Other than in the NHS there is an absence of any overarching strategic approach, guidance, coordination and oversight.
- 1.4 In NHS Wales, the NHS Counter Fraud Service<sup>2</sup> provides leadership, specialist investigation skills, support and guidance to the sector and a Counter Fraud Steering Group<sup>3</sup> provides strategic direction and oversight. This leadership model delivers a coordinated approach to counter-fraud across the NHS in Wales and a good counter-fraud culture complemented by inbuilt scrutiny of the arrangements. The legal framework specific to the NHS Wales and the levels of investment give counter-fraud a high profile and robust enforcement and recovery mechanisms. At a local level, strategic leadership was evident within Health Boards through the dissemination of a consistent message, both internally and externally, that fraud is not tolerated.

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2 Which is hosted by the NHS Wales Shared Services Partnership

3 A sub-group of the All Wales Directors of Finance Forum

- 1.5 Across local authorities there is an absence of sector-wide strategic leadership, guidance, coordination and oversight of counter fraud. Within the individual authorities we found statements espousing a zero tolerance of fraud in policies and strategic documents. But there is much more that can be done to re-enforce the tone from the top at a practical level. We found examples where the leadership team actively promotes the importance of a good anti-fraud culture through awareness campaigns, newsletters to staff and active engagement with counter-fraud teams. But we also found in many authorities that there was little evidence that the message is driven down from the top and little priority is given to counter-fraud work. There were often competing priorities and, as a result, little time was given to counter-fraud and it often had a low profile.
- 1.6 In Central Government, the position is mixed. Within Welsh Government, we found evidence that counter-fraud is taken seriously, and a small team has achieved many successful outcomes, albeit its emphasis leans towards reactive rather than proactive work. We have been encouraged to see that the Welsh Government has accepted both of the recommendations made by the Public Accounts Committee following our first report. However, there remains a leadership gap that still needs to be addressed.
- 1.7 Across the other central government bodies that we examined, counter-fraud is not always given such a high priority. One reason for this appears to be the very low incidence of fraud being identified and reported; this poses the difficult question of whether this is due to a lack of investment in counter-fraud or a genuine low incidence of crime taking place. However, this latter explanation runs contrary to all the research being done by recognised leaders in the field such as CIPFA and the National Crime Agency.

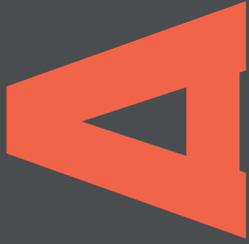
- 1.8 The threat posed by fraud is also getting greater recognition within the UK. The UK government, for example, is working to make central government, and the public sector more widely, a place where fraud is actively found and robustly dealt with. It is transforming its whole approach to counter-fraud by:
- a establishing a counter-fraud function;
  - b developing and launching a Government Functional Standard (GovS013);
  - c establishing a 'Government Counter Fraud Profession' to develop people and increase capability;
  - d providing expert advice to the rest of government on how to deal with fraud;
  - e delivering specialist services to assist public bodies; and
  - f collaborating with overseas governments to bring further expertise to the UK.

## What can the Welsh public sector do to improve?

### Recommendations

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- R1** The Welsh Government should enhance its strategic leadership of counter-fraud across the public service in Wales, playing a co-ordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities. In doing so it could consider:
- forming strategic partnerships with the key players nationally and internationally;
  - developing and delivering an all Wales counter-fraud strategy and vision;
  - advocating/promoting minimum standards in terms of public sector counter-fraud arrangements similar to those established by the UK Government;
  - elevating the status of counter-fraud staff by recognising counter fraud as a profession with essential competencies;
  - supporting the other sectors by, for example, providing invest-to-save funding opportunities, and supporting the development of professional competencies across the Welsh public sector; and
  - providing timely advice and guidance on 'hot' issues by gathering and disseminating important information and analysing trends.
- R2** All public bodies should champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.



# Risk management and control frameworks

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02

## Why is it important?

- 2.1 Fraudsters are becoming more sophisticated and are evaluating opportunities and risks on a real-time basis. The management and mitigation of risk in public bodies often fails to keep up with changes in the nature and impact of potential fraud. The recent flooding in South Wales created opportunities for scams within days of the floods. Security experts have reported an explosion in fraudulent activity during the COVID-19 outbreak as the pandemic has created a myriad of opportunities for fraudsters (see **Case Study on page 10**).
- 2.2 A fraud risk assessment should be an honest appraisal of risks using a range of sources such as national intelligence, local intelligence, audit reports, brainstorming exercises and data-matching results. Risk assessments should be live documents and kept under constant review. Having identified the risks, bodies can then evaluate them, assessing their likelihood and the impact if the fraud were to occur. It is only when risks are properly identified and evaluated that public bodies can tackle the risks in a prioritised and proportionate way and put appropriate actions and controls in place to manage or mitigate these risks.
- 2.3 It is important that organisations have an effective control framework to help mitigate the risks identified. A strong internal control environment can help to prevent fraud from happening in the first place and detect fraud if an instance has occurred. Fraudsters will try to circumvent established controls and it is important that controls are regularly reviewed. A strong control programme whereby fraudsters are faced with a real prospect of detection helps mitigate the risk. When frauds are discovered, controls should be reviewed to identify weaknesses and introduce improvements. Internal Audit have expertise in designing and testing controls and they should undertake work on key systems on a risk-based approach.

## What did we find?

- 2.4 The quality of counter-fraud risk assessment and mitigation varies significantly in the Welsh public sector and there is generally scope to improve their quality and timeliness.
- 2.5 In the NHS, National Fraud Risk Alerts are produced by the NHS Counter Fraud Authority. These are routinely circulated to all Local Counter Fraud Specialists (LCFS) and Directors of Finance across NHS Wales. The LCFS are also required to conduct their own local risk assessments. This is a relatively new requirement and we found that these assessments are still being developed and embedded. The NHS Fighting Fraud Strategy recognises that a key challenge for the sector is the need to develop a comprehensive analysis of specific fraud risks to ensure counter-fraud resources are being directed to the most appropriate areas within the sector. The Counter Fraud Steering group has undertaken an overall risk assessment and produced assurance maps in respect of each main area of fraud. These maps will be used to target area of proactive work.
- 2.6 Our work identified that while some local authorities and central government bodies have undertaken fraud risk assessments, there were many who had not prepared a fraud risk assessment for several years. Some bodies in these sectors did not have a fraud risk assessment and therefore had not properly assessed the likelihood or impact of the risk. Without this key component, bodies cannot direct resources appropriately or adequately mitigate the risks of losses due to fraud. As a result, fraud strategies and work programmes are not particularly useful or relevant as they are not targeting the key areas of risk.
- 2.7 Our work also identified that, even where risk assessments were undertaken, they may not be integrated within the wider risk management framework. Fraud is not commonly reflected in corporate risk registers. We did not find many coordinated mechanisms for ensuring that fraud risks are appropriately communicated, owned and monitored within the audited body. Instead, fraud risk assessments are often held as standalone documents without any corporate ownership or active management of the risk. As a result of this approach, fraud risks are not adequately shared across departments.

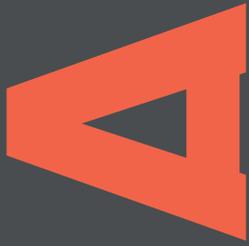
- 2.8 We did identify some good practice in the sharing of fraud risks. In response to the Coronavirus pandemic, the Welsh Government issued a fraud risk bulletin early in April 2020, highlighting the emerging risks to the Welsh public sector. Ahead of the Welsh Government's bulletin, the UK Government Counter Fraud Function published its own guide: [Fraud Control in Emergency Management – COVID-19 UK Government Guidance](#). The guide highlights the importance of risk assessment, effective payment verification and due diligence arrangements and the need for robust claw-back arrangements to recover funds that are paid out incorrectly. There were also good examples in local authorities of raising awareness of scams with local residents.
- 2.9 We found that, in general, public bodies across all sectors have internal control frameworks that are well established and internal audit teams test controls as part of their annual programmes of assurance work. However, we found that internal audit teams do not always consider the fraud risks associated with systems as part of their work programmes. Furthermore, where new systems and processes are established, we found that organisations are not always using counter-fraud contacts and internal audit teams to try to design fraud out of systems.

## What can the Welsh public sector do to improve?

### Recommendations

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- R3** All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.
- R4** Fraud risk assessments should be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.



## Policies and training

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03

## Why is it important?

- 3.1 A sound policy framework enables organisations to direct their approach to counter-fraud and to promote good ethical behaviour. There should be a suite of policies and procedures in place that set out what is expected and what the consequences are for breaking the rules. Codes of conduct should set out the standards expected of employees and highlight the importance of declaring conflicts of interest and establish rules around gifts and hospitality.
- 3.2 Publicising frauds and the recovery action undertaken, helps to re-enforce the message from the top that fraud will not be tolerated. Publicity can help to discourage wrongdoing by others as it can highlight the damaging repercussions of their actions.
- 3.3 Staff are often the first to notice something irregular or potentially fraudulent and are often the first line of defence in the fight against fraud. These staff need easy access to a good counter-fraud policy and whistleblowing policy so they can be clear about their roles and responsibilities and the process they must follow if they suspect a fraud.
- 3.4 Effective training helps staff interpret policies and codes of conduct, giving them the confidence and skills to report suspected fraud. However, training and awareness-raising campaigns should be kept under continual review and must be linked to the live risk assessments so that new frauds or risks facing public bodies are quickly shared amongst staff and contractors if appropriate.

## What did we find?

- 3.5 Generally, we found that public bodies have prepared and approved a range of policies setting out the processes to follow if staff suspect that they have uncovered a fraud. However, we identified that some policies were outdated, some were still in draft form and some were not easily accessible to staff.
- 3.6 Whilst NHS bodies have each developed comprehensive counter-fraud strategies (informed by an over-arching national strategy), we found that only a few other public sector bodies had done so. Such strategies set out clear approaches to managing fraud risks along with responses and actions, they define roles and responsibilities and are cross-referenced to other policies so that they can be readily understood by staff.

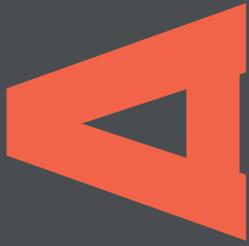
- 3.7 The NHS has a policy of proactively publicising successful fraud cases. The NHS Counter Fraud Service does this by issuing press releases and engaging with local media for interviews and promotional opportunities. Publicity helps raise awareness of fraud risks and also deters staff and contractors from committing fraud. By publicising counter-fraud work and raising awareness of the effects of fraud, the NHS involves staff, key stakeholders and the public in the fight against fraud.
- 3.8 We did not identify the same level of proactive publicity work in other sectors. Some local authorities take the view that publicising cases can be reputationally damaging and are therefore reluctant to publish such information. The Welsh Government recognises that more can be done to publicise fraud cases. The very low levels of fraud identified at central government bodies also means there is little publicity that can act as a further deterrent.
- 3.9 Our audit work also identified wide variation in levels of training and awareness-raising specifically relating to counter-fraud across the Welsh public sector. We found that a few public bodies provide fraud awareness training to all their staff. Some others provide training as part of the induction of new staff but do not provide this training for longstanding staff. We found some examples of refresher training sessions and e-learning modules provided for staff, but these are not widespread. There are many bodies that do not provide any counter-fraud training or awareness-raising events.
- 3.10 These findings suggest that there could be a significant proportion of the public sector workforce in Wales who have either received no fraud-awareness training at all or have not received training for several years.
- 3.11 There are good examples of awareness-raising in the NHS where the LCFS has an ongoing work programme to develop and maintain an anti-fraud culture within their health board. These programmes include the preparation of presentations and publications to raise awareness of fraud. There are also examples of LCFS undertaking staff surveys to capture the levels of staff awareness of fraud in order to act if necessary. In addition, the NHS has developed a fraud awareness e learning package for all staff and levels of compliance across organisations is reported the Directors of Finance on a quarterly basis. However, even in the NHS sector, counter-fraud training for new staff is generally not a mandatory requirement.

## What can the Welsh public sector do to improve?

### Recommendations

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- R5** All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.
- R6** Staff working across the Welsh public sector should receive fraud-awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.
- R7** Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.



## Capacity and expertise

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04

## Why is it important?

- 4.1 It is important that public bodies each designate a counter-fraud champion who understands fraud and leads the organisation's approach and response. Public bodies need access to sufficient appropriately skilled counter-fraud specialists to prevent, detect and investigate suspected fraud and protect their assets. As fraud risks change, public bodies should have resources available to provide a response that is appropriate to the threat.
- 4.2 Skilled and experienced staff will also help to ensure investigations are undertaken properly with evidence being obtained and handled lawfully in order to secure successful sanctions and the recovery of losses.
- 4.3 Investigations, whilst crucial, can be time consuming and costly and the low numbers of successful prosecutions mean that public bodies cannot rely on investigations alone to combat fraud. Public bodies need to have the capacity to undertake both proactive counter-fraud work and reactive investigation work. Proactive work includes fraud awareness campaigns, training, designing policies and strategies and strengthening controls to prevent attacks.

## What did we find?

- 4.4 Insufficient capacity arose frequently as a key challenge faced by public bodies in their efforts to combat fraud. On the ground, capacity and skills in counter-fraud vary widely across and within public sector bodies in Wales. Most of the capacity is allocated to responsive work and investigations with any spare capacity being used in preventative counter-fraud work.
- 4.5 In local government, some officers are sceptical about the levels of fraud within their organisations and question the need for additional resources. However, these same local authorities allocate little resource to counter-fraud arrangements, do not have robust fraud risk assessments and the following up of matches from the National Fraud Initiative is assigned a low priority. Their assumptions about low levels of fraud run contrary to all the research being done by recognised leaders in the field such as CIPFA and the National Crime Agency.

- 4.6 Local authorities suffered a significant loss in counter-fraud capacity when the independent Single Fraud Investigation Service (SFIS) was created in 2014. SFIS is a partnership between the Department for Work and Pensions, HMRC and local authorities and which covers welfare benefit fraud. Most of the counter-fraud specialists left the sector to work for this new organisation. A small number of authorities have retained experienced and skilled counter-fraud staff, but the workload has mostly fallen on Internal Audit teams.
- 4.7 Our work found that the counter-fraud arrangements were generally more advanced in the local authorities that retained a dedicated and specialist counter-fraud resource. Where Internal Audit teams carry out the counter-fraud work we found a trade-off between counter-fraud work and the general programme of assurance work due to limited resources and competing priorities.
- 4.8 We also found that, within some local authorities, several teams play a role in counter-fraud work; for example, Internal Audit, Council Tax, and Human Resources teams all contribute. Whilst helpful in terms of adding capacity, we found that this can result in a lack of coordination and integration between these teams and a lack of clarity in the overall picture of counter-fraud activity.
- 4.9 Counter-fraud is generally better resourced in the NHS than other public sector bodies and there has been an increase in LCFS resource over recent years. There is a central team within the NHS Counter Fraud Service Wales which investigates complex, large scale frauds and provides a financial investigation resource. The team also provides guidance, intelligence and investigative support to the network of finance directors and LCFS at health bodies in Wales. In addition, Welsh Government Directions require that each health body should appoint at least one LCFS who is an accredited counter-fraud professional. These LCFS are the primary points of contact for counter-fraud work at their respective health bodies and have a key role in fraud prevention and detection. Increasing staffing levels above the minimum number is a matter of local discretion.
- 4.10 The mixture of LCFS and support and guidance from the NHS Counter Fraud Service and the Counter Fraud Steering Group has resulted in improved counter-fraud arrangements within the NHS sector in comparison to the other sectors. However, whilst LCFS staff are often shared between individual health boards, they are not pooled across the entire sector. As a result, the relatively low counter-fraud staff numbers in some health boards can cause issues if staff members are absent from work. Even within the NHS Wales, there is a general recognition that more proactive work should be undertaken.

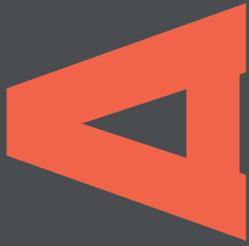
- 4.11 The Counter Fraud Team at the Welsh Government is skilled and experienced and has secured a number of high-profile prosecutions over recent years. However, a recent Government Internal Audit Agency review of the Welsh Government in 2017 concluded that the counter-fraud function could achieve more with increased resources. The Counter Fraud Team is able to draw on resources from within the Welsh Government to assist with investigations where appropriate and there are plans to increase the resource in the team in the near future.
- 4.12 Our audit also found that public bodies in Wales are generally following traditional counter-fraud approaches with a focus on detection and investigation rather than prevention. Most public bodies recognise that more proactive and preventative work should be done, but they acknowledge that the lack of time, resources and expertise are barriers to making this shift of focus.
- 4.13 We did not find many examples of public bodies in Wales outside the NHS pooling resources to help reduce duplication of effort and improve the efficiency and effectiveness of counter-fraud arrangements across sectors. Pooled resources could also help to improve continuity and add flexibility to adapt to changing needs going forward.
- 4.14 In 2018 the UK government launched the Counter-Fraud Profession to enhance overall counter-fraud capability across government. The profession develops the skills of specialist staff and moves beyond the traditional focus of investigations, placing greater emphasis on fraud prevention and the use of data analytics. Membership across UK Government Departments has been steadily increasing, and the Welsh Government is engaged with this initiative. Organisations joining the profession are required to have learning environments that support their staff to develop and maintain professional standards.

## What can the Welsh public sector do to improve?

### Recommendations

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- R8** All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.
- R9** All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.
- R10** All public bodies should consider models adopted elsewhere in the UK relating to the pooling and/or sharing of resources in order to maximise the availability of appropriately skilled staff.



## Tools and data

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05

## Why is it important?

- 5.1 An effective counter-fraud function will ensure that those responsible for it are equipped with up-to-date methodologies and the right tools for the job. Counter-fraud staff must make best use of data and intelligence in order to:
  - a prevent fraud by 'fraud-proofing' systems and processes; and
  - b mounting an effective response to suspicions of fraud.
- 5.2 New fraud threats are continually emerging, both globally and nationally. It is important that public bodies have flexible, cutting-edge counter-fraud approaches that are fit for a digital age and agile enough to keep up with, or better still, ahead of the fraudsters.
- 5.3 Cyber-attacks are an alternative means of committing traditional frauds such as the theft of assets, cash or intellectual property. PricewaterhouseCoopers' most recent global economic crime survey found that cyber crime is now the most common fraud facing UK businesses, overtaking asset misappropriation for the first time since the survey began. We can see this in the explosion in number of cyber scams linked to the COVID-19 pandemic.
- 5.4 Preventing fraud is always preferable to responding to an instance. Many organisations are now looking to 'fraud-proof' systems at the point of entry using the latest developments in data analytics. For example:
  - a the Cabinet Office has developed on-line tools that can look at 10,000 records in seven seconds to provide due diligence checks on grant applications; and
  - b the Department of Work and Pensions have been trialling an Artificial Intelligence system that detects fraudulent claims by searching for certain behaviour patterns, such as benefit applications that use the same phone number or are written in a similar style. Any suspicious activity is then passed on to specialist investigators.
- 5.5 Data analytics provide an increasingly important tool in preventing fraud as well as in its detection. We look at how public bodies can share data to help find fraud in the next section of this report.
- 5.6 Sophisticated technology and data analytics are of little use if they are not used effectively and this requires adequately trained resource to understand it. Therefore, it is important that public bodies have access to staff adept in data analytics in order to achieve better counter-fraud results.

- 5.7 Knowing what to do in the event of a suspected fraud improves the chances of a successful enforcement action. It also re-enforces the tone from the top that the organisation does not tolerate fraud. Fraud response plans need to provide a clear direction to relevant parties so that bodies are able to respond to allegations quickly and appropriately. A response plan should be reviewed regularly to ensure that responses to fraud keep abreast with changing times and emerging risks. They should outline:
- a the fraud investigation process from receipt of allegation to outcome report;
  - b roles and procedures for securing evidence and undertaking interviews;
  - c details of how and when to contact the police;
  - d a commitment to pursuing a range of sanctions;
  - e reporting arrangements; and
  - f how lessons learned will be used to strengthen system and process controls.

## What did we find?

- 5.8 Generally speaking, we found that more work is needed to bring counter-fraud tools and methodologies up to date to reflect the new world of cyber attacks and digitally-facilitated crimes. Many local authorities and central government bodies we looked at as part of our fieldwork did not have information security policies that reflected the risks associated with cyber crime. The situation was more positive in NHS Wales bodies.
- 5.9 Our review identified only a few examples of data analytics being used as a means of preventing fraud. Data analytics are used more widely to detect fraud, in following up on NFI data matches, for example, but our previous audit work<sup>4</sup> has shown that the level of engagement with the NFI varies considerably across Welsh public bodies.
- 5.10 We found that some local authorities and central government bodies did not have a fraud response plan that was communicated to all staff and which made it clear that all allegations of fraud would be investigated. The Welsh Government had a fraud response plan, but this was in draft form at the time of our audit work and was not, therefore, available to staff. Again, the position was much more positive in NHS Wales.

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4 **Our October 2018 NFI report** stated that 'most Welsh public sector bodies participating in the NFI were proactive in reviewing the data matches, but a small number of participants did not review the matches in a timely or effective manner.'

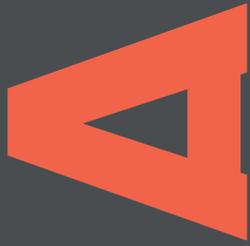
- 5.11 NHS bodies all use the same case management system to record and monitor the progress of potential fraud cases. In other sectors, few bodies have a case management system although some do have a spreadsheet log that records information. The variation in the information collected makes it very difficult to report an all-Wales position on the level of fraud taking place. The reasons that many local authorities and central government bodies do not have a case management system or detailed records was the very low numbers of fraud cases that were being identified and handled.
- 5.12 Most of the public bodies we looked at consider the full range of possible sanctions (disciplinary, regulatory, civil and criminal) against fraudsters and will seek redress including the recovery of assets and money where possible. However, many bodies report such low levels of fraud that it is impossible to substantiate their claims. For any internal frauds identified, most bodies tend to deal with the perpetrators through internal disciplinary procedures.
- 5.13 Most of the public bodies we looked at reflected on the weaknesses revealed by instances of proven fraud and corruption and fed back to departments and teams so that they might fraud-proof their systems. The arrangements at local NHS bodies were particularly robust because fraud cases in their case management system cannot be closed down without providing assurance that any system weaknesses have been considered and remedied if necessary.

## What can the Welsh public sector do to improve?

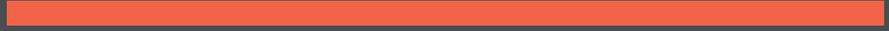
### Recommendations

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- R11** All public bodies need to develop and maintain dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action and re-enforce the tone from the top that the organisation does not tolerate fraud.
- R12** All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.



# Collaboration



06

## Why is it important?

- 6.1 Fraudsters do not respect geographical or other boundaries. This means that individual public sector bodies cannot establish effective counter-fraud arrangements by themselves. They must work collaboratively to maximise the effectiveness of their response to fraud.
- 6.2 Collaboration is an increasingly important aspect of public service, particularly in the context of reduced funding and the need to do more with less. Collaboration is also one of the 'five ways of working' as defined in the Welsh Government's 'Well-being of Future Generations (Wales) Act 2015: the essentials'<sup>5</sup> document. It is therefore essential that collaboration and the sharing of intelligence and good practice take place between public, private and third-sector bodies across the UK and internationally.
- 6.3 Collaboration can mean sharing people or pooling resources and, more commonly these days, in the sharing of information. This information can be shared between departments, between bodies, across different elements of the public sector and with other key stakeholders such as law enforcement authorities and the private sector. The information shared can be about the nature of a fraud or information about the identities of the perpetrators.
- 6.4 The sharing of data to help find fraud is a rapidly evolving area and is being facilitated by changes in the law. In 2017, the Digital Economy Act became law, enabling public authorities to share personal data to prevent, detect, investigate and prosecute public sector fraud. The Act recognises that the wider use of data-sharing could improve the prevention, detection and investigation of fraud in a number of ways, including:
  - a improved targeting and risk-profiling of potentially fraudulent individuals;
  - b streamlining processes, enabling the government to act more quickly; and
  - c simplifying the legislative landscape.

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5 Well-being of Future Generations (Wales) Act 2015: the essentials', Welsh Government (2015)

## What did we find?

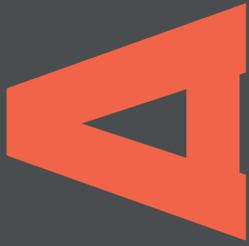
- 6.5 Our field work across forty public sector bodies in Wales found that collaboration was insufficiently developed, reinforcing the findings of our 2019 review.
- 6.6 Within local authorities and central government bodies there are some good examples of bodies working jointly and some regional networks, but these tend to be informal arrangements and there is no consistency in approach. Formalising arrangements can help improve accountability and governance and can influence commitment and results.
- 6.7 The picture is generally more positive across local NHS bodies and the Welsh Government than in local authorities and central government bodies. However, there is scope for all public bodies to work more closely with each other and with other stakeholders to tackle fraud.
- 6.8 Because of the tiered approach to counter-fraud within NHS Wales and established formal partnerships with the NHS Counter Fraud Authority, there is good access to specialist fraud investigation teams such as surveillance, computer forensics, asset recovery and financial investigations. The NHS Counter Fraud Service Wales provide the surveillance, asset recovery and financial investigations services to NHS Wales, while the NHS Counter Fraud Authority provides forensic computing services and other specialist support services to NHS Wales under the terms of their annual agreement with Welsh Government.
- 6.9 The existence of these formal access arrangements is less well established within other sectors, but most organisations told us that they could access specialist services if required. The low level of fraud being identified was one of the reasons given for the absence of formal partnerships between public sector bodies.
- 6.10 We also found wide variations in the amounts of data that are shared. In most bodies, the sharing of data was typically limited to the National Fraud Initiative (NFI), although not all central government bodies currently take part in NFI. We found that some local authorities do not invest much resource into following up NFI matches and these are often the same authorities in which counter-fraud arrangements were limited.
- 6.11 There were very few examples of organisations working frequently across internal and external boundaries and sharing information. Common reasons for this lack of collaboration was lack of time and resources, and concerns about the sharing of data.

## What can the Welsh public sector do to improve?

### Recommendations

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**R13** Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.



# Reporting and scrutiny



07

## Why is it important?

- 7.1 Arriving at a reliable estimate for the cost of fraud is a difficult task. This is particularly so for the Welsh public sector as our 2019 report highlighted. Whilst the UK Government produces annual estimates, there is no breakdown of this estimate to each of the devolved administrations in the UK. CIPFA's most recent analysis estimates that fraud costs the UK public sector £40.3 billion annually. The Cabinet Office<sup>6</sup> estimates losses due to fraud and error at between 0.5% and 5% of budget. Applying this range to annual public expenditure in Wales of around £20 billion gives a possible estimated value of losses to fraud and error between £100 million and £1 billion per annum. The losses are therefore significant and take valuable funding away from our public services.
- 7.2 Fraud is often under-reported as some suspicious activity identified through NFI matches, for example, is not classified as fraudulent and therefore not reported. Also, some public bodies fail to report fraud as it can attract unwanted publicity and perceived reputational damage. This situation leads to an incomplete national intelligence picture.
- 7.3 The International Public Sector Fraud Forum<sup>7</sup> has recognised that 'finding fraud is a good thing' and this is one of their 'Key Fraud and Corruption Principles'. The Forum noted that, if bodies do not find fraud, then they are unable to fight it, and that a change of perspective is needed so that the identification of fraud is seen as a positive and proactive achievement.
- 7.4 Reporting fraud to those charged with the governance of public sector organisations is important as it provides managers and audit committees, for example, with the information and intelligence they need to challenge and scrutinise. To facilitate accountability, public bodies should provide copies of counter-fraud reports detailing numbers of cases and outcomes to audit committees so that they are fully informed of any issues of concern and can hold management and counter-fraud teams to account. Audit committees can also promote the message that fraud will not be tolerated, supporting the efforts of counter-fraud teams.

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6 Cabinet Office Cross Government Fraud Landscape Report 2018

7 International Public Sector Fraud Forum A Guide to Managing Fraud for Public Bodies in Feb 2019

## What did we find?

- 7.5 The arrangements in NHS Wales to record, collate and share information about fraud losses and recoveries are well established. The NHS Counter Fraud Service collates information on the number of fraud cases and recoveries from each health body as a matter of course. There are quarterly and annual Operational Performance Reports which summarise information about resources, referrals and the work of the Counter-Fraud Service and LCFS based at each health body. These reports are reviewed by the Counter Fraud Steering Group and shared with Directors of Finance and the audit committees of each health body, helping to facilitate meaningful comparisons within the sector. The NHS Counter Fraud Authority also reports to the Welsh Government on a quarterly basis.
- 7.6 In other sectors, audit committees are not generally provided with as much information:
- a in the Welsh Government, the Audit and Risk Assurance Committee is not provided with, nor does it request, detailed information about fraud cases, although information about major cases and anti-fraud activity is included in the regular report from the Head of Internal Audit;
  - b in the local government sector, fewer than half the authorities report information about fraud cases, losses and recoveries to their audit committees on a regular basis; and
  - c even fewer central government bodies report on cases of fraud, reflecting a very low incidence of fraud being identified and managed.
- 7.7 The absence of both the reporting of information and arrangements to collate and share this information across the Welsh public sector is troubling for a number of reasons. It does little to help re-enforce a zero-tolerance message from the top of an organisation to both staff and external stakeholders. It may also send the wrong message to fraudsters that Wales does not see fraud as a priority and makes it difficult to assess the level of risk and how best to respond to it by senior public sector officials and politicians.
- 7.8 When frauds are identified, Internal Audit (or, where they exist, counter-fraud specialists) provide audit committees with reports and updates. On balance, however, audit committees outside of the NHS Wales have not been sufficiently proactive in recognising the increasing risk of fraud and in asking the searching questions necessary about the matching of resources to risk or about the lack of information being supplied about fraud risk.

## What can the Welsh public sector do to improve?

### Recommendations

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- R14** Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.
- R15** Audit committees must become fully engaged with counter-fraud, providing demonstrable support and direction, monitoring and holding officials to account if insufficient information is being provided about counter-fraud activity.



# Appendices

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- 1 Audit methods
- 2 The Welsh Government's response to the July 2019 recommendations of the Public Accounts Committee

# 1 Audit methods

Our audit was structured around seven key lines of enquiry to help us answer the overall question: 'Are the arrangements for preventing and detecting fraud in the Welsh public sector effective?':

- Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?
- Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?
- Does the organisation have a sound policy framework to support effective counter-fraud arrangements?
- Does the organisation have an effective fraud risk assessment together with appropriate responses to emerging issues?
- Does the organisation's internal control environment support effective arrangements for preventing and detecting fraud?
- Does the organisation have an appropriate response to fraud?
- Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?

The audit fieldwork was carried out by our local audit teams between November 2019 and February 2020. Their fieldwork included:

- structured interviews – interviews with key individuals in order to understand the counter-fraud arrangements in place at each audited body; and
- document reviews – where these existed, they typically included the counter-fraud strategy, risk assessment, work plans, corporate risk register, fraud response plan, Codes of Conduct, whistleblowing policy, guidelines and procedures for local fraud investigators and counter-fraud reports/updates provided to Audit Committee.

Teams also issued a core information request in order to gather some information directly from audited bodies.

The project team collated and reviewed the local findings to distil the key messages for inclusion in this report. Our audit teams have been providing tailored feedback on their local findings to relevant staff at each audited body.

The audited bodies included in this study are:

**Local Government bodies:**

- Blaenau Gwent County Borough Council
- Bridgend County Borough Council
- Caerphilly County Borough Council
- Cardiff Council
- Carmarthenshire County Council
- Ceredigion County Council
- Conwy County Borough Council
- Denbighshire County Council
- Flintshire County Council
- Gwynedd Council
- Isle of Anglesey County Council
- Merthyr Tydfil County Borough Council
- Monmouthshire County Council
- Neath Port Talbot County Borough Council
- Newport City Council
- Pembrokeshire County Council
- Powys County Council
- Rhondda Cynon Taf County Borough Council
- City and County of Swansea
- The Vale of Glamorgan Council
- Torfaen County Borough Council
- Wrexham County Borough Council

**NHS Wales bodies:**

- Aneurin Bevan University Health Board
- Betsi Cadwaladr University Health Board
- Cardiff and Vale University Health Board
- Cwm Taf Morgannwg University Health Board
- Hywel Dda University Health Board
- Powys Teaching Health Board
- Swansea Bay University Health Board
- Health Education and Improvement Wales
- Velindre NHS Trust
- Public Health Wales Trust
- Welsh Ambulance Service NHS Trust

**Central Government bodies:**

- Welsh Government
- Welsh Revenue Authority
- Arts Council for Wales
- Higher Education Funding Council for Wales
- National Museums and Galleries Wales
- Natural Resources Wales
- National Library of Wales
- Sport Wales
- Senedd Commission

## 2 The Welsh Government's response to the July 2019 recommendations of the Public Accounts Committee

### PAC Recommendation

**We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.**

**We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.**

### Response from the Welsh Government's Permanent Secretary

The Welsh Government recognises and fully supports local authorities addressing fraud within the £8 billion of their general revenue expenditure.

As independent democratically led organisations, the prime responsibility for the detection and prevention of fraud is for each of the 22 councils themselves. As such, we would expect all to be fully engaged in this work and for local politicians to understand and provide leadership.

To make sure that the recommendation is understood and given priority, officials will raise the matter with Ministers to secure an item on the Partnership Council agenda as well as its Finance Sub Committee. Subject to Ministers' agreement, we will agenda an item for the next possible meeting.

I am supportive of any move to increase the understanding of fraud and the consistent application of best practice techniques across the Welsh Public Sector and there exists already a vehicle to bring together counter-fraud practitioners and other interested parties and drive forward a common understanding of this important area.

The Welsh Government's Head of Counter-Fraud is Deputy Chair of the Wales Fraud Forum (WFF), which is a not-for-profit company run by a strategic board of volunteers. Its aims are to help prevent fraud in Wales by raising awareness in the public and private sectors and amongst individuals. In particular, its stated objectives include to:

- bring the public and private sectors together to fight fraud and financial crime and to protect the economy of Wales;

## **PAC Recommendation**      **Response from the Welsh Government's Permanent Secretary**

- promote fraud awareness amongst its membership, organisations and individuals throughout the region;
- create good practice cultures by encouraging and developing anti-fraud strategies for its membership to utilise;
- establish a best practice between its members for fraud prevention, investigation and detection; and
- promote an open and co-operative environment between the membership in both the public and private sectors.

The Forum is held in high regard; in 2017 the current First Minister gave the keynote address at its annual conference and outlined his support for effective counter-fraud arrangements across Wales. Forum membership includes the Audit Wales as well as a number of public and private sector organisations.

Therefore, I believe the Welsh Government can achieve the outcome desired by identifying strategies to support the work of the Forum, raising its profile within the Welsh Public Sector and seek a high level of commitment to support it. I will ask Officials to engage with the Forum to discuss strategies for strengthening its effectiveness by the end of the calendar year.

We agree there is potential in the use of data sharing between Welsh public bodies to improve the impact of counter-fraud activities. The introduction of the Digital Economy Act gives the Welsh Government and certain scheduled Welsh public bodies useful new powers to share data with each other compliantly to identify potential fraud. Officials are working on setting up the appropriate governance for taking forward the use of these new powers in Wales, and are aiming for a panel to be in place by the end of the financial year to consider potential uses of the powers.



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## AUDIT COMMITTEE – 26<sup>TH</sup> JANUARY 2021

**SUBJECT:** 2018/20 NATIONAL FRAUD INITIATIVE UPDATE, LOCAL OUTCOMES AND PLANS FOR THE 2021 EXERCISE

**REPORT BY:** ACTING INTERNAL AUDIT MANAGER

### 1. PURPOSE OF REPORT

- 1.1 This report advises members of the publication of the Audit Wales document “The National Fraud Initiative in Wales 2018-2020” Report of the Auditor General for Wales.
- 1.2 The report provides information on the outcomes of the NFI exercise 2018/20 and forward plans for the upcoming NFI exercise in 2021.

### 2. SUMMARY

- 2.1 The report of the Auditor General for Wales “The National Fraud Initiative in Wales 2018-2020” was published in October 2020 and is attached as **Appendix 1**
- 2.2 Since the last NFI report in 2018 the NFI has reported outcomes for £8 million and cumulative outcomes in Wales since 2006 are now £42.9 million and across the UK the cumulative total is £1.93 billion.
- 2.3 The NFI enables data to be matched within public bodies, and across national borders. It has been reported that data submitted by Welsh bodies helped identify 94 cases of fraud and error in other parts of the UK valued at £125,000.
- 2.4 The NFI data released to Caerphilly CBC identified 7,234 matches in the data submitted and errors with a value of £42,263 were identified which are now in the process of being recovered.

### 3. RECOMMENDATIONS

- 3.1 It is recommended that the Audit Committee: -
  - i. Consider the Audit Wales report “The National Fraud Initiative in Wales 2018-2020”.
  - ii. Consider the self-appraisal checklist at **Appendix 2** and the Caerphilly CBC completed checklist at **Appendix 3**.

- iii. Note the local outcomes from the work undertaken by the Internal Audit Section.
- iv. Note the continued participation by Caerphilly CBC in the NFI.

#### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that the Committee is aware that the participation in the NFI is an integral part of the Council's approach to prevention and detection of fraud and error.
- 4.2 To ensure that the Committee is aware of the outcomes of the NFI exercise both locally and nationally, and to provide assurance that the low levels of outcomes shows that that internal control processes are working effectively.

#### **5. THE REPORT**

- 5.1 The report of the Auditor General for Wales "The National Fraud Initiative in Wales 2018-2020" was published in October 2020 and is attached at **Appendix 1**.
- 5.2 Since the last NFI report in 2018 the NFI has reported outcomes for £8 million and cumulative outcomes in Wales since 2006 are now £42.9 million and across the UK the cumulative total is £1.93 billion.
- 5.3 The NFI enables data to be matched within public bodies, and across national borders. It has been reported that data submitted by Welsh bodies helped identify 94 cases of fraud and error in other parts of the UK valued at £125,000.
- 5.4 Participation in the NFI is mandatory however, the recent Audit Wales report "Raising our Game" (also being reported to the Audit Committee on 26<sup>th</sup> January) has identified that some bodies in Wales display a strong commitment to counter fraud but some do not maximise the benefits of their participation.
- 5.5 Data sharing enables NFI to use sophisticated technology to compare information held by different public bodies within Wales and the rest of the UK that might suggest fraud or error may exist. Matches do not automatically mean that this is the case and the matches reported need to be reviewed so that bona fide data can be eliminated and suspicious matches can be investigated further or referred to other matched bodies or organisations such as the Department for Work and Pension's Single Fraud Investigation Service (SFIS) for investigation.
- 5.6 Data from sources such as housing benefits, council tax reduction scheme, blue badges, payroll, residents' parking permits, pensions, creditor payments, Companies House directors, DWP deceased persons records, council tax single persons discount, electoral register, housing tenants, housing waiting lists and residential care homes is uploaded from various public bodies including DWP (nationally), Councils, Health Authorities, Police Forces, Fire and Rescue Authorities and are then matched centrally by the NFI.
- 5.7 Matches are reported to the individual bodies for follow up and if overpayments, errors or frauds are identified the body can take appropriate action to recover the monies, cancel allowances, cancel or amend claims or discounts or refer to other bodies for further investigation. At the end of the exercise the findings are collated and published.

- 5.8 The National results indicate that 7 categories generated almost 98% of outcomes being council tax single person discounts, blue badges, housing benefits, pensions, housing waiting lists, residential care homes and council tax reduction.
- 5.9 4 recommendations have been made nationally arising from the report as follows: -
1. All participants in the NFI exercise should ensure that they maximise the benefits of their participation. They should consider whether it is possible to work more efficiently on the NFI matches by reviewing the guidance section within the NFI secure web application.
  2. Where local auditors have identified specific areas where improvements could be made, the public bodies should act on these as soon as possible.
  3. Audit committees, or equivalent, and officers leading the NFI should review the NFI self-appraisal checklist. This will ensure they are fully informed of their organisation's planning and progress in the 2020-22 NFI exercise.
  4. All participants should be aware of emerging fraud risks e.g. due to COVID-19 and take appropriate preventative and detective action.
- 5.10 Caerphilly CBC's position in respect of these recommendations is as follows: -
1. The council has for many years been an active participant in the exercise and works closely with both contacts within NFI and in service areas to ensure that all parties are fully aware of requirements. The Acting Internal Audit Manager is the Key Contact and reviews all matches and directs the review and investigations that are performed.
  2. No issues have been identified and reported.
  3. The checklist has been completed and is attached as **Appendix 3**. As already reported all data required to date has been uploaded.
  4. These issues are under review. The Council Tax and Revenues Manager has plans in hand to upload the required COVID-19 grant data in line with the published deadlines (end January 2021), the Acting Internal Audit Manager has joined a number of informal anti-fraud local groups and the S151 Officer is considering subscribing to CIFAS (Credit Industry Fraud Avoidance Service). In addition, the Acting Internal Audit Manager has been made aware of future plans by NFI to roll out a further data matching tool known as "Spotlight" later this year, which is planned to specifically review COVID-19 grants for fraudulent claims and we will participate in this once further details are published.

#### Local Outcomes

- 5.11 The NFI data released to Caerphilly CBC identified 7,234 matches in the data submitted which were reported in around 100 individual match reports.
- 5.12 A considerable amount of work was required to review these matches, and the vast majority 7205 (99.5%) were cleared as being bona fide. This naturally required a large amount of staffing resource. It should also be noted that new matches and comments from other matched bodies continue to appear in the match report so there is some ongoing commitment required to monitor these periodically.
- 5.13 No frauds were identified. The payment errors that were identified were valued at £42,263 and recovery action was taken. Of the £42,263, £35,283 related to private care home payments where notifications of residents' deaths had not been received

and payments had continued. £4,840 relates to duplicated invoice payments and £1,174 related to a VAT error. Where appropriate individual audit reports have been issued to make recommendations for improvements in processes.

- 5.14 It should be noted that the results for duplicated payments has reduced which is pleasing. This is due to the use of the Purchase Ledger software tool “AP Forensics”, which identifies potential duplications and requests service areas to approve the payments as valid. However, this does require resources to run and monitor the reports and apply adequate interventions and it also requires service areas to perform adequate checking in relation to notifications received. Internal Audit plan to undertake some work on this system as part of the 2021 Audit Plan.
- 5.15 There are also 6 matches (not included in the outcomes reported above) where student finance appeared to not have been disclosed in housing benefits assessments and referrals were made to the DWP SFIS service in late 2019/early 2020 so that further investigation for possible fraud could be undertaken. However, no update has been received on these so they are not included in the above reported outcomes. It is understood that DWP SFIS has been reallocating resources due to COVID-19, so these cases have been referred to the council’s Housing Benefits Manager to see if any amendments or disclosures have been made by claimants or DWP in respect of these issues.
- 5.16 It should be noted that the above figures do not include council tax single person discounts as the council engages a third-party contactor to undertake the verification and validation of single person discounts, so these are not reported as part of this process. However, the Council Tax and Revenues Manager is confident that the processes undertaken by the contractor are equally if not more robust than those that would arise from the NFI by checking directly.

#### NFI 2021

- 5.17 The participation in NFI is an integral part of the council’s corporate approach to the prevention and detection of fraud and error and is managed by relevant officers. The Head of Financial Services & S151 Officer is the NFI Senior Responsible Officer and the Acting Internal Audit Manager is the NFI Key Contact, and is responsible for liaising with service areas and NFI to ensure that they are informed of relevant timescales and data requirements.
- 5.18 In response to the COVID-19 pandemic and new government grants additional data sets have been requested this year in respect of NNDR grants and it is anticipated that data relating to the further financial support issued will be required to be submitted in due course later this year.
- 5.19 The 2021 exercise has been underway for several months and all data sets have been uploaded by the council. Matches are due to be published later this month and time has been allocated in the Internal Audit Plan to review and investigate published matches.
- 5.20 As part of the 2021 exercise the NFI published in July 2020 a self-appraisal checklist which participants are encouraged to complete. It is in 2 Sections; Part A to assist Audit Committee members when reviewing and seeking assurance over challenging the effectiveness of their body’s participation in the NFI, and Part B for NFI Senior Responsible Officers and Key Contacts.
- 5.21 The Council Tax and Revenues Manager has confirmed that plans are in hand to extract

and upload data in respect of single person discount data for the 2021 exercise.

### Conclusion

- 5.22 This report presents the key findings of the NFI process 2018-2020.
- 5.23 Specific information is also provided on the results for Caerphilly CBC.
- 5.24 A self-assessment checklist has been completed and is attached at **Appendix 3**.

## **6. LINKS TO RELEVANT COUNCIL POLICIES**

- 6.1 To ensure that the council continues to operate a robust approach to prevention and detection of fraud and error.

## **7. WELL-BEING OF FUTURE GENERATIONS**

- 7.1 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

## **8. EQUALITIES IMPLICATIONS**

- 8.1 No equalities implications have been identified.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 Members note the local financial results and findings that have been reported. Other indirect costs may be reduced or avoided due to other match investigations performed, but these cannot be directly quantified.

## **10. PERSONNEL IMPLICATIONS**

- 10.1 No personnel implications have been identified

## **11. CONSULTATIONS**

- 11.1 Any comments received from consultees have been included within the report.

## **12. STATUTORY POWER**

- 12.1 Local Government Act 2000

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Consultees: S Harris, Head of Financial Services & S151 Officer  
R Edmunds, Corporate Director for Education and Corporate Services

Appendices:

Appendix 1 [The National Fraud Initiative in Wales 2018-20 \(Audit Wales\)](#)  
Appendix 2 [National Fraud Initiative Self-Appraisal Checklist \(Audit Wales\)](#)  
Appendix 3 Completed NFI Self-Appraisal Checklist

Appendix 3 - NFI Self-Appraisal Checklist

Part A for those charged with Governance

Leadership, commitment and communication

Question	Yes / No/ Partly	Comments /Action required	Person/s responsible and date
1. Are we aware of emerging fraud risks, e.g. due to COVID-19, and have we taken appropriate preventative and detective action?	Yes	The initial Business Grants application and payments process required verification and checking to provide assurances that claims were valid. Grant Data will be uploaded to NFI and matches investigated as appropriate. We will also be providing details of grant payments to HMRC.	S151 Officer Council Tax and Revenues Manager
2. Are we committed to the NFI? Have the council/board, Audit Committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes	Local and national outcomes are reported to the Audit Committee together with any specific individual audits arising from work performed. Service area managers are often asked to pursue individual matches and they are made aware of any specific issues as necessary.	Internal Audit Manager S151 Officer
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	Yes	We are an active participant in the exercise, and it forms a fundamental part of policies and procedures to prevent and detect fraud and error.	Internal Audit Manager S151 Officer
4. Have we considered using the point of application data matching service offered by the NFI team, to enhance assurances over internal controls and improve our approach to risk management?	Yes	Licensing Section was using this, however some issues were experienced in respect of Home Office immigration data. HR also undertook a pilot using this, but it was determined that more up to date information was available elsewhere.	Internal Audit Manager S151 Officer

5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the Audit Committee or equivalent)?	Yes	Local and national outcomes are reported to the Audit Committee together with any specific individual audits arising from work performed.	Internal Audit Manager S151 Officer
6. Where we have not submitted data or used the matches returned to us, e.g. council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	Yes	All data sets are submitted. However, alternative third-party contractors are used to conduct council tax single person discount checks and verification. The results from this contractor are considered robust as they can access additional data sources in order to conduct this process.	Internal Audit Manager S151 Officer Council Tax and Revenues Manager
7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Yes	Where appropriate Internal Audit reports are issued to service managers, and where relevant recommendations are made to improve processes.	Internal Audit Manager S151 Officer
8. Do we review how instances of fraud and error arose and use this information to improve our internal controls?	Yes	As above.	Internal Audit Manager S151 Officer
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (e.g. successful prosecutions)?	Not recently	Housing benefit frauds are now investigated and prosecuted by DWP so This is out of our hands. However, if future investigations result in prosecutions these will be publicised as appropriate.	Internal Audit Manager S151 Officer

Part B for NFI SRO and Key Contacts

Planning and Preparation

Question	Yes / No/ Partly	Comments /Action required	Person/s responsible and date
1. Are we aware of emerging fraud risks, e.g. due to COVID-19, and have we taken appropriate preventative and detective action?	Yes	The initial application and payments process required verification and checking to provide assurances that claims were valid. Grant Data will be uploaded to NFI and matches investigated as appropriate. We will also be providing details of grant payments to HMRC.	S151 Officer Internal Audit Manager
2. Are we investing sufficient resources in the NFI exercise?	Yes	This issue is under constant review as competing workloads and other issues impact on available resources.	S151 Officer Internal Audit Manager
3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.	Yes	This is built into the Internal Audit Plan.	S151 Officer Internal Audit Manager
4. Is our NFI Key Contact (KC) the appropriate officer for that role and do they oversee the exercise properly?	Yes		S151 officer Internal Audit Manager
5. Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation?	Yes		S151 Officer Internal Audit Manager
6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes	Findings are reviewed in line with other intelligence and any other processes that are in place e.g. AP Forensics.	S151 Officer Internal Audit Manager
7. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	Yes		S151 Officer Internal Audit Manager

Leadership, commitment and communication

Question	Yes / No/ Partly	Comments /Action required	Person/s responsible and date
8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	Yes	All data due has been uploaded and plans are well in place for approaching deadlines to be met.	S151 Officer Internal Audit Manager
9. Have we considered using the point of application data matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?	Yes	This has been trialled but has been found to be of limited value. However we are open to reconsidering this in future.	S151 Officer Internal Audit Manager
10. Do all departments involved in NFI start the follow up of matches promptly after they become available?	Yes	Internal Audit perform initial match reviews and investigations and make referrals to service areas as appropriate for further information or investigation.	S151 Officer Internal Audit Manager
11. Do we give priority to following up high-risk matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly?	Yes		S151 Officer Internal Audit Manager
12. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes		S151 Officer Internal Audit Manager

Effective follow up of matches

Question	Yes / No/ Partly	Comments /Action required	Person/s responsible and date
13. (In health bodies) Are we drawing appropriately on the help and expertise available from NHS Counter Fraud Service Wales?	N/A	N/A	N/A
14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the	Yes	Action is taken to recover overpayments in all cases.	S151 Officer Internal Audit Manager

Police or NHS Counter Fraud Service Wales)? Are we recovering funds effectively?			
15. Do we avoid deploying excessive resources on match reports where early work (e.g. on high-risk matches) has not found any fraud or error?	Yes	Data sources and match quality and prior outcomes are assessed as the match report review progresses.	S151 Officer Internal Audit Manager
16. Where the number of high-risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?	Yes	Occasionally lower risk matches may provide outcomes that need further investigations.	S151 Officer Internal Audit Manager
17. Overall, are we deploying appropriate resources on managing the NFI exercise?	Yes	This does need to be kept under review as completing demands on workloads and other issues arise.	S151 Officer Internal Audit Manager

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## AUDIT COMMITTEE – 26TH JANUARY 2021

**SUBJECT: UPDATE OF CORPORATE RISK REGISTER DECEMBER 2020**

**REPORT BY: DIRECTOR OF EDUCATION AND CORPORTATE SERVICES**

### **1. PURPOSE OF REPORT -**

- 1.1 To provide an update of the Corporate Risk Register in accordance with the Council's Risk Management Strategy.
- 1.2 The updated Corporate Risk Register (CRR) Appendix 1 is presented to Audit Committee so there is opportunity for Committee to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.

### **2. SUMMARY**

- 2.1 Under the Council's Risk Management Strategy, the Corporate Management Team (CMT) own, manage, monitor and review the Council's Corporate Risks on a quarterly basis, with six monthly progress reports submitted to Cabinet. Updates are also provided to Audit Committee, which has the role of reviewing and challenging the Risk Register and where relevant, resultant action plans for the Council's key strategic and corporate risks.
- 2.2 In order to present the most recent information, this report focuses on the CMT update of 18<sup>th</sup> December 2020.

### **3. RECOMMENDATIONS**

- 3.1 It is recommended that the Audit Committee considers the content of the Corporate Risk Register and associated mitigating actions.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 For the Audit Committee to satisfy itself that robust processes and procedures exist and are applied for the management of top-level risks. Members have a critical role to play in evaluating the Council's risk management arrangements and understanding how the council identifies, manages and, where possible, mitigates/removes risk.

## 5. THE REPORT

- 5.1 Risks within the Authority are identified and managed at different levels. Service priorities identify risks to delivering business whilst Directorate risks identify more significant risks that may have cause and effect across a Directorate. The CMT Risk Register is the highest level of risks to the whole authority, often referred to as the Corporate Risk Register.
- 5.2 The Council's Performance Management Framework has been reviewed and redesigned and Cabinet endorsed the new framework in February 2020. The Councils Risk Management Strategy 2017 will need to be updated in 2021 in order to align with the new overall framework noted above.
- 5.3 Directorate risks will be updated on a quarterly basis and any risks identified as a whole authority risk will be escalated into the highest-level Corporate Risk Register. A significant advantage of this approach is that CMT will have a view of risks laterally across Directorates as well as 'top down'.
- 5.4 The Corporate Risk Register is a 'living document' and will change when reviewed and assessed on a quarterly basis. New risks will emerge, and some existing risks will be closed. Furthermore, risk ratings will change (red/amber/green) and mitigating actions and progress comments will be updated.
- 5.5 In summary the current Risk Register (appendix 1) has **3** risks that are rated as high (red), **12** at a medium risk (amber) and none that are rated at a low risk.  
There are **4 new** risks since this was last reported;  
CRR11 – Improvements to the Fleet Service  
CRR 12 – Covid-19 recovery Plan  
CRR 13 – Increased Homelessness  
CRR 14 – Microsoft operating support – risk of cyber attack
- There is **1** risk that has been removed  
CRR09 – Corporate Safeguarding Review, as this is managed more appropriately at a directorate level and most actions have been completed.
- There are **2** changes to the risk ratings which is CRR07 and CRR11  
CR07 – School attainment was a medium risk, and this has been increased to high as there is currently no way of knowing how the pandemic will affect attainment  
CR11 – Improvements to the Fleet Service started as a high risk and has now been assessed as a medium risk following mitigating actions.  
The rest have stayed the same with those that are high staying high and those that are medium remaining so.
- 5.6 Covid-19 recovery has a separate risk register which is noted under CRR12, but this does not replicate the content of the Covid risk register. This is because the Covid register changes frequently, sometimes daily in response to the circumstances so is very agile and is likely to be out of date, by the time it has gone through a reporting process.

5.7 Risk Management is an ongoing area for development in a wider sense and will be part of the review of the 2017 Risk Strategy.

## 5.8 **Conclusion**

In line with the approved Risk Management Strategy the Corporate Risk Register is periodically reviewed and updated and presented to the Audit Committee to provide an opportunity for the Committee to satisfy itself that appropriate arrangements are in place for high level risks to be regularly and robustly managed and scrutinised.

## 6. **ASSUMPTIONS**

6.1 The assumption is that at this point in time resources remain the same in addressing the risks for the future.

## 7. **LINKS TO RELEVANT COUNCIL POLICIES**

7.1 Corporate Plan 2018-2023.

## 8. **WELL-BEING OF FUTURE GENERATIONS**

8.1 Management of risk is an important element in delivering council priorities and ensuring contribution to the Well-being Goals as set out in the Well-being of Future Generations (Wales) Act 2015 [WBFGA]:

8.2 The Well-being of Future Generations (Wales) Act 2015 [WBFGA] identifies a core set of activities that are common to the corporate governance of public bodies where change needs to happen:

- Corporate Planning
- Financial Planning
- Workforce Planning
- Procurement
- Assets
- **Risk Management**
- Performance Management

The Corporate Risk Register incorporates the five ways of working identified within the sustainable development principle in the WBFGA. These are:

- **Involving** a diversity of the population in the decisions that affect them.
- Working with others in a **collaborative** way to find shared sustainable solutions.
- Looking **long-term** so that we do not compromise the ability of future generations to meet today's needs.
- Taking an **integrated** approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.
- Understanding the root causes of issues to **prevent** them from occurring.

8.4 Risks are assessed in terms of their implications for the well-being of future generations, which may require a different risk rating from the risk operationally.

## **9. EQUALITIES IMPLICATIONS**

9.1 The Local Government Measure defines fairness and access as one of the criteria that constitutes 'improvement' within the Wales programme for Improvement 2009.

9.2 Promoting equalities is a fundamental requirement of the Future Generations legislation, with specific resonance for meeting the Well-being Goals of: *A More Equal Wales*, and *A Wales of Cohesive Communities*

9.3 An Equalities Impact Assessment (EIA) is not needed as this report relates to identified risks and any actions to address risks that require a report will have an EIA if required.

## **10. FINANCIAL IMPLICATIONS**

10.1 There are no direct financial implications to this report, although Appendix 1 identifies risks regarding the meeting of the Medium-Term Financial Plan (MTFP) reference CRR02.

## **11. PERSONNEL IMPLICATIONS**

11.1 There are no personnel implications arising from this report.

## **12. CONSULTATIONS**

12.1 This report has been sent to the consultees listed below and all comments received are reflected in this report.

## **13. STATUTORY POWER**

13.1 The Local Government (Wales) Measure 2009. Well-being of Future Generations (Wales) Act 2015.

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Consultees: Christina HARRY, Chief Executive  
Richard (Ed) Edmunds, Corporate Director Education and Corporate Services  
Councillor Eluned Stenner, Cabinet Member for Finance, Performance & Planning  
Stephen Harris, Head of Finance Services and Section 151 Officer  
Mark S Williams, Corporate Director Communities  
Dave Street, Corporate Director Social Services & Housing  
Sue Richards, Head of Education and Planning Strategy  
Deborah Gronow, Audit Group Manager

Appendices:

Appendix 1 The Corporate Risk Register Quarter 2 2020/2021 Progress Update.

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Ref	Topic (& Service)	Risk, opportunities and Impact	Mitigation Actions (What actions can we take to address the risks or realise the opportunity)	Progress Update (Are the mitigating actions reducing the risk or realising the opportunity?)	Risk Level 2020-2021 Rating updated by CMT July20 Q1	Risk Level 2020-21 Q2 Updated Dec 2020	Does the risk affect the Well-being of our Communities?	Well-being Risk Level
<b>CRR 01 - All Directorates</b>	Exit from the EU (Brexit).	<p>The decision to leave the EU and the looming deadline to secure an exit deal has created considerable uncertainty.</p> <p>Moving forward it is difficult to determine what impact the exit from the EU will have in the medium to longer-term for Caerphilly CBC and our communities. However, in the short-term possible negative impacts from a No Deal scenario include the potential for workforce supply shortages in some areas and the possibility of some disruption to the supply of goods and services. There is also potential for price increases in the event of a No Deal exit.</p>	An internal Brexit Working Group has been established consisting of key staff across all Directorates. There is also cross-party political representation on this Group. The Council has also set aside £1m to meet any short-term financial impacts arising from Brexit.	<p>The Brexit Withdrawal Agreement was signed in January 2020 and the transition period ended on the 31st December 2020. The recently agreed withdrawal deal has resulted in the UK leaving the EU at the end of December 2020. Officers will continue to work with the WLGA in establishing what the recently agreed deal means for Welsh Local Government.</p> <p>The Council has reconfigured its internal arrangements and has established a Brexit Strategic Group consisting of key Heads of Service and cross-party political representation. This Group is being supported by a Brexit Operational Group which is focussing on key issues, actions and mitigation across all service areas. Although a deal is agreed there will be implications for the Council to manage and this will add additional burdens on key staff that are already fully committed on dealing with the ongoing impact of Covid-19.</p> <p>Key risks have been identified in respect of potential disruption to the supply chain; potential increases in prices for goods and services; potential impact on the supply of labour, particularly for commissioned services; and potential negative impacts on small businesses in the short to medium-term, along with the potential for a lack of inward investment in the longer-term. This list is not exhaustive and the Brexit Strategic Group will meet during the coming months to ensure that all impacts are considered and that appropriate actions are identified wherever possible. Given the potential negative impacts of Brexit the Council has agreed to set aside one-off funding of £1m to meet any financial implications that may arise in the short to medium-term.</p>	<b>Increased to High</b>	<b>High</b>	Potential impacts are not fully understood but they are likely to be felt over the short, medium and longer-term.	Unable to assess currently due to the level of uncertainty.
<b>CRR 02 - All Directorates</b>	Medium-Term Financial Plan (MTFP)	Failure to identify sufficient savings to support the Medium-Term Financial Plan (MTFP).	The Authority has a strong track record of delivering balanced budgets and planning is underway to ensure that the 2021/22 Draft Budget Proposals are presented to Cabinet on the 13th January 2021.	We have faced an unprecedented situation this year with details of the 2021/22 Provisional LG Financial Settlement not being released by the Welsh Government until the 22nd December 2020 (normally received in October each year). The Provisional Settlement included a 3.1% uplift in WG funding for Caerphilly CBC and the 2021/22 Draft Budget Proposals were endorsed by Cabinet at its meeting on the 13th January 2021. The 3.1% uplift in WG funding along with a proposed increase of 3.9% in the Council Tax will mean that no new savings will be required to balance the budget for the 2021/22 financial year. The Provisional Settlement does not cover the financial implications of the ongoing coronavirus pandemic, both in terms of additional costs that continue to be incurred and income losses. These will continue to be funded through grants and the position will be kept under close review as we move into the new financial year. The future funding situation for Local Government is likely to be challenging due to the unprecedented fiscal impact of the pandemic and the strain that this will put on public finances for years to come. An updated indicative Medium-Term Financial Plan shows a potential savings requirement for the council of £20.7m for the four-year period 2022/23 to 2025/26. The council's transformation programme will be a key driver in ensuring that financial resilience is maintained in future years.	<b>Medium</b>	<b>Medium</b>	Effective financial planning is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.	<b>Medium</b>
<b>CRR 03 - All Directorates</b>	GDPR Information Governance	<ul style="list-style-type: none"> <li>Failure to locate reliable information quickly impacts on service delivery, plus we are missing an opportunity to use the Council's information assets more widely to benefit other Council services.</li> <li>GDPR introduces fines of up to 20million Euros for failing to evidence compliance, including Privacy Impact Assessments at early stage, and for data breaches.</li> <li>Failure to comply with information requests (e.g. FOI) could lead to action by the Information Commissioner's Office - compliance expectation increased to 90%</li> <li>These risks could result in adverse press, loss of trust by the public, and criticism from the Council's auditors.</li> </ul>	<p>IGPT activity reported to Corp Gov Panel, including:</p> <ul style="list-style-type: none"> <li>Report on options for GDPR DPO role</li> <li>Review Information Asset Registers to include info required by GDPR, e.g. legal basis for processing</li> <li>Continue SIRO review of Information Risk Returns</li> <li>Update and re-launch DPA training, inc Members</li> <li>Update info sharing register to identify contract improvements</li> <li>Enforce use of privacy notices and Privacy Impact Assessments</li> <li>Implement records management programme, including better identification/creation of records and backlogs addressed (e.g. email, networks) and ensure records with historic value are protected</li> <li>Review publication scheme and charges for info requests</li> <li>Continue suspension of surveillance activity</li> </ul>	Reducing risk via: modular eLearning launched but poor member uptake to date; awareness raising via intranet stories, CMT updates (inc Corporate Risk Register), IG Stewards and Go Digital; DPIAs/contracts increasingly used; Internal Audit checklist; data breach methodology; Covid19 Risk Log maintained, covering cyber security and IG; communication to all users from Chief Executive in pipeline.	<b>Medium</b>	<b>Medium</b>	Yes - protection of privacy (Article 8 HRA), Duty to Document and protection of historic records to evidence public sector activities	<b>Medium</b>

<p><b>CRR 04 - All Directorates</b></p>	<p>Climate Change</p>	<p>Not being prepared for the impacts associated with climate change. For Caerphilly this will manifest as a more volatile weather pattern:  <b>1.</b> More severe storms resulting in damage to trees and buildings.  <b>2.</b> Increase in winter rainfall resulting in flooding, affecting people, property and infrastructure, including availability of outdoor sport pitches.  <b>3.</b> Extreme Weather Conditions: Difficulty in modifying temperatures in some of our buildings (incl. Housing) could lead to increased financial burden, uncomfortable environment conditions (dangerous temperatures) affecting people's health, wellbeing and delivery/receipt of effective services.  <b>4.</b> Changes in species including a decline in native species, changes in migration patterns and increases in alien and invasive species, including pests and disease.  <b>5.</b> Reduction in summer rainfall resulting in reduced river flows and water availability.  <b>6.</b> Increase in levels of extreme weather such as snow/ice which could potentially impact on not only the travelling public but the elderly/frail and those in fuel poverty.  <b>7.</b> Grass fires.  <b>8.</b> Vehicles being used by the authority are outdated and therefore consuming more fuel and producing higher levels of emissions.  <b>9.</b> Extremities in foliage growth, and the reduction in both street/highways cleansing, and weed control, will have a direct impact on future maintenance and environmental damage controls, potentially leading to systematic failures and increased costs to the authority for response repairs (e.g. Footpaths; Highways; Gullies; Drainage; Cycle-ways) as well as public liabilities.</p>	<p>A Local Climate Impact Profile (LCLIP) has been prepared and links to other plans including Highways Winter Maintenance Plans, Business Continuity Plans &amp; Emergency Plans etc.</p> <p>Mitigation work being undertaken includes:</p> <ol style="list-style-type: none"> <li>1. A Tree Management Strategy and implementation of resources to manage tree stock.</li> <li>2. Assessing the condition of trees.</li> <li>3. Assessing the vulnerability of drainage infrastructure in excessive rainfall.</li> <li>4. Installing flood risk measures at priority vulnerable locations.</li> <li>5. Considering climate change in the Asset Management Programme.</li> <li>6. Street lighting options being considered to reduce Carbon emissions.</li> </ol>	<ol style="list-style-type: none"> <li>1. An additional Arboricultural Officer has been appointed to assist with programme of tree surveys undertaken to deliver the adopted Tree Management Strategy. Tree works being undertaken in accordance with survey recommendations.</li> <li>2. Local Flood Risk Management Strategy (Engineering) in place. Risca flood defences now completed. Sustainable Drainage Approval Body (SAB) implemented from 7th Jan 2019 to improve control and approval for drainage infrastructure on new developments. New Land Drainage Bye Laws now approved. Pitch drainage capital is being selectively spent at priority sites.</li> <li>3. Ongoing staff training is being delivered by the Corporate Energy Team Re: Energy Efficiencies/Carbon Management and Effects of Climate Change. Several projects have been delivered for solar PV installations to Corporate Building (e.g Care Homes) and schools.</li> <li>4. Biodiversity Work: Supporting 'pollinators' projects including work with Sirhowy Valley Honey Bee Company.</li> <li>5. The Winter Maintenance Plan 2019 (Highways) has been reviewed, updated, placed on the CCBC internet October 2020 for 20/21.</li> <li>6. A Decarbonisation Strategy, Action Plan and energy prospectus has been prepared, and considered by 2 scrutiny committees and has been adopted by the authority (Cabinet decision)</li> </ol>	<p>Medium</p>	<p>Medium</p>	<p>Yes - there is an impact to 'Resilient Wales' by not proactively addressing the operational response to climate change. The contribution to global issues and a 'Globally Responsible Wales' is met through low carbon planning and sustainable development. There is a direct impact to Health also.</p>	<p>Medium</p>
<p><b>CRR 05 - Communities Directorate</b></p>	<p>Community &amp; Leisure:  Greenspace and Landscape Services</p>	<p>Ash die back (<i>Chalara fraxinea</i>) is the most significant disease to affect the UK tree population since Dutch Elm Disease in the 1960's. The disease will result in the decline and death of the majority of ash trees in Britain. Unfortunately, many ash trees predominantly line our roadside verges, so the disease will affect high risk locations. In our borough, ~ 37,400 + ash trees could be affected by this, requiring substantial resource, logistics and environmental considerations/implications, such as:</p> <ol style="list-style-type: none"> <li>a) Thorough surveys (to identify needs/requirements)</li> <li>b) The formulation of a Removal Strategy</li> <li>c) Budgeting and Finance</li> <li>c) Considerable clean-up and disposals</li> <li>d) Wider environmental impact (contaminations/biodiversity/eco systems)</li> <li>d) Wider impacts on road sweeping and weed treatment.</li> </ol> <p>All of which, will ultimately lead to damage to the environment and its infrastructure and have an effect on the 'look and feel' of the county borough.</p>	<p>Initial action to include:</p> <ol style="list-style-type: none"> <li>1. CEO has discussed at G10 meeting of Gwent Chief Executives with a view to them lobbying WG for funding</li> <li>2. Interim Director of Communities has raised with the WLGA so that they can lobby WG for funding. Until a substantial, all Wales funding pot is agreed, CCBC will continue to pick up ash die back as part of its pro active tree surveys and resultant arboricultural works</li> </ol> <p>Once funding is agreed then it will be necessary to:</p> <ol style="list-style-type: none"> <li>3. Write, approve and implement a Removal Strategy and</li> <li>4. implement the Removal Strategy.</li> <li>5. Source and secure wider partnership and collaborative arrangements to implement all necessary works.</li> <li>6. Clarify known 'hot-spots' for initialising works, to control and manage any associated public risks/disruptions.</li> </ol>	<p>It is already known, that this will require substantial financial input due to the logistics and labour intense nature of addressing such matters.</p> <p>Considered the content and guidance as available from The Tree Council publication: ASH DIEBACK: an Action Plan Toolkit first published February 2019</p> <p>Recently published research by the University of Oxford, Fera Science, the Sylva Foundation and the Woodland Trust calculated that this disease will have a significant cost impact across the country, due to the significantly high levels of mortality rates to the tree species affected (75%+).</p> <p>WLGA have set up a working group comprising of local authority, Welsh Government, NRW for the 1st December to look at the issue of Ash Dieback.</p>	<p>Medium</p>	<p>Medium</p>	<p></p>	<p>Unknown</p>
<p><b>CRR 06 - Communities Directorate</b></p>	<p>Regeneration &amp; Planning:  Local Development Plan</p>	<p>The Adopted LDP is due to expire on 31/12/21. The Replacement LDP was well advanced, however, the Council withdrew that plan in July 2016 following local opposition to a number of development sites contained within the Plan. The Council has resolved to progress the preparation of a Strategic Development Plan and a new LDP in parallel. The adopted LDP allocates land for the development of 8625 houses to be built over a 15 year period. The annual Joint Housing Land Availability Study indicates that many of the allocated sites are not available or viable within the required 5 year period, and there is therefore a shortfall of housing land. Housing developers will therefore submit applications to develop land that is not allocated in the LDP. The Council will consider the applications, but the lack of a five-year housing land supply will be a material planning consideration which could outweigh other policies in the plan. A refusal of planning permission may lead to an increase in appeals and award of costs if the Council is considered to have behaved unreasonably, e.g. where a reason for refusal is not based on any sound evidence.</p>	<p>The Adopted LDP remains in force until 2021. In the interim, officers are working closely with Welsh Government officials to agree the appropriate footprint for strategic planning for the Cardiff Capital Region. The Cardiff Capital Region Cabinet have agreed that a strategic development plan can be produced for the region..</p>	<p>Chief Planning Officers and Planning Policy lead officers were meeting regularly as a Project Group to progress various work streams necessary to establish the SDP project in advance of the formal commencement of plan preparation, however the expectation is that the CJC will become the Strategic Planning Body and this is not due to be set up until September 2021. WG have also agreed to remove the "drop dead dates" for existing LDP's which is very useful in the interim period leading up to a new LDP being adopted.</p> <p>It is unlikely that the shortage in housing land supply can be addressed in the short term. In the medium to long term a 2nd Replacement LDP will increase the land supply position. A number of significant applications have been submitted and approved by Welsh Government on appeal.</p> <p>Funding identified and approved for SDP and the new LDP..Full council are due to receive a report on the LDP delivery agreement and LDP timeline in January 2021.</p>	<p>Medium</p>	<p>Medium</p>	<p>Level unknown at present</p>	<p>Unknown</p>

<b>CRR 07 - Education &amp; Lifelong Learning Directorate</b>	School Attainment	<p>1. Attainment levels are still below the Welsh average, below local Authorities with a similar Free School Meal population.</p> <p>2. There is a gap between the attainment of Free School Meals pupils and Non-Free School Meals pupils which must be addressed.</p> <p>3. Higher than expected rates of exclusion will impact on pupil attainment.</p>	<p>1. Standards of attainment are monitored and reported to the Senior Management Team (SMT) / Corporate Management Team (CMT) / Scrutiny Committee, through an annual programme of reporting described in the Directorate Plan Handbook.</p> <p>2. Through the newly revised Sharing Ambitions document, the LA will continue to work closely with the EAS to ensure that schools are challenged and supported effectively.</p> <p>3. Schools most at risk of underperformance will be monitored through the regional Schools Causing Concern process.</p> <p>4. Where schools fail to make the expected progress at the expected rate, in consultation with the EAS, the LA will consider the use of statutory powers.</p>	It is impossible to identify the impact of mitigating factors on standards, progress and provision. An evaluation of the effectiveness of blended and distance learning strategies is currently being undertaken by Estyn.	Medium	High	Yes, this limits contribution to 'Prosperous and More Equal Wales'. Standards of attainment and gaps in inequality can result in a low skilled, low paid workforce, and higher levels of unemployment leading to poverty. Over the long-term (25 years) in the life of a young child to adult the potential outcome of the attainment gap makes this a high risk. This is a long term risk	High
<b>CRR 08 - Social Services &amp; Housing Directorate</b>	Fragility of the Social Care market. The independent sector social care market across Wales is in an unprecedented position in terms of its fragility and this is starting to be felt in Caerphilly.	<ul style="list-style-type: none"> <li>Providers unable to sustain existing packages of care.</li> <li>National Minimum Wage and National Living Wage creating additional financial strain which providers are expecting LA's to resolve.</li> <li>Little additional capacity to take on new packages of care.</li> <li>Ongoing Judicial Review across Wales re responsibility for Funded Nursing Care Payments.</li> <li>Potential financial impact on the Directorate and Authority.</li> <li>Introduction of RISCA from 01.04.18 could have significant implications for recruitment and retention of staff.</li> </ul>	Fee levels for 2017/18 agreed at 3.1%. This was funded via a mix of core funding and CCBC's element of the Social Care Workforce grant paid by Welsh Government. A further element of workforce funding has recently been released by WG. Discussions are ongoing with commissioned providers to determine how these monies should be allocated. Fee levels for 18/19 agreed at 2%	No change in risk level. 2020/21 fees agreed. Further concerns with regard to stability. Coronavirus Pandemic has had major consequences for care homes across the UK. Positive cases have meant that new admissions to care homes have not been possible for a significant period of time with the knock on consequence in relation to the financial viability of homes. Welsh Government funding has eased the position for 20/21 but the ongoing support is unclear for 21/22. Additional payments have been made to care providers with effect from 23rd March 2020 to compensate them for additional costs and lost income resulting from the Covid 19 pandemic. These additional payments will be funded through the Welsh Government's Hardship Fund for Adult Social Care.	High	High	Yes - reducing help that can be provided for the most vulnerable in our society will affect our ability to contribute to a 'Healthier Wales' which requires peoples mental and physical well-being to be maximised. Whilst this may be a medium risk operationally from a FGA perspective this would be high as it directly affects those most in need.	High (Medium-term)
<b>CRR 09 - Social Services &amp; Housing Directorate</b>	WAO Corporate Safeguarding Review	WAO Review identified a number of areas for improvement that need to be addressed across the whole Council.	Corporate Safeguarding Board now meets quarterly to monitor an Action Plan to address the recommendations that has been developed by the Designated Safeguarding Officers in each Service area.	Report and Action Plan presented to Cabinet, Social Services and Wellbeing Scrutiny Committee and Audit Scrutiny Committee. Corporate Safeguarding Board is meeting quarterly to review the implementation of the Action Plan. Action plan is 85% complete. Corporate Safeguarding Board's Annual Report for 2019/20 has been approved by the Board and published on the intranet page. As all WAO review areas have been addressed we recommend that the risk rating is reduced to low at this time.	Low	Remove Risk (from Corporate RR as managed through DPA)	Yes	Medium
<b>CRR 10 - Social Services &amp; Housing Directorate</b>	Welsh Housing Quality Standard (WHQS) programme	Failure to meet WHQS for all our social housing stock by 2020. Everyone in Wales should have the opportunity to live in a good quality home within a safe and secure community. To help achieve this, the physical standard and condition of existing housing must be maintained and improved to the Welsh Housing Quality Standard (WHQS).	<p>The WHQS programme has its own specific risk register which is reviewed and updated by the Project Board quarterly.</p> <p>The highest risks are:</p> <ul style="list-style-type: none"> <li>Failure to achieve programme objectives - the probability level has increased due to one of the main internal works contractors having ceased trading and another (Vinci) terminating their contract early. Arrangements were made to initiate internal work via the DPS to achieve WHQS by 2020. There is still a risk in relation to the external works, however significant improvements in performance have been made. Contingency arrangements have been implemented as identified below.</li> <li>New contract arrangements for the south of the borough have been put in place for the external works and this is operating well. Originally the Dynamic Purchasing System (DPS) arrangement was introduced to provide an opportunity to undertake both internal and external works around the authority as a further contingency measure. As a result of two of the main internal works contractors ending their contracts, alternative arrangements have been implemented whereby the in-house workforce will pick up the majority of this workload by moving resources from other contract areas. This includes a recent transfer of contracts from the DPS of approximately 150 properties to ensure continuity of our in house workforce and to take advantage of the better performance and tenants satisfaction levels that are being experienced via our in house workforce. Additional support will be provided by external contractors via the DPS.</li> </ul>	<p>The programme is now constantly being reviewed and more work undertaken in-house to provide us with a level of certainty and control as we move towards the final stages of the programme. There are some concerns in relation to contracts which include leasehold properties as these are incurring significant delays due to the need to follow legal consultation processes and subsequent challenges from leaseholders. This situation is currently being closely monitored and has been raised with WG who advise that other authorities have encountered similar problems.</p> <p>A significant percentage of work to the sheltered housing schemes is being undertaken by the in-house workforce. The programme is progressing with works on track to be completed by the revised 2021 deadline, however due to work content and asbestos issues, three schemes will require full decants which may delay completion, but discussions with WG indicate that these can be categorised as acceptable fails. Internal work was originally suspended as a consequence of the Covid pandemic but reinstated following further guidance from WG. External works have continued although progress has been affected due to material supplies, social distancing and some households preferring not to have work undertaken at this time. Further lockdown arrangements could obviously impact on our performance, but regular meetings are taking place with WG and indications are that we will still complete the programme in advance of the revised deadline of December 2021. The HRA business plan submitted to WG in March did not account for Covid-19 but high-level updates have been run through the plan to consider additional costs associated with social distancing measures and rent arrears, and the plan remains viable with the possibility of additional borrowing. The borrowing cap agreed by Council was £85m in total.</p>	Medium	Medium	Any improvement to housing stock will benefit current and future generations.	Low
					Medium	Medium		

			This has been reflected in a recently reprofiled programme which was made available to members and tenants in April 2019. Monthly Project Board meetings will continue to be held to monitor ongoing performance and to assist with the decision making process. The completion date for full compliance is currently projecting June 2020 which is still within our target date.	HRA surpluses are generally utilised towards funding the WHQS Programme and then earmarked for potential new build options and decarbonisation works once the programme has been achieved. This is still the case albeit the timeline has moved on.  General Fund Housing is utilising its Homelessness Prevention funding in an attempt to reduce homelessness, evictions and Bed & breakfast accommodation as well as providing temporary accommodation as part of its statutory duty. During Covid-19, pressure was placed on this service to accommodate homeless persons and on average 60 people per month continue to be accommodated. This is funded by the WG Covid-19 hardship fund.	Medium	Medium		
<b>NEW CRR 11 - Communities</b>	Fleet	<ul style="list-style-type: none"> <li>• Non-compliance of Operators Licence – Grounding of certain fleet – Accessibility to replacement (specialised) fleet – special measures (intervention).</li> <li>• Failure rates on MOT's – inability to maintain fleets roadworthiness – client satisfaction/failure of service delivery – complaints</li> <li>• Vehicle defect reporting – Road, employee and public safety – Non-compliance - Insurance conditions/claims and Operators Licence</li> <li>• Budgetary controls – ability to charge/re-charge – maintain cash-flow and manage cost accounting (service &amp; clients)</li> <li>• Work scheduling – clarity of and ability to respond to service demands and maintaining an active fleet</li> <li>• Service efficiency – Stability of staff, adequate resourcing, use of technology, control of and quality management of business processes/demands/supply.</li> <li>• Contract management – maximising the value of the managed fleet contract to the Council</li> <li>• Review current vehicle use across the Authority with a view to reducing the cost of our fleet, switching to electric or low emissions vehicles and reducing grey fleet miles</li> </ul>	<ol style="list-style-type: none"> <li>1. Undertake a Fleet Service Review</li> <li>2. Undertake a review of current vehicle use across the Authority</li> </ol>	<ol style="list-style-type: none"> <li>1. A Fleet Service Review is underway</li> <li>2. Workshops undertaken with Fleet Service users and feedback report written.</li> <li>3. Staff interviews completed and list of Recommendations produced.</li> <li>4. Review of office and workshop processes in progress; some processes have been amended, some new processes introduced.</li> <li>5. Health and safety review undertaken, risk assessments updated, equipment inventory and testing and inspection schedule up to date, additional staff have undertaken IOSH training.</li> <li>6. MOT failure has improved and is better than the national average.</li> <li>7. A VOSA inspection earlier in 2020 raised a number of issues which were communicated to CCBC in writing. A response was sent to VOSA which has been accepted and no public enquiry will occur.</li> <li>8. Additional staffing resources have been put into the office and the workshop.</li> <li>9. A review of the Managed Fleet Contract has been undertaken and recommendations are being considered.</li> <li>9. A new fleet manager has recently been appointed which enables CCBC to comply with the VOSA requirements on fleet management numbers.</li> </ol>	High	Medium	Yes - Prosperity: Resilience: Healthier: Cohesive Communities: Globally Responsible	Not determined at present
<b>CRR 12 - Covid 19 New Q1 20/21</b>	Covid 19 Recovery Plan Whole Authority	Covid 19 Pandemic resulting in public health emergency, lockdown, suspension of services, workarounds to safely find new ways to deliver services.	A separate Risk Register specific to the Covid 19 situation has been established and is being regularly monitored and updated by the Corporate Management Team.	As there is a specific register and group to respond to the ongoing situation and its recovery - it would be repetition to repeat here, but is acknowledged here as part of the high level Council risk register.	Medium	Medium	This risk would affect delivery and maximisation towards all well-being goals	Medium
<b>CRR 13 - New Q1 20/21 Homelessness</b>	Increased Homelessness	Increased numbers of homelessness could result in increased incidents of rough sleeping and increased use of B&B/hotel type accommodation to address emergency needs. This in turn could result in poor outcomes for the households concerned and a repeat of the homelessness cycle. As national Covid policy delaying evictions by private landlords comes to the end, evictions could rise significantly.	An increase in the requirement of suitable accommodation within the borough has been identified and in particular that of single person accommodation to meet the level of demand in this area. In addition a review of the support arrangements needs to be undertaken to ensure this is sufficient to meet demand, is outcome focused and in particular is structured to ensure that the needs of each specific household can be supported e.g. vulnerable and complex needs.	A bid has been submitted to access the £20m homelessness grant funding that has been made available by WG and feedback is expected by the 17th July 2020. To increase the availability of accommodation the need for more properties in the private sector has been publicised and a number of expressions of interest received. In addition collaboration with our RSL partners has resulted in the use of one 9 unit facility and the potential use of another 4-5 unit facility which will provide supported accommodation. Our Caerphilly Keys project has again been promoted which already provides 68 properties for our use and it is hoped that these numbers will be increased further. Support arrangements have been reviewed and the establishment of a triage team has been included within our bid for funding which will assist in the quality and consistency of support provided to our clients. Demand is difficult to predict particularly with Covid protections on private landlord evictions due to end, this means the medium rating may change accordingly when we know more about demand.	Medium	Medium	Increased homelessness effects the community directly and if worsens could become a high risk to future generations.	Medium
<b>CRR 14 - Microsoft operating support</b>	Whole Authority	Unsupported operating systems increase risk of cyber threats, halting services both front line and back office. Maintain supported software to ensure latest security features in place.	Upgrade path identified and being implemented; working with suppliers to ensure compatibility of solutions	This is included within the processes for security standards and accreditations within the Authority. Further development of 5 year plan to be completed as part of ICT Strategy.	Medium	Medium	Cyber threats could affect key front line services	High



## AUDIT COMMITTEE – 26<sup>TH</sup> JANUARY 2021

**SUBJECT: LOCAL GOVERNMENT AND ELECTIONS (WALES) BILL**

**REPORT BY: ACTING INTERNAL AUDIT MANAGER**

### **1. PURPOSE OF REPORT**

- 1.1 To provide the Audit Committee with details of the key proposals of the Local Government and Elections (Wales) Bill in so far as they directly impact on the work of the Audit Committee.

### **2. SUMMARY**

- 2.1 The report provides an overview of the Local Government and Elections (Wales) Bill for members of the Audit Committee.
- 2.2 The report identifies the main areas that the Bill affects the work of the Audit Committee.

### **3. RECOMMENDATIONS**

- 3.1 It is recommended that the Audit Committee notes the report.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that the Audit Committee is aware of the impact of the forthcoming new legislation and specifically changes to name, roles and make up.

### **5. THE REPORT**

- 5.1 The Local Government and Elections (Wales) Bill was presented in November 2019 to the National Assembly for Wales with the intention to reform and strengthen local government and improve electoral arrangements. It was passed in the Senedd in November 2020 and is due to become an Act in April 2021.
- 5.2 It is a substantial piece of legislation at 176 pages with over 600 pages of accompanying documents and it has a number of far reaching implications for many aspects of local government including: -

- Local Government Electoral arrangements.
- Criteria to stand as a Councillor.
- Governance arrangements.
- Collaborations and mergers.
- Public engagement.
- Finance and miscellaneous reforms.
- New Performance Duty, Performance and Governance: -  
Repeal of the 2009 Measure duties, replacing audit and reporting duties with self-assessment and panel assessment (peer review).
- Renaming Audit committees and terms of reference.
- Local authority executives, members, officers and committees.

5.3 There are a number of direct impacts on the Audit Committee. The **Performance Duty** requires an ongoing self-assessment and a requirement to partake in a 'peer review', which the legislation calls 'Panel Review' once every 5 years. The performance duty is broken into 5 parts which are: -

- Duty to keep performance under review.
- Duty to consult on performance.
- Duty to report on performance.
- Duty to arrange a panel assessment of performance.
- Duty to respond to a panel performance assessment report.

5.4 **The Duty to keep performance under review** requires a council to keep under review the extent to which it is fulfilling the 'performance requirements', that is the extent to which it is exercising its functions effectively;

- using its resources economically, efficiently and effectively; and
- has effective governance in place for securing the above.

5.5 The extent to which these requirements are met is for the council to determine. The key principles are;

- Not about 'whether performance indicators are going up or down' but the processes or governance in place to address changes in performance, to think strategically into the future.
- A way of critically, and honestly, reviewing the current position to make decisions on how to secure improvement for the future. Not a fixed judgement but part of an ongoing process, responding in real time to challenges and opportunities.
- An opportunity for a meaningful process to strengthen local government and not an exercise in compliance. It should encourage honesty, objectivity and transparency about the council's performance and governance and be 'evidenced-based'.
- Not a standalone process but integrated as part of the council's corporate planning, performance and governance processes.

5.6 As part of the self-assessment we have a **duty to consult on performance** with a range of people at least once in each financial year about the extent to which we are meeting the performance requirements. The statutory consultees are;

- a) local people;
  - b) other persons carrying on a business in the council's area;
  - c) the staff of the council; and
  - d) every trade union which is recognised (within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 (c. 92)) by the council.
- 5.7 Having made a conclusion from our self-assessment the council has a **duty to report on performance** and must produce a self-assessment report for each financial year. The report must set out how we think we met our performance requirements and any actions we intend to take, or have already taken, to increase the extent to which we meet the performance requirements. The self-assessment report is a learning document. It may simply be a summary of the learning which has emerged and the sources that have informed the conclusions.
- 5.8 The council must make a draft of its self-assessment report available to its Governance and Audit Committee. The committee must review the draft report and may make recommendations for changes to the action the council intends to take. If the council does not make a change recommended by the Governance and Audit Committee, it must set out in the final self-assessment report why it did not.
- 5.9 Under the **duty to arrange a panel assessment of performance** a council must arrange for a peer-led panel to undertake the assessment. This must be carried out at least once during each electoral cycle (every 5 years) and the panel will consider the extent to which the council is meeting its performance requirements.
- 5.10 The **duty to respond to a panel performance assessment report** requires the council to prepare a response to each panel report setting out the extent to which we accept the conclusions in the report, the extent to which we intend to follow any recommendations in the report, and any actions the council intends to take.
- 5.11 The panel are not responsible for holding the council to account but should offer an external view of how the council is operating. This does not replace auditors, inspectors, or regulators' assurance roles. It is for the council to determine how to make most effective use of the panel performance assessment, and ensure its findings are used effectively alongside other sources for effective corporate performance, governance and improvement.
- 5.12 The council must make a draft of its response to the panel performance assessment report available to its Governance and Audit committee, who must then review the draft response and make any recommendations for changes to the response to the panel assessment. If the council does not make a change recommended by the committee, it must set out in the final response the recommendation and the reasons why it did not make the change. As soon as reasonably practicable after finalising the response, the council must publish the response at least four months before the next ordinary election of councillors to the council is due to take place.
- 5.13 Audit Committees provide important checks and balances to a principal council's governance arrangements, as required by the 2011 Measure. Councils have a statutory duty to establish an Audit Committee to review and scrutinise its financial affairs, risk management, internal control and corporate governance arrangements. Councils can determine the most appropriate form of the Audit Committee for their organisation
- 5.14 The Local Government and Elections Bill has proposed several reforms to the

operation of Audit Committees and the Bill recommends changes to the name, the roles and the independence of the Audit Committee. As described above the Bill proposes that in addition to existing functions the Committee will in future scrutinise performance and governance and therefore in future will be renamed as the **Governance and Audit Committee**. This is a reflection of the broader role and powers of the Committee and the increased aspect of governance process within the functions of the Committee. This change in name is required to be implemented by April 2021.

- 5.15 While Audit Committees are committees of a principal council, in order to provide effective scrutiny, they must be independent from the executive, this is achieved by requiring the Audit Committee to have several “lay members” A lay member is a financially competent independent member who is not a member of a principal council. However up until this point the number of these lay members on the Audit Committee has not been specified.
- 5.16 Lay members can bring a range of skills, perspectives and experience which can strengthen the scrutiny and challenge that the Audit Committee can provide. The Bill has proposed an increase in the number of lay members of the Audit Committee to **one third of membership** in order to bring in external expertise and to strengthen challenge and effective scrutiny while retaining most elected members.
- 5.17 In addition **the Chair of the Audit Committee** will, under the provisions of the legislation, **be required to be lay member**. These changes will require Caerphilly CBC to undertake a recruitment process to appoint these additional lay members and may also result in increased costs in relation to attendance allowances payable to the additional lay members. These changes are not required until after the AGM in 2022.
- 5.18 It is understood that the WLGA is working on providing guidance and training on these issues and further updates and training will be provided when it is available.

### **Conclusion**

- 5.19 There are several changes in the Bill that will affect the Audit Committee, including a name change, the makeup of lay members and a requirement to include the Audit Committee in the conclusions of the council’s performance self-assessments and panel review.
- 5.20 The Bill brings different aspects into effect at different times, with the change of name being required by April 2021 and the Performance Duty, the requirement for additional lay members and the requirement for the Chair to be a lay member starting in 2022.

## **6. LINKS TO RELEVANT COUNCIL POLICIES**

- 6.1 The council’s Performance Framework and Constitution.

## **7. WELL-BEING OF FUTURE GENERATIONS**

- 7.1 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met

## **8. EQUALITIES IMPLICATIONS**

- 8.1 No equalities implications have been identified within the Performance Duty and changes to the Audit committee aspect of the report, although there may be implications in other aspects such as the extension of voting to 16 to 17-year olds.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 As noted above additional lay members will result in increased costs in respect of the allowances payable to these independent members.

## **10. PERSONNEL IMPLICATIONS**

- 10.1 No personnel implications have been identified

## **11. CONSULTATIONS**

- 11.1 Any comments received from consultees have been included within the report.

## **12. STATUTORY POWER**

- 12.1 Local Government Act 2000

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Consultees: S Harris, Head of Financial Services & S151 Officer  
R Edmunds Corporate Director of Education and Corporate Services  
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## AUDIT COMMITTEE – 26TH JANUARY 2021

**SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000**

**REPORT BY: HEAD OF LEGAL SERVICES AND MONITORING OFFICER**

### **1. PURPOSE OF REPORT**

- 1.1 To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA) for the period 1<sup>st</sup> October to 31<sup>st</sup> December 2020.

### **2. SUMMARY**

- 2.1 To provide an update on the number of operations undertaken in accordance with RIPA for the period 1<sup>st</sup> October to 31<sup>st</sup> December 2020.

### **3. RECOMMENDATIONS**

- 3.1 None. This report is for information only.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure compliance with statutory requirements

### **5. THE REPORT**

- 5.1 The Regulation of Investigatory Powers Act 2000 (RIPA) sets out strict controls for public authorities wishing to carry out covert surveillance of individual members of the public as part of their exercise of their statutory functions. In addition to this Act, advice and guidance is found within the Codes of Practice issued by the Investigatory Powers Commissioner's Office.
- 5.2 The Authority has a corporate policy, which provides guidance on how surveillance should be used by the relevant officers.
- 5.3 Public Authorities undertaking covert surveillance of individual members of the public are subject to inspection by the Investigatory Powers Commissioner's Office.
- 5.4 Members are advised that for the period 1<sup>st</sup> October to 31<sup>st</sup> December 2020. there have been no RIPA operations undertaken.

## **5.5 Conclusion**

The report advises members that there have been no applications made in relation to RIPA operations for the period 1<sup>st</sup> October to 31<sup>st</sup> December 2020.

## **6. ASSUMPTIONS**

6.1 There are no assumption in this report.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

7.1 This report contributes to the governance arrangements on the use of directed surveillance and covert human intelligence sources under the Regulation of Investigatory Powers Act 2000 as set out in the Council's Policy and Procedure under the Regulation of Investigatory Powers Act 2000.

## **8. WELL-BEING OF FUTURE GENERATIONS**

8.1 The Council is under an obligation to comply with legislative requirements - this report helps to achieve that.

8.2 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory mechanism for authorising directed surveillance and the use of a covert human intelligence source, which aims to ensure that any interference with the individual's right to privacy under Article 8 of the European Convention is necessary and proportionate, and that both the public interest and the human rights of individuals are protected and as such contributes to the following wellbeing goals within the Well-being of Future Generations Act (Wales) 2015.

A prosperous Wales

A resilient Wales

A healthier Wales

A globally responsible Wales

## **9. EQUALITIES IMPLICATIONS**

9.1 There are none, the report is for information only.

## **10. FINANCIAL IMPLICATIONS**

10.1 There are none, the report is for information only.

## **11. PERSONNEL IMPLICATIONS**

11.1 There are none, the report is for information only.

## **12. CONSULTATIONS**

12.1 There has been no consultation this report is for information only

### **13. STATUTORY POWER**

#### 13.1 Regulation of Investigatory Powers Act 2000.

Author: Lisa Lane Head of Democratic Services and Deputy Monitoring Officer

Consultees: Robert Tranter Head of Legal Services and Monitoring Officer





## **AUDIT COMMITTEE – 26 JANUARY 2021**

**SUBJECT: REGISTER OF EMPLOYEES' INTERESTS FORMS 2019/20**

**REPORT BY: HEAD OF PEOPLE SERVICES**

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to provide the Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) for the 12 month period 1 April 2019 to 31 March 2020 and provide a comparison with the same information for the previous 2 financial years.

### **2. SUMMARY**

- 2.1 Enclosed in the Appendices are summaries of the declarations completed by officers of the Council (excluding Schools) by Directorate, Service Area, Type and Relationship for the 12 month period 1 April 2019 to 31 March 2020.

### **3. RECOMMENDATIONS**

- 3.1 The Audit Committee are asked to note the contents of this report.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 The recommendations are designed to ensure members of the Audit Committee have an oversight of the position in relation to officers' Register of Employees' Interests Forms.

### **5. THE REPORT**

- 5.1 The Council's Code of Conduct for Employees sets out guidance for employees on a range of issues, including the completion of a Register of Employee Interests form, which help maintain and improve the high standards of conduct within Local Government and protect employees from misunderstandings and confusion.
- 5.2 Completed Register of Employees' Interests forms are submitted to Heads of Service, Directors or the Chief Executive who countersign the forms to show they are aware of the declaration. The form also records details of any controls / action taken to protect

the Council's interests in the circumstances outlined on the form. A copy of the countersigned form is given to the employee and a copy sent to Human Resources for filing on the employee's personal file.

- 5.3 The Head of Service, Director or Chief Executive retains the original form and maintains a summary spreadsheet to record the forms. On a monthly basis the summary spreadsheet or a nil return is submitted to Human Resources for collation and monitoring for consistency and compliance.
- 5.4 In 2019/20 declarations were made by 103 employees and 1 agency worker compared to 2018/19 declarations by 80 employees and 2 agency workers, in 2017/18 declarations were made by 94 employees and 1 agency worker. Where multiple declarations have been made on one form they have been recorded individually.
- 5.5 Appendix 1 summarises the Declarations of Interest by Directorate and Service Area for the period 1 April 2019 to 31 March 2020 and a comparison with the previous 2 financial years. The declarations for the previous years have been adjusted to reflect the current Directorate structures.
- 5.6 A total of 152 declarations of interest were made in 2019/20 compared to 93 in 2018/19 and 122 in 2017/2018. A percentage breakdown of Declarations of Interest by Type is shown below:

Type of Declaration	% of Declarations		
	2017/18	2018/19	2019/20
Relationship	63	29	49
Outside Interest	28	33	31
Gifts and Hospitality	9	38	20

- 5.7 Appendix 2 shows the detail of the Declarations of Interest by Type shown above divided into the 3 sections of the Register of Employees' Interest Form for the period 1 April 2019 to 31 March 2020 and a comparison with the previous 2 financial years.
- 5.8 Percentages for declarations of Outside Interests have decreased slightly to 31% and include school governor posts, external employment and volunteering.
- 5.9 The Audit Committee will be aware that Gifts and Hospitality is the subject of a separate, quarterly report to the Committee.
- 5.10 The information contained in the Appendices confirms that Relationships account for the highest number of declarations. The percentage breakdown by Relationship is shown below:

Type of Relationship	% of Declarations		
	2017/18	2018/19	2019/20
Councillor	2	4	1
Contractor	12	4	4
Employee	69	85	75
Other	17	7	20

- 5.11 Appendix 3 shows the detail of the Declarations of Interest by Relationship for the period 1 April 2019 to 31 March 2020 and a comparison with the previous 2 financial years.

- 5.12 New declarations for Relationships with Councillors have decreased to 1% for 2019/20.
- 5.13 Declarations of Relationships with Contractors are unchanged at 4% in 2019/20 and 2018/19 and 12% in 2017/18.
- 5.14 Relationships between Employees produced the highest number of declarations and accounts for 75% of the declarations made in respect of Relationships. The Code of Conduct requires that all family relationships are disclosed.
- 5.15 As the Audit Committee will be aware, a poster campaign to raise awareness and remind employees of their responsibilities under the Code of Conduct took place in January 2017.

#### 5.16 **Conclusion**

The Head of People Services will continue to monitor the declarations submitted and work with Heads of Service to improve their understanding, promote best practice and corporate compliance of the Code of Conduct where appropriate.

### 6. **ASSUMPTIONS**

- 6.1 There are no assumptions made within this report.

### 7. **LINKS TO RELEVANT COUNCIL POLICIES**

- 7.1 The Council's Code of Conduct for Employees confirms that in performing their duties, employees must act with integrity, honesty, impartiality and objectivity and that they must act in accordance with the principles set out in this Code, recognising the duty of all public sector employees to discharge public functions reasonably and according to the law. This is a Statutory Code requirement.

#### 7.2 **Corporate Plan 2018-2023**

Whilst this report does not specifically contribute towards the Corporate Well-being Objectives, it does support good governance which is the foundation of the Council's performance management framework.

### 8. **WELL-BEING OF FUTURE GENERATIONS**

- 8.1 Having considered the five ways of working, they will not be affected by the contents of this report.

### 9. **EQUALITIES IMPLICATIONS**

- 9.1 There are no equalities implications, as the reason for declaring an interest applies equally to all staff, regardless of their individual characteristics.

## **10. FINANCIAL IMPLICATIONS**

10.1 None.

## **11. PERSONNEL IMPLICATIONS**

11.1 The personnel implications are included in this report.

## **12. CONSULTATIONS**

12.1 There are no consultation responses that have not been included in the report.

## **13. STATUTORY POWER**

13.1 Local Government Act 2000.

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### Appendices:

Appendix 1 Declarations by Directorate and Service Area  
Appendix 2 Declarations by Type  
Appendix 3 Declarations by Relationship

## Appendix 1

### Declarations by Directorate and Service Area 2017/2018, 2018/19 and 2019/2020

<b>Directorate</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Chief Executive	0	0	4
Communities	32	28	9
Education and Corporate Services	63	21	61
Social Services and Housing	27	44	78
<b>Total</b>	<b>122</b>	<b>93</b>	<b>152</b>

<b>Directorate / Service Area</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Chief Executive</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>Communities</b>	<b>32</b>	<b>28</b>	<b>9</b>
Director (Interim)	0	0	1
Infrastructure	3	9	5
Property Services	2	4	0
Public Protection, Community and Leisure Services	17	7	3
Regeneration and Planning	10	8	0
<b>Education and Corporate Services</b>	<b>63</b>	<b>21</b>	<b>61</b>
Director	0	0	4
Business Improvement	4	1	32
Corporate Finance	13	1	0
Customer and Digital Services	36	12	3
Education Planning and Strategy	0	4	7
Learning Education and Inclusion	2	0	11
Legal and Governance	6	3	3
People Services	2	0	1
<b>Social Services and Housing</b>	<b>27</b>	<b>44</b>	<b>78</b>
Adult Services	4	31	19
Childrens Services	3	0	14
Caerphilly Homes	20	13	45
<b>Overall Total</b>	<b>122</b>	<b>93</b>	<b>152</b>

**NB** The declarations for the previous years have been adjusted to reflect the current Directorate structures.

**Appendix 2**  
**Declarations by Type 2017/2018, 2018/19 and 2019/2020**

<i>Type of Declaration</i>	<i>2017/18</i>	<i>2018/19</i>	<i>2019/20</i>
<b>Relationships</b>	<b>77</b>	<b>27</b>	<b>75</b>
Councillor	2	1	1
Contractor	9	1	3
Employee	53	23	56
Other	13	2	15
<b>Outside Interest - Financial</b>	<b>22</b>	<b>18</b>	<b>27</b>
Business Relationship	0	0	1
Outside Employment	22	18	23
Personal Interest	0	0	3
<b>Outside Interest - Non Financial</b>	<b>12</b>	<b>13</b>	<b>20</b>
Business Relationship	0	0	1
Membership of an External Body	5	3	8
Personal Interest	5	9	8
Volunteering	2	1	3
<b>Gifts and Hospitality</b>	<b>11</b>	<b>35</b>	<b>30</b>
Gift	8	31	18
Hospitality	3	4	12

**Appendix 3**  
**Declarations by Relationship 2017/2018, 2018/19 and 2019/2020**

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Relationship - Councillor</b>	<b>2</b>	<b>1</b>	<b>1</b>
Child / Step Child	0	1	0
Cousin including in-Law	0	0	1
Grandparent including Great / in-Law / Step / Civil / Ex	1	0	0
Husband / Wife including Partner / Civil Partner / Ex	1	0	0
<b>Relationship - Contractor</b>	<b>9</b>	<b>1</b>	<b>3</b>
Brother / Sister	2	0	0
Brother / Sister in-Law	1	0	0
Child / Step Child	0	1	0
Cousin including in-Law	1	0	0
Friend / Acquaintance	1	0	2
Husband / Wife including Partner / Civil Partner / Ex	3	0	1
Parent / Step	1	0	0
<b>Relationship - Employee</b>	<b>53</b>	<b>23</b>	<b>56</b>
Aunt / Uncle including in-Law / Step / Civil / Ex	3	2	6
Brother / Sister	6	5	8
Brother / Sister in-Law	3	0	1
Child / Step Child	11	4	7
Cousin including in-Law	2	1	9
Fiancé / Fiancée including Girl / Boy Friend / in-Law / Ex	2	0	0
Husband / Wife including Partner / Civil Partner / Ex	13	3	6
Niece / Nephew including in-Law / Great / Step	0	1	1
Parent / Step	10	4	11
Parents-in-Law including Civil / Partner / Ex	0	2	3
Son / Daughter in-Law	3	1	4
<b>Relationship - Other</b>	<b>13</b>	<b>2</b>	<b>15</b>
Aunt / Uncle including in-law / Step / Civil / Ex	1	0	1
Brother / Sister	0	0	2
Child / Step Child	0	0	2
Cousin including in-Law	1	0	0
Friend / Acquaintance	1	1	1
Godparent / Godchild	1	0	0
Grandparent including Great / in-Law / Step / Civil / Ex	1	0	2
Husband / Wife including Partner / Civil Partner / Ex	4	1	0
Niece / Nephew including in-Law / Great / Step	0	0	1
Parent / Step	2	0	3
Parents-in-Law including Civil / Partner / Ex	2	0	3

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## **AUDIT COMMITTEE – 26TH JANUARY 2021**

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY  
APRIL TO JUNE 2020**

**REPORT BY: HEAD OF PEOPLE SERVICES**

### **1. PURPOSE OF REPORT**

1.1 The purpose of the report is to provide the Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period 1 April to 30 June 2020 ie the first quarter of the financial year 2020/2021 and a comparison with the previous three quarters.

### **2. SUMMARY**

2.1 There were no Register of Employees' Interests Forms in respect of Gifts and Hospitality completed by officers of the Council (excluding Schools) for the period 1 April to 30 June 2020.

### **3. RECOMMENDATIONS**

3.1 The Audit Committee are asked to note the contents of this report.

### **4. REASONS FOR THE RECOMMENDATIONS**

4.1 The recommendation is designed to ensure members of the Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.

### **5. THE REPORT**

5.1 The Council's Code of Conduct for Employees sets out guidance for employees on a range of issues, including the completion of a Register of Employee Interests form, which help maintain and improve the high standards of conduct within Local Government and protect employees from misunderstandings and confusion.

- 5.2 Completed Register of Employees' Interests forms are submitted to Heads of Service, Directors or the Chief Executive who countersign the forms to show they are aware of the declaration. The form also records details of any controls / action taken to protect the Council's interests in the circumstances outlined on the form. A copy of the countersigned form is given to the employee and a copy sent to Human Resources for filing on the employee's personal file.
- 5.3 The Head of Service, Director or Chief Executive retains the original form and maintains a summary spreadsheet to record the forms. On a monthly basis the summary spreadsheet or a nil return is submitted to Human Resources for collation and monitoring for consistency and compliance.
- 5.4 In accordance with the Council's Code of Conduct for Employees, Gifts / Hospitality of less than £25 may be accepted by the employee but any Gift / Hospitality which could be seen by a third party as placing the employee under an improper obligation such as more than one Gift / Hospitality from the same party must be refused, irrespective of its value.
- 5.5 Employees may accept small offers of Hospitality only where the activity is of a nature where there is a genuine need to impart information or to represent the Council in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the Council should be seen to be represented.
- 5.6 The table below details the number of declarations regarding Gifts submitted by Directorate for the period 1 April to 30 June 2020 and the previous three quarters for comparison.

Directorate	Number of declarations received - Gifts			
	April-June 2020	Jan – March 2020	Oct – Dec 2019	July – Sept 2019
Chief Executive	0	0	2	0
Communities	0	0	1	0
Education and Corporate Services	0	0	1	0
Social Services and Housing	0	3	4	1
<b>Total</b>	<b>0</b>	<b>3</b>	<b>8</b>	<b>1</b>

- 5.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 April to 30 June 2020 and the previous three quarters for comparison.

Directorate	Number of declarations received - Hospitality			
	April – June 2020	Jan – March 2020	Oct – Dec 2019	July – Sept 2019
Chief Executive	0	1	1	0
Communities	0	0	1	0
Education and Corporate Services	0	2	2	0
Social Services and Housing	0	0	0	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>0</b>

## 5.8 Conclusion

The Head of People Services will continue to monitor the declarations submitted and work with Heads of Service to improve their understanding, promote best practice and corporate compliance of the Code of Conduct where appropriate.

## 6. ASSUMPTIONS

6.1 There are no assumptions made within this report.

## 7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 The Council's Code of Conduct for Employees confirms that in performing their duties, employees must act with integrity, honesty, impartiality and objectivity and that they must act in accordance with the principles set out in this Code, recognising the duty of all public sector employees to discharge public functions reasonably and according to the law. This is a Statutory Code requirement.

### 7.2 Corporate Plan 2018-2023

Whilst this report does not specifically contribute towards the Corporate Well-being Objectives, it does support good governance which is the foundation of the Council's performance management framework.

## 8. WELL-BEING OF FUTURE GENERATIONS

8.1 Having considered the five ways of working, they will not be affected by the contents of this report.

## 9. EQUALITIES IMPLICATIONS

9.1 There are no equalities implications, as the reason for declaring an interest applies equally to all staff, regardless of their individual characteristics.

## **10. FINANCIAL IMPLICATIONS**

10.1 None.

## **11. PERSONNEL IMPLICATIONS**

11.1 The personnel implications are included in this report.

## **12. CONSULTATIONS**

12.1 There are no consultation responses that have not been included in the report.

## **13. STATUTORY POWER**

13.1 Local Government Act 2000.

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Cllr Colin Gordon, Cabinet Member for Corporate Services  
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## **AUDIT COMMITTEE – 26TH JANUARY 2021**

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY  
JULY TO SEPTEMBER 2020**

**REPORT BY: HEAD OF PEOPLE SERVICES**

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to provide the Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period 1 July to 30 September 2020 ie the second quarter of the financial year 2020/2021 and a comparison with the previous three quarters.

### **2. SUMMARY**

- 2.1 There were no Register of Employees' Interests Forms in respect of Gifts and Hospitality completed by officers of the Council (excluding Schools) for the period 1 July to 30 September 2020.

### **3. RECOMMENDATIONS**

- 3.1 The Audit Committee are asked to note the contents of this report.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 The recommendation is designed to ensure members of the Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.

### **5. THE REPORT**

- 5.1 The Council's Code of Conduct for Employees sets out guidance for employees on a range of issues, including the completion of a Register of Employee Interests form, which help maintain and improve the high standards of conduct within Local Government and protect employees from misunderstandings and confusion.

- 5.2 Completed Register of Employees' Interests forms are submitted to Heads of Service, Directors or the Chief Executive who countersign the forms to show they are aware of the declaration. The form also records details of any controls / action taken to protect the Council's interests in the circumstances outlined on the form. A copy of the countersigned form is given to the employee and a copy sent to Human Resources for filing on the employee's personal file.
- 5.3 The Head of Service, Director or Chief Executive retains the original form and maintains a summary spreadsheet to record the forms. On a monthly basis the summary spreadsheet or a nil return is submitted to Human Resources for collation and monitoring for consistency and compliance.
- 5.4 In accordance with the Council's Code of Conduct for Employees, Gifts / Hospitality of less than £25 may be accepted by the employee but any Gift / Hospitality which could be seen by a third party as placing the employee under an improper obligation such as more than one Gift / Hospitality from the same party must be refused, irrespective of its value.
- 5.5 Employees may accept small offers of Hospitality only where the activity is of a nature where there is a genuine need to impart information or to represent the Council in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the Council should be seen to be represented.
- 5.6 The table below details the number of declarations regarding Gifts submitted by Directorate for the period 1 July to 30 September 2020 and the previous three quarters for comparison.

Directorate	Number of declarations received - Gifts			
	July - Sept 2020	April-June 2020	Jan - March 2020	Oct - Dec 2019
Chief Executive	0	0	0	2
Communities	0	0	0	1
Education and Corporate Services	0	0	0	1
Social Services and Housing	0	0	3	4
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>8</b>

- 5.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 July to 30 September 2020 and the previous three quarters for comparison.

Directorate	Number of declarations received - Hospitality			
	July - Sept 2020	April – June 2020	Jan – March 2020	Oct – Dec 2019
Chief Executive	0	0	1	1
Communities	0	0	0	1
Education and Corporate Services	0	0	2	2
Social Services and Housing	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>4</b>

## 5.8 Conclusion

The Head of People Services will continue to monitor the declarations submitted and work with Heads of Service to improve their understanding, promote best practice and corporate compliance of the Code of Conduct where appropriate.

## 6. ASSUMPTIONS

6.1 There are no assumptions made within this report.

## 7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 The Council's Code of Conduct for Employees confirms that in performing their duties, employees must act with integrity, honesty, impartiality and objectivity and that they must act in accordance with the principles set out in this Code, recognising the duty of all public sector employees to discharge public functions reasonably and according to the law. This is a Statutory Code requirement.

### 7.2 Corporate Plan 2018-2023

Whilst this report does not specifically contribute towards the Corporate Well-being Objectives, it does support good governance which is the foundation of the Council's performance management framework.

## 8. WELL-BEING OF FUTURE GENERATIONS

8.1 Having considered the five ways of working, they will not be affected by the contents of this report.

## 9. EQUALITIES IMPLICATIONS

9.1 There are no equalities implications, as the reason for declaring an interest applies equally to all staff, regardless of their individual characteristics.

## **10. FINANCIAL IMPLICATIONS**

10.1 None.

## **11. PERSONNEL IMPLICATIONS**

11.1 The personnel implications are included in this report.

## **12. CONSULTATIONS**

12.1 There are no consultation responses that have not been included in the report.

## **13. STATUTORY POWER**

13.1 Local Government Act 2000.

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## **AUDIT COMMITTEE – 26TH JANUARY 2021**

**SUBJECT: SIX MONTH UPDATE ON THE NUMBER OF COMPLAINTS RECEIVED UNDER THE COUNCIL'S CORPORATE COMPLAINTS POLICY**

**REPORT BY: HEAD OF DEMOCRATIC SERVICES & DEPUTY MONITORING OFFICER**

### **1. PURPOSE OF REPORT**

- 1.1 To provide Members with an update on the number of complaints received under the Corporate Complaints Policy for the period 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2020.
- 1.2 To update Members on the use of the Policy and Procedure to deal effectively with unacceptable, persistent or unreasonable actions by complainants.

### **2. SUMMARY**

- 2.1 To provide members with an overview of the corporate complaints, which is one of the ways in which the Council gains information on the level of satisfaction or dissatisfaction of the services provided corporately by the Council. The result of the monitoring enables each department to focus on areas of concern, to improve services and to monitor performance and ensure that any trends in issues raised are identified and dealt with so as to be avoided in the future.
- 2.2 To update Members on the implementation of the Policy and Procedure to deal effectively with unacceptable, persistent or unreasonable actions by complainants.

### **3. RECOMMENDATIONS**

- 3.1 It is recommended that Members note the contents of the report.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To monitor the complaints process to ensure effective delivery of Council services.

### **5. THE REPORT**

- 5.1 The Council's Corporate Complaints Policy was adopted on 1<sup>st</sup> April 2013, in order to reflect the model policy introduced by the Welsh Government at that time and was amended and updated in January 2016 and is available on the Council's website. This Committee has received regular annual and six-monthly reports on the complaints received under the Policy.
- 5.3 This report provides an update on the complaints received for the six-month period 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2020.

5.4 Moving forward the Committee is advised that the Public Services Ombudsman for Wales has gained new powers under the Public Services Ombudsman for Wales Act 2019 which received Royal Assent in May 2019. The new Act makes it easier for people to complain, removing the barrier that a complaint to the Ombudsman must be in writing. For example, people can complain orally or through British Sign Language. It also allows the Ombudsman to start his own investigations (known as own-initiative investigations) without receiving a formal complaint where there is evidence to suggest there could be a wider public interest issue. A new Improvement Team has been introduced at the Ombudsman's office who will take on the "own initiative" investigations and will be in charge of a newly formed Complaints Standards Authority. The Complaints Standards Authority will develop standards for complaints handling across the bodies within the Ombudsman's jurisdiction and is gathering data to identify trends and patterns in public service delivery. In addition, this body offers training and support to complaints handlers in public bodies to support learning from complaints which has already been taken up by officers at Caerphilly and will continue in February.

Under the previous 2005 Public Services Ombudsman for Wales Act, a person had to make separate complaints to different organisations for public and private health treatment. The 2019 Act allows the Ombudsman to consider both the private and public elements, if without doing so, the Ombudsman is unable to completely investigate the relevant action by the public service provider.

The 2019 Act also includes provisions to enable a new Complaints Handling Process to be introduced. The Public Services Ombudsman for Wales has recently issued guidance and a requirement for authorities to review their complaints procedure and update them in accordance with the new guidance by April this year. This Committee will receive a further update in the coming months on the proposal to adopt a new Complaints process prior to its presentation to Cabinet for formal adoption.

## 5.5 Six Monthly Review of Corporate Complaints

5.5.1 The data referred to below represents the number of complaints received from 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2020 for each Directorate referred to, together with an overview of the response timescales.

5.5.2 In addition, the complaints data captured includes the outcome of each complaint, namely whether a complaint has been upheld, not upheld or partially upheld. An overview of the outcomes in respect of Stage 1 complaints are set out in paragraph 5.5.5 and an overview of the outcomes in respect of Stage 2 Complaints are set out in paragraph 5.5.7 below.

5.5.3 The total number of corporate complaints received across the Authority during this period is **74** comprising the following:-

Corporate	4
Education	0
Communities (formerly known as Environment)	25
Housing	22
Social Services	23
Other (cross directorate)	0
<b>Total</b>	<b>74</b>

## Stage 1 Complaints

- 5.5.4 The total number of complaints received at Stage 1 were 66; of those 49 were responded to within timescale and 10 outside the timescale and 7 did not proceed. The number of Stage 1 complaints broken down by each directorate are as follows:

Corporate Services	3
Education	0
Communities	21
Housing	19
Social Services	23
Other (cross directorate)	0
<b>Total</b>	<b>66</b>

- 5.5.5 Of the 66 Stage 1 complaints received, 7 were upheld, 35 were not upheld, 17 were partially upheld and 7 did not proceed. Details of the outcomes for each directorate are as follows:

	<b>Upheld</b>	<b>Not Upheld</b>	<b>Partially Upheld</b>	<b>DNP</b>
Corporate Services	2	1	0	0
Education	0	0	0	0
Communities	0	10	11	0
Housing	4	11	4	0
Social Services	1	13	2	7
Other (cross Directorate)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	7	35	17	7

## Stage 2 Complaints

- 5.5.6 The total number of complaints dealt with at Stage 2 were 25; of those 23 were responded to within timescale and 2 outside the timescale. The number of Stage 2 complaints dealt with in each directorate are as follows:

Corporate Services	1
Education	0
Communities	10
Housing	12
Social Services	2
Other (cross directorate)	<u>0</u>
<b>Total</b>	<b>25</b>

- 5.5.7 Of the Stage 2 complaints dealt with, 8 were commenced at Stage 2 and 17 were escalated from Stage 1 to Stage 2; 9 within Housing, 2 within Social Services and 6 within the Communities directorate. Of the 25 Stage 2 complaints responded to 1 was upheld, 20 were not upheld, 4 were partially upheld. Details of the outcomes for each directorate are as follows:

	Upheld	Not Upheld	Partially Upheld	Did Not Proceed
Corporate Services	0	1	0	0
Education	0	0	0	0
Communities	1	8	1	0
Housing	0	9	3	0
Social Services	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>
Other (cross directorate)	1	20	4	0

5.5.8 Members will note that 10 stage 1 complaints and 2 stage 2 complaints were not responded to within the required timescales. The reasons for not meeting the deadlines include work pressures linked to Covid 19 and requirements for staff to re-prioritise workloads to provide community assistance during lockdown, redeployment of staff, initial difficulties relating to remote working, sickness, and annual leave. The response times are being monitored and complaints officers have been asked to remind staff of the requirements to comply with the timescales and where this is not possible to seek agreement from the customer to extend the deadline for providing the response.

## 5.6 Review of Trends and Types of Complaints

5.6.1 In terms of the Communities Directorate having reviewed all of the complaints there appears to have been a trend in relation to missed collections. The Waste Management department have faced resource challenges during the pandemic due to increased tonnages which have influenced the collection systems. However, going forward the lessons learned during this period have been to utilise and monitor resource on a regular basis to ensure services are delivered effectively and to undertake and implement a review of collection round size/structure over the next 12-18 months. Other complaints dealt with in this directorate include planning applications, car parking, dog fouling and cleansing and overhanging trees.

5.6.2 In relation to Housing complaints there were no particular trends identified and the complaints received were over a range of services. Public Sector Housing cases related to various issues including reports of Anti-Social behaviour, fencing and re-let decoration standards. Complaints for the Welsh Housing Quality Standards team again varied in nature, but examples include standard of internal electrical works and parking issues with contractors. The Private Housing Sector received complaints relating to grant applications and allocation of properties and the Building Maintenance department reported complaints relating to a heating issue and general repairs to a property.

In relation to the matters that were upheld and partially upheld, the following lessons were learned: Contractors reminded to park considerately whilst working on a property. Officers are also reminded to respond to requests in a timely manner.

5.6.3 The complaints in respect of Social Services were varied in nature and related to both Adult Services and Children's Services, there was no particular trend. The adults complaints referred to residents being unhappy that carers were disposing of PPE equipment outside property and parking dangerously outside, a family member not wanting Social Services to take over finances, a family unhappy with the care provided to parents, being refused a Disabled Persons Parking Place, family

unhappy that late mother's property was under the directorate's supervision and that it was not kept in good condition, staff attitude and the behaviour of staff in a private care home towards the residents.

The children's complaints referred to personal information being shared, grandparents concerned about their grandchildren, concerns raised not being answered by the social work team and the Safeguarding team not being informed of allegations.

In relation to the matters that were upheld and partially upheld, the following lessons were learned:

There should be no delay in referrals to the Safeguarding Team.

The administration process for Disabled Persons Parking Places applications is being reviewed.

Substantive checking and inspection to be carried out in future and documentation to be reviewed in respect of protection of property.

- 5.6.4 In relation to Corporate complaints there were no particular trends, four complaints have been dealt with in this area, two housing benefit complaints, one council tax complaint and one regarding non domestic rates.

## 5.7 Ombudsman Referrals

- 5.7.1 During this reporting period 18 complaints have been referred to the Ombudsman, there were 3 within Housing, 8 within Communities, 5 within Social Services, (2 of which related to the separate social services complaints procedure), one relating to an education appeal which is also dealt with outside of the corporate complaints process and one anonymised referral which officers could not link to a service area.

In terms of the 15 complaints dealt with under the corporate complaints policy 12 were made prematurely, the status of two complaints is unknown and one referral was made following a stage 2 response which was not investigated.

## 6.1 Update On The Use Of A Vexatious Complainants Policy

- 6.1.1 Members are advised that there has been one referral made under this policy and contact from a persistent complainant was restricted but not prevented in its entirety. Officers will continue to use the policy as a useful guide in dealing with potential vexatious complainants.

## 7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 Monitoring of the Council's corporate complaints and successful resolution of those complaints contributes to the following Well Being goals within the Well-being of Future Generations Act (Wales) 2015 as it supports the provision of higher quality and more effective services to the public across all service areas. In addition, monitoring provides information on the level of satisfaction of the services provided corporately by the Council. The result of the monitoring enables each department to focus on areas of concern to improve services and to monitor performance, ensure that any trends or issues raised are identified and dealt with so as to be avoided in the future and to ensure that corporate complaints are dealt with consistently and fairly across all service areas.

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities and thriving Welsh Language
- A globally responsible Wales

## **8. WELL-BEING OF FUTURE GENERATIONS**

- 8.1 This report contributes to the Wellbeing Goals as set out in Links to Strategy above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act in that the monitoring of the Council's corporate complaints handling across all service areas enables departments to focus on areas of concern, to improve services and to monitor performance to ensure that any issues raised are identified and dealt with so as to be avoided in future.

## **9. EQUALITIES IMPLICATIONS**

- 9.1 Monitoring of complaints via the Corporate Complaints policy addresses the Council's statutory duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Welsh Language Measure (Wales) 2011 in two ways. It addresses specific complaints to the Council around alleged discrimination by service areas and also addresses the monitoring of complaints from people who fall under the categories protected by the statutory duties.
- 9.2 The full details of these issues (that cover wider matters than are recorded as Corporate Complaints in this report) are included in the annual reports provided to the Equalities and Human Rights Commission and the Welsh Language Commissioner's Office. Policy and Resources Scrutiny and Cabinet consider these reports prior to being published.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 There are no direct financial implications associated with this report.

## **11. PERSONNEL IMPLICATIONS**

- 11.1 There are no personnel implications associated with this report.

## **12. CONSULTATIONS**

- 12.1 The views of the consultees have been incorporated into this report.

## **13. STATUTORY POWER**

- 13.1 Public Services Ombudsman for Wales Act 2005 & 2019  
Local Government Act 1972-2003.

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## **AUDIT COMMITTEE 26<sup>TH</sup> JANUARY 2021**

**SUBJECT: ANNUAL REVIEW OF COMPLAINTS RECEIVED UNDER THE COUNCIL'S CORPORATE COMPLAINTS POLICY 1ST APRIL 2019 TO 31ST MARCH 2020**

**REPORT BY: HEAD OF DEMOCRATIC SERVICES AND DEPUTY MONITORING OFFICER**



### **1. PURPOSE OF REPORT**

- 1.1 To provide Members with an overview of the corporate complaints received for the year 1st April 2019 to 31st March 2020.
- 1.2 To advise Members whether any trends were identified during this period and if so the action to be taken.
- 1.3 To provide Members with an overview of the lessons learned in respect of the complaints which have been upheld or partially upheld.

### **2. SUMMARY**

- 2.1 To provide members with a review of the corporate complaints received during the year 1st April 2019 to 31st March 2020.
- 2.2 Complaints are one of the ways in which, the Council gains information on the level of satisfaction or dissatisfaction of the services provided corporately by the Council. The result of the monitoring enables each department to focus on areas of concern, to improve services and to monitor performance and ensure that any trends in issues raised are identified and dealt with to be avoided in the future.
- 2.3 The implementation of the Corporate Complaints Policy ensures that corporate complaints are dealt with consistently and fairly across all service areas.

### **3. RECOMMENDATIONS**

- 3.1 Members are asked to note the content of the report.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 One of the terms of reference for the Audit Committee is to monitor the complaints process to ensure effective delivery of Council services.

## **5. THE REPORT**

- 5.1 On 1st April 2013, the Council implemented a Corporate Complaints Policy (referred to as the Policy in this report) in order to reflect the model policy introduced by the Welsh Government. The Policy was subsequently reviewed and updated in 2016, however, the Public Services Ombudsman for Wales has recently issued guidance and a requirement for authorities to review their complaints procedure and update them in accordance with the new guidance by April this year. The Policy itself will therefore be the subject of a separate report to a subsequent meeting of this Committee prior to seeking approval of Cabinet.
- 5.2 In terms of our current policy a complaint is defined as “an expression of dissatisfaction or concern which requires a response” which may be:
- Either written or spoken,
  - Made by one or more members of the public,
  - About the Council’s action or lack of action or about the standard of service provided,
  - About the Council itself, a person acting on its behalf or a public service provider partnership.
- 5.3 The Policy sets out a two-stage complaints process; Stage 1 complaints should be dealt with within 10 working days and Stage 2 within 20 working days. If a complainant remains dissatisfied with the outcome of a Stage 2 response, he/she will have the opportunity to refer the matter to the Public Services Ombudsman for Wales.
- 5.4 The individual service areas are responsible for ownership of the conduct of the complaint process and investigate complaints at both stage 1 and 2, with the Stage 2 response being dealt with by the Head of Service or nominated representative. In addition, where complaints relate to more than one directorate these may be responded to by the Deputy Monitoring Officer.
- 5.5 Officers have established a Learning from Complaints Group (referred to throughout this report as “the Group”), which is chaired by the Deputy Monitoring Officer (or nominated representative), and includes Complaints Officers from across the Council, the Council’s Senior Policy Officer (Equalities and Welsh Language), a representative from the Council’s Performance Management Unit and a representative from the Council’s Internal Audit Section. Due to the constraints placed on officers as a result of the pandemic, meetings of the Group have not been held since March last year. However, officers have attended training on Teams with the Ombudsman’s office and further training will be undertaken in February. In addition, representatives from the Group would usually attend the All Wales Complaints Group meetings which are held twice per year to share experience and learn from other Councils; however, these meetings have also been placed on hold.
- 5.6 Complaints provide valuable feedback and are viewed as a positive opportunity to learn from experiences, which are in turn used to improve our services, strengthen relationships with customers and prevent similar problems which lead to the complaint from arising again. Some of the actions taken in response to complaints may seem to be of a minor nature however they can often make a big difference for

example to the provision of a service. Members are asked to note the information contained in paragraph 5.11.1 which sets out a sample of complaints together with the lessons learned.

5.7 The Committee received the first Annual Report in 2015. This is the fifth annual report; it includes comparative data against the data reported for the year 2018/19. In addition to this report Committee also receives a six-monthly update following the expiration of the first six-month period.

## 5.8 Review of Corporate Complaints

5.8.1 The data included in the Report relates to the complaints formally logged as corporate complaints received from 1st April 2019 to 31st March 2020. It includes comparative data for the year 2018/19 for each Directorate referred to and an overview of the response timescales. The data also includes the outcome of each complaint; namely whether a complaint has been upheld, not upheld or partially upheld. An overview of the outcomes in respect of Stage 1 complaints are set out in paragraph 5.8.6 and an overview of the outcomes in respect of Stage 2 Complaints are set out in paragraph 5.8.17 of the Report.

5.8.2 Members are asked to note that this report includes details of formally logged corporate complaints only and does not include detail of interactions with customers which are deemed to be service requests. In addition, Members are also reminded that complaints relating to Schools are dealt with under a separate policy as are complaints raised by services users within Social Services. As a result, the number of complaints within these areas are less than those relating to services delivered by the Communities Directorate and Housing.

5.8.3 The total number of corporate complaints received across the Authority was **274**. This is a notable **increase** on last years' total of **202**; there were **243** complaints dealt with at Stage 1 and **89** complaints dealt with at Stage 2 with **58** escalating from a Stage 1 to a Stage 2 (including 3 complaints within Communities which escalated from the previous years' stage 1 responses); 2 in Corporate Services; 28 in Housing; 27 in the Communities directorate (formerly referred to as the Environment directorate) 0 in Education and 1 in Social Services.

5.8.4 A breakdown of the Stage 1 corporate complaints by reference to service area, together with comparative data from last year is set out below.

	19/20	18/19
Corporate Services	18	15
Education	3	1
Communities	110	68
Housing	75	44
Social Services	37	24
<b>Total</b>	<b>243</b>	<b>152</b>

5.8.5 It should be noted that the number of complaints per service does not necessarily provide a direct correlation with the standard of customer service provided and that these results should not be treated in isolation. Each of these services are heavily influenced by the type of business transacted by that service, for example the number of customer facing transactions carried out, the public profile of the actions carried out by that service and whether the customer has alternative formal routes for

redress or appeal. In addition, as mentioned above there are separate legislative complaints process for School based complaints and complaints by service users in Social Services.

### Outcomes of Stage 1 complaints

5.8.6 Of the **243** Stage 1 complaints responded to, **48** have been upheld, **152** were not upheld, **41** have been partially upheld, and **2** did not proceed (DNP). The breakdown by service area is listed below together with the comparative data for the year 2018/19.

	<u>Upheld</u>		<u>Not Upheld</u>		<u>Partially Upheld</u>		<u>DNP</u>	
	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19
Corporate Services	5	8	12	6	0	1	1	0
Education	0	0	2	1	1	0	0	0
Communities	34	20	44	29	31	18	1	0
Housing	7	9	61	25	7	9	0	0
Social Services	2	0	33	24	2	0	0	0
<b>Total</b>	<b>48</b>	<b>37</b>	<b>152</b>	<b>85</b>	<b>41</b>	<b>28</b>	<b>2</b>	<b>0</b>

5.8.7 The overall number of complaints dealt with at stage 1 this year when compared to 2018/19 has **increased** by 91 (**243** this year compared to **152** last year).

5.8.8 The number of Stage 1 complaints upheld has **increased** by **11**(**48** this year compared to **37** last year); the number of complaints not upheld has increased by **67** (**152** this year compared to **85** last year) and the number of complaints partially upheld has increased by **13** (**41** this year compared to 28 last year).

5.8.9 The data for this year has been analysed by the service areas who have provided the following synopses.

5.8.10 In terms of **Social Services** complaints, from an analysis of this data it appears that the Corporate Complaints policy has been utilised in more circumstances where complainants were unable to progress their complaints through the separate Social Services Complaints procedure as they were not in receipt of social services and therefore complainants received a response via the Corporate Complaints Process. That said of the complaints dealt with 33 were not upheld, 2 upheld and 2 partially upheld.

5.8.11 In relation to trends for **Corporate Services**, predominately the complaints relate to council tax, some of which related to the enforcement agent (bailiff) providers. None of the complaints in relation to the bailiffs were upheld. Some related to the way in which customers were treated by a bailiff which is difficult to prove/disprove in some cases but there are agreed procedures/timescales in place for the bailiff to report back on any issues encountered. In terms of accommodating council tax complainant requests, the difficulty is that usually the Council Tax bill amount charged is correctly in line with council tax legislation and agreed Council policy. There is no discretion to reduce or waive council tax unless it is prescribed in council tax legislation so therefore, we cannot change procedures or exercise discretion unless the legislation allows.

5.8.12 In relation to **Communities**, the number of complaints which have been upheld has increased this year from 20 to 34, partially upheld complaints from 18 to 31; and complaints not upheld have increased from 29 to 44. The complaints are varied and range from Planning Applications, Permit Parking, Street Lighting to Missed Waste Collections. Many of the complaints (e.g.: street lighting, permit parking) are connected to savings required as a result of the Council's Medium-term financial Plan. The trend in missed collections complaints which have arisen are linked to workforce issues, resulting in changing staffing levels and various crews covering unfamiliar locations. Lessons learned include ensuring that replacement staff are fully briefed / provided with all relevant information to ensure collections are undertaken and commitment to undertake and implement a review of collection round structures to ensure workload balance across all collection streams and round sizes (accepting that the collection round review is a significantly large exercise and will take 12-18 months).

5.8.13 The complaints recorded within **Housing** span a wide service provision area and therefore, there no defined trends or systemic problems were identified.

The Housing Management Service has seen an increase in the number of Stage 1 complaints. No specific area has been identified as seeing a significant increase, however examples would include garden conditions, boundary fencing and re-let conditions.

Additionally, the Leaseholder Services Section has seen a notable increase in Stage 1 complaints due to the volume of Welsh Housing Quality Standard works being carried out on blocks including Leasehold properties. Leaseholders are able to raise complaints with the tender process, planned improvement works and final costs which are initially considered through the Corporate Complaints Procedure, although these follow defined legislative processes. They can also at any stage challenge via the Leasehold Valuation Tribunal.

5.8.14 In **Education** there were only three stage 1 complaints which related to early years additional support which was partially upheld; early years flying start and one school admissions complaint both of which were not upheld. No trends can be identified from this data. As mentioned above the low number of stage 1 complaints is the result of Schools having their own complaints policy/process that must be dealt with by the school, albeit the local authority via the education department provides advice and guidance on the schools-based policy. This process is however outside the constraints of this report.

5.8.15 A breakdown of Stage 2 corporate complaints by reference to the service area, together with comparative data for 2018/2019 is set out below.

	19/20	18/19
Corporate Services	4	3
Education	0	1
Communities	46	50
Housing	35	26
Social Services	2	5
Other (cross directorate)	2	5
<b>Total</b>	<b>89</b>	<b>90</b>

- 5.8.16 Members will note the number of complaints dealt with at Stage 2 are almost the same as last year with a slight variation in the numbers dealt with by each Directorate.
- 5.8.17 Of the **89** Stage 2 complaints responded to **14** have been upheld, **59** were not upheld and **16** were partially upheld. The breakdown by service area is listed below together with the comparative data for the year 2018/19.

### Outcomes of Stage 2 Complaints

	<u>Upheld</u>		<u>Not Upheld</u>		<u>Partially Upheld</u>		<u>DNP</u>	
	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19
Corporate Services	0	0	3	2	1	1	0	0
Education	0	0	0	1	0	0	0	0
Communities	11	7	26	36	9	7	0	0
Housing	3	4	27	18	5	4	0	0
Social Services	0	0	1	3	1	0	0	1
Cross/Directorate	0	0	2	3	0	2		
<b>Total</b>	<b>14</b>	<b>11</b>	<b>59</b>	<b>63</b>	<b>16</b>	<b>14</b>	<b>0</b>	<b>0</b>

- 5.8.16 Overall there has been a slightly **higher** number of complaints upheld at Stage 2 this year (**14** this year compared to **11** last year) and a slight increase in the number of complaints partially upheld (**16** this year compared to **14** last year). In relation to Corporate Services there was an increase of 1, Education there was a decrease of 1, Communities there was a decrease by 4, Housing there was increase by 10, Social Services there was a decrease by 3 and other there was a decrease by 3. There has been a slight decrease in the numbers of complaints not upheld.
- 5.8.17 With regard to **Housing**, the overall figures have increased by 9. As previously mentioned in paragraph 5.8.13, there has been a notable increase in Stage 2 complaints recorded for the Leasehold Services Section. This is due to the volume of Welsh Housing Quality Standard works being carried out on blocks including Leasehold properties. Leaseholders are able to raise complaints with the tender process, planned improvement works and final costs which are initially considered through the Corporate Complaints Procedure, although these follow defined legislative processes. If complainants remain dissatisfied with the Stage 2 response or they do not wish to follow the Complaints Procedure, they can also challenge the Council via the Leasehold Valuation Tribunal, although few progress through this process.
- 5.8.18 In relation to Communities the overall figures are very similar to last year with 11 upheld this year compared to 7 last year and 9 partially upheld this year compared to 7 last year.

### 5.9 Ombudsman's Referrals

- 5.9.1 There were 49 complaints referred to the Public Services Ombudsman for Wales for this period. There were 2 outcomes of investigations one of which was referred to the Ombudsman in the previous year; one related to housing and one related to social services both of which were partially upheld.

In relation to education and corporate services 1 complaint from each directorate was referred prematurely and not investigated. In relation to Housing 8 referrals were made prematurely and 10 had received stage 2 responses. One resulted in a proposed quick fix which was subsequently taken into investigation and partially upheld, the remainder were not investigated.

In relation to Communities 7 referrals were made prematurely and 8 had received a stage 2 response and 1 other referral, the status of which was unknown. Of these complaints there was one quick fix relating to a planning matter and none of the others were taken into investigation.

In relation to social services, there were 5 referrals made under the separate Social Services Complaints policy of these 5, 2 resulted in an early resolution and 3 were not investigated. In addition, there were 6 premature referrals one of which resulted in an early resolution, the remainder were not investigated, and 2 referrals were made following receipt of a stage 2 response.

## 5.10 Target time for responses

5.10.1 In terms of response times there were 28 stage 1 complaints which did not meet the target and 4 stage 2 responses. The comparable figures with 2018/2019 are set out below.

Year	Total Stage 1	Target not met	Total Stage 2	Target not met
2018/2019	152	21	90	6
2019/2020	243	28	89	4

The data in relation to this indicates that overall compliance with the response deadlines is 90.36%, 1.46% up on last years' figure of 88.9% as identified in the graph at Appendix 1.

5.10.2 The reasons for not meeting the deadline include the following; response waiting approval, administrative error, workload pressures, consultation required, officers on leave, initial impact of the Covid 19 pandemic towards the end of this reporting year. The Group will continue to remind officers to request an extension of time from the complainant should it become clear that the deadline for responding cannot be met.

## 5.11 Review of Trends and Lessons Learned

5.11.1 The volume of complaints is not always as important as the nature and the content of the complaint. Each complaint can be an opportunity to make small changes or service improvement on a small or greater scale. Sometimes the smallest change can result in the greatest increase in customer satisfaction. An overview of any trends, anonymised summaries of a sample of upheld/partially upheld complaints for each directorate are set out below.

## **Corporate Services**

### **Example**

Customer purchased a second property which will be rented once renovations were completed. On dealing with the council tax department they were completely dissatisfied with the customer service and knowledge of the staff which involved: -

- Being advised to complete a change of address form but this was not possible because of the nature of the circumstances.
- When they called back and spoke to the advisor who gave this advice they were taken back through the same form with the same outcome.

The customer felt staff should be aware how to register the details of a property and felt that their time had been wasted. The customer sent an email and received a bill.

The customer contacted the department again to advise that the property was uninhabitable and wanted to apply for an exemption and was told that this was possible and that an inspector would make contact to arrange a visit and that the bill would be adjusted after the inspection. The customer had to make contact again to enquire why the Inspector had not been in contact to be told that the exemption was not possible as it had been used by the previous owner. The complaint was upheld, and a full apology given.

Lesson Learned – The section had experienced some staff turnover in a very legislatively complex work area, so new staff were not fully experienced. All staff however were reminded that they should advise customers in a similar situation to email the relevant details to [counciltax@caerphilly.gov.uk](mailto:counciltax@caerphilly.gov.uk), along with a contact telephone number in case we need further information or need to arrange a property inspection.

## **Housing**

### **Example 1 – Housing Management**

A Former tenant appealed against a decision to charge them rent until a specified date as the former tenant claimed they handed their written notice into a Customer First office six weeks prior to the tenancy end date. Evidence gathered whilst investigating this complaint was unable to prove or disprove the former tenants claim. Lesson learned - As a result of this complaint being partially upheld, the Area Housing Manager is currently working with the Customer Services Hub Manager to ensure the procedure for accepting End of Tenancy Notices at Customer First Offices are adhered to and recorded accordingly.

### **Example 2 – Leasehold Services**

A leaseholder received a recharge for unblocking of a drain in their block but believed the blockage was due to a Caerphilly Homes tenant putting inappropriate items down the drain so disagreed with having to contribute to the cost. Leaseholder also felt 18 months was too long to wait to be notified of a recharge.

Lesson learned - The complaint was partially upheld on the grounds of waiting 18 months to be advised of the recharge and as a result the Leasehold Services Team is working towards the re-instatement of quarterly repair reports to leaseholders.

### **Example 3 – Welsh Housing Quality Standards Team**

A tenant provided the Tenant Liaison Officer with a letter detailing issues with property since internal Welsh Housing Quality Standard works had commenced. The tenant also expressed their concern with the length of time it was taking for the internal upgrades to be completed.

Lesson learned - The complaint was upheld as it was agreed the time taken to complete the upgrade and rectify the issues identified was not acceptable and as a result there was a reduction in the number of properties issued to this management contractor.

### **Social Services**

#### **Example 1**

A complaint was received from a complainant who fostered a child and was given incorrect information about the allowance that would be received for this. When the first payment was received it was less than expected, the complainant was then informed that she would not be entitled to the full fostering allowance until the fostering assessment was approved at panel and that the rate would increase. At the outset, the complainant had been told that she would have to go through an assessment process but at no point had been made aware that the payment would be linked to, or reliant upon this. The complainant had to make up for the unexpected shortfall and was considerably out of pocket causing unnecessary distress.

Following a meeting with the complainant, the complainant was offered a full apology for the misinformation that had been given and for the way she had been made to feel during this process. The complainant was also advised that there are two separate processes for 'General' Foster Carers and 'Connected Persons' Carers and these two processes were explained in detail.

Lesson Learned - As a result a new fostering website was developed to clarify the fees for 'General' Foster Carers and 'Connected Persons' Carers General Foster Carers.

#### **Example 2**

A complaint was received from a complainant about staff members attending her property and attempting to enter her home instead of attending the correct property of the person they were to deliver care to.

Following an investigation into the complaint it was identified that several carers did accidentally knock the complainant's front door in error as the address they required was difficult to find. The carers were very apologetic for disturbing the family. The carers then immediately visited the correct address. An apology was given to the complainant and the complainant was assured that this will not occur again and that there are systems in place to provide the correct address to staff.

Lesson Learned - As a result any new carers will be informed that the property is difficult to locate and will be given directions before visiting.

#### **Example 3**

Complaint received from daughter of resident in private home who was unhappy with part of the complaint response letter from the home in that they appeared to be blaming her mother for an incident which occurred and because there were no witnesses it was

felt that her mother had undressed herself, there was no evidence of any dirty clothing in the room.

Following an investigation it was identified that the letter from the home should have been more appropriately worded and that complainant's mother was not supported by home staff on the morning in question and was unable to determine what happened between the checks on the complainant's mother that morning. An apology was issued to the complainant and she was advised that's staff will be reminded of the importance of providing appropriate care at the right time.

Lesson Learned – staff team at private residential home were reminded of importance of providing appropriate care at the right time

## **Education**

### **Example**

A complaint was raised regarding a delay in the early years support allocated to a child and why the support which was not received as a result of the delay could not be added to the allocation.

Officers acknowledged that there was a delay and the systems were reviewed and updated and an apology given. The process now ensures that support is given in a timely manner to those who need it. Management processes are in place which are regularly reviewed to ensure any delays are minimised.

A review of the amount of support provided concluded that the number of hours allocated was the most appropriate given the individual circumstances of the child with detailed reasons for reaching this decision.

Lessons learned – The complaint resulted in the LA processes / systems being updated. In addition, management processes have been put in place and are regularly reviewed to ensure any delays are minimised.

## **Communities**

As mentioned above the trend identified related to waste collection. However, the relatively small number of complaints are set against the backdrop of the 9 million + collections undertaken each year by the Authority. Examples of the issues dealt with and lessons learned include the following:

### **Example 1**

Missed food waste collection. To prevent this from happening in future, maps were to be placed on the particular round file for future reference by covering staff.

### **Example 2**

Lack of waste collection. As a result, collection rounds are reviewed when the type of collection vehicle is changed.

### **Example 3**

Non collection of food recycling and garden waste. The outcome was that a door knocking exercise and letter drop was to be undertaken to all houses on a particular street to make them aware how their parking was affecting collection methods.

### **Example 4**

Persistent non collection of food waste which was reported multiple times. Following discussions with crew it transpired several different employees had worked the round over the period in question. The crew would park at the entrance to the street and then pull the food waste using a slave bag which is a common practice but, on this occasion, has contributed to this property being missed. The crew have been instructed to reverse to the end of the street while adhering to the precautions laid out in the route risk assessment prior to commencing the loading process. This should prevent properties being missed moving forward as the entire street will be serviced

### **Causes of complaints**

5.12.3 Members will recall at the meeting of the Audit Committee in March 2016 it was agreed that the causes of complaints would be recorded in accordance with the following agreed list.

- 1 Collaborative Working
- 2 Decision Making
- 3 Delay in Service Provision
- 4 Officer/Contractors Conduct with public (including sensitivity/empathy of staff/politeness)
- 5 Following Council Policies/relevant Legislation
- 6 Accessibility of Services
- 7 Clarity/Accuracy/Timeliness of information
- 8 Quality of Work
- 9 Openness/ Fairness and Honesty
- 10 Compliance with Complaints procedure
- 11 A combination of categories

This data has been analysed within each directorate and is set out in the table at Appendix 2 and a graph of the causes is attached at Appendix 3.

### **5.13 Vexatious Complainants Policy**

5.13.1 Members are advised that there have been no referrals made under this policy, although the officer hearing from Complaints Group will continue to monitor its use. The Group however acknowledge that it is a useful aide in dealing with potential vexatious complainants.

### **5.14 Conclusion**

5.14.1 Whilst the number of complaints received and dealt with under the Corporate Complaints Process over the last year has increased, the areas of complaint remain wide ranging across the authority. It is important to recognise that the outcome of many complaints dealt with enable us to implement changes and improve on our services provided. An important part of dealing with complaints are the lessons

learned and any actions agreed as a result of recognising when we need to put things right for the customer and the service.

## **6. ASSUMPTIONS**

- 6.1 The information contained in this report is based on data collected over the year and therefore it has not been necessary to make assumptions.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

- 7.1 Monitoring of the Council's corporate complaints and successful resolution of those complaints contribute to the following Well-Being goals within the Well-being of Future Generations Act (Wales) 2015 as it supports the provision of higher quality and more effective services to the public across all service areas. In addition, monitoring provides information on the level of satisfaction of the services provided corporately by the Council. The result of the monitoring enables each department to focus on areas of concern, to improve services and to monitor performance, ensure that any trends or issues raised are identified and dealt with so as to be avoided in the future and to ensure that corporate complaints are dealt with consistently and fairly across all service areas.

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities and thriving Welsh language
- A globally responsible Wales

## **8. WELL-BEING OF FUTURE GENERATIONS**

- 8.1 This report contributes to the Well-being Goals as set out in Links to policies above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act in that the monitoring of the Council's corporate complaints handling across all service areas and enables departments to focus on areas of concern, to improve services and to monitor performance to ensure that any issues raised are identified and dealt with so as to be avoided in future.

## **9. EQUALITIES IMPLICATIONS**

- 9.1 Monitoring of complaints via the Corporate Complaints policy addresses the Council's statutory duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Welsh Language Measure (Wales) 2011 in two ways. It addresses specific complaints to the Council around alleged discrimination by service areas and also addresses the monitoring of complaints from people who fall under the categories protected by these statutory duties.
- 9.2 The full details of these issues (that cover wider matters than are recorded as Corporate Complaints in this report) are included in the annual reports provided to the Equalities and Human Rights Commission and the Welsh Language Commissioner's Office. These reports are considered by Policy and Resources Scrutiny and Cabinet prior to being published.

## **10. FINANCIAL IMPLICATIONS**

10.1 There are no direct financial implications associated with this report.

## **11. PERSONNEL IMPLICATIONS**

11.1 There are no direct personnel implications associated with this report.

## **12. CONSULTATIONS**

12.1 The views of the consultees have been incorporated into this report.

## **13. STATUTORY POWER**

13.1 Local Government Act 1972 – 2003

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Consultees: Corporate Management Team  
Robert Tranter, Head of Legal Services and Monitoring officer  
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Liam Miles, Customer Services/Complaints Officer  
Nicola Broom, Complaints and Information Manager Social Services  
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Ros Roberts, Business Improvement Manager  
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Deborah Gronow, Audit Group Manager  
Karen Williams, PA to Chief Executive  
Leigh Brook, PA to the Director of Social Services and Housing  
Lianne Fry, PA to Corporate Management Team  
Sian Wilkes, PA to the Interim Corporate Director of Communities

Appendix 1 Comparable data in respect of targets not met

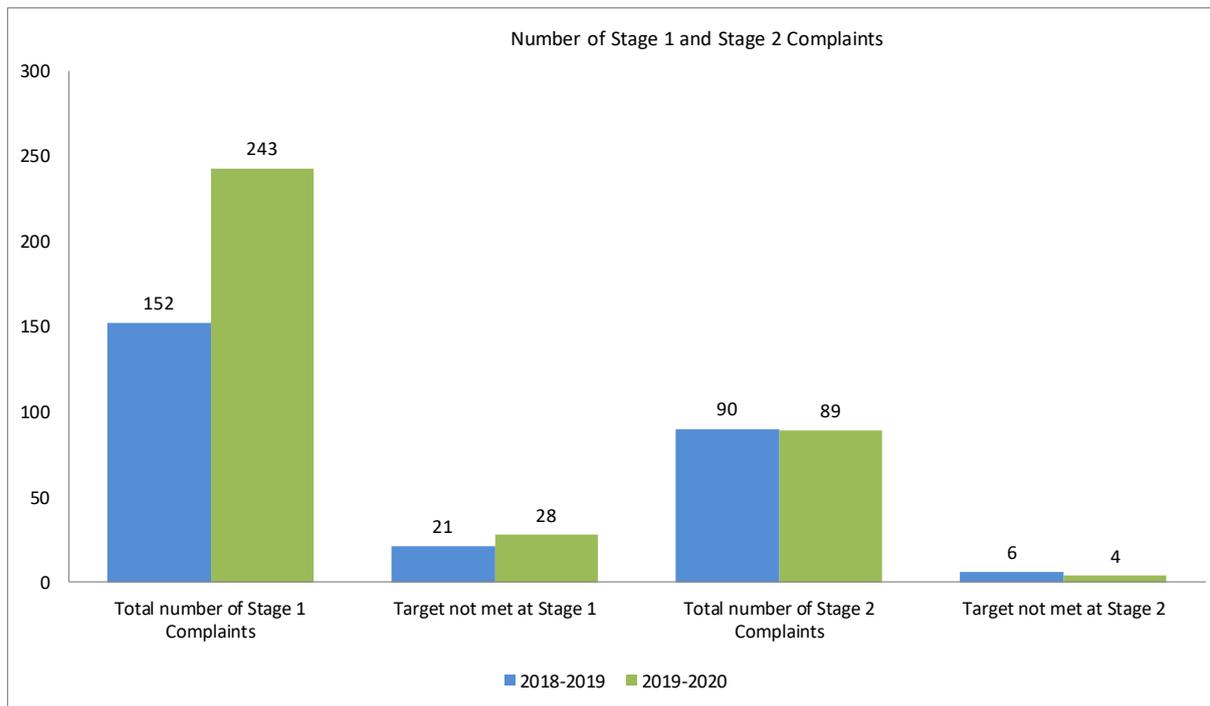
Appendix 2 Table outlining causes of complaints

Appendix 3 Graph highlighting causes of complaints

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APPENDIX 1

Comparable years	Total number of Stage 1 Complaints	Target not met at Stage 1	Total number of Stage 2 Complaints	Target not met at Stage 2
2018-2019	152	21	90	6
2019-2020	243	28	89	4



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## APPENDIX 2

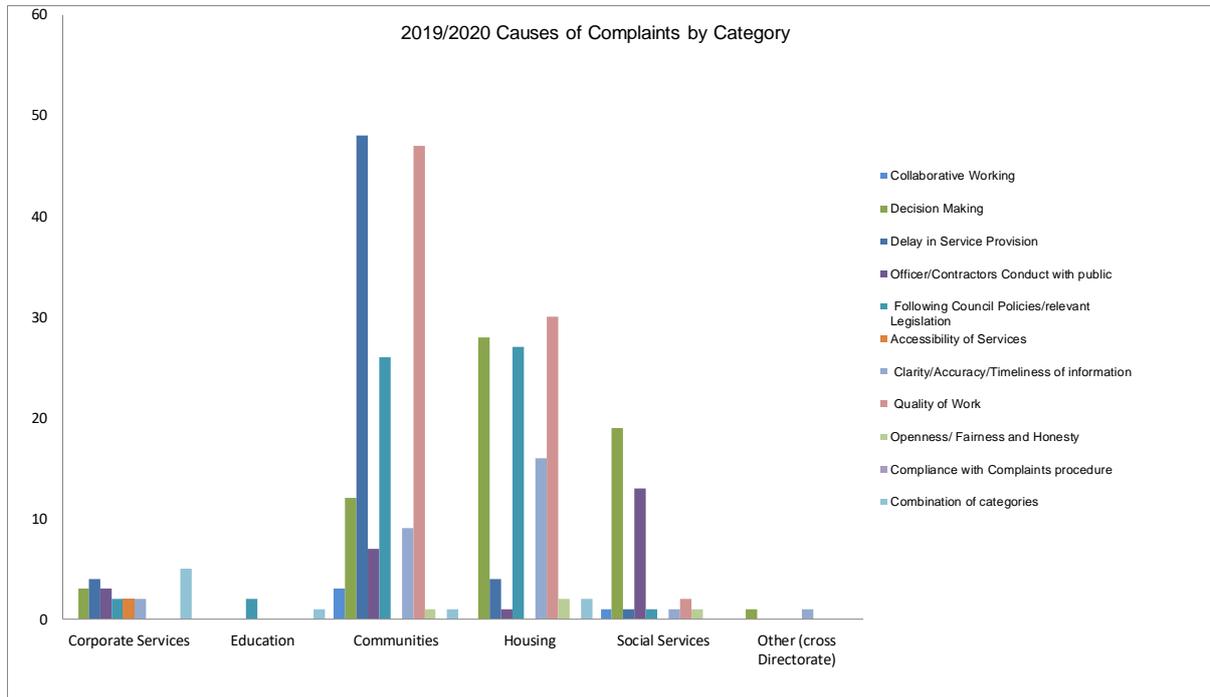
Category	Service Area	Corporate Services	Education	Communities	Housing	Social Services	Other (cross Directorate)
1	Collaborative Working	0	0	3	0	1	0
2	Decision Making	3	0	12	28	19	1
3	Delay in Service Provision	4	0	48	4	1	0
4	Officer/Contractors Conduct with public	3	0	7	1	13	0
5	Following Council Policies/relevant Legislation	2	2	26	27	1	0
6	Accessibility of Services	2	0	0	0	0	0
7	Clarity/Accuracy/Timeliness of information	2	0	9	16	1	1
8	Quality of Work	0	0	47	30	2	0
9	Openness/ Fairness and Honesty	0	0	1	2	1	0
10	Compliance with Complaints procedure	0	0	0	0	0	0
11	Combination of categories	5	1	1	2	0	0
	Total number of complaints	22	3	156	110	39	2

1 corporate services complaint did not proceed

2 communities complaints did not proceed

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APPENDIX 3



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