



WALES AUDIT OFFICE

SWYDDFA ARCHWILIO CYMRU

Follow-up of the Special Inspection and Reports in the Public Interest

Caerphilly County Borough Council

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Huw Vaughan Thomas, the Auditor General for Wales, was supported by Anthony Barrett, Alan Morris, Non Jenkins, Martin Gibson and PricewaterhouseCoopers LLP in conducting the follow-up and producing this report.

Contents

The Council has made good progress in addressing most of the recommendations from the Special Inspection report and Reports in the Public Interest. However, the Council still needs to take a lawful decision on the annual leave and essential car user allowances and to further improve other areas, particularly scrutiny.

| | |
|---|----|
| Summary report | 4 |
| The Council has implemented most of our recommendations but still needs to take a lawful decision on the annual leave and essential car user allowances | 5 |
| Completion of some outstanding areas is due in the next few months | 7 |
| More work is required to improve scrutiny, internal audit, and self-evaluation; and to develop a human resources strategy and workforce planning | 8 |
| Recommendations | 12 |
| Proposals for improvement | 12 |
| Appendices | |
| Recommendations made in the Special Inspection report | 14 |
| Recommendations made in the two Reports in the Public Interest | 15 |
| Follow-up detailed findings – evidence grid | 17 |

Summary report

Summary

1. During October and November 2013, the Auditor General undertook a Special Inspection into the corporate governance arrangements at Caerphilly County Borough Council (the Council). The Special Inspection was to follow up the findings of the Appointed Auditor who issued a Report in the Public Interest in March 2013.¹ That report highlighted failures in governance arrangements and inadequacies in the processes followed by the Council to set the pay of chief officers. The Special Inspection also examined the wider governance issues highlighted in the Auditor General's Annual Improvement Report, published on 10 September 2013².
2. A second Report in the Public Interest on the Chief Officer Essential Car User and Annual Leave Allowances was published in December 2013³. Court proceedings and disciplinary investigations are continuing in relation to the issues reported in the first Report in the Public Interest.
3. The report on the Special Inspection was published in January 2014⁴ and concluded that a combination of a number of weaknesses inevitably led to governance failings at the Council and whilst it was making encouraging progress in improving its governance arrangements, it was too early to conclude whether these improvements could be sustained.
4. The Auditor General made eight recommendations in the Special Inspection report. These are set out in [Appendix 1](#). The Appointed Auditor also made a series of recommendations in his two Reports in the Public Interest. These are set out in [Appendix 2](#).
5. During October 2014, we conducted reviews to:
 - Examine the Council's progress in addressing the recommendations made in the Special Inspection report and the recommendations made by the Appointed Auditor in his second Report in the Public Interest.
 - Assess the Council's progress since the Special Inspection in addressing the recommendations made by the Appointed Auditor in his first Report in the Public Interest.

² [Audit of accounts 2012-13 Report in the Public Interest](#)

³ [Caerphilly County Borough Council Annual Improvement Report 2013](#)

³ [Chief Officer Essential Car User and Annual Leave Allowances – Report in the Public Interest](#)

³ [Caerphilly County Borough Council – Special Inspection 2013-14](#)

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- Follow up the Council's progress since the Special Inspection in addressing the four proposals for improvement identified in our Human Resources (HR) and workforce planning thematic review undertaken in 2011.
 - Provide a baseline assessment of the Council's progress in developing its approach to self-evaluation. This is a review carried over from our 2013-14 Regulatory Programme of Work.
6. Our overall conclusion is that **the Council has made good progress in addressing most of the recommendations from the Special Inspection report and the Reports in the Public Interest. However, the Council still needs to take a lawful decision on the annual leave and essential car user allowances and to further improve other areas, particularly scrutiny.**
 7. The Council has addressed the majority of our recommendations. Some of those outstanding are due to be completed within the next three to four months. Further work is needed to more fully address other areas, such as Internal Audit, scrutiny, self-evaluation, and to develop an HR strategy and workforce planning.
 8. We have made some new proposals for improvement and one recommendation. A summary of our findings is set out below. Our detailed assessment of the Council's progress in addressing each of our recommendations is set out in [Appendix 3](#).

The Council has implemented most of our recommendations but still needs to take a lawful decision on the annual leave and essential car user allowances

9. The Council's Improving Governance Programme contains over 20 recommendations or workstreams with over 90 actions to address the recommendations made in the Special Inspection and two Reports in the Public Interest, and to strengthen other areas of governance. Approximately 80 per cent of these actions have been completed.
10. The Council has clarified and reinforced governance and decision-making roles. It has developed clear guidance setting out the roles and responsibilities of its key bodies and committees. Decision-making powers and delegations are clear and neither the Corporate Management Team (CMT) as a body nor informal Cabinet meetings have decision-making powers.
11. The Council has provided training to members and officers on governance and decision-making powers and it is evident that there is greater awareness of and adherence to the rules and regulations. Both officers and members seek advice if in doubt.
12. The Improving Governance Programme Board (IGPB) has continued to be effective in driving the implementation of the Council's Improving Governance action plan. It has continued to report regularly to members. The Cabinet has decided to maintain the

Board until all actions have been addressed sufficiently and the findings from the Special Inspection follow-up have been shared with the Council.

- 13.** The Council has strengthened its procurement policies and procedures and the profile and role of the procurement function have been enhanced. An action plan has been devised to address the recommendations made following the Welsh Government procurement fitness check. The action plan has been incorporated into the procurement service's delivery plan. The Council has developed key performance indicators relating to procurement, which are reported to Scrutiny.
- 14.** The Council has strengthened risk management arrangements at both a corporate and service level and has improved the format of the risk register. The CMT reviews the corporate risk register every month and it is being used to trigger discussion on how to address key risks. The Council has aligned the formats of the corporate and directorate risk registers and there is more frequent review of directorate risk registers at directorate and senior management team meetings.
- 15.** The Council has addressed the majority of the actions arising from the two Reports in the Public Interest and there are clear action plans and timetables to address the small number of outstanding actions. However, the Council has not yet taken a lawful decision on the annual leave and essential car user allowances. We advise the Council to address this as soon as possible.
- 16.** The Council updated and approved its revised Constitution in January 2014. The Constitution now includes a Members' Training and Development Protocol. The need for both members and officers to declare interests is included on all Council, Cabinet and scrutiny committee agendas. It is also read out at the beginning of each meeting. The forward work programme for Cabinet is now published on the Council's website.

Completion of some outstanding areas is due in the next few months

17. Work is underway to address the outstanding recommendations. Many of these outstanding recommendations are due to be implemented in the next three to four months.
18. Roles and responsibilities for whistle-blowing procedures are now clearer and the Council is due to adopt a new whistle-blowing policy adapted from Public Concern at Work (PCAW)⁵ in the next two months. The Council then needs to devise a programme to raise awareness of this new policy.
19. Electronic voting and webcasting of Council meetings is due to be implemented in January 2015. The Council intends to undertake a review of the quality of reports in January 2015.
20. Further work is needed to refine the HR balanced scorecard, which is used to monitor the performance of the service. A balanced scorecard has been developed and is recorded on the Council's performance management system, Ffynnon. However, the service recognises that the scorecard includes too many indicators and needs to be reviewed to provide a more meaningful suite of measures. To date, the emphasis has been on gathering, rather than evaluating, the data available. The HR service plans to undertake a customer survey to provide more qualitative data. The HR service would benefit from consulting key portfolio and scrutiny members as well as CMT on the composition of the scorecard. There has been limited consultation to date outside the HR service.

⁵ Public Concern at Work is a charity that advises individuals, supports organisations and informs public policy on whistle-blowing arrangements.

More work is required to improve scrutiny, internal audit, and self-evaluation; and to develop a human resources strategy and workforce planning

The effectiveness and impact of scrutiny are mixed and its role needs to be clarified

- 21.** The majority of actions contained within the Council's Scrutiny Improvement action plan have been fully or partly completed. It is evident that procedural changes to the way scrutiny meetings are conducted have now been fully implemented. Further training has also been provided to members. The level and quality of challenge posed by members have improved since last year. Short pre-meetings have now been arranged to enable the scrutiny members to discuss agenda items and the questions to be asked although opinions about the benefits of these pre-meetings amongst the Scrutiny Chairs and Vice-Chairs are mixed. Scrutiny members are still keen to develop their roles. The Council is participating in the Gwent Scrutiny Challenge programme facilitated by the Centre for Public Scrutiny.
- 22.** However, many of the officers we interviewed told us that the effectiveness of scrutiny is limited and its role has become confused. Our observation of two scrutiny committees supported these views. Meetings are very long and the agendas lack focus. It is not always clear why items are being considered or how these topics relate specifically to the role of scrutiny. There are a number of items for information which could be handled in a more efficient way outside of the formal scrutiny process. The remit of the Environment and Regeneration Scrutiny Committee in particular is very wide. This limits the scrutiny committee's effectiveness, as the time dedicated to agenda items is more restricted.
- 23.** The Council needs to improve the prioritisation of agenda items so that members are able to focus on the Council's priorities and areas where they will have the greatest impact. This issue has been discussed by the Scrutiny Leadership Group and a prioritisation matrix has been drafted to help better manage the Scrutiny Committees' work programmes. A range of criteria will be used to determine the appropriateness of an item. It is important that this matrix is used consistently across all Scrutiny Committees.
- 24.** On the whole, members feel that the standard of officer reports is good. Performance information is discussed and challenged regularly at Scrutiny Committees. The Scrutiny Chairs and Vice Chairs have suggested how reports could be improved further. This includes greater use of qualitative, historical and comparative information. We understand the Council is currently reviewing what performance information should be considered by Scrutiny Committees.

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25. There have been special scrutiny committees to consider the savings needed to meet the budget shortfall. Task and finish groups have also been used in the past. The Council would benefit from using task and finish groups more frequently to review specific issues in more depth.
 26. The Council has provided further training on risk management to members of the Audit Committee. This essentially repeated the introductory training session undertaken last year. It has not been 'enhanced' training as our recommendation advised. The Council considers that the Audit Committee now needs to put this training into practice. Further training needs will then be determined after the next member training needs analysis is undertaken. There is no ongoing programme of training and the Council needs to ensure that such a programme is put in place and implemented. The Council has indicated its intention to widen the training to scrutiny members too as part of its wider improving governance programme.

The Council is beginning to address aspects of our recommendations to improve Internal Audit but it lacks a robust action plan to ensure it can keep track of progress

27. An updated Internal Audit Charter and Internal Audit Strategy are now in place following discussion with the Audit Committee. The key challenge facing the Council is to ensure that these are now translated into practice.
28. Internal Audit is clearer about the improvements that are needed. The shape of the Internal Audit Plan is evolving. The plan includes reviews on more strategic and broader operational risks, such as the Welsh Housing Quality Standard, but its predominant focus remains on financial areas.
29. The Council has not yet assessed itself against the Public Sector Internal Audit Standards that came into effect in April 2013. However, we were advised that there are plans to do this as part of an exercise with neighbouring councils in 2015.
30. A review of Internal Audit working papers found that there is continued scope for improvement in terms of the level of review and the quality of documentation.
31. There needs to be a more robust action plan in place to drive the improvements suggested in our Special Inspection report. This should be regularly monitored by officers and members. There is a risk that the Council may lose sight of the need to continue to improve Internal Audit.

The Council is not yet realising the benefits of the strategic aspects of human resources and workforce planning although significant progress has been made in developing human resources-related policies to facilitate the implementation of the Council's medium-term financial plan

32. In terms of HR, the Council's focus over the past 12 months has been on developing and agreeing a range of workforce tools and policies that will help the Council to achieve the level of savings needed in line with its Medium-Term Financial Plan (MTFP). These include policies on voluntary severance, compulsory redundancy and early retirement.
33. However, the Council still does not have an agreed HR strategy and implementation plan or an integrated workforce plan, despite our recommendation to do this three years ago, which was reinforced in the Special Inspection report last year. Senior officers need to agree on the purpose and benefits of an HR strategy and workforce plan, particularly given the uncertainty of the future shape of the organisation. There has been a lack of corporate drive to ensure these are developed.
34. Workforce planning pilots have been undertaken although two out of four of these pilots required significant work to update the workforce data on the Council's HR/payroll system, iTrent. Workforce planning issues have been considered by individual services as part of the process to identify potential savings. It is recognised that the workforce needs may be different for each service. A workforce planning toolkit has also been developed to be used in conjunction with HR for those areas with the most pressing workforce issues. Some workforce planning questions have now been included in the Service Delivery Plan format, which will help to provide consistency and facilitate the monitoring of implementation.
35. The CMT monitors HR information such as: staff numbers; sickness absence; vacancy management; and use of agency staff. The CMT also oversees recruitment issues and the operation of HR policies to facilitate the implementation of the Council's MTFP. As such, workforce planning is considered at both senior and operational levels to help meet the challenges facing the Council as a result of budget reductions. However, this workforce planning information has not been analysed or consolidated into a corporate document which the Council could use to inform its strategic planning.
36. Although officers feel that the lack of an HR strategy and workforce plan has not hindered planning, the pressures facing the Council are such that it is now more important than ever to have a robust HR strategy and action plan to ensure that resources are planned and utilised effectively.
37. An HR strategy would set out how the Council would deploy its staff to meet its corporate priorities. It would establish a set of guidelines or principles by which decisions about recruitment and retention would follow. It would also set out the expectations of employees and what employees can expect from the Council; its employment values. The action plan would set out the milestones to deliver this and the role and shape of the HR service to facilitate this.

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- 38.** Workforce planning should be an integral part of the strategic management process. It would enable the Council to identify its organisational demands and supply of suitably skilled human resources to help meet its organisational objectives. Effective workforce planning will determine what the Council can do now to be best prepared for the future.
- 39.** To date, the Council has managed to avoid significant compulsory redundancies through vacancy management, natural wastage and redeployment. Nevertheless, the Council recognises that workforce transformation is needed to achieve the estimated £39 million of savings over the next three years. To achieve this, strategic workforce planning will need to go hand in hand with reviewing service delivery. Effective workforce planning can result in substantial savings and can also bring other gains: a more agile workforce that is focused on delivering the best services for citizens and is in the best position to take advantage of the eventual economic upturn.

The Council has taken a measured approach to implementing self-evaluation but it has yet to agree the purpose of self-evaluation, and how it will be used to inform corporate, service and financial planning remain unclear

- 40.** The Council does not have a corporate approach to self-evaluation. Following the evaluation of a number of pilots, it was considered that a corporate template would not be appropriate. With assistance from the Welsh Local Government Association (WLGA), the Council developed a set of key principles and five questions, which each service used to provide a self-evaluation. The quality and detail of the completed self-evaluations were variable. Despite the provision of guidance and workshops, many of the self-evaluations were also descriptive rather than evaluative. There has been no involvement of members in completing the self-evaluations.
- 41.** Officers have been unclear about the purpose of doing the self-evaluations. They are not being used to inform the Council's MTFP, for example. Self-evaluations have also been undertaken separately to the service planning process. Whilst it was intended to hold challenge sessions, whereby services would be challenged on the content of their self-evaluations, these have been put on hold.
- 42.** Whilst there was a lack of clarity about the way forward, we understand that a new revised self-evaluation template has recently been agreed, which will be integrated into the annual service improvement planning cycle. This template places greater emphasis on how services compare with others on quality, outcomes, outputs and cost. The Interim Chief Executive and Cabinet Member for Performance Management will also meet each Director and Head of Service to challenge the self-evaluations. The Council needs to agree the purpose of self-evaluation, its approach and how self-evaluations will be used to inform its planning before the service planning process commences. We would expect the self-evaluations to influence its MTFP and workforce plan.

Recommendations

43. To assist the Council in making the required improvement, we have set out a recommendation in the table below. The Council is required by the Local Government (Wales) Measure 2009 to prepare a statement of any action that it proposes to take as a result of this report, and its proposed timetable for taking that action. This must be prepared within 30 days of receipt of this report.
44. We recommend that:

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| R1 | The Council should take a lawful decision on the annual leave and essential car user allowances. |
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Proposals for improvement

45. We have identified the following proposals for improvement:

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| P1 | The Council should review the role and effectiveness of its scrutiny committees. There needs to be better prioritisation of agenda items and alternative mechanisms explored for information-only items to enable Scrutiny to focus on those areas where it may have the greatest impact. |
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| P2 | The Council could consider including a summary table of all decisions taken at the end of CMT minutes setting out who made the decision and who is responsible for logging it on the decision log. Where CMT considers that a decision is 'administrative' and does not require logging, this should also be noted. |
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| P3 | The Council should consider how it can best raise awareness of its whistle-blowing policy amongst staff and put in place an awareness and training programme to do this. |
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| P4 | The Council should revise the HR balanced scorecard. Members and CMT should be consulted on the content of the scorecard. |
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| P5 | The Council should develop a programme of ongoing risk management training for members taking into account the outcome of its member training needs analysis. |
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| P6 | The Council should develop a robust action plan for improving Internal Audit. This should take account of the outcome of the self-assessment against the Public Internal Audit Standards. Reporting and monitoring mechanisms need to be agreed to maintain momentum. |
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P7 The Council should prioritise the development of an HR strategy and workforce plan. These should form key elements of the Council's strategic planning framework.

P8 The Council needs to agree the purpose of self-evaluation and how this will be used to inform corporate, service and financial planning and to ensure that the process it adopts enables it to do this effectively.

Appendix 1

Recommendations made in the Special Inspection report

The Auditor General made the following eight recommendations in the Special Inspection report issued on 22 January 2014:

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| R1 | Clarifies, in an easily understandable format, governance and decision making roles, specifically of the Cabinet; Chief Executive; Corporate Management Team; corporate directors; scrutiny committees; and Audit Committee. |
| R2 | Ensures that appropriate documentation is maintained of all decisions made, and by whom, to provide further assurance that decision making is undertaken appropriately and transparently. |
| R3 | Continues to implement the Improving Governance Programme Board action plan to enhance governance arrangements for the future. |
| R4 | Strengthen its risk management processes further to embed risk management across the Council. Specifically there should be: <ul style="list-style-type: none">• more frequent review of the corporate risk register by Corporate Management Team;• explicit action planning for the key risks identified;• more oversight of, and consistency in, the approach to directorate risk registers;• clarification of the role and remit of the Risk Management Group; and• enhanced training for Audit Committee members. |
| R5 | Clarifies roles and responsibilities for whistle-blowing procedures and ensures that the new policy is updated to reflect recent legislative changes. |
| R6 | Reassesses its expectations of the Internal Audit service and puts in place a programme for its Internal Audit service to address the findings of this inspection. |
| R7 | Ensures that the actions identified to improve the HR function and workforce planning are implemented. |
| R8 | Emphasises the importance of following appropriate procurement procedures and ensures that relevant key performance indicators are set for the procurement function. |

Appendix 2

Recommendations made in the two Reports in the Public Interest

The Appointed Auditor made the following recommendations in his Report in the Public Interest dated March 2013:

Advertisement of meetings

R1 The Council should review its procedures for the advertisement of meetings. Controls should be introduced to mitigate against the risk of omissions. As an example, adverts could be reviewed by an officer independent of the officer preparing them in order that any omissions can be identified.

Conflicts of Interest

R2 Clear guidelines should be produced and incorporated into the terms of reference of all decision-making forums in the Council in respect of the procedures to be followed when members, or those in attendance at such forums, may be influenced by a pecuniary or personal interest in the outcome of any decision to be taken. In particular, they should emphasise that such individuals are disqualified from participation in that process and that:

- they should declare an interest in the matter;
- they should leave the meeting during any discussion of the matter; and
- they should not have sole responsibility for making recommendations in relation to the matter, whether present or not.

Procedures for new committees

R3 Where new committees or other decision-making bodies are set up by the Council, there should be clear terms of reference setting out the powers, responsibilities and procedures of the body. These should be formally adopted by the committee at its first meeting. Training should also be provided to members in respect of the requirements of the committee prior to its inaugural meeting to ensure that the terms of reference are understood.

Records of meetings

R4 Records of meetings should be sufficiently detailed to provide information on the matters discussed. Any redactions should be the minimum necessary to address any exempt items. For sensitive matters, the record of a meeting should include a summary of any vote taken or state whether or not the vote was unanimous, so that members can agree with the accuracy of the minutes prior to their approval.

Clarity and comprehensiveness of reports to committees

R5 Where review work is undertaken, either by an external body or internally, to support a report to a committee or other decision-making body, then the covering report should explicitly address the matters raised as part of the review work.

The Appointed Auditor made the following recommendations in his Report in the Public Interest on the Chief Officer Essential Car User and Annual Leave Allowances published in December 2013:

Records of decisions

- R1 Clear records of all decisions should be retained, identifying the decision made, who made the decision and when the decision was made. Furthermore, as decisions are taken there should be proper consideration of whether these decisions should be recorded in the Council's decision log. This consideration should be documented.

Implementing decisions

- R2 Officers should not proceed to implement decisions unless they are clear as to who has made the decision. Officers should retain evidence of this consideration.

Statutory officer advice

- R3 When making decisions, decision-makers should consider whether a formal view is required from the S151 Officer or Monitoring Officer and whether this view has been given. Where a formal view is required, there should be a process in place to ensure that the statutory officer is provided with all of the relevant information required to take that view. Officers should also record how this advice was followed.

Reports

- R4 Reports which are produced to support decision-making processes should follow a standardised format, in particular noting the author of the report and who has been consulted. Reports should contain a comprehensive list of available options.
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Appendix 3

Follow-up detailed findings – evidence grid

Special Inspection recommendations' follow-up

The table below details our findings from the follow-up of the recommendations made in the January 2014 Special Inspection report:

| Recommendation | Summary of findings | Assessment of completion |
|--|---|--|
| <p>SI – R1</p> <p>Clarifies, in an easily understandable format, governance and decision making roles, specifically of the Cabinet; Chief Executive; Corporate Management Team; corporate directors; scrutiny committees; and Audit Committee.</p> | <p>The Council has a dedicated page on its intranet for Corporate Governance. This sets out in one place key documentation with respect to the Code of Conduct which governs the way in which the Council operates.</p> <p>The document <i>An Introduction to Decision Making</i> sets out in a clear, summarised manner the responsibilities of the different decision-making bodies:</p> <ul style="list-style-type: none"> • Full council • Cabinet • Officers • Planning and licensing committees • Audit Committee • Scrutiny committees <p>Page 7 of the document <i>Call in Guidance</i> provides a useful diagram showing the relationships between key decision-making bodies and scrutiny arrangements.</p> <p>Interviewees agreed that officers and members are clearer about the process for decision making. In particular, that CMT does not make decisions but that decisions by officers are made under delegated authority by individual officers.</p> | <p>Recommendation addressed, with the exception of scrutiny on which a new proposal for improvement has been made.</p> |

| Recommendation | Summary of findings | Assessment of completion |
|--|--|--|
| <p>SI – R1</p> <p>Clarifies, in an easily understandable format, governance and decision making roles, specifically of the Cabinet; Chief Executive; Corporate Management Team; corporate directors; scrutiny committees; and Audit Committee.</p> | <p>Members and officers stated that the roles of the different bodies were now much clearer. The exception being scrutiny where some officers were concerned about the role, impact and effectiveness of scrutiny.</p> <p>Observations of two scrutiny committees supported this concern.</p> <p>Agendas are too long and lack focus. It is not clear why certain items are being discussed and what impact scrutiny can have in relation to these.</p> <p>Officers commented that the number of reports for information being requested from members has increased significantly.</p> <p>We observed Scrutiny Committees where reports requested by individual members were on the agenda, but the member who had requested the report was not actually present at the meeting.</p> <p>Whilst the level and quality of questions posed by members were good and had improved since last year, it was evident that local and parochial issues are also being raised.</p> <p>The Council needs to consider how these additional requests for information can be handled in a different way thus freeing capacity for Scrutiny to focus on priority areas. The Council would benefit from using task and finish groups to review specific issues in more depth.</p> <p>Prioritisation of agenda items needs to be reviewed. Meetings were very long, limiting the time that could be dedicated to items. Key items which were clearly within the remit of the scrutiny committee were often towards the end of the agenda eg, telecare charges and to discuss the leisure strategy. A prioritisation matrix has been drafted and is due to be considered by CMT. Items will be considered and scored against a set of criteria to determine their relevance.</p> <p>The Council is participating in the Gwent Scrutiny Challenge programme facilitated by the Centre for Public Scrutiny, which involves peer challenge and observation. The findings from this will be used to inform the areas for improvement to be captured in the Scrutiny Improvement action plan.</p> | <p>Recommendation addressed, with the exception of scrutiny on which a new proposal for improvement has been made.</p> |

| Recommendation | Summary of findings | Assessment of completion |
|--|---|---|
| <p>SI – R2</p> <p>Ensures that appropriate documentation is maintained of all decisions made, and by whom to provide further assurance that decision making is undertaken appropriately and transparently.</p> | <p>The documentation reviewed indicates that there is clear guidance regarding what documentation needs to be produced in order to record decisions made in CMT meetings or by officers under the scheme of delegated powers. Our review of minutes demonstrated clearer adherence to guidance and improvement over the prior year.</p> <p>However, a review of CMT minutes identified some inconsistencies in the way that decisions are documented. Some decisions clearly state that they are taken by a specific officer under their delegated powers, or state that the report/decision has been endorsed by CMT for the final decision to be referred to Cabinet. However, there were a small number of decisions where it was not clear who made the decision, and the minutes imply that the decision was taken by CMT collectively.</p> <p>The Council could consider including a simple summary table of all decisions at the end of CMT minutes setting out who made the decision and who is responsible for logging it on the decision log. Where CMT considers that a decision is ‘administrative’ and does not require logging, this should also be noted. A sample of decisions minuted as taken by individuals has been agreed to decision notices.</p> <p>Both members and officers interviewed stated there was a greater awareness of rules relating to decision making and greater willingness to seek advice if in doubt. This was reinforced by the Monitoring Officer and Deputy Monitoring Officer who highlighted that there has been an increase in queries received.</p> | <p>Recommendation addressed, although a new proposal for improvement has been raised suggesting a table be included in the CMT minutes summarising the decisions taken and by whom.</p> |

| Recommendation | Summary of findings | Assessment of completion |
|---|--|----------------------------------|
| <p>SI – R3</p> <p>Continues to implement the Improving Governance Programme Board (IGPB) action plan to enhance governance arrangements for the future.</p> | <p>The IGPB has continued to meet regularly and an action plan has been used to monitor progress.</p> <p>An end-of-year progress report was provided to Cabinet on 2 October. It was agreed at this Cabinet meeting that the IGPB should continue in order to monitor the remaining actions. The IGPB originally recommended to Cabinet that outstanding recommendations be monitored by alternative arrangements. This was refused by Cabinet which wanted to maintain the IGPB until all actions had been sufficiently addressed and the findings from the Special Inspection follow-up had been shared with the Council.</p> <p>Both members and officers agreed that IGPB had been effective in raising the profile of governance and to respond promptly to governance concerns.</p> <p>The IGPB has an appropriate level of membership including member representation.</p> <p>Reporting and monitoring mechanisms established through regular reporting to Cabinet, Council, CMT and Audit Committee.</p> <p>Feedback cascaded through CMT and senior management teams.</p> | <p>Recommendation addressed.</p> |

| Recommendation | Summary of findings | Assessment of completion |
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| <p>SI – R4</p> <p>Strengthen its risk management processes further to embed risk management across the Council. Specifically there should be:</p> <ul style="list-style-type: none"> • more frequent review of the corporate risk register by Corporate Management Team; • explicit action planning for the key risks identified; • more oversight of, and consistency in, approach to directorate risk registers; • clarification of the role and remit of the Risk Management Group; and • enhanced training for Audit Committee members. | <p>Evidence from the review of the CMT meeting minutes demonstrated that the corporate risk register is considered on a monthly basis. The minutes document that CMT considers the risk rating of existing identified risks and whether actions taken have changed the risk rating.</p> <p>The minutes also demonstrate CMT requesting consideration of any newly identified risks to add to the register.</p> <p>Interviews with CMT concurred there was robust discussion of risks and that reviewing the risk register did trigger detailed discussions about key risks such as WHQS and waste, and the actions to be taken to address these.</p> | <p>Recommendation addressed.</p> |
| | <p>The format of the risk register has been strengthened.</p> | <p>Recommendation addressed.</p> |
| | <p>The same format has been applied to the directorate risk registers and risk elements within the service delivery plan format.</p> <p>Interviews and evidence demonstrated that directorates now review risk registers regularly at senior management teams. Risks are also monitored at Scrutiny through the monitoring of service plans.</p> | <p>Recommendation addressed.</p> |
| | <p>Two training sessions have been provided to Audit Committee members – this training appears to be a basic ‘introductory’ session. A recommendation was raised in the Special Inspection that further training should be provided for Audit Committee members at a more advanced level.</p> <p>We understand that the Audit Committee requested general overview and introductory rather than enhanced training. Internal Audit also provided risk management training for Audit Committee.</p> <p>The Audit Committee did discuss its role in detail over and above the information contained in the presentation slides. It is considered that the Audit Committee now needs to put this training into practice. The impact will then be monitored and future training needs taken into account in the next member training needs analysis. There is no ongoing programme of training.</p> | <p>Recommendation not fully addressed. New proposal for improvement raised: develop a programme of ongoing risk-related training for members taking into account the outcome of the member training needs analysis.</p> |

| Recommendation | Summary of findings | Assessment of completion | |
|----------------|---|--|---|
| SI – R4 | Strengthen its risk management processes further to embed risk management across the Council. (Continued) | The establishment of a Risk Management Group was identified in the Council’s Risk Management Strategy. Following a report by the Head of Performance and Property, it was discussed at CMT and agreed at Audit Committee on 10 September that the Risk Management Group was no longer required as there were sufficient arrangements already in place and monitoring arrangements were deemed to be sufficient. This is considered reasonable. | Recommendation not fully addressed. New proposal for improvement raised: develop a programme of ongoing risk-related training for members taking into account the outcome of the member training needs analysis. |
| SI-R5 | Clarifies roles and responsibilities for whistle-blowing procedures and ensures that the new policy is updated to reflect recent legislative changes. | The Council has tailored a model policy from charity PCAW. The draft policy is clearer and simpler. It is due to be adopted in November or December this year. The new policy would be launched in the New Year and consideration is being given to how best to publicise it and provide training. However, no programme is in place to do this. The first point of contact for whistle-blowing will be the Head of HR or if preferred the S151 or Monitoring Officer. Other designated persons include PCAW and the Auditor General. Reporting of whistle-blowing activity has yet to be decided. | In progress but due to be completed in the next two to three months. Proposal for improvement raised: the Council should consider how it can best raise awareness of its whistle-blowing policy and put in place an awareness and training programme around this. |

| Recommendation | Summary of findings | Assessment of completion |
|--|---|---|
| <p>SI – R6</p> <p>Reassesses its expectations of the Internal Audit service and puts in place a programme for its Internal Audit service to address the findings of this inspection.</p> | <p>Internal Audit Charter and Strategy are in place and have been discussed and agreed by the Audit Committee.</p> <p>Internal Audit is clearer about the improvements needed and is piloting some of the changes needed. Changes being made slowly.</p> <p>However, the action plan to address the recommendations/improvements made in the Special Inspection report is not very detailed. There is a danger the Council could lose sight of the actions required and the progress against these.</p> <p>Internal Audit Plan does contain some broader reviews such as WHQS but focus remains on financial areas.</p> <p>Consultation/discussion about the role of Internal Audit has been limited, primarily with the Section 151 Officer. Director of Social Services, for example, stated he had not been engaged in any discussion on this.</p> <p>A review of Internal Audit working papers found that there was scope for further improvement. The level of detail and review was insufficient.</p> <p>The CMT agreed that improvement would take time.</p> | <p>In progress. Changes are being made incrementally. Timescales for completion unclear. Lack of robust action plan. Proposal for improvement raised.</p> |

| Recommendation | Summary of findings | Assessment of completion |
|----------------|--|---|
| SI – R7 | <p>Ensures that the actions identified to improve the HR function and workforce planning are implemented.</p> <p>An HR balanced scorecard has been developed and is recorded on Ffynnon. The scorecard includes a large number of indicators. HR managers were involved in the development of the scorecard but wider consultation was very limited. HR recognises that the scorecard needs to be reviewed as it covers too many areas, some of which are not helpful to the service. The focus is on gathering data rather than evaluating it. The intention is to review the scorecard at the next HR team meeting.</p> <p>Performance against the scorecard is reported to the Performance and Resources Scrutiny Committee.</p> <p>HR also reports to CMT on particular HR issues and the HR service would like to cascade this type of information to directorates eg, sickness absence, redeployment and vacancy management information.</p> <p>HR plans to undertake a customer survey before the end of the financial year to get some qualitative data to improve the review of the service's performance.</p> <p>HR participated in the benchmarking exercise with the Chartered Institute of Public Finance and Accountancy (CIPFA) for both HR and Payroll. This will be used to inform the service's self-evaluation next year.</p> <p>The outstanding posts in Education have now been evaluated. There was a delay with one post not being evaluated until September 2014 due to the long-term sickness absence of the post holder.</p> | <p>In progress. Likely completion within the next two months.</p> <p>New proposal for improvement raised to revise the HR balanced scorecard and to consult members and CMT on the content of the scorecard.</p> <p>Recommendation addressed.</p> |

| Recommendation | Summary of findings | Assessment of completion |
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| <p>SI – R7</p> <p>Ensures that the actions identified to improve the HR function and workforce planning are implemented.</p> | <p>Interviews with officers and members suggested an HR strategy is not considered to be a priority. There has been a lack of corporate drive to ensure this is developed. Senior officers need to agree on the purpose and benefits of an HR strategy particularly given the uncertainty of the future shape of the organisation. Currently on version nine of the draft HR strategy. Its production was delayed whilst HR focused on developing workforce flexibility policies to facilitate the implementation of the Medium Term Financial Plan.</p> <p>The HR Strategy has been consulted upon internally within the HR service and consultation with the HR Strategy group is underway. The intention is to take the draft strategy to CMT once all comments from the HR group have been received.</p> <p>The effectiveness of the HR strategy group is mixed. A review of minutes suggests significant consideration of operational issues.</p> <p>Management competency is a key gap. The Head of HR has raised the need to invest in management development with CMT.</p> | <p>In progress. Possible completion within six months but this is dependent upon there being sufficient corporate commitment and drive to do this. New proposal for improvement raised.</p> |

| Recommendation | Summary of findings | Assessment of completion |
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| <p>SI – R7</p> <p>Ensures that the actions identified to improve the HR function and workforce planning are implemented.</p> | <p>The CMT receives a range of HR-related information including staff numbers, sickness absence, vacancy management, and the use of agency staff. The CMT oversees recruitment and the operation of HR policies to facilitate the implementation of the Council’s MTFP.</p> <p>HR has worked with the Performance Management Unit to develop four key workforce planning questions to include within the service planning template. Workforce planning pilots completed in two out of four areas.</p> <p>Pilots revealed a lack of accurate data on iTrent and required significant work to resolve this first. Evaluations of pilots have been undertaken and presented to CMT.</p> <p>Workforce toolkit developed for those areas of the greatest need. HR providing support to those areas to use the toolkit.</p> <p>Many heads of service of the view that they are doing workforce planning anyway but this is not being formally articulated. Those that participated in the pilot found it useful, but were not sure if this information could be distilled into a meaningful corporate workforce plan.</p> <p>The lack of an HR strategy and corporate workforce plan is not considered to have hindered planning by officers.</p> <p>Individual workforce planning issues are being considered as part of the MTFP process for each service. However, the Council would still benefit from a corporate workforce plan.</p> <p>There has been a lack of corporate drive within the organisation to develop a corporate workforce plan. Not considered to be a priority or needed due to uncertainty of services to be delivered.</p> | <p>In progress but due to insufficient progress, new proposal for improvement has been raised.</p> |

| Recommendation | Summary of findings | Assessment of completion |
|--|--|----------------------------------|
| <p>SI – R8</p> <p>Emphasises the importance of following appropriate procurement procedures and ensures that relevant key performance indicators are set for the procurement function.</p> | <p>Written definition of a strategic enabling Procurement Service has been documented. It sets out procurement’s contribution in four areas relating to purchasing activities:</p> <ul style="list-style-type: none"> • Visibility • Compliance • Contribution to bottom line • Alignment and collaboration <p>To support each of these areas, evidence reviewed of analysis of spend and contract numbers by directorate; training on procurement requirements including standing orders; liaison meetings with directorates including discussions on compliance and savings and contributions to national procurement services and use of key performance indicators (KPIs) on collaboration for the Procurement Department.</p> <p>Action plan developed to support each of the recommendations raised in the report and incorporated into annual service plan. Due dates for implementation all within one year with many actions already completed.</p> <p>Progress formally assessed as part of quarterly monitoring of service plan.</p> <p>Suite of new key performance indicators reported to scrutiny committee in June 2014. Taken from Welsh Government list of indicators as appropriate to a local government body.</p> <p>The performance indicators have been linked to the Council’s procurement strategy.</p> <p>A CIPFA benchmarking club review was undertaken and reported in the summer of 2014.</p> | <p>Recommendation addressed.</p> |

| Recommendation | | Summary of findings | Assessment of completion |
|----------------|--|--|---------------------------|
| SI – R8 | Emphasises the importance of following appropriate procurement procedures and ensures that relevant key performance indicators are set for the procurement function. | <p>Procurement training has been provided to officers throughout the year. Training materials, attendance lists have been reviewed.</p> <p>Standing orders have been amended and agreed at Council in November 2013.</p> <p>The structure of the Procurement Team has now been consolidated.</p> | Recommendation addressed. |

Report in the Public Interest recommendation follow-up

The table below details our findings from the follow-up of the actions which were outstanding at the time of the Special Inspection in respect of the Senior Officer Pay PIR. It also details follow-up of each of the Car/Annual Leave Allowances PIR recommendations:

| Recommendation | Actions | Summary of findings/assessment | Assessment of completion |
|---------------------------|---|---|---|
| Senior Officers Pay R2(b) | To write into constitution requirement for members to complete Code of Conduct training within three months of an election. | <p>The Council now has a Members' Training and Development Protocol as part of the Council's Constitution.</p> <p>This details that induction training in the Code of Conduct is mandatory and should take place within the first month of a new council.</p> <p>The need for both members and officers to declare interests is included on all Council, Cabinet and scrutiny committee agendas. It is also read out at the beginning of each meeting. Observed members seeking advice from Democratic Services about the nature of an interest and whether it is necessary to declare it during scrutiny meetings.</p> <p>Monitoring Officer also explained that both officers and members are contacting her more readily for advice on declarations of interest.</p> <p>Observed at Health, Social Care and Well-Being (HSCWB) scrutiny on 21 October, members declaring prejudicial interests and leaving when the item was discussed. However, Council has identified the need to consider governance in relation to co-opted members. Observed at HSCWB scrutiny – co-opted member, who had declared an interest, left the room and then returned and was present for the item.</p> | Recommendation addressed. (But the Council recognises that it needs to consider the governance and role in relation to co-opted members, and will be offering refresher Code of Conduct training for co-opted members in early 2015.) |

| Recommendation | Actions | Summary of findings/assessment | Assessment of completion |
|---------------------------------------|---|---|---|
| Senior Officers Pay R2(b) (Continued) | To write into constitution requirement for members to complete Code of Conduct training within three months of an election. | The Democratic Services Officer did speak to the co-opted member to remind her that she had declared an interest and brought this to the attention of the Chair. When the co-opted member spoke on the item, the Chair quickly reminded her that she had to be careful as she had declared an interest. The comment made by the co-opted member was light-hearted and did not impact upon the nature of the discussion or the decision taken. | Recommendation addressed. (But the Council recognises that it needs to consider the governance and role in relation to co-opted members, and will be offering refresher Code of Conduct training for co-opted members in early 2015.) |
| Senior Officers Pay R2(d) | Review induction process for new starters. | Viewed induction checklist introduced from 1 March 2014. This includes reference to the provision of Code of Conduct documents and receipt of Code of Conduct acknowledgement form signed by employee and forwarded to HR. | Recommendation addressed. |
| Senior Officers Pay R2(g) | All completed but were to be re-reviewed in light of All-Wales Code of Conduct. | All-Wales Code of Conduct was not adopted as there were issues with it. | Recommendation addressed. |
| Senior Officers Pay R2(h) | Register of gifts and hospitality to be reported quarterly to the Audit Committee. | Agreed – observed through attendance at Audit Committee. | Recommendation addressed. |

| Recommendation | Actions | Summary of findings/assessment | Assessment of completion |
|---------------------------|---|--|---------------------------|
| Senior Officers Pay R3(a) | Council's Constitution to be reviewed on an annual basis. To be updated, expanded and revised as necessary to include an up-to-date list of all council committees, terms of reference, any delegated decision-making ability, political balance requirement, size of committee membership and any co-opted membership. | Constitution reviewed and updated and presented and approved at Council on 28 January 2014. Agreed revisions to update information relating to committees present in document. | Recommendation addressed. |
| Senior Officers Pay R3(e) | Training and development needs must be identified for the membership of each council committee/panel/group on an annual basis. The training offered should be published on the Council's website. | Action outstanding was in relation to provision of training and publication on website. This has now been confirmed by review of a selection of councillors' annual reports published on the Council's website. | Recommendation addressed. |
| Senior Officers Pay R4(a) | Quarterly publication of Cabinet forward work programme. | Agreed to Cabinet papers that a three-month forward work programme is published eg, 2 April and 22 January 2014 Cabinets. Also, the forward work programme is available on a separate page on the Council's website. | Recommendation addressed. |

| Recommendation | Actions | Summary of findings/assessment | Assessment of completion |
|---------------------------|---|---|--|
| Senior Officers Pay R4(d) | Work programmes for scrutiny committees will be further improved by introducing a consistent procedure for their development. | Processes were completed at the time of our previous review but production of forward work programmes was not yet evidenced. Now produced and seen for meetings of P&R (5/8), HSCWB (11/2) and Education for Life (23/9) scrutiny committees. In addition, forward work programmes are published separately on the internet for each committee. | Recommendation addressed. |
| Senior Officers Pay R4(e) | In line with the Local Government Measure 2011, scrutiny committee forward work programmes should be subject to consultation with stakeholders and local residents (using electronic means), subject to approval by each committee and published on a regular basis (observing the frequency included in expected Welsh Government statutory guidance). | Process in place at time of last Special Inspection but not yet evidenced. Agreed that there is a forward work programme page on the internet which invites comments from members of the public and includes a facility to submit comments electronically (online or by e-mail) or by post on a PDF form provided. | Recommendation addressed. |
| Senior Officers Pay R4(g) | The electronic voting system available in the Council Chamber must be used for all council meetings held in the Council Chamber. | Expected live at the same time as implementation of webcasting in January 2015. | Outstanding. Due to be completed January 2015. |

| Recommendation | Actions | Summary of findings/assessment | Assessment of completion |
|---------------------------|--|--|--|
| Senior Officers Pay R5(a) | Review the reporting template and consistency of reporting and format to include an executive summary and key decisions. | None | N/A |
| Senior Officers Pay R5(e) | Training for officers and members to ensure consistency on the level of detail required in reports being considered at meetings and the timescales for the democratic process. | Reviewed training materials and guidance issued by the Council. The documents went to IGPB, followed up by a discussion at CMT with a presentation to heads of service at the Leadership meeting on 26 September. Sessions are planned for the larger Network Management Group on 12 December and for members in the new year. | Mostly complete, completion date January 2015. |
| Senior Officers Pay R5(g) | Scrutiny members be encouraged to ask questions of both the Cabinet members and officers. | Interviews and observations of scrutiny meetings have confirmed that the level of questioning by members has improved. | Recommendation addressed. |

| Recommendation | Actions | Summary of findings/assessment | Assessment of completion |
|----------------|---|---|---------------------------|
| Allowances R1 | <p>Clear records of decisions should be retained, identifying the decision made, who made the decision and when the decision was made.</p> <p>Furthermore, as decisions are taken, there should be proper consideration of whether these decisions should be recorded in the Council's decision log. This consideration should be documented.</p> | <p>Our prior-year work looking at a sample of decisions found no significant exceptions. As part of the follow-up, we reviewed decisions taken during CMT (see above). These were recorded in CMT minutes identifying who was taking the decision and explicitly stating that individual officers were responsible for ensuring the decision log was updated.</p> <p>We traced a number of decisions to the decision log.</p> | Recommendation addressed. |
| Allowances R2 | <p>Officers should not proceed to implement decisions unless they are clear as to who has made the decision. Officers should retain evidence of this consideration.</p> | <p>Our prior-year work looking at a sample of decisions found no significant exceptions. We have seen training materials and guidance produced by the Council on decision making (see above).</p> <p>For the decisions made in the course of a sample of CMT meetings, there is a clear record of decision making. For one of these decisions, there is a clear e-mail trail to more junior officers setting out who has made the decision.</p> | Recommendation addressed. |

| Recommendation | Actions | Summary of findings/assessment | Assessment of completion |
|----------------|---|---|---------------------------|
| Allowances R3 | When making decisions, decision makers should consider whether a formal view is required from the S151 Officer or Monitoring Officer and whether this view has been given. Where a formal view is required, there should be a process in place to ensure that the statutory officer is provided with all the relevant information required to take that view. Officers should also record how this advice was followed. | Addressed in relation to formal reports to committees on which decisions are made (see above). In particular, the Monitoring Officer reviews all reports and provides commentary on these and CMT (including the S151 Officer) will review all reports going to Cabinet for decisions and will pull those which are not up to standard. For officers, we have seen training material and guidance produced by the Council (see above). | Recommendation addressed. |

| Recommendation | Actions | Summary of findings/assessment | Assessment of completion |
|----------------|---|--|---------------------------|
| Allowances R4 | <p>Reports which are produced to support decision making should follow a standard format, in particular noting the author of the report and who has been consulted. Reports should contain a comprehensive list of available options.</p> | <p>Reports follow a standard format as originally used by the Council. There had been discussion about the structure of reports – it was agreed to maintain the existing structure. Training and guidance have been produced as reported above. Interviews support that comprehensive lists of options are now included.</p> <p>The CMT reviews and discusses all reports which are going to scrutiny and Cabinet to check that the quality of reports is sufficient. Examples cited where CMT had delayed reports until the level of information and quality was sufficient.</p> <p>The Scrutiny Leadership group had had detailed discussion about the quality of reports at its meeting in September. Whilst overall it felt the standard was good, it did provide the following feedback to improve the quality further:</p> <ul style="list-style-type: none"> • some MTFP reports lacked detail with some incorrect information; • more detail around financial information, in particular costings attached to the options put forward in a report; • the inclusion of comparison data, members would like data to be put into context, including for example, the Welsh average; • some information can be buried in appendices; • there should be sufficient information to allow effective scrutiny; and • important information should be in the main body of the report and not in the appendices. | Recommendation addressed. |



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