



## COUNCIL - 8TH OCTOBER 2013

**SUBJECT: COUNCIL RESPONSE TO RECOMMENDATIONS IN THE ANNUAL IMPROVEMENT REPORT**

**REPORT BY: INTERIM CHIEF EXECUTIVE**

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### 1. PURPOSE OF REPORT

- 1.1 To report the Council's response to the Recommendations in the Annual Improvement Report on Caerphilly Borough Council published by the Wales Audit Office on September 10<sup>th</sup> 2013.
- 1.2 To approve and publicise that response.

### 2. SUMMARY

- 2.1 The Auditor General reports on the performance of the Council on an annual basis in an Annual Improvement Report (AIR). The AIR relating to 2011/12, but also including more recent issues, was received on September 10<sup>th</sup> and contained four statutory recommendations and a number of proposals for improvement. The letter was made available to all Councillors and staff and was presented to full Council by the auditors on the 25<sup>th</sup> September 2013.
- 2.2 The Council is required to respond to statutory recommendations within 30 days of the receipt of the AIR and this report outlines the action taken against those four recommendations. Further work will be undertaken on the proposals for Improvement and they will be brought back to a subsequent Council meeting, following consideration by Audit Committee and Scrutiny.
- 2.3 The four statutory recommendations are:
  - R1 Address the five recommendations made by the Appointed Auditor in his *Report in the Public Interest* dated March 2013.
  - R2 Address the outstanding proposals for improvement identified in the Auditor General's work to date.
  - R3 Address the three recommendations made in the Auditor General's report Evaluation of Social Services contributions to the Medium Term Financial Plan dated September 2013.
  - R4 Put in place arrangements that enable the Council to formulate, scrutinise, approve and publish its improvement objectives in a timely way to meet its statutory obligations under the Measure.
- 2.4 Good progress is being made on all the statutory recommendations which is detailed below.

### 3. LINKS TO STRATEGY

- 3.1 The Council has a duty to make arrangements to improve its services as part of the statutory requirements of the Local Government Measure 2009.

## 4. THE REPORT

### Detailed Progress

#### **4.1 R1 Address the five recommendations made by the Appointed Auditor in his *Report in the Public Interest* dated March 2013 (Appendix 6 AIR)**

4.1.1 The Council's Appointed Auditor issued a *Report in the Public Interest* on 6 March 2013 under section 22 of the Public Interest (Wales) Act 2004. The Appointed Auditor published this report to draw the public's attention to a failure in governance arrangements and inadequacies in the processes adopted by the Council to determine the pay of Senior Officers.

4.1.2 The Appointed Auditor made five recommendations and on 23<sup>rd</sup> April 2013, the Council approved an action plan to address the auditor's recommendations.

4.1.3 The recommendations which the Council accepted covered:

- Advertisement of meetings
- Conflicts of Interest
- Procedures for new Committees
- Records of meetings
- Clarity and comprehensiveness of reports to Committees

4.1.4 A programme Board was established, the Improving Governance Programme Board, (IGP) to oversee the work on the action plan to address these five recommendations. The work of the Board has now been expanded to cover other areas of governance, identified within the Council for further improvement. These are all shown at Appendix 1. The Board is made up of the Cabinet Member for Governance and a number of Senior Officers including a secondee from Aneurin Bevan with audit and governance experience, Chaired by the Acting Director for Corporate Resources and 151 Officer.

4.1.5 Progress against the recommendations has been reported to the Board on a fortnightly basis and to CMT monthly. Cabinet have received briefings and reports on progress, and formally noted progress at the last meeting on 18<sup>th</sup> September 2013. The report and Appendices that were discussed at that meeting are attached at Appendix 1 which shows that progress against many of the actions is now complete with others nearing completion. A small number remain outstanding due to specific circumstances related to the on-going investigation and other matters.

#### **4.2 R2 Address the outstanding proposals for improvement identified in the Auditor General's work to date (Appendix 5 AIR)**

4.2.1 Since 2010, the Auditor General has undertaken a number of pieces of work covering some of the Council's functions, in addition to the Improvement Assessment Letters and Corporate Assessments. Following this work, a number of recommendations and proposals for Improvement were made to the Council for consideration and further action. The Auditor General has commented unfavorably in the past, on both the pace of implementation and the monitoring and reporting of progress against these proposals for improvement. Progress on these is now being monitored closely by the Audit Committee but this is a relatively recent change. As a result, there are some outstanding proposals for improvement that need to be addressed with some urgency and a list of all outstanding proposals for improvement (made by the Wales Audit Office from the first corporate assessment in 2010 including Improvement Letters up to the current AIR 2012) has been compiled. Progress on this has been recently reported to the Audit Committee on 17<sup>th</sup> September 2013 (See Appendix 2). There are four categories of response included in this report:

- Proposals that have been completed.
- Proposals nearing completion.

- Proposals where evidence of progress has been supplied to the auditor and they will review at the next assessment.
- Proposals outstanding.

4.2.2 At this stage this update does not include any new Improvement proposals that will need to be incorporated now that the AIR for 2011/12 is finalised.

4.2.3 Work that is being undertaken by the IGP (referred to above) will cover many of the outstanding proposals and as such, this action plan has now been integrated (apart from two proposals) into the IGP and further work will take place to ensure all proposals from both this work and the 2011/12 AIR are consolidated into the Improving Governance Programme and identified in one place (see 4.1.4). Regular updates on the Improving Governance Programme will be reported to the Audit Committee in November 2013 and to future meetings. The two proposals not included will be monitored separately.

4.2.4 There will still be a need to have regular reporting of action against recommendations on future regulatory reviews that cover aspects of the Council business other than Corporate Governance e.g. service specific reviews, and for these to also be monitored and reported to the Audit Committee.

### **4.3 R3 Address the three recommendations made in the Auditor General's report Evaluation of Social Services contributions to the Medium Term Financial Plan dated September 2013 (Appendix 5 AIR)**

4.3.1 During 2013 the Auditor General undertook a detailed review of the Council's approach to financial planning in social services. In September 2013, following that work, he made three recommendations and three Proposals for Improvement. The recommendations are:

- When contemplating a significant change to the way services are delivered, the Council should prepare a fully costed business case prior to initiating major programmes to support the change.
- The financial impact of significant proposed changes should be reflected in medium-term financial plans directly where the change is certain to proceed or as a sensitivity if the change is not certain.
- The Council should ensure that Members are provided with sufficient information at the earliest opportunity to enable them to make informed decisions.

4.3.2 A number of changes to business processes and procedures have already been made to 'learn lessons' from this work. The Forward Work programme is now clearly set out and published in detail six months in advance. All significant decisions and changes will be presented to CMT and will not be approved without rigorous scrutiny, prior to presentation to Members. A procedure note has also been distributed for the flow of reports through CMT and on to Cabinet/Scrutiny and Council.

4.3.3 Further guidance to staff to assist in preparing business cases will be developed shortly, along with a common format/template that officers will be required to use.

4.3.4 In addition, as part of the work of the IGP, a full review of the Corporate Planning cycle is being undertaken, and the proposals will also include service reviews and improved self-evaluation. The proposals will link activity and financial information in a more coordinated manner, and all service changes will be linked to both the Medium Term Financial Strategy (MTFS) and workforce plans.

4.3.5 Improvements to the Scrutiny process have been proposed and are the subject of a separate report to this same Council, today, 8 October 2013. These changes should facilitate earlier opportunities for members to review information and proposed changes.

#### **4.4 R4 Put in place arrangements that enable the Council to formulate, scrutinize, approve and publish its improvement objectives in a timely way to meet its statutory obligations under the Measure (Appendix 4 AIR)**

- 4.4.1 As referred to above, a full review of the Corporate planning cycle is being undertaken which includes the timing of a number of strategic documents and operational plans, including Improvement Objectives. Proposals include an annual timetable to establish all Council plans prior to the start of the financial year, which includes the Council's Improvement Objectives. It is proposed that more emphasis is placed on delivery as well as improvement and a closer link to the budget timetable and hence the resources to deliver improvement. These changes will enable the Council to publish its Improvement Objectives at the start of the year following consideration, scrutiny and approval by Members.
- 4.4.2 A report detailing the changes with all the associated guidance will be considered by CMT at its meeting on 10<sup>th</sup> October and at Cabinet on 30<sup>th</sup> October 2013.
- 4.5 The Council has recently received the project brief for the Corporate Governance Inspection (CGI) which will take place between now and December 2013. The auditors have included work on all the above areas of activity in that brief. (The brief is attached at Appendix 3).

#### **5. EQUALITIES IMPLICATIONS**

- 5.1 Duties on the Council stemming from the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Welsh Language (Wales) Measure 2011 (and previous legislation) require that consideration of these issues form part of policy development, scrutiny and service delivery and improvement.
- 5.2 This includes evidencing progress in service improvement plans for example, as part of the overall improvement of the Council's services, particularly in relation to two of the Local Government Measure's definitions of improvement, namely service availability and fairness. The Council's annual reports on both Equalities and Welsh Language detail the progress made in these areas.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 There is likely to be a staff resource input into the Service Delivery Plans and Service reviews. Initially it is anticipated that the first year will be in-house resource supplemented by assistance from the WLGA. The WLGA support will be provided at no cost to the Council. A review will be undertaken assessing the impact after the conclusion of the first year. In addition, a sum of £50k was set aside by Cabinet on the 23<sup>rd</sup> July 2013, to assist the IGP. This account will be regularly reviewed to ensure it is adequate to cover additional costs. It is expected that this will need to be increased to cover the additional audit costs associated with a CGI.

#### **7. PERSONNEL IMPLICATIONS**

- 7.1 A secondment has been established with the Aneurin Bevan Health Board to enable a senior officer with the appropriate experience to assist in the delivery of the IGP.

#### **8. CONSULTATIONS**

- 8.1 See consultee list below. The Report reflects the views of the consultees listed in the Report.

## **9. RECOMMENDATIONS**

- 9.1 To approve the Council's proposed response to the Auditor General's recommendations.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To respond to the Auditor General's recommendations in the 2011/12 Annual Improvement Report.

## **11. STATUTORY POWER**

- 11.1 Local Government Measure 2009.

Author: Stuart Rosser, Interim Chief Executive  
Consultees: Cllr H Andrews, Leader of Council  
Cllr K Reynolds, Deputy Leader & Cabinet Member for Corporate Services  
Cllr C Forehead, Cabinet Member for HR Governance/Business Manager  
CMT  
Colin Jones, Head of Performance & Property  
Ros Roberts PMU  
Gill Lewis, Seconded from Aneurin Bevan Health Board

### Appendices:

- Appendix 1 – Report to Cabinet 18<sup>th</sup> September 2013 – Improving Governance Action Plan  
Appendix 2 – Report to Audit Committee 17<sup>th</sup> September 2013 – Wales Audit Office Proposals  
Progress Update  
Appendix 3 – Corporate Governance Inspection - Project Brief

### Background papers:

- Report to Council April 23<sup>rd</sup> 2013 – Wales Audit Office Report in the Public Interest