



## **CABINET – 16TH OCTOBER 2019**

**SUBJECT: ANNUAL IMPROVEMENT REPORT 2018/19.**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

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- 1.1 The attached report is due to be considered by the Audit Scrutiny Committee on 15th October 2019, prior to its referral to Cabinet.
  - 1.2 The views expressed at the meeting and the recommendations of the Scrutiny Committee will be reported verbally to Cabinet on 16th October 2019.

Author: C. Evans, Committee Services Officer, Ext. 4210

Appendices:

Appendix Annual Improvement Report 2018/19 - Agenda Item 4



## AUDIT COMMITTEE 15TH OCTOBER 2019

**SUBJECT: ANNUAL IMPROVEMENT REPORT 2018/19**

**REPORT BY: CORPORATE DIRECTOR - EDUCATION AND CORPORATE SERVICES**

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### 1. PURPOSE OF REPORT

- 1.1 The attached report (Appendix 1) issued at the end of July 2019 outlines the key messages from the Wales Audit Office (WAO) Annual Improvement Report (AIR). The AIR makes a judgement as to whether we have and whether we are likely to comply with our statutory duty in compliance with the Local Government (Wales) Measure 2009 to 'make arrangements to secure continuous improvement'.

### 2. SUMMARY

- 2.1 This AIR is two-fold. It summarises the work carried out by the WAO during the year 2018/19 and provides the regulators judgement as to whether we will comply with the Local Government (Wales) Measure 2009. For 2018/19 the WAO judgement was:

***"The Council is meeting its statutory requirements in relation to continuous improvement and is at a crucial pivotal point in its ambition to transform"***

*Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20"*

### 3. RECOMMENDATIONS

- 3.1 It is recommended that Audit Committee comment on and approve the Annual Improvement Report (AIR) 2018/19 as set out in Appendix 1.

### 4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To allow Audit Committee to consider the Annual Improvement Report prior to its presentation at Cabinet.

### 5. THE REPORT

- 5.1 As noted in 2.1 the WAO judgement is that "The Council is meeting its statutory requirements in relation to continuous improvement and is at a crucial pivotal point in its ambition to transform"

5.2 The report notes in paragraph 7 that “*During the course of the year, the Auditor General did not make any further formal recommendations. However, we have made a number of proposals for improvement and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports (AIR Appendix 3) as part of our improvement assessment work*”.

5.3 Page 6 onwards of the AIR gives a brief summary of the work reported on in 2018/19.

5.4 The AIR notes, at page 15, that the Council complied with its duty for Improvement Planning and Reporting, through our published Well-being Objectives, and our assessment of performance in the Annual Performance Report for the year 2017/18. No proposals for improvement were made. The WAO provided confirmation certificates that these duties were met and these were received by Audit Committee as information items on 24<sup>th</sup> July 2018 and 29<sup>th</sup> January 2019.

5.5 Individual reports received are reported to members throughout the year and the AIR is a summary of those individual outputs.

## 5.6 **Conclusion**

At the end of 2018/19 we can demonstrate that “***The Council is meeting its statutory requirements in relation to continuous improvement and is at a crucial pivotal point in its ambition to transform***”

## 6. **ASSUMPTIONS**

6.1 There are no assumptions in this report.

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

7.1 Corporate Plan 2018-2023.

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

8.1 The Well-being of Future Generations (Wales) Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. Its aim is to make public bodies listed in the Act to think more about the long term, working better with communities and each other. It is about preventing problems and taking a joined-up approach.

The arrangements we have in place to comply with the Act are reported to a range of audiences and made available on the council’s website.

## 9. **EQUALITIES IMPLICATIONS**

9.1 An Equalities Impact Assessment screening has been conducted and it has been determined that an assessment is not needed as this report relates to a document published by the WAO.

## 10. **FINANCIAL IMPLICATIONS**

10.1 There are no financial implications to this report.

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

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Consultees: Richard (Ed) Edmunds – Corporate Director for Education and Corporate Services  
Councillor Barbara Jones – Interim Leader & Cabinet Member for Performance  
Steve Harris – Interim Head of Business Improvement Services  
Kathryn Peters – Corporate Policy Manager  
Deborah Gronow – Audit Group Manager

Appendices:  
Appendix A - Annual Improvement Report 2018/19



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report

## Caerphilly County Borough Council

Issued: July 2019

Document reference: 1388A2019-20



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Gareth Jones and Non Jenkins under the direction of Huw Rees

**Adrian Crompton**  
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The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

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# Summary report

## 2018-19 performance audit work

- 1 To decide the range and nature of the work we would undertake during the year, we considered how much we already know from all previous audit and inspection work and from other sources of information including Caerphilly County Borough Council's (the Council) own mechanisms for review and evaluation. For 2018-19, we undertook improvement assessment work; an assurance and risk assessment project and work in relation to the Well-being of Future Generations Act at all councils. At some councils, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2018-19.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 2](#).

## The Council is meeting its statutory requirements in relation to continuous improvement and is at a crucial pivotal point in its ambition to transform

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20.
- 4 As stated in our 2015-16, 2016-17 and 2017-18 Annual Improvement Reports, internal investigations are continuing in relation to the issues concerning some senior officers. Consequently, there are still a number of interim or acting posts at senior management level and a degree of uncertainty remains at the Council until the internal investigations are concluded.
- 5 The Council is now at a crucial pivotal point in its ambition to transform, and it has significant opportunities to quickly grasp through its transformation programme, Team Caerphilly, to ground its ambitions and turn them into action and improved outcomes for its citizens by 2022.

## Recommendations and proposals for improvement

- 6 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
  - make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;



- make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
- conduct a special inspection, publish a report and make recommendations; and
- recommend to ministers of the Welsh Government that they intervene in some way.

7 During the course of the year, the Auditor General did not make any formal recommendations. However, we have made a number of proposals for improvement and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

## Audit, regulatory and inspection work reported during 2018-19

Exhibit 1: audit, regulatory and inspection work reported during 2018-19

Issue date	Brief description	Conclusions	Proposals for improvement
April 2019	<p><b>Assurance and Risk Assessment</b> Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council:</p> <ul style="list-style-type: none"> <li>• putting in place proper arrangements to secure value for money in the use of resources;</li> <li>• putting in place arrangements to secure continuous improvement; and</li> <li>• acting in accordance with the sustainable development principle in setting wellbeing objectives and taking steps to meet them.</li> </ul>	<p><b>Arising from this project we identified the following topics for inclusion in our audit plan at the Council for 2019-20:</b></p> <ul style="list-style-type: none"> <li>• a review of the Council's transformation programme. This project will review the effectiveness and impact of the Council's transformation programme in driving sustainable and efficient improvement. We will discuss the focus and approach to this project with the Council.</li> <li>• a review of the Council's financial sustainability. A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges. .</li> </ul>	Not applicable

Issue date	Brief description	Conclusions	Proposals for improvement
March 2019	<p><b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examination</b></p> <p>Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking the step of <b>continuing the delivery of the Flying Start programme to help improve access, take up and attendance</b> to meet the following wellbeing objective:</p> <ul style="list-style-type: none"> <li>Improved education opportunities for all.</li> </ul> <p><b><u><a href="#">Copy of the Auditor General's report</a></u></b></p>	<p><b>In taking this step and acting in accordance with the Flying Start Programme, the Council has a number of positive examples of how it has taken account of the sustainable development principle, particularly in collaboration and prevention. However, the Council recognises that there is more to do to consistently embed all five ways of working and could strengthen its involvement to secure increased take up and attendance and ensure that it is working in a fully integrated way:</b></p> <ul style="list-style-type: none"> <li>the Council can identify longer-term benefits for individual families who engage with the Flying Start Programme, but the Council could consider ways to track and evidence longer-term impacts for all families eligible for the programme;</li> <li>prevention is an inherent part of the Flying Start Programme, and the Council has tailored its approach to the local population, but it should consider different ways to maximise the preventative benefits the programme could bring;</li> <li>the Council demonstrates a good understanding of integration and is making progress towards a more integrated approach to delivering its Flying Start Programme;</li> <li>collaboration is an inherent part of the Flying Start programme and the Flying Start team are collaborating well internally and externally; and</li> <li>the Flying Start team has a well-developed approach to using views of parents to inform the design of services and has established a positive working relationship with the local Parent Network.</li> </ul>	<p>We did not make any proposals for improvement in the Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations report but did highlight some areas of development which the Council plans to act on.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
September 2018	<p><b>Annual Audit Letter 2017-18</b>            Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in <b>Appendix 2</b> of this report.</p>	<ul style="list-style-type: none"> <li>• The Council complied with its responsibilities relating to financial reporting and use of resources.</li> <li>• We are satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</li> <li>• Our work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2017-18 accounts or key financial systems.</li> </ul>	None

Issue date	Brief description	Conclusions	Proposals for improvement
<b>Local risk-based performance audit</b>			
December 2018	<p><b>Thematic Review – Service User Perspective</b></p> <p>Review to gain assurance and insight into the extent to which services respond to the needs and expectations of service users both in their design and delivery and take their views and aspirations into account. This review focussed on the Council's housing tenants and leaseholders.</p> <p><a href="#"><u>Copy of the Auditor General's report</u></a></p>	<p><b>Tenants and leaseholders have positive views about many aspects of the Council's Welsh Housing Quality Standard (WHQS) programme including the quality, but are less satisfied with external works, the timeliness of work, and the extent to which the Council involves them and provides information on the works:</b></p> <ul style="list-style-type: none"> <li>• the Council provides tenants and leaseholders with information about the WHQS programme, but it could better explain why the works are needed;</li> <li>• the Council could do more to ensure that the works are consistently completed on time across all areas;</li> <li>• those who have had improvement works are satisfied with the quality of internal works, but are less satisfied with external works;</li> <li>• tenants and leaseholders are involved with the works, but the Council inconsistently applies tenants' choice about electrical wiring; and</li> <li>• 85% of the tenants and leaseholders can quickly and easily contact the Council.</li> </ul>	<p>P1 To ensure that the WHQS programme meets the needs of all tenants and leaseholders the Council should;</p> <ul style="list-style-type: none"> <li>• strengthen its communication approaches with all tenants and leaseholders, taking account of the experiences of different groups of residents;</li> <li>• monitor and report compliance with the Charter for Trust to address any identified issues; and</li> <li>• analyse complaints about the WHQS programme systematically to address the root causes and share learning to improve tenants' and leaseholders' experience of the programme.</li> </ul>

Issue date	Brief description	Conclusions	Proposals for improvement
<b>Local risk-based performance audit</b>			
January 2019	<p><b>WHQS follow-up review</b> Review to determine whether the Council is addressing our 2017 statutory recommendations and has appropriate systems in place to meet the WHQS by 2020.</p> <p><a href="#"><u>Copy of the Auditor General's report</u></a></p>	<p><b>The Council has responded positively to our June 2017 WHQS report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020:</b></p> <ul style="list-style-type: none"> <li>the Council has made significant progress in identifying the investment and resources it needs to complete its WHQS programme by the end of 2020;</li> <li>the Council has taken steps to determine the value for money of its procurement arrangements;</li> <li>there have been improvements to its WHQS performance reports, however, there is still inconsistent and inaccurate reporting of performance;</li> <li>the Council now has measurable performance targets to effectively monitor the remainder of its WHQS programme;</li> <li>the Council has strengthened its arrangements to meet its statutory landlord responsibilities; and</li> <li>the Council has invested additional resources to enhance its WHQS programme management but still lacks a current Local Housing strategy and does not always produce comprehensive Equality Impact Assessments for key housing policy documents.</li> </ul>	<p>P1 The Council should ensure that members and tenants receive accurate WHQS performance information regularly about its progress towards achieving its 2020 programme deadline.</p> <p>P2 The Council should agree a Local Housing Strategy to set out its long-term vision for the future priorities for homes in Caerphilly.</p> <p>P3 The Council should ensure that Equality Impact Assessments are undertaken consistently.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
<b>Local risk-based performance audit</b>			
March 2019	<p><b>Aligning Levers for Change: Business Improvement Portfolio Board</b></p> <p>Review providing real time constructive feedback and challenge to the Business Improvement Programme Board to help members of the Board have effective oversight of its major programmes and the strategic and co-ordinated approach to its services. Review on how effectively the Board and Programme deliver the overall vision and objectives.</p>	<p>The Council has recognised that a fresh approach to transformation is needed and Caerphilly 2022 (C2022) is therefore an opportunity not to be missed.</p> <p>The Council initiated its thinking around the C2022 programme in late 2018/early 2019 but it represents a critical opportunity for the Council to secure long-term transformation.</p> <p>The Council's initial thinking around C2022 indicates an increasing ambition for the Council's transformation agenda.</p> <p>There is an increasing realisation by the Council that its transformation agenda needs to be more ambitious and needs to align with the achievement of significant financial savings.</p>	<p>P1 Articulate the purpose, scope, vision and expected outcomes from C2022 and set out how the programme will:</p> <ul style="list-style-type: none"> <li>• support/enable the delivery of its corporate plan and wellbeing objectives;</li> <li>• help it to sustainably deliver the savings required under the medium-term financial plan; and</li> <li>• sustainably secure improvement, value for money and a return on investment to achieve improved outcomes for citizens in an economical, efficient and effective way.</li> </ul> <p>P2 Communicate its agreed vision to staff, partners, residents and other stakeholder groups as required to secure engagement and ownership.</p> <p>P3 Bring forward and prioritise specific and ambitious proposals for corporate and service transformation within the C22 programme.</p> <p>P4 Put in place robust governance and oversight arrangements for C2022. These should include as a minimum:</p> <ul style="list-style-type: none"> <li>• a clear and proportionate approach to programme management. This should set out how proposals will be tested through development of robust business cases, and how savings proposals will be developed, managed and scrutinised in this context.</li> <li>• a delivery timeline that reflects key decision points in the Council's strategic planning and budgeting cycles.</li> <li>• appropriate arrangements for oversight, scrutiny, assurance and accountability. This should include opportunities for senior officers and members to meaningfully engage with and challenge the development and delivery of transformation proposals.</li> </ul>

Issue date	Brief description	Conclusions	Proposals for improvement
<b>Local risk-based performance audit</b>			
			<p>P5 Ensure that it has both the capability and capacity to deliver the programme. This should include:</p> <ul style="list-style-type: none"> <li>• identifying and addressing skill gaps in relation to the proposed transformation initiatives;</li> <li>• ensuring the right balance between corporate control and ownership/accountability amongst service leads;</li> <li>• putting in place a corporate resource to oversee and enable programme delivery;</li> <li>• ensuring that corporate services including; finance, HR, procurement, ICT and intelligence are actively supporting, enabling and challenging programme delivery and performance outcomes.</li> <li>• continuing to draw on critical challenge, external expertise and best practice from Wales and the UK (and beyond).</li> </ul> <p>P6 Identify the measures of success and key milestones that will demonstrate to all stakeholders (public, staff, businesses, regulators) that it is on track to deliver the agreed financial, service and place-based outcomes.</p>



Issue date	Brief description	Conclusions	Proposals for improvement
<b>Local risk-based performance audit</b>			
June 2019	<p><b>Corporate Safeguarding Arrangements</b></p> <p>Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.</p> <p><a href="#"><u>Copy of the Auditor General's report</u></a></p>	<p><b>Although the Council has made some progress in addressing our previous recommendations, the Council needs to further strengthen its corporate safeguarding oversight and assurance arrangements</b></p>	<p>The review found that the Council had not fully addressed the following previous national recommendations and the Council should address these in full:</p> <p><b>R3</b> Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> <li>• ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children;</li> <li>• creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and</li> <li>• requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement.</li> </ul> <p><b>R4</b> Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> <li>• ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes;</li> <li>• creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and</li> <li>• requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training.</li> </ul>

Issue date	Brief description	Conclusions	Proposals for improvement
<b>Local risk-based performance audit</b>			
			<p><b>R6</b> Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering:</p> <ul style="list-style-type: none"> <li>• benchmarking and comparisons with others;</li> <li>• conclusions of internal and external audit/inspection reviews;</li> <li>• service-based performance data;</li> <li>• key personnel data such as safeguarding training, and DBS recruitment checks; and</li> <li>• the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.</li> </ul> <p><b>R7</b> Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.</p> <p><b>R8</b> Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
<b>Improvement planning and reporting</b>			
May 2018	<p><b>Wales Audit Office annual improvement plan audit</b></p> <p>Review of the Council's published plans for delivering on improvement objectives.</p>	The Council has complied with its statutory improvement planning duties.	None
November 2018	<p><b>Wales Audit Office annual assessment of performance audit</b></p> <p>Review of the Council's published performance assessment.</p>	The Council has complied with its statutory improvement reporting duties.	None
<b>Reviews by inspection and regulation bodies</b>			
No reviews by inspection and regulation bodies have taken place during the time period covered in this report.			

# Appendix 1

## Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

# Appendix 2

## Annual Audit Letter

**Reference** CCBC/AAL/1718

**Date** 3 September 2018

Councillor D Poole  
Leader  
Caerphilly County Borough Council  
Penallta House  
Tredomen Park  
Ystrad Mynach  
CF82 7PG

Cc: Ms Christina Harrhy

Dear Councillor Poole

### **Annual Audit Letter – Caerphilly County Borough Council 2017-18**

This letter summarises the key messages arising from our statutory responsibilities under the Public Audit (Wales) Act 2004 and our reporting responsibilities under the Code of Audit Practice.

#### **The Council complied with its responsibilities relating to financial reporting and use of resources**

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires us to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that we have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 2 August 2018 we issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. Our report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in our Audit of Financial Statements report on the 24 July 2018.

- the Council continues to demonstrate effective arrangements in the preparation of its financial statements, enabling the Council to approve the audited financial statements on 31 July 2018, significantly ahead of the statutory deadline of 30 September. The Council has continued to provide good quality draft financial statements and accompanying working papers for audit. These were available for us to commence our audit fieldwork in line with the agreed timetable.
- there were a number of misstatements that were corrected by management. All disclosure corrections were processed with no effect on the Council's reported outturn position.
- we identified a number of recommendations relating to Internal Audit, the Annual Governance Statement, journal controls and depreciation. A number of these issues have been reported in prior years.

**We are satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

Our consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

**We issued a certificate confirming that the audit of the accounts was completed on 2 August 2018.**

**Our work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2017-18 accounts or key financial systems.**

A more detailed report on our grant certification work will follow in January 2019 once this year's programme of certification work is complete.

The financial audit fee for 2017-18 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely

*Grant Thornton UK LLP*

**Grant Thornton UK LLP  
For and on behalf of the Auditor General for Wales**

# Appendix 3

## National report recommendations 2018-19

Exhibit 3: national report recommendations 2018-19

Date of report	Title of review	Recommendation
October 2018	<u><a href="#">Procuring Residual and Food Waste Treatment Capacity</a></u>	<p><b>R1</b> The projections for the three residual waste projects in the Programme assume that, across the 14 councils involved, the overall amount of residual waste will increase through the lifetime of the contracts. If these projections are accurate then something significant would have to occur beyond 2040 to reach zero waste across these council areas by 2050. If the projections are not accurate then there is the risk that councils will pay for capacity they do not need. <b>We recommend that the Welsh Government:</b></p> <ul style="list-style-type: none"><li>• in reviewing the Towards Zero Waste strategy, considers how its ambition of there being no residual waste by 2050 aligns with current projections for residual waste treatment; and</li><li>• works with councils to consider the impact of changes in projections on the likely cost of residual waste projects and any mitigating action needed to manage these costs.</li></ul>

Date of report	Title of review	Recommendation
		<p><b>R2</b> The Welsh Government's programme support to date has mainly focused on project development and procurement. Now that most of the projects are operational, the focus has shifted to contract management. <b>We recommend that the Welsh Government continue its oversight of projects during the operational phase by:</b></p> <ul style="list-style-type: none"> <li>• <b>building on its existing model of providing experienced individuals to assist with project development and procurement and making sure input is available to assist with contract management if required;</b></li> <li>• <b>setting out its expectations of councils regarding contract management;</b></li> <li>• <b>ensuring partnerships revisit their waste projections and associated risks periodically, for example to reflect updated population projections or economic forecasts; and</b></li> <li>• <b>obtaining from partnerships basic management information on gate fees paid, amount of waste sent to facilities and quality of contractor service.</b></li> </ul>



Date of report	Title of review	Recommendation
November 2018	<u><a href="#">Local Government Services to Rural Communities</a></u>	<p><b>R1</b> Socio economic change, poor infrastructure and shifts in provision of key services and facilities have resulted in the residualisation of communities in rural Wales. <b>We recommend that Welsh Government support public bodies to deliver a more integrated approach to service delivery in rural areas by:</b></p> <ul style="list-style-type: none"> <li>• <b>refreshing rural grant programmes to create sustainable financial structures, with multi-year allocations; and</b></li> <li>• <b>helping people and businesses make the most of digital connectivity through targeted and more effective business and adult education support programmes.</b></li> </ul> <p><b>R2</b> The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales (see paragraphs 2.2 to 2.9 and 2.28 to 2.31). <b>We recommend that PSB public service partners respond more effectively to the challenges faced by rural communities by:</b></p> <ul style="list-style-type: none"> <li>• <b>assessing the strengths and weaknesses of their different rural communities using the Welsh Government’s Rural Proofing Tool and identify and agree the local and strategic actions needed to support community sustainability; and</b></li> <li>• <b>ensuring the Local Well-Being Plan sets out a more optimistic and ambitious vision for ‘place’ with joint priorities co-produced by partners and with citizens to address agreed challenges.</b></li> </ul>

Date of report	Title of review	Recommendation
		<p><b>R3</b> To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). <b>We recommend councils provide a more effective response to the challenges faced by rural communities by:</b></p> <ul style="list-style-type: none"> <li>• <b>ensuring service commissioners have cost data and qualitative information on the full range of service options available; and</b></li> <li>• <b>using citizens' views on the availability, affordability, accessibility, adequacy and acceptability of council services to shape the delivery and integration of services.</b></li> </ul>

Date of report	Title of review	Recommendation
		<p><b>R4</b> To help sustain rural communities, public services need to act differently in the future (see paragraphs 3.1 to 3.12). <b>We recommend councils do more to develop community resilience and self-help by:</b></p> <ul style="list-style-type: none"> <li>• <b>working with relevant bodies such as the Wales Co-operative Centre to support social enterprise and more collaborative business models;</b></li> <li>• <b>providing tailored community outreach for those who face multiple barriers to accessing public services and work;</b></li> <li>• <b>enhancing and recognising the role of town and community councils by capitalising on their local knowledge and supporting them to do more;</b></li> <li>• <b>encouraging a more integrated approach to service delivery in rural areas by establishing pan-public service community hubs, networks of expertise, and clusters of advice and prevention services;</b></li> <li>• <b>enabling local action by supporting community asset transfer identifying which assets are suitable to transfer, and having the right systems in place to make things happen; and</b></li> <li>• <b>improving community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.</b></li> </ul>

Date of report	Title of review	Recommendation
November 2018	<u><b>Waste Management in Wales: Municipal Recycling</b></u>	<p><b>R1</b> Benchmarking work has found that the cost of certain waste management services shows surprising variation (paragraphs 1.31-1.39). <b>The Welsh Government should work with councils to understand better the basis of the variation in spending on waste management services that are fundamentally the same and ensure that waste management costs are accounted for in a consistent way.</b></p> <p><b>R2</b> The Welsh Government believes that, if applied optimally, its Collections Blueprint offers the most cost-effective overall means of collecting recyclable resources but is planning further analysis (paragraphs 1.40-1.51). <b>When undertaking its further analysis to understand better the reasons for differences in councils' reported costs, and the impact on costs where councils have adopted the Collections Blueprint, we recommend that the Welsh Government:</b></p> <ul style="list-style-type: none"> <li>• <b>explores how the cost of collecting dry recyclables may affect the overall cost of providing kerbside waste management services to households; and</b></li> <li>• <b>compares the actual costs with the costs modelled previously as part of the Welsh Government-commissioned review of the Collections Blueprint for councils that now operate the Collections Blueprint.</b></li> </ul>

Date of report	Title of review	Recommendation
		<p><b>R3</b> The Welsh Government has undertaken to consider alternatives to the current weight-based recycling targets which can better demonstrate the delivery of its ecological footprint and carbon reduction goals (paragraphs 2.38-2.45). <b>We recommend that the Welsh Government replace or complement the current target to recycle, compost and reuse wastes with performance measures to refocus recycling on the waste resources that have the largest impact on carbon reduction, and/or are scarce. We recognise that the Welsh Government may need to consider the affordability of data collection for any alternative means of measurement.</b></p> <p><b>R4</b> In refreshing Towards Zero Waste, the Welsh Government needs to show that wider sustainability benefits sought through municipal recycling offer value and cannot be more readily attained in other ways and at lower cost including, but not necessarily limited to, other waste management interventions (paragraphs 2.52-2.53). <b>The Welsh Government should demonstrate in the revised waste strategy that not only is it possible to recycle a greater proportion of municipal waste, but how doing so maximises its contribution to achieving its sustainable development objectives.</b></p>

Date of report	Title of review	Recommendation
November 2018	<u>Provision of Local Government Services to Rural Communities: Community Asset Transfer</u>	<p><b>R1</b> Local authorities need to do more to make CATs (Community Asset Transfers) simpler and more appealing, help build the capacity of community and town councils, give them more guidance in raising finance, and look to support other community development models such as social enterprises that support social value and citizen involvement. <b>In addition, we recommend that local authorities monitor and publish CAT numbers and measure the social impact of CATs.</b></p> <p><b>R2</b> Local authorities have significant scope to provide better and more visible help and support before, during, and after the community asset transfer process. <b>We conclude that there is considerable scope to improve the business planning, preparation, and aftercare for community asset transfer. We recommend that local authorities:</b></p> <ul style="list-style-type: none"> <li>• <b>identify community assets transfer's role in establishing community hubs, networks of expertise and clusters of advice and prevention services;</b></li> <li>• <b>work with town and community councils to develop their ability to take on more CATs;</b></li> <li>• <b>identify which assets are suitable to transfer, and clarify what the authority needs to do to enable their transfer;</b></li> <li>• <b>ensure their CAT policy adequately covers aftercare, long term support, post transfer support, signposting access to finance, and sharing the learning about what works well; and</b></li> <li>• <b>support community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.</b></li> </ul>

Date of report	Title of review	Recommendation
December 2018	<u><a href="#">The maturity of local government in use of data</a></u>	<p><b>R1 Part 1 of the report highlights the importance of creating a strong data culture and clear leadership to make better use of data. We recommend that local authorities:</b></p> <ul style="list-style-type: none"> <li>• have a clear vision that treats data as a key resource;</li> <li>• establish corporate data standards and coding that all services use for their core data;</li> <li>• undertake an audit to determine what data is held by services and identify any duplicated records and information requests; and</li> <li>• create a central integrated customer account as a gateway to services.</li> </ul> <p><b>R2 Part 2 of the report notes that whilst it is important that authorities comply with relevant data protection legislation, they also need to share data with partners to ensure citizens receive efficient and effective services. Whilst these two things are not mutually exclusive, uncertainty on data protection responsibilities is resulting in some officers not sharing data, even where there is agreement to provide partners with information. We recommend that authorities:</b></p> <ul style="list-style-type: none"> <li>• provide refresher training to service managers to ensure they know when and what data they can and cannot share; and</li> <li>• review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities.</li> </ul>

Date of report	Title of review	Recommendation
		<p><b>R3</b> In Part 3 of our report, we conclude that adequate resources and sufficient capacity are ongoing challenges. However, without upskilling staff to make better use of data, authorities are missing opportunities to improve their efficiency and effectiveness. We recommend that authorities:</p> <ul style="list-style-type: none"> <li>• identify staff who have a role in analysing and managing data to remove duplication and free up resources to build and develop capacity in data usage; and</li> <li>• invest and support the development of staff data analytical, mining and segmentation skills.</li> </ul> <p><b>R4</b> Part 4 of our report highlights that authorities have more to do to create a data-driven decision-making culture and to unlock the potential of the data they hold. We recommend that local authorities:</p> <ul style="list-style-type: none"> <li>• set data reporting standards to ensure minimum data standards underpin decision making; and</li> <li>• make more open data available.</li> </ul>



Date of report	Title of review	Recommendation
March 2019	<p><b><u>Waste Management in Wales - Preventing waste</u></b></p>	<p><b>R1 Increasing the focus on waste prevention to reflect the overall aims of Towards Zero Waste</b></p> <p>Available data on the amount of waste produced suggests mixed progress to deliver the Welsh Government's waste prevention targets. We recommend that the Welsh Government:</p> <ul style="list-style-type: none"> <li>a) revisits the relative priority it gives to recycling and waste prevention as part of its review of Towards Zero Waste;</li> <li>b) sets out clearly the expectations on different organisations and sectors for waste prevention; and</li> <li>c) revisits its overall waste prevention targets and the approach it has taken to monitor them in light of progress to date, examples from other countries and in the context of current projections about waste arising through to 2050.</li> </ul> <p><b>R2 Improving data on commercial, industrial, construction and demolition waste</b></p> <p>The Welsh Government is a partner in initial work to assess the feasibility of developing a new digital solution to track all waste. If this preferred option does not succeed, we recommend that the Welsh Government works with Natural Resources Wales to explore the costs and benefits of other options to improve non-municipal waste data in Wales, including additional powers to require waste data from businesses.</p>

Date of report	Title of review	Recommendation
		<p><b>R3 Enhancing producer responsibility and using more legal, financial and fiscal levers</b></p> <p>The Welsh Government has opportunities to influence waste prevention through legislation and financial incentives. It can also influence changes at the UK level where fiscal matters are not devolved. We recommend that the Welsh Government consider whether provisions to extend producer responsibility and the use of financial powers such as grant conditions, fiscal measures and customer charges and incentives, are needed to promote and to prioritise waste prevention.</p>
June 2019	<p><b><u>The Effectiveness of Local Planning Authorities in Wales</u></b></p>	<p><b>R1</b> Part 1 of the report sets out the complexities of the planning system showing how challenging it is for local planning authorities to effectively engage with and involve stakeholders in choices and decisions. <b>To improve involvement with stakeholders and ownership of decisions we recommend that:</b></p> <ul style="list-style-type: none"> <li>• <b>local planning authorities:</b> <ul style="list-style-type: none"> <li>– <b>test current engagement and involvement practices and consider the full range of other options available to ensure involvement activities are fit for purpose;</b></li> <li>– <b>use ‘Place Plans’ as a vehicle to engage and involve communities and citizens in planning choices and decision making; and</b></li> <li>– <b>improve transparency and accountability by holding planning meetings at appropriate times, rotating meetings to take place in areas which are subject to proposed development, webcasting meetings and providing opportunities for stakeholders to address committee meetings.</b></li> </ul> </li> <li>• <b>the Welsh Government:</b> <ul style="list-style-type: none"> <li>– <b>review the Development Management Procedure Order 2012 and update the engagement and involvement standards for local planning authorities.</b></li> </ul> </li> </ul>

Date of report	Title of review	Recommendation
		<p><b>R2</b> Part 2 of the report highlights that local planning authorities have been subject to significant reductions in funding and struggle to deliver their statutory responsibilities. <b>To improve resilience, we recommend that local planning authorities:</b></p> <ul style="list-style-type: none"> <li>• <b>review their building control fee regimes to ensure the levels set better reflect the actual cost of providing these services and make the service self-funding; and</b></li> <li>• <b>improve capacity by working regionally to:</b> <ul style="list-style-type: none"> <li>– <b>integrate services to address specialism gaps;</b></li> <li>– <b>develop joint supplementary planning guidance; and</b></li> <li>– <b>develop future local development plans regionally and in partnership with other local planning authorities.</b></li> </ul> </li> </ul> <p><b>R3</b> Part 2 of the report highlights that the cost of development control services is not reflected in the charges set for these services and progress in developing regional responses to strengthen resilience has been slow. <b>We recommend that the Welsh Government:</b></p> <ul style="list-style-type: none"> <li>• <b>review development control fees to ensure the levels set, better reflect the actual cost of providing these services; and</b></li> <li>• <b>consider how to use the powers in the Planning (Wales) Act to support and improve local planning authority capacity and resilience.</b></li> </ul>

Date of report	Title of review	Recommendation
		<p><b>R4</b> Part 3 of the report summarises the effectiveness and impact of local planning authorities' decision making and how well they are performing against national measures. <b>We recommend that local planning authorities improve the effectiveness of planning committees by:</b></p> <ul style="list-style-type: none"> <li>• reviewing their scheme of delegation to ensure planning committees are focussed on the most important strategic issues relevant to their authority;</li> <li>• revising reporting templates to ensure they are clear and unambiguous to help guide decision making and reduce the level of officer recommendations overturned; and</li> <li>• enforcing the local planning authorities' standards of conduct for meetings.</li> </ul> <p><b>R5</b> Part 4 of the report identifies the central role of planning to deliver the ambitions of the Well-being of Future Generations Act. <b>We recommend that local planning authorities:</b></p> <ul style="list-style-type: none"> <li>• set a clear ambitious vision that shows how planning contributes to improving wellbeing;</li> <li>• provide planning committee members with regular and appropriate wellbeing training and support to help deliver their wider responsibilities;</li> <li>• set appropriate measures for their administration of the planning system and the impact of their planning decisions on wellbeing; and</li> <li>• annually publish these performance measures to judge planning authorities' impact on wellbeing.</li> </ul>



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