



## GOVERNANCE & AUDIT COMMITTEE 20<sup>TH</sup> JULY 2021

**SUBJECT: REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE**

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

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members on progress against proposals or recommendations made by all regulators since the last Audit Committee update and to advise on any new proposals that have been added since that time.
- 1.2 This report also provides an update on progress against recommendations in the 2019/20 Audit Wales Audit of Accounts Report for Caerphilly CBC (ISA 260 Report).

### 2. SUMMARY

- 2.1 Due to the pandemic and subsequent delays, the register was last updated and presented to the Audit Committee on 28 January 2020. Since that time **8** new proposals have been added onto the register and **5** areas for consideration as part of the Well-being of Future Generations examination.
- 2.2 We now have **33** statutory recommendations, proposals and areas for improvement on the register. There are **23** proposals and recommendations which are now considered to be actioned and completed. If agreed by the Governance & Audit Committee, that would leave **10** outstanding.
- 2.3 We have received 4 Performance Reports since the last time an update was provided (28 January 2020), they are: -
  - The Well-being of Future Generations 'Steps' examination on 'Preventing unnecessary admissions to hospital and facilitating timely discharges' which is part of the Wales Audit Office (WAO) work on how public bodies are implementing the Well-being of Future Generations Act (Wales) 2015.
  - Environmental Health – Follow up review
  - Delivering Good Governance
  - Financial Sustainability Assessment

2.4 The above does not include the improvement ‘certificates’ that come before Governance and Audit committee, as these confirm compliance to our statutory duty so do not make proposals or recommendations. Nor does it include External Financial Audit outputs, please see paragraphs 5.14 to 5.17 for more information.

### 3. RECOMMENDATIONS

3.1 We recommend the **23** proposals and recommendations be closed down as completed and encourage members to view the specific proposals attached within Appendix A and judge if they agree that these are now complete. It is recommended that Governance and Audit Committee give their agreement (if appropriate) to close the proposals that are noted as ‘completed’ within Appendix A.

3.2 It is also recommended that the Committee notes the current position regarding recommendations made in the 2019/20 Audit Wales Audit of Accounts Report for Caerphilly CBC.

### 4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure members are aware of progress the Council’s actions for progressing regulator recommendations and proposals and have assurance that progress is being made through an opportunity to monitor and challenge content.

### 5. THE REPORT

5.1 The table below provides a summary of proposals or recommendations and the numbers outstanding from each piece of work. Paragraph 5.2 to 5.10 provide more detail on the individual work and the quality of output which is the most important aspects of the work.

Name of Report	How many proposals or recommendation are outstanding	How many proposals were completed in this reporting period	How many are left to complete?
Asset Management	1	1	0
Financial Resilience	1	1	0
Review of arrangement to address external audit inspection	1	0	1
Welsh Housing Quality Standard Follow up Review	1	0	1
Well-being of Future Generations ‘steps’ examination of ‘improve the take up of Flying Start’	5 improvement actions	5	0
Corporate Safeguarding arrangements for Children	5	5	0

Well-being of Future Generations 'steps' examination of 'Preventing unnecessary admissions to hospital and facilitating timely discharges'	11 improvement actions	11	0
<b>New - Financial Sustainability Assessment</b>	3	0	3
<b>New – Delivering Good Corporate Governance</b>	5	0	5
<b>Total</b>	<b>33</b>	<b>23</b>	<b>10</b>

5.2 **Asset Management** – This proposal was a long-term activity requiring each service to develop a Service Asset Management Plan (SAMP). Good progress was made on completing the 22 SAMPS, however due to Covid and the Corporate Review work, this will require certain plans to be changed, For example the 'walk in service review and the flexible service review will have an impact on a few of the SAMP's as this will change how some of our services will run and subsequently how we are using our buildings.

Flexibility however is part of normal day to day business and plans do need to be updated accordingly to help the Council manage its property assets. SAMP documents are reviewed annually and updated if required as the service's objectives and property requirements change and this has now become 'business as usual', so we now recommend this proposal is closed.

5.3 **Review of arrangement to address external audit Inspection –**

The Workforce Development Strategy was delayed as noted in earlier reports; however, since the appointment of a dedicated officer faster progress has been made to complete the strategy. Research was challenging as changes to peoples work from the pandemic (such as remote working) and different ways of doing things, required different skill sets. This meant the review to inform a relevant workforce strategy took longer than initially intended. Positively the Workforce Development Strategy is now out to consultation. The Strategy was scheduled for Policy and Resources Scrutiny Committee on 6th July 2021; however this has now been deferred to September 21 to allow the results of the staff survey to inform the strategy. As such we should be able to report final completion of this work at the next update to Governance and Audit Committee.

5.4 **Welsh Housing Quality Standard Follow up** review came onto the register

January 2019. There was 1 proposal outstanding at the last update, which was to develop an up to date overarching Local Housing Strategy to set out the long-term vision for housing within Caerphilly.

Progress was delayed due to the pandemic, however the process to develop a Local Housing Strategy started in July 2020 with the appointment of Arc4 Ltd consultants. Arc4 have been working closely with officers and partners throughout the pandemic and have produced a portfolio of background information including a concept document which is currently out for consultation with stakeholders. Public engagement will follow throughout the Spring in order to produce a draft. The Strategy document will be refined throughout the summer and be presented to Cabinet in October for approval.

- 5.5 **Well-being of Future Generations** 'steps' examination of 'improve the take up of Flying Start' was published in April 2019. This work was to identify how the Sustainable Development Principle (the five ways of working) was used in developing actions to address our Well-being Objectives. Since that time, wholesale change has taken place and with a total redesign, making the previous improvement considerations redundant, and superseded by the new Early Years Integration programme. There were many programmes and disciplines, from midwifery to Flying start and Families first, first thousand days, childcare offer to name a few. It became too complex to know what was provided and to whom, the criteria often being age and postcode of areas classed as 'deprived' rather than individual need. Flying start and Families first have bought funding together with a new model of 0-7 (rather than the old 3 to 5 years of age). The 'integration programme's' purpose is to have a joined up responsive programme from 0 to 7 irrespective of traditional organisational and professional structures, to give young people the 'best start in life'. This was piloted in New Tredegar and has now been rolled out across the borough. Therefore, we would class the actions to address the AW proposals as complete.
- 5.6 **Corporate Safeguarding** – The action plan to address the proposals is now complete. The Safeguarding plan expanded to carry out more activities than originally on the action plan, with regards to training, recruitment, and commissioning. We judge this to be complete in terms of Governance and Audit Committee, and the work continues as part of day to day business. The action plan is updated and monitored by the Safeguarding board and the Social Services committee.
- 5.7 **Follow up on Environmental Services** (Nov 2019). The report has been finalised but due to the pandemic did not present to committee. The 2014 report was a national report and the 18/19 report followed up on the national aspects and provided a local flavour. The output was positive and offered some proposals for further suggestion, that are noted on the register. We have considered these over the time and do not believe there is more to add that is not part of the day to day management of the service. As this is part of day to day management, we would recommend it being closed as a 'bespoke piece of work'.
- 5.8 The **Well-being of Future Generations Steps 2** '*preventing unnecessary admissions to hospital and facilitating timely discharges*' This report (received November 2019) was due to be presented to Scrutiny and arrangements along with an action plan were made. Unfortunately, due to the pandemic the presentation in early March did not take place, and this was not presented to scrutiny. However, the 11 activities in the action plan continued to be worked on and now and all the actions have been completed bar 1, which is halfway through completion. It may no longer be timely to present the report as the actions are now completed, so instead the output is sent as an 'information only' item so members can connect the output with the proposals. The one outstanding action is ongoing partnership work to improve the referral system, so we now judge this overall piece of work to be completed.
- 5.9 **Financial Sustainability Assessment** - The Audit Wales 2020/21 assessment of councils' financial sustainability was in two phases. Phase 1 was a baseline assessment of the initial impact of COVID-19 on local councils' financial positions. This phase drew on the year-end position for 2019/20, the position at the end of quarter 1 for 2020/21, and projections for quarter 2 for 2020/21. Following Phase 1, in October 2020 Audit Wales published a national summary report – 'Financial

Sustainability of Local Government as a result of the COVID-19 Pandemic'. This report was presented to the Audit Committee on 21 October 2020. Audit Wales has now completed Phase 2 of its financial sustainability assessment work in 2020/21 and individual reports have been prepared for each of the 22 principal councils in Wales. Caerphilly CBC's report is being presented to the Governance and Audit Committee at this meeting (20<sup>th</sup> July). There are 3 proposals for improvement resulting from this report and they are noted on the register.

#### 5.10 **Delivering Good Governance**

Audit Wales and the Council jointly agreed to carry out a review of the Council's Governance arrangements in 2019. The review was framed as a means of assessing whether the Council's existing arrangements were sufficiently well developed to support the ambitious TeamCaerphilly transformation journey. The subsequent pandemic required a change of direction and a pause on some of the work, which was finalised April 2021. Greater details are provided to this Committee (20 July 21) with the output report (which has 5 proposals) and the action plan.

#### **Other Regulators**

- 5.11 School inspections are currently suspended due to the Pandemic, however, there is one planned for later in July. The Local Authority has no outputs to report; however, Estyn inspections of local authorities are due to start again in Autumn 2021 so we will be better placed to know when or of if there are any up and coming inspections.
- 5.12 Social Services advise there are no Care Inspectorate Wales (CIW) reports or studies to report on at this time.
- 5.13 For clarity, Audit Wales (AW) issue Proposals and Recommendations. The difference is that a proposal is a 'suggestion for improvement'. This means the Authority does not have to act on it, but if it is on the register it has been agreed that we will. A 'recommendation' means we have a 'statutory duty' to act on the recommendation. Areas for Improvement are a new category and looks at how we have used the Sustainable Development principle in forming actions to deliver our Well-being Objectives and we build our own action plan rather than specific proposals.

#### **2019/20 Audit Wales Audit of Accounts Report – Caerphilly CBC**

- 5.14 At its meeting on 16 November 2020, the Audit Committee was presented with the 2019/20 Audit Wales Audit of Accounts Report for Caerphilly CBC.
- 5.15 The report stated that it was the Auditor General's intention to issue an unqualified audit report on the Council's 2019/20 Financial Accounts. However, the report did contain 22 recommendations arising from the audit work undertaken, 20 of which were accepted by management.
- 5.16 Officers have since taken steps to address the 20 recommendations accepted by management and 12 of these have now been closed as completed. 8 of the recommendations remain open and details of the current position for these are provided in Appendix B of this report. Members will note that it is anticipated that all outstanding actions will be completed by the end of September 2021.
- 5.17 Audit Wales are currently undertaking the audit of the 2020/21 Draft Financial Statements. As part of this work progress against the 22 recommendations in the 2019/20 Audit of Accounts Report will be followed up. The Governance & Audit

Committee will receive the 2020/21 Audit of Accounts Report at its meeting on 30 September 2021.

## 5.18 **Conclusion**

Despite the pandemic, most of the proposals are making good progress and there are no emerging issues or delays to report on at this time. Most of the proposals were from older work prior to the pandemic, so the pandemic has only affected a couple of areas being delayed as noted in Appendix A.

The 2 new reports (Delivering Good Governance and Sustainable Financial Assessment) are being presented to this Committee July 2020.

When monitoring progress against the proposals, members are advised to consider what value the proposals are making and what difference the activity makes for our citizens. AW view is that the decision on whether a proposal is completed is an internal matter for the organisation to decide, (although it is within their remit to make more proposals if they do not believe it has been addressed). AW receive this update as part of their attendance at Governance and Audit Committee.

As part of its audit of the 2020/21 Draft Financial Statements, Audit Wales will follow-up progress on the 20 recommendations accepted by management in the 2019/20 Audit Wales Audit of Financial Statements Report.

## 6. **ASSUMPTIONS**

- 6.1 It is a reasonable assumption that the financial and demand challenges facing the authority will continue. The financial outlook is as challenging as it has been since austerity began, demand levels will continue to increase with changing demographics and increased expectations placed on the local authority.

## 7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 This report does not relate to the development of a policy, strategy, practice or project so no specific Integrated Impact Assessment has been undertaken on this report, however the Sustainable Development principle would be considered as part of any action planning to address proposals.

## 8. **FINANCIAL IMPLICATIONS**

- 8.1 There are no direct financial implications arising from this report.

## 9. **PERSONNEL IMPLICATIONS**

- 9.1 There are no specific personnel implications directly resulting from this report.

## 10. **CONSULTATIONS**

- 10.1 All consultation responses received have been included in the body of this report.

## 11. STATUTORY POWER

### 11.1 The Local Government Act 2009

Author Ros Roberts, Business Improvement Manager - [roberr@caerphilly.gov.uk](mailto:roberr@caerphilly.gov.uk)

Consultees: Christina Harray, Chief Executive  
Richard Edmunds, Corporate Director for Education & Corporate Services  
Steve Harris, Head of Financial Services & S151 Officer  
Cllr. Eluned Stenner, Cabinet Member for Performance, Economy & Enterprise  
Mark Williams, Interim Head of Property Services  
Rob Hartshorn, Head of Public Protection, Community and Leisure Services  
Lynne Donovan, Head of People Services  
Gareth Jenkins, Assistant Director, Children's Services  
Jo Williams, Assistant Director, Adult Services  
Sarah Mutch, Early Years Manager  
Sue Richards, Interim Head of Transformation  
Doctor Paul Warren, Strategic Lead for School Improvement  
Deborah Gronow, Internal Audit Manager

#### Appendices:

Appendix A Action Plan & Response to Regulator Proposals

Appendix B 2019/20 ISA 260 Report Recommendations – Matters Outstanding