

Pwyllgor Archwilio

Man Cyfarfod
**Ystafell Bwyllgor A - Neuadd y Sir,
Llandrindod, Powys**

Dyddiad y Cyfarfod
Dydd Mercher, 5 Ebrill 2017

Amser y Cyfarfod
10.00 am



Neuadd Y Sir
Llandrindod
Powys
LD1 5LG

I gael rhagor o wybodaeth cysylltwch â
Lisa Richards
01597 826371
lisa.richards@powys.gov.uk

29/03/2017

AGENDA

1.	YMDDIHEURIADAU	A16-2017
-----------	-----------------------	-----------------

Derbyn ymddiheuriadau am absenoldeb.

2.	DATGANIADAU O DDIDDORDEB	A17-2017
-----------	---------------------------------	-----------------

Derbyn datganiadau o ddiddordeb gan Aelodau.

3.	DATGANIAD CHWIP Y PLEIDLIAU	A18-2017
-----------	------------------------------------	-----------------

Derbyn datganiadau ynglyn â gwaharddiad chwip plaid a gyflwynwyd i Aelod mewn perthynas â'r cyfarfod yn unol ag Adran 78 (3) Mesur Llywodraeth Leol 2001.

(D.S: atgoffir yr Aelodau, dan Adran 78, na all Aelodau sydd wedi derbyn gwaharddiad chwip plaid bleidleisio ar fater gerbron y Pwyllgor.

4.	COFNODION	A19-2017
-----------	------------------	-----------------

Awdurdodi'r Cadeirydd i lofnodi cofnodion y cyfarfod blaenorol.

(Tudalennau 1 - 8)

5.	SWYDDFA ARCHWILIO CYMRU - CYNLLUN ARCHWILIO	A20-2017
-----------	----------------------------------------------------	-----------------

Ystyried y Cynlluniau Archwilio ar gyfer y Datganiadau Ariannol a Chronfa Bensiwn.

(Tudalennau 9 - 42)

6.	TALIADAU'R SWYDDFA ARCHWILIO CYMRU AM WASANAETHAU A CHYNHYRCHU INCWM	A21-2017
-----------	-----------------------------------------------------------------------------	-----------------

Ystyried adroddiad y Cyfarwyddwr Strategol, Adnoddau.

(Tudalennau 43 - 118)

7.	SWYDDFA ARCHWILIO CYMRU - CADERNID ARIANNOL - CYNLLUN GWEITHREDU	A22-2017
-----------	-------------------------------------------------------------------------	-----------------

Ystyried adroddiad y Cyfarwyddwr Strategol, Adnoddau.

(Tudalennau 119 - 140)

8.	CAU'R CYFRIFON	A23-2017
-----------	-----------------------	-----------------

Ystyried adroddiad y Pennaeth Gwasanaethau Ariannol.

(Tudalennau 141 - 144)

9.	RHEOLI RISG	A24-2017
-----------	--------------------	-----------------

Ystyried adroddiad chwarterol y Swyddog Rheoli Risg a Pharhad Busnes.

(Tudalennau 145 - 162)

10.	ARCHWILIAD MEWNOL	A25-2017
------------	--------------------------	-----------------

10.1. **Siarter Archwilio**

Ystyried adroddiad y Bartneriaeth Archwilio De Orllewin (SWAP).

(Tudalennau 163 - 168)

10.2. **Cynllun Archwilio Mewnol Interim**

Ystyried adroddiad y Bartneriaeth Archwilio De Orllewin (SWAP).

(Tudalennau 169 - 178)

10.3. **Partneriaeth Archwilio'r De Orllewin**

Ystyried adroddiad y Cyfarwyddwr Strategol, Adnoddau (Swyddog S151).

(Tudalennau 179 - 180)

11.	SYSTEM TRACIO RHEOLEIDDIO	A26-2017
------------	----------------------------------	-----------------

Ystyried adroddiad yr Aelod Portffolio ar gyfer Cyllid.

(Tudalennau 181 - 202)

12.	CYNNAL A DEFNYDDIO CRONFEYDD WRTH GEFN	A27-2017
------------	-----------------------------------------------	-----------------

Ystyried adroddiad y Pennaeth Gwasanaethau Ariannol.

(Tudalennau 203 - 208)

13.	GWEITHGORAU	A28-2017
------------	--------------------	-----------------

Ystyried adroddiad crynodeb craffu.

(Tudalennau 209 - 210)

14.	RHAGLEN WAITH	A29-2017
------------	----------------------	-----------------

Ystyried rhaglen waith ar gyfer y dyfodol ac unrhyw eitemau ychwanegol y dylid eu cynnwys.

(Tudalennau 211 - 214)

15.	GRWP LLYWIO'R CYD-GADEIRYDDION AC IS-GADEIRYDDION	A30-2017
------------	----------------------------------------------------------	-----------------

Derbyn nodiadau cyfarfod y Grwp Llywio'r Cyd-gadeiryddion ac Is-gadeiryddion a gynhaliwyd ar 28 Chwefror 2017.

(Tudalennau 215 - 220)

16.	GOHEBIAETH	A31-2017
------------	-------------------	-----------------

Ystyried unrhyw eitemau o ohebiaeth sydd ym marn y Cadeirydd yn ddigon o frys i haeddu ystyriaeth.

17.	MYNEDIAD AT WYBODAETH	A32-2017
------------	------------------------------	-----------------

Mae'r Swyddog Monitro wedi penderfynu bod yr eitemau canlynol yn destun categori 3 y Rheolau Trefn Mynediad at Wybodaeth. Ei farn o ran prawf lles y cyhoedd (wedi ystyried darpariaethau Rheol 11.8, Rheolau Mynediad at Wybodaeth y Cyngor), oedd y byddai gwneud y wybodaeth hon yn gyhoeddus yn datgelu gwybodaeth ynglyn â materion ariannol neu fusnes unrhyw unigolyn penodol (gan gynnwys yr awdurdod yn cadw'r wybodaeth honno).

Yn ei farn ef, mae'r ffactorau hyn yn bwysicach na diddordeb y cyhoedd wrth ddatgelu'r wybodaeth. Gofynnir i aelodau ystyried y ffactorau hyn wrth benderfynu ar brawf lles y cyhoedd, a rhaid iddynt benderfynu ar hyn wrth ystyried eithrio'r cyhoedd o'r rhan hon o'r cyfarfod.

18.	CANOLFAN DDIWYLLIANNOL ABERHONDDU	A33-2017
------------	------------------------------------------	-----------------

Ystyried adroddiad y Deilydd Portffolio.

(To Follow)

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 3 FEBRUARY 2017

PRESENT

County Councillor JG Morris (Chair), D E Davies, E R Davies, L R E Davies, G Hopkins, M J Jones, P J Medlicott, WD Powell, D G Thomas, R G Thomas, T J Van-Rees, Mr J Brautigam and S L Williams

In attendance: County Councillor W T Jones, Portfolio Holder for Finance

Officers: Ian Halstead (Internal Audit Manager), Ann Owen (Treasury Manager), David Powell (Strategic Director - Resources), Jane Thomas (Professional Lead, Finance) and Caroline Evans (Risk and Assurance Manager)

1.	APOLOGIES	A1-2017
-----------	------------------	----------------

An apology for absence was received from County Councillor A W Davies

2.	DECLARATIONS OF INTEREST	A2-2017
-----------	---------------------------------	----------------

There were no declarations of interest.

3.	DISCLOSURE OF PARTY WHIPS	A3-2017
-----------	----------------------------------	----------------

There were no declarations of party whips.

4.	MINUTES	A4-2017
-----------	----------------	----------------

The Chair was authorised to sign the minutes of the previous meeting, held on 4 November 2017, as a correct record.

The Strategic Director, Resources briefed the Committee on the transfer of the internal audit function to the South Wales Audit Partnership. Notification had been received that agreement had been reached to admit Powys to the Partnership there would now be consultation. Transfer was expected 1 April 2017. The Chair of Audit Committee would be a member of the overview arrangements for the Partnership. A further update would be provided to the next meeting.

5.	COMMUNITY SAFETY IN WALES	A5-2017
-----------	----------------------------------	----------------

Documents:

- WAO – Community Safety in Wales

Discussion:

- The report followed a national study

- A comprehensive report including the legislative background, the roles of the Welsh Government, Police and Crime Commissioner and Local Authorities
- It was clear that no single body was taking the lead to coordinate other bodies
- Seven recommendations had been made
- The WAO offered further discussions with the Lead Officer if further detail was required
- The Committee were of the opinion that the Public Service Board should take the lead
- As yet, no scrutiny arrangements were in place to scrutinize the PSB
- It was suggested that there was a lack of reference to the Wellbeing of Future Generations Act

Outcome:

- **The Community Safety Partnership national report be forwarded to the PSB for comment**

6.	CHARGING FOR SERVICES AND GENERATING INCOME BY LOCAL AUTHORITIES	A6-2017
-----------	-------------------------------------------------------------------------	----------------

Documents:

- WAO – Charging for Services and Generating Income by Local Authorities

Discussion:

- Fieldwork had been undertaken across three authorities including Powys with a survey sent to all 22 local authorities for completion
- The report clarifies what can be charged for and also defines ‘fees’ and ‘charges’. Members commented that if authorities themselves required clarity, the public were also likely to be confused.
- It was considered that authorities were not pursuing sufficient opportunities for income generation
- Powys’ Schools Cashless Project was highlighted within the report
- The Income and Cost Improvement Board was acknowledged and further opportunities will be taken to improve this Board – a report will be considered by Management Team and an action plan developed to encourage engagement regarding income generation across the Authority
- The Authority has an ambitious income strategy but the difficulties of predicting income into the future were acknowledged
- The setting up of Local Authority Trading Companies was being considered more frequently by local authorities, and the document identifies key issues for consideration
- Members were of the opinion that it was important that authorities had the ability to raise income but questioned whether the culture within Powys was such to allow competition in the open market. The Authority had had success in selling ‘back office’ services such as payroll and fraud prevention. However this needed to be rolled out across the whole Authority.
- There was a challenge for any authority to reduce the budget gap and local circumstances could significantly affect that ability

- A series of recommendations had been made, many of which the authority already complies. A report would be provided to a future meeting.

Outcome:

- **A report on compliance with the recommendations would be submitted to a future meeting**

7.	RISK MANAGEMENT	A7-2017
-----------	------------------------	----------------

Documents:

- Report of the Business Continuity and Risk Management Officer
- Heat Map
- Summary
- Corporate Risk Register
- Risk Assessment Matrix

Discussion:

- A Corporate Assessment had been undertaken at the beginning of November 2016. Two themed reviews had been carried out – Financial Resilience and Governance. The WAO had reported on Financial Resilience and the Governance Review report was being finalised.
- In response to the report on Financial Resilience, a savings plan template has been developed. This will include detail on resource requirements.
- An Action Plan in response to the Financial Resilience Draft Report is being prepared and will be considered at the next meeting of the Audit Committee.
- Impact Assessment training has been well received
- Impact Assessments have been attached to all 2017/18 budget savings for consideration by Cabinet
- The feasibility of automating elements of the risk management process to improve efficiency is being considered
- A third, and final WAO review into Transformation is being scoped – this should take place early in 2017
- Two risks have increased in the second quarter – there has been a legal challenge to the Authority handing back privately owned landfill sites. The judge has granted permission to appeal. Secondly there are health and safety issues to be addressed on the County Farms Estate – funding is ss has now been found to address these.
- Two risks are decreasing – the failure to adopt the LDP and an incident at a Leisure Centre where additional measures have been implemented to improve safety. It was suggested that if appropriate measures had been put in place, the risk should have fallen by a greater degree. Further consideration would be given to this particular risk.
- The Committee sought confirmation that the Business Continuity and Risk Management Officer attended service risk register meetings. She confirmed that she did, some of which were minuted as they formed part of service management team meetings, but others were not as they were on an individual basis with a Head of Service.

- The Committee noted that ASC8 had become CR2 as the inability to recruit to some professional roles was no longer confined to Adult Social Care
- CR5 – Members questioned whether the lack of a procurement process included the management of a contract following procurement. It was suggested that consideration should be given to changing the wording to commissioning to ensure pre and post implementation were included.
- The Business Continuity and Risk Management Officer was asked if the movement within the Risk Register was typical across Wales - Powys was comparable with other Welsh authorities with some risks not changing and others fluctuating. It was essential that the Register remained dynamic
- All risks were assessed quarterly and this was thought to be an appropriate frequency, in line with other authorities. Services must be aware of risk at all times.

Outcomes:

- **The report was noted**

8.	CLOSURE OF ACCOUNTS	A8-2017
-----------	----------------------------	----------------

Documents:

- Report of the Acting Head of Financial Services

Discussion:

- A project management approach to closing the accounts continues to be adopted
- Pembrokeshire has undertaken an early closure pilot and officers are in close liaison
- Income and expenditure is now categorised
- Staff are attending workshops
- Deadlines for the closure of next year's accounts has been shortened

Outcome:

- **The report was noted**

9.	REGULATORY TRACKER	A9-2017
-----------	---------------------------	----------------

Documents:

- Report of the Portfolio Holder for Finance
- Regulatory Recommendation Tracker

Discussion:

- The tracker has been reintroduced to provide a summary of all Regulator's recommendations
- It is suggested that the process be similar to that adopted to consider the Corporate Risk Register with quarterly reports to Audit Committee
- The Tracker will be used to form the Internal Audit work programme
- The Strategic Overview Board will have ownership of the Tracker

Outcome:

- **The Audit Committee approved the proposed governance arrangements for consideration of the Regulatory Tracker including challenging of the Strategic Overview Board as appropriate**

10.	INDEPENDENT LAY MEMBER	A10-2017
------------	-------------------------------	-----------------

Mr J Brautigam, Lay Member, declared an interest and left the meeting

Documents:

- Report of the Solicitor to the Council

Discussion:

- The current Lay Member was appointed in 2012 following the County Council elections
- The Authority should now be making preparations to appoint a Lay Member to take up position following the 2017 Council elections
- The Audit Committee cannot function if a Lay Member is not in post and Members recalled the delay arising in the appointment of the current post holder and the subsequent delay in the Audit Committee commencing its role in 2012
- The Guidelines allow for the a post holder to serve two full terms of a local authority
- The Head of Democratic Services asked the Committee to consider whether the current position could be extended for a second, and final, term and so avoid the additional costs of a new appointment
- The Committee spoke highly of the current post holder and strongly endorsed his reappointment. It was noted however, that Council had already considered the costs involved as the number of meetings attended by the Lay Member had increased significantly in the year to date. The Head of Democratic Services reminded Members that the number of days' attendances would reduce to a maximum of 25 per year with effect from the Annual General Meeting but that this would be kept under review.
- Members debated the timing of meetings and whether more than one meeting should be held on one day. A consensus could not be reached, but the new Council would be consulted with regards their preferences for the timing of meetings early in the new term. Alternatives were also being considered such as remote attendance at working group meetings. Lync could not be used currently with the congress system – neither had that system been installed in Brecon and Welshpool. The White Paper discusses remote attendance and Powys has offered to undertake a pilot in this regard. It was suggested that Democratic Services Committee should consider including timings on agendas for meetings.

Outcomes:

- **RECOMMENDED to County Council that the current Audit Committee Lay Member be reappointed for a second and final term of office from the AGM on 18 May 2017 for a period of five years until the next Council elections in May 2022**

- **The Democratic Services Committee be asked to consider including timings on agendas**

11.	TREASURY MANAGEMENT	A11-2017
------------	----------------------------	-----------------

Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- New information had been included relating to VAT
- The Capital position influences the Authority's borrowing

Outcome:

- **The report was noted**

12.	WORKING GROUPS	A12-2017
------------	-----------------------	-----------------

12.1. Joint Audit/ASC Working Group

Documents:

- Scrutiny summary report

Discussion:

- The Group comprised members of both the Audit Committee and Adult Social Care Working Group.
- A report was in the process of being finalised and would be available shortly

Outcome

- **The report was noted**

12.2. Finance Scrutiny Panel

Documents:

- Scrutiny summary report

Discussion:

- A report has been prepared for Cabinet in response to consideration of budget proposals.

Outcome:

- **The report was noted**

12.3. Internal Audit

Documents:

- Scrutiny summary report

Discussion:

- Five internal audit reports with limited or low assurance had been considered
- New processes had been introduced for voluntary severance which would be tracked by Internal Audit and the Working Group
- The issue had not been limited to one service area
- The Chair had written to both the Leader and Chief Executive and had been assured that there was limited risk going forward
- Members remained concerned that recruitment was difficult in some areas and that voluntary severance had led to a loss of expertise within the Authority

Outcome:

- **The report was noted**

12.4. Appointment to Joint Working Group

Issue:

- The Committee was asked to appoint three members to a joint working group with the Place Scrutiny Committee to scrutinize the Highways, Transport and Recycling Service's proposals regarding a Local Authority Trading Company

Outcome:

- **That County Councillors J G Morris, G G Hopkins and S L Williams be appointed to the Joint Working Group with Place Committee**

13.	WORK PROGRAMME	A13-2017
------------	-----------------------	-----------------

Documents:

- Work Programme

Outcome:

- **Noted**

14.	JOINT CHAIRS AND VICE CHAIRS STEERING GROUP	A14-2017
------------	----------------------------------------------------	-----------------

Documents:

- Notes of meetings of the Joint Chairs and Vice Chairs Steering Group held on 22 November 2016 and 17 January 2017

Outcome:

- **Noted**

15.	CORRESPONDENCE	A15-2017
------------	-----------------------	-----------------

There were no items of correspondence.

County Councillor JG Morris (Chair)



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2017 Audit Plan – Powys County Council

Audit year: 2016-17

Date issued: March 2017

Document reference: 236A2017

This document has been prepared for the internal use of Powys County Council as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

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.

Contents

2017 Audit Plan

Summary	4
Audit of accounts	4
Certification of grant claims and returns	7
Other work undertaken	7
Performance audit	8
Fee, audit team and timetable	10
Future developments to my audit work	13

Appendices

Appendix 1 – respective responsibilities	14
Appendix 2 – performance work in last year’s audit outline still in progress	17
Appendix 3 – national value-for-money studies	18
Appendix 4 – other future developments	20

2017 Audit Plan

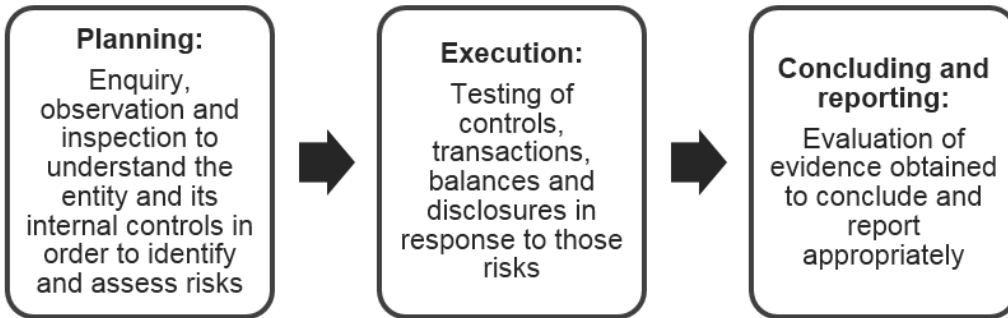
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’;
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’.
- 6 I also consider whether or not Powys County Council (the Council), has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
<p>Comprehensive Income and Expenditure Statement – service expenditure analysis</p> <p>Authorities must prepare a comprehensive income and expenditure statement (CIES) to show the accounting cost in the year of providing services. The CIES is prepared in accordance with proper accounting practices. The CIES is in two parts:</p> <ul style="list-style-type: none"> • surplus or deficit on provision of services: this part identifies the full economic cost of providing the authority's services; and • other comprehensive income and expenditure: this part shows the gains and losses arising from changes in market valuations, interest rates or changes in assumptions related to pensions liabilities and assets. <p>The basis for preparation of the CIES has changed for 2016-17. In previous years, expenditure was allocated to services based on the Service Reporting Code of Practice (SerCOP). For 2016-17, the service income and expenditure are allocated to services to reflect the way in which the authority manages or operates its</p>	<p>We will discuss with the Council the basis upon which service expenditure, including corporate and central costs, is to be allocated in the CIES. We will also ensure that the service analysis that is presented for both 2016-17 and the 2015-16 restated figures are in line with the requirements of the Code of Practice.</p>

Financial audit risk	Proposed audit response
<p>services. The change in format is retrospective. This means that the 2015-16 comparative figures will need to be restated in the 2016-17 financial statements.</p> <p>Service expenditure must include appropriate charges for the use of its non-current assets, eg depreciation, impairment, impairment reversals and appropriate employee benefit accrued costs.</p> <p>The treatment of overheads will depend upon each authority's accountability arrangements.</p> <p>As a result of the changes required for 2016-17, there is a risk that the CIES analysis of service income and expenditure is not in line with the requirements of Code of Practice.</p>	
<p>Senior Staff Changes</p> <p>There have been a number changes to the Council's management team and Heads of Service during the 2016-17 financial year, with previous post holders leaving the employment of the Council and new appointments also taking place.</p> <p>There is a risk that disclosures relating to the changes in the Council's management team and Heads of Service do not comply with the requirements of the Code of Practice.</p>	<p>My audit team will ensure that:</p> <ul style="list-style-type: none"> • the correct disclosures are made in the financial statements; and • redundancy and exit packages have been correctly calculated and approved in line with the Council's financial regulations and that these are disclosed correctly within the financial statements.
<p>Items Material by Nature</p> <p>The Council's 2016-17 financial statements will include a number of disclosures that are material by nature. These include the disclosure of Related Parties and Senior Officer's Remuneration.</p>	<p>My audit team will review all notes and disclosures that are material by nature and will substantively test these to ensure that they are in line with the requirements of the Code and all supporting documentation.</p>
<p>Management Override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (ie 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees are based on the following assumptions :
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Certification of grant claims and returns

- 13 I have been requested to undertake certification work on the Council's grant claims and returns. A total of 20 grant and pooled budget claims were audited in 2015-16. I anticipate being required to audit between 15 and 20 claims in 2016-17.
- 14 An estimate of my audit fee for auditing the grant claims in 2016-17 and the cost of auditing the grant claims in 2015-16 are set out in [Exhibit 6](#). I anticipate issuing a separate report highlighting the key issues identified from my audit of the 2015-16 claims in April when the audit of the final claim is anticipated to be complete.

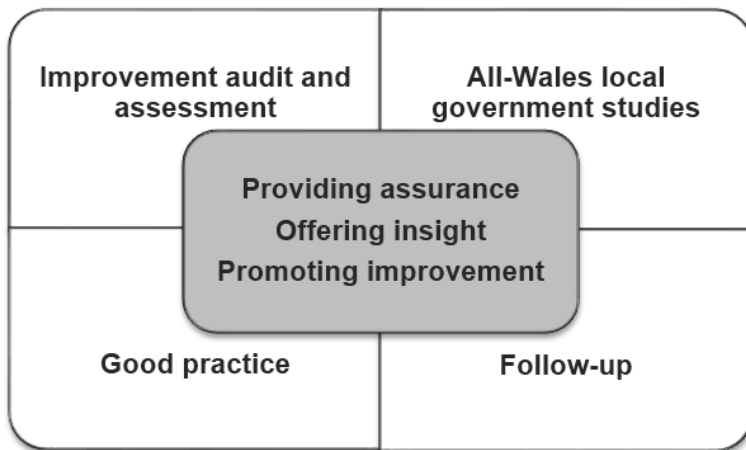
Other work undertaken

- 15 In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.

Performance audit

16 The components of my performance audit work are shown in [Exhibit 3](#).

Exhibit 3: components of my performance audit work



- 17 Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies are required to adopt the principle of sustainable development from April 2016, and Local Government Reform remains under consideration.
- 18 For 2017-18 the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.
- 19 During 2016 I consulted with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 20 In addition to the annual programme of audit and assessment work, the Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. [Exhibit 4](#) summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by

local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.

Exhibit 4: local government studies

Study	Status
2015-16 studies	
Community safety	Published October 2016
Income generation and charging	Published November 2016
Council funding of third sector services	Published January 2017
2016-17 studies	
How local government manages demand	Fieldwork
Strategic commissioning	Fieldwork
Improving well-being through housing adaptations	Fieldwork

21 Taking all these factors into consideration, my 2017-18 programme of work will comprise:

Exhibit 5: performance audit programme

Performance audit programme	Brief description
'Improvement Plan' Audit	Audit of discharge of duty to publish an improvement plan.
'Assessment of Performance' Audit	Audit of discharge of duty to publish an assessment of performance.
Well-being of Future Generations (WFG) baseline assessment	The Year One Commentary: we will gather evidence on how the 44 bodies are beginning to respond to the requirements of the WFG Act and identify examples of notable emerging practice. The work will be designed to support improvement and inform future audit work under the Act.
WFG Scrutiny review	This review will examine the impact of the WFG Act on the work of scrutiny committees, including PSB scrutiny, facilitating improvement and the sharing of good practice.
Service User Perspective review	A user-focused review. Specific area to be agreed with the Council.

Performance audit programme	Brief description
Local risk-based work for 2017-18	This work has yet to be agreed with the Council. We will provide an update to the Audit Committee once this work has been agreed.
2017-18 Local Government Studies	Funded by Welsh Government.
Services to rural communities	
Use of data	
Intermediate care fund	To be confirmed.

- 22 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Fee, audit team and timetable

Fee

- 23 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2017 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
- 24 Your estimated fee for 2017 is set out in [Exhibit 6](#). This figure represents a 2.4% increase compared to the fee set out in the 2016 audit plan.

Exhibit 6: audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	207,830	207,830
Additional Audit fee ³		3,500
Performance audit work: ⁴	110,142	109,683
Additional Performance Audit fee ⁵		25,000
Total fee	317,972	346,013
Grant certification work ⁶	70,000 to 75,000	72,000

Notes:

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

² Payable November 2016 to October 2017.

³ Additional fee – in relation to responding to correspondence from members of the public.

⁴ Payable April 2017 to March 2018.

⁵ Additional fee – in relation to our Review of the Education Finance Function.

⁶ Payable as work is undertaken.

- 25 Planning will be ongoing, and changes to my programme of audit work and, therefore, my fee may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 26 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

- 27 The main members of my team, together with their contact details, are summarised in [Exhibit 7](#).

Exhibit 7: my team

Name	Role	Contact number	E-mail address
Anthony Veale	Financial Audit Lead and Engagement Director	02920 320585	Anthony.Veale@audit.wales
Jane Holownia	Engagement Lead – Performance Audit	02920 320565	Jane.Holownia@audit.wales

Name	Role	Contact number	E-mail address
Phil Pugh	Financial Audit Manager	02920 320645	Phil.Pugh@audit.wales
Nadeem Ashraf	Financial Audit Team Leader	02920 320639	Nadeem.Ashraf@audit.wales
Colin Davies	Performance Audit Manager	02920 320666	Colin.Davies@audit.wales
Justine Morgan	Performance Audit Lead	02920 320567	Justine.Morgan@audit.wales

28 There is one potential conflict of interest that I wish to bring to your attention. This relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which has a contract to provide a service within Adult Social Care. I have introduced appropriate arrangements to ensure that this officer does not undertake any audit work in respect of this area of the Council's operations. I can confirm that, with the exception of the above, all other members of my team are independent of the Council and your officers.

Timetable

29 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 8](#).

Exhibit 8: timetable

Planned output	Work undertaken	Report finalised
2017 Audit Plan	January – February 2017	March 2017
Financial accounts work: <ul style="list-style-type: none"> Audit of Financial Statements Report Opinion on Financial Statements Financial Accounts Memorandum 	February – September 2017	September 2017 September 2017 November 2017
Performance work: <ul style="list-style-type: none"> Improvement Plan Audit Assessment of Performance Audit WFG Scrutiny review Service user perspective review Local risk-based work 	April 2017 November 2017 To be agreed To be agreed To be agreed	May 2017 December 2017* To be agreed To be agreed To be agreed
Annual Improvement Report		June 2017

Planned output	Work undertaken	Report finalised
Well-being of Future Generations Act (WFG): Year one commentary	To be agreed	N/A
2018 Audit Plan	January – March 2018	March 2018

* Subject to timely clearance of draft findings with the Council.

Future developments to my audit work

Well-being of Future Generations (Wales) Act 2015

30 The Well-being of Future Generations (Wales) Act 2015 (the Act) became law in April 2015. The Act requires me to report before the next National Assembly election on how public bodies are acting in accordance with the sustainable development principle when setting their well-being objectives and taking steps to meet them. In 2017 I will conduct my first work under the Act – the Year One Commentary – to understand how bodies are beginning to respond to the requirements. I will also work collaboratively with a small number of public bodies, including the central government sector, to develop an audit approach that is meaningful and proportionate and can be adopted in subsequent years.

Other

- 31 Details of other future developments including changes to key IFRS and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 4](#).
- 32 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- the challenges posed by indirectly provided, publicly funded services in Wales;
 - how you manage risk around organisation change, service transformation and innovation; and
 - measuring outcomes: who's doing it and how (linked to Well-Being of Future Generations Act).

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires auditors, by examination of the accounts or otherwise, to satisfy himself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. The Auditor General must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 9: performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Transformation thematic review	In development	To be started in May 2017

Appendix 3

National value-for-money studies

Powys County Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

Exhibit 10 covers all of the value-for-money studies work currently programmed.

The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work or based on the findings of reactive examinations.

I am also currently consulting with the Public Accounts Committee and other stakeholders about the inclusion in my programme of a number of new value-for-money studies to be rolled out during 2017-18. For example, I have already indicated to the committee that, following my July 2016 report on the Welsh Government's funding of Kancoat Ltd, I am considering a broader examination of the Welsh Government's support for business.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Exhibit 10: national value-for-money studies

Topic	Anticipated publication (as at 3 January 2017)
Outpatient follow-up appointments	February 2017
Governance and oversight of arms-length bodies (discussion paper)	February 2017
Welsh Government oversight of further education institutions' finances and delivery	March 2017
Circuit of Wales	February 2017
Emergency ambulance services commissioning	February 2017
21st century schools and education programme	March 2017
Public procurement landscape review	April to July 2017
Waste management (waste prevention)	April to July 2017
Waste management (municipal recycling) ²	April to July 2017

² In addition to the work on waste prevention and municipal recycling, I will be taking forward a review of waste treatment infrastructure in early 2017.

Topic	Anticipated publication (as at 3 January 2017)
Implementation of the NHS Finances (Wales) Act 2014 (integrated medium-term planning)	April to July 2017
Supporting People programme	April to July 2017
NHS Wales informatics services	April to July 2017
Access to public services with the support of specialist interpretation and translation	August to October 2017
Preparations for the implementation of fiscal devolution in Wales (follow-on report)	August to October 2017
Early intervention and behaviour change	TBC ³

³ My programme of good practice work has included a project exploring behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. I still anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and plans for its production are still to be confirmed.

Appendix 4

Other future developments

Forthcoming key IFRS changes

Exhibit 11: forthcoming key IFRS changes

Standard	Effective date	Further details
IFRS 9 Financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on an expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from contracts with customers	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

The focus of GPX events include financial management, public sector staff and governance.

Further information, including details of forthcoming GPX events and outputs from past seminars, can be found on the [GPX section of the Wales Audit Office website](#).

Registration for all events will open two months prior to the event.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2017 Audit Plan – Powys Pension Fund

Audit year: 2016-17

Date issued: March 2017

Document reference: 259A2017

This document has been prepared for the internal use of Powys Pension Fund as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

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 was produced by Anthony Veale, Phil Pugh and Melanie Williams.

Contents

2017 Audit Plan

Summary	4
Audit of Pension Fund accounts	4
Pension Fund annual report	6
Fee, audit team and timetable	7
Future developments	8

Appendices

Appendix 1 – respective responsibilities	10
------------------------------------------	----

2017 Audit Plan

Summary

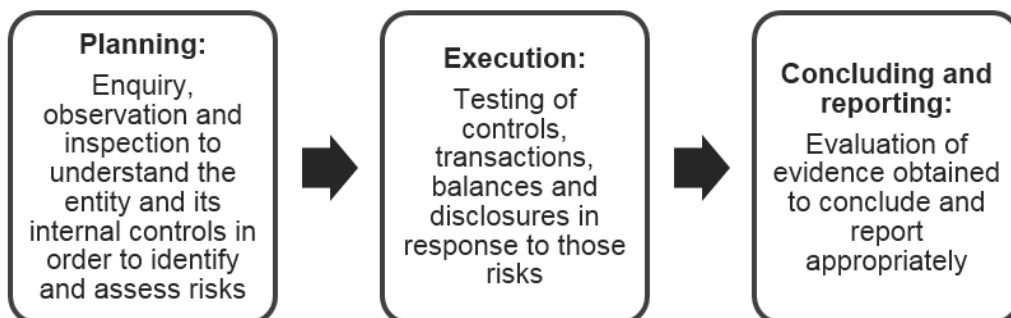
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether Powys Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of Pension Fund accounts

- 5 It is my responsibility to issue a report on the accounting statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.

[Appendix 1](#) sets out my responsibilities in full.
- 6 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



- 7 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
<p>Investment Managers</p> <p>The systems and records of the investment managers generate account entries made to the Pension Fund Account and Net Assets Statement.</p> <p>The investment managers provide internal controls reports on the investments held on behalf of the Pension Fund. These are independently audited and provide the Pension Fund with assurance on a wide range of controls, eg valuation of the investment portfolio held.</p> <p>There is a risk that the internal controls reports will not be available for assurance purposes, and/or cover all our required audit assertions.</p>	<p>We will:</p> <ul style="list-style-type: none"> • assess the investment managers as a service organisation; • check that investments have been made in accordance with the Statement of Investment principles; • obtain direct confirmation from the investment managers and custodian of year-end investment balances and holdings; and • assess whether the investment manager's internal control reports for all investment managers provide assurance over a wide range of relevant controls, including valuation of investments held.
<p>Private Equity Investments</p> <p>Year-end valuations of private equity investments within the draft financial statements are based upon valuations received from investment fund managers as at 31 December as a reasonable estimate of the 31 March value.</p> <p>In addition, as there is no quoted market price, there is a greater risk for the reasonableness of valuation bases of these investments.</p>	<p>We will:</p> <ul style="list-style-type: none"> • compare the investment valuations within the draft account to the actual valuations routinely received post production of the draft account, and where material differences in valuation arise, propose management amend the financial statements; and • seek additional assurance over the valuation basis from controls assurance reports where available.
<p>Triennial actuarial valuation</p> <p>In line with other UK public sector pension funds, the Pension Fund is subject to an actuarial valuation every three years. The 2016-17 Pension Fund financial statements will need to include relevant disclosures in respect of the latest triennial valuation as at 31 March 2016.</p>	<p>We will review the disclosures included within the 2016-17 Pension Fund financial statements to ensure they are in accordance with the latest valuation report.</p>

Financial audit risk	Proposed audit response
<p>Management Override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business;

- 8 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee, as those charged with governance for Powys County Council (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit. My reports will also be sent to the Pensions and Investment Committee for information
- 9 For reporting purposes, I will treat any misstatements below a trivial level (set at 5% of materiality as not requiring consideration by those charged with governance and therefore I will not report them.
- 10 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Pension Fund annual report

- 11 In addition to including the pension fund accounts in their main accounting statements, administering authorities are required to publish a pension fund annual report which must include the pension fund accounts.
- 12 I am required to read the Pension Fund annual report and consider whether the information it contains is consistent with the audited Pension Fund accounts included in the Council's main accounting statements.
- 13 I also issue an audit statement confirming the consistency of the accounts included in the annual report with the audited Pension Fund accounts.

Fee, audit team and timetable

Fee

- 14 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2017 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
- 15 Your estimated fee for 2017 is set out in [Exhibit 3](#). This is in line with the fee set out in the 2016 Audit Plan.

Exhibit 3: audit fee

Audit area	Proposed fee for 2017 (£)	Actual fee for 2016 (£)
Audit of pension fund accounts ¹	34,741	£34,741

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

- 16 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Director of Finance.
- 17 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

- 18 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

Exhibit 4: my team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Lead – Financial Audit	02920 320585	Anthony.Veale@audit.wales
Phil Pugh	Financial Audit Manager	02920 320645	Phil.Pugh@audit.wales
Melanie Williams	Financial Audit Team Leader	02920 320639	Melanie.Williams@audit.wales

- 19 There is one potential conflict of interest that I wish to bring to your attention. This relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which is an admitted body within the Pension Fund. I have introduced appropriate arrangements to ensure that this officer does not undertake any audit work in respect of contributions received from or benefits payable to any member of this charity. I can confirm that, with the exception of the above, all other members of my team are independent of the Council and your officers.

Timetable

- 20 I will provide reports, or other outputs as agreed, to the Audit Committee and Pension and Investment Committee, covering the areas of work identified in this document. My key milestones are set out in [Exhibit 5](#).

Exhibit 5: timetable

Planned output	Work undertaken	Report finalised
2017 Audit Plan	January to March 2017	March 2017
Financial accounts work:		
• Audit of Financial Statements Report	June to September 2017	September 2017
• Opinion on Financial Statements	June to September 2017	September 2017
• Opinion on the Annual Report of the Pension Fund	July to October 2017	November 2017

Future developments

Pooled Investment Vehicle

- 21 All eight Welsh Local Government Pension Scheme Funds are in the process of creating a pooled investment vehicle. In developing the proposals, the pension funds have been working under a memorandum of understanding which is not legally binding. To engage with an authorised contractual scheme operator which will invest the combined assets of the eight pension funds, a legally binding inter-authority agreement needs to be entered into. This will set out the rights and obligations of the eight participating pension funds as well as the legal powers and the responsibilities of a joint governance committee.
- 22 Pension fund auditors across the eight pension fund schemes in Wales will work collaboratively to monitor the progress of the pooled investment vehicle with a view to developing an appropriate and proportionate audit approach

Appendix 1

Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

5th April 2017

REPORT AUTHOR: David Powell, Strategic Director – Resources

SUBJECT: WAO Report on Charging for services and generating income by local authorities

REPORT FOR: Information

1.0 Summary

- 1.1 An update has been requested by the Audit Committee on compliance with the recommendations identified within the national report by Wales Audit Office (WAO) on Charging for services and generating income by local authorities.
- 1.2 As part of the review WAO carried out the following to inform their report:
- Review of literature – a wide range of documents and media including Welsh Government policies, local authority plans and strategies for income generation in all 22 local authorities;
 - Data and statistical analysis – a wide range of online performance indicator and budget data was collated and analysed;
 - Local authority fieldwork – six local authorities were visited including Powys County Council. During the visits WAO interviewed a range of Members and Officers;
 - Surveys – a range of online surveys were undertaken. Chief Finance Officers from all 22 local authorities responded to the survey.

2.0 Background

- 2.1 The report by WAO outlines the key principles of a strategic approach to setting, increasing or introducing charges for local authority services, and includes key issues to consider in setting up a Local Authority Trading Company (LATC).
- 2.2 All councils are increasingly targeting income as a means of meeting reducing government grant.

3.0 Findings

- 3.1 The report issued by WAO is a generic national report, with findings from across all authorities incorporated into one central document. There is also a number of recommendations included within the report. These recommendations are applicable to all 22 local authorities, as well as some recommendations being assigned to Welsh Government and the Welsh Local Government Association (WLGA).
- 3.2 Overall the report concludes that **despite raising more money from charging, authorities are not pursuing all options to generate income because of weaknesses in their policies and in how they use data and information to support decision making.**
- 3.3 The legal basis for setting and managing charges is complex and lacking clarity. The report noted authorities are not always strategic in their approach to charging: -

- Authorities are aware of the broad legal restrictions in place when reviewing charges, but many have not addressed these opportunities and risks in developing policies to generate income;
- The Localism Act 2011 in England has encouraged authorities to develop commercial vehicles as a means of generating income, but this power does not exist in Wales which limits opportunities;
- National charging regimes often do not reflect the true cost of running services;
- A wide range of payment options for collecting charges are available and are mostly offered;
- Authorities are beginning to develop corporate wide strategies for managing charges, but progress has been slow.

3.4 Approaches to generating income vary, and whilst there are opportunities to increase revenue, local authorities need to balance these aspirations with the ability of their communities to pay more: -

- There is a mixed picture in how well Welsh authorities generate income from charges;
- Welsh authorities are not generating as much income from charges as counterparts in England and Scotland;
- Local authorities need to consider how best to balance generating income with the communities' ability to pay more for services;

3.5 Authorities do not effectively evaluate charges to fully understand their impact and inform appropriate responses: -

- Long established governance and accountability systems are not always agile or robust enough to support good decision making when reviewing charges;
- Limitations in the quality, detail and range of information used by authorities affects their ability to maximise the benefits of increasing or introducing charges;
- Authorities do not hold sufficiently detailed or accurate information to understand the true cost of providing services;
- Forecasting the likely level of income from changing charges is inconsistent;
- Identifying the potential impact of increasing or introducing charges is not robust.

4.0 Progress

4.1 The Income and Cost Improvement Board has recently been re-established, and its Terms of Reference have been updated. The re-established Board is chaired by the Head of Financial Services and it has created an action plan which encompasses the recommendations made within the report. In addition, it will also further develop the ongoing strategy to deliver the proposed income targets for future years.

4.2 The Board will provide challenge to perceptions over the achievability of income improvement opportunities, and will support and monitor the implementation of approved income improvement business cases, along with monitoring in-year performance against income targets.

4.3 The Board will report to Management Team, Cabinet and Finance Scrutiny Panel. Updates on progress of delivery of the recommendations are also reported via the regulatory tracking process.

5.0 Statutory Officers

5.1 The Strategic Director, Resources (S151 Officer) has made the following comment:

“The Strategic Director Resources (S151 Officer) welcomes WAO’s national report as it is timely and covers areas that the Council can develop in order to ensure income generation makes a contribution to meeting the financial challenge.”

5.2 The Solicitor to the Council (Monitoring Officer) has commented as follows:

“I have nothing to add to the report”.

6.0 Future Status of the Report

6.1 Not applicable

Recommendation:	Reason for Recommendation:
That Audit Committee notes the progress made in the reinstating of the Income and Cost Improvement Board, and its response to the recommendations made by WAO.	To promote and develop income generation across the Council.

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	Not Applicable
----------------------------------	-----------------------

Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

Contact Officer Name:	Tel:	Fax:	Email:
Caroline Evans	01597826171		caroline.evans@powys.gov.uk

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Charging for services and generating income by local authorities



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



I have prepared and published this report in accordance with the Public Audit (Wales) Act 2004 and the Government of Wales Act 2006.

The Wales Audit Office study team Project Manager was Nick Selwyn and comprised of Duncan Mackenzie, Gareth Jones, Martin Gibson Seth Newman and staff of Grant Thornton UK LLP under the direction of Jane Holownia.

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The Auditor General is independent of the National Assembly and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

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

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

For further information please write to the Auditor General at the address above, telephone 029 2032 0500, email: info@audit.wales, or see website www.audit.wales

© Auditor General for Wales 2016

You may re-use this publication (not including logos) free of charge in any format or medium. You must re-use it accurately and not in a misleading context. The material must be acknowledged as Auditor General for Wales copyright and you must give the title of this publication. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned before re-use.

If you require any of our publications in an alternative format and/or language please contact us using the following details: Telephone 029 2032 0500, or email info@audit.wales

Contents

	Summary report	6
	Recommendations	13
1	The legal basis for setting and managing charges is complex and authorities are not always strategic in their approach to charging	14
	Authorities are aware of the broad legal restrictions in place when reviewing charges, but many have not addressed these opportunities and risks in developing policies to generate income	15
	A wide range of payment options for collecting charges are available and are mostly offered	24
	Authorities are beginning to develop corporate wide strategies for managing charges, but progress has been slow	26
2	Approaches to generating income vary and whilst there are opportunities to increase revenue, local authorities need to balance these aspirations with the ability of their communities to pay more	31
	There is a mixed picture in how well Welsh authorities generate income from charges	32
	Welsh authorities are not generating as much income from charges as counterparts in England and Scotland	40
	Local authorities need to consider how best to balance generating income with the communities' ability to pay more for services	45

3	Authorities do not effectively evaluate charges to fully understand their impact	47
	Long established governance and accountability systems are not always agile or robust enough to support good decision making when reviewing charges	48
	Limitations in the quality, detail and range of information used by authorities affects their ability to maximise the benefits of increasing or introducing charges	50
	Appendices	
	Appendix 1 – Study methodology	61
	Appendix 2 – The key principles to a strategic approach to setting, increasing or introducing charges for local authority services	62
	Appendix 3 – Local Authority Trading Companies: key issues to consider	65
	Appendix 4 – Gross expenditure, income and net cost of providing individual services by Welsh authorities in 2008-09 and 2014-15	69

Summary report

Despite raising more money from charging, authorities are not pursuing all options to generate income because of weaknesses in their policies and in how they use data and information to support decision making

- 1 Whilst charging for services is a recognised feature of some local authority activities, many services have traditionally been provided at little or no direct charge to the user¹. The provision of services at low, or no, charge has led to citizens often receiving heavily subsidised or free services in return for paying their council tax. The reductions in public funding and financial uncertainty created by 'Brexit' has brought charging into sharper focus for local authorities. Authorities are being encouraged by the Welsh Government to look to charges in a way that was not considered 10 years ago.
- 2 Local authorities set charges for their services. In this report, 'charges' refers to services provided by an authority on a discretionary or commercial basis. Charges are made for services which are not specifically regulated or legislated for and the authority is able to set the charge for an activity at a commercial rate. For example, the cost of someone using leisure services. In section one we refer to the authorities' ability to set 'fees'. Fees refer to services which are governed by specific regulations. Regulatory fees are those fees which have been regulated or legislated with the fee being set at the cost of performing or delivering that particular service. For example, issuing a Food License is a regulatory fee and an authority is only able to charge the cost to perform that service. For some regulatory fees, development control for example, an authority must act in accordance with the fee regime set by Welsh Government.
- 3 Whilst increasing or introducing charges for services offers scope for authorities to improve their financial position, there are a number of other important considerations. For example, an authority wide priority of encouraging healthy lifestyles and improving wellbeing of residents may be adversely affected by a decision to increase the rental cost of sports fields, pitches and swimming pools, if it deters continued use or increased take up; or by a decision to raise the charges for healthy eating options in schools.

¹ See Figure 2 below.

- 4 Where and at what level charges are set therefore directly influences delivery of an authority's strategic priorities and raises questions such as:
- whether authorities should continue to provide some services;
 - how services are funded, whether they should be subsidised and, if so, at what levels;
 - who should be charged for using services, how much should they be charged and what impact will charging decisions have on both the demand for services and their viability; and
 - how best to meet the needs of disadvantaged groups and individuals who may not have the ability to pay more for using authority services and how will decisions to increase charges affect them.
- 5 Authorities cannot introduce or raise charges indiscriminately. Authorities need to carefully consider their legal position in setting charges and be clear that what they are doing is in accordance with their legal powers and duties. When considering whether to charge for services or increase charges, authorities also need to fully evaluate the potential impact on residents, service users and businesses. Done badly, the decision to raise more income through higher or new charges can be counterproductive and may result in less people using services because costs are considered by users to be too high.
- 6 During 2015-16, the Auditor General examined how local authorities use their powers to introduce and increase charges on services, how performance on generating income has changed in recent years, and how the process of consulting with users, and assessing the impact of charging decisions on users, is managed. Our study methods are set out in [Appendix 1](#). These included audit fieldwork at six local authorities, an online survey for chief finance officers on the approach of authorities to increasing or introducing charges, and a survey for citizens to tell us about their views on charging. Our methodology also included a detailed analysis of charges data in England, Scotland and Wales, and a review of key authority documentation.
- 7 Based on the findings of this audit, the Auditor General has concluded that **despite raising more money from charging, authorities are not pursuing all options to generate income because of weaknesses in their policies and in how they use data and information to support decision making.**

The legal basis for setting and managing charges is complex and authorities are not always strategic in their approach to charging

- 8 Authorities generally have a good awareness of the legal restrictions that exist for many areas of operation, but few authorities have robust corporate wide frameworks or strategies that set out the full range of issues they need to consider when increasing or introducing charges. Just over a third of authorities have a corporate policy or strategy for setting charges covering all services. The remainder have a range of charging policies for individual services, but because of gaps and weaknesses these do not represent an authority wide strategic approach to charging. Whilst a number of authorities have engaged consultants to support them in reviewing charges to identify opportunities to increase income, progress in delivering change from these reviews has been slow.
- 9 Policy decisions taken by the Welsh Government, as well as the decisions taken by local authorities, determine the level of income that can be derived from charges for specific services. Such national directives set upper limits to the level of charge which may not be directly related to the cost of providing the services, and local authorities stated that the upper limits for charges do not always mirror the true cost of providing services – residential care fees for example.
- 10 The **Local Government Act 2003** provides some freedom for authorities to develop new streams of income by allowing authorities to trade through local authority companies where authorities have a statutory power to perform the service which is subject to trading. However, authorities' use of these powers to generate income has been limited.
- 11 The **Localism Act 2011** in England provides a clearer statement of authority powers which, coupled with financial pressures there, has supported a cultural shift in England resulting in more authorities identifying and taking opportunities to raise income. The same factors have not applied in Wales and there is no equivalent to a general power of competence at this time.
- 12 Authorities offer a wide range of payment choices and promote options that have the lowest transaction costs for customers and authorities, and are the cheapest to administer. There are opportunities to both increase the use of digital and smartphone applications as well as increase the use of external providers to improve efficiency further.
- 13 Few authorities consider how charges can support the delivery of corporate priorities, can better manage demand for services, or how strategically targeting how charges are used can support citizens to change their behaviour. **Figure 1** below summarises the key issues authorities should consider when setting charges. **Appendix 2** includes our full checklist for authorities to use when reviewing charging options.

Figure 1 – Key considerations for local authorities when setting charges



Source: Wales Audit Office

Approaches to generating income vary, and whilst there are opportunities to increase revenue, local authorities need to balance these aspirations with the ability of their communities to pay more

- 14 Our analysis of data published by the Welsh Government² found that the amount of money local authorities' raise from charges has risen in cash terms from £307.7 million in 2008-09 to £365.7 million in 2014-15, a rise of 18.9 per cent. However, in real terms – taking into account inflation – the change in income has been less sharp, rising by £18 million in real terms (5.2 per cent) between 2008-09 and 2014-15. There is a lack of consistency across Welsh local authorities around decisions on whether to charge for services, as well as the level of charging. In 15 of the 18 service areas we have analysed, there has been a net cost³ improvement, income as a proportion of expenditure is growing, and services require less subsidy to operate. Despite this improving position, there are opportunities for authorities to increase how much income they raise from charges.
- 15 There are big differences in the charges set and the income collected by local authorities in England, Scotland and Wales. In only two of the nine local authority services where a comparison of data between the countries of Great Britain is possible, have Welsh authorities increased their income at a higher rate than their counterparts in England and/or Scotland. If Welsh local authorities were to generate the same level of income from charges per 1,000 economically active people aged 16-64⁴ as is collected in England or Scotland, a potential extra income of £68.1 million could be generated.
- 16 However, the potential to generate more money has to be tempered. Economically, Wales has lower wages and the proportion of the population who are economically active is smaller than both England and Scotland. Consequently, Welsh citizens may be less able to pay more for goods and services and could be less able to accommodate sharper increases in charges than other parts of Great Britain⁵, although, the range of gross median wages in Welsh local authorities vary widely and some authorities are better placed to raise more from their community than others.

2 <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Revenue/Outturn>

3 Net cost is the bottom line of the income statement when revenues and gains are less than the aggregate operating expenses.

4 Economically active people are those in work plus those seeking and available to work.

5 <https://www.nomisweb.co.uk/reports/Imp/gor/2092957699/report.aspx>

Authorities do not effectively evaluate charges to fully understand their impact and inform appropriate responses

- 17 Accurate financial management information, which is a prerequisite for good decision making, is frequently lacking and local authorities often struggle to prepare sufficiently detailed and comprehensive business cases when reviewing options for increasing income from charges. Given the difficult decisions elected members have to make when considering to increase charges that they perceive as adversely impacting their communities, decisions to introduce or increase charges can take many months, in some cases years, to be approved.
- 18 Local authorities often wish to encourage usage and to ensure those on low incomes are given the opportunity to access and use particular services. However, the level at which locally determined charges are set is usually based on precedent and often bears little relation to the actual cost of providing the service. An accurate understanding of the true cost of providing a service is still absent in many areas. Because authorities do not know the full cost of providing services they are unable to assess what the right level of any subsidy should be.
- 19 Whilst authorities use impact assessments to judge the potential effect of decisions in respect of their equalities and Welsh language responsibilities, these assessments do not always provide sufficient detail to identify the likely cumulative economic impact of charges on residents and communities. Overall, we found little evidence that authorities co-ordinate increases in charges across all services to better understand the full potential impact of their decisions.
- 20 Most authorities do not monitor or scrutinise income from charges in sufficient detail and breadth. The range of services benchmarked is narrow, and few authorities are broadening their evaluation to consider a wider range of data, even where data is readily available. Only 10 authorities compare and benchmark how much income they are generating with an appropriate range of performance measures and compare their performance with a range of public and private sector bodies. Only five authorities forecast the likely levels of income generated from charges beyond a 12 month period. Whilst it is acknowledged that it is difficult to accurately predict take up of services once charges have changed, authorities are not using scenario planning and sensitivity analysis to more accurately identify the potential effect of their decisions to better understand and manage the impact of charging policies.

- 21 Most authorities use a wide range of approaches to consult residents on charges as part of their annual budget-setting processes including the potential opportunities for increasing charges. However, few authorities undertake consultation with key stakeholders – service users, businesses and the general public – on every occasion when they are planning to introduce or increase charges. Even where consultation takes place, only 15 of the 22 authorities consider and include consultation responses in the decision-making process for reviewing and setting charges.

Recommendations

Recommendations	
R1 Develop strategic frameworks for introducing and reviewing charges, linking them firmly with the Medium Term Financial Plan and the Corporate Plan.	Local authorities
R2 Review the unit and total costs of providing discretionary services to clearly identify any deficits and, where needed, set targets to improve the current operating position.	Local authorities
R3 Use the impact assessment checklist (Appendix 2) whenever changes to charges are considered.	Local authorities
R4 Consider how best to support and encourage local authorities to act more commercially in generating income.	The Welsh Government and Welsh Local Government Association
R5 Identify opportunities to procure private sector companies to collect charges to improve efficiency and economy in collecting income.	Local authorities
R6 Review nationally set fee regimes to ensure the levels set, better reflect the actual cost of providing services, or explain the reasons why they are different.	The Welsh Government and Welsh Local Government Association
<p>R7 Improve management of performance, governance and accountability by:</p> <ul style="list-style-type: none"> • regularly reporting any changes to charges to scrutiny committee(s); • improving monitoring to better understand the impact of changes to fees and charges on demand, and the achievement of objectives; • benchmarking and comparing performance with others more rigorously; and • providing elected members with more comprehensive information to facilitate robust decision-making. 	Local authorities
R8 Improve the forecasting of income from charges through the use of scenario planning and sensitivity analysis.	Local authorities

Part 1

The legal basis for setting and managing charges is complex and authorities are not always strategic in their approach to charging



- 1.1 In setting charges authorities need to consider a range of factors. Authorities' legal powers to charge for services are wide-ranging, but they are also complex and there are particular pitfalls around whether charges can be used to generate a surplus to support general revenue budgets or whether they can only seek to recover reasonably incurred costs in providing a service. Authorities should have a clear rationale for how much they charge and what they charge for. Authorities should also be clear as to how charges support them to deliver their corporate priorities. A strategic approach to setting fees and charge will take into account the impacts of setting charges, the views of citizens and service users, and the potential benefits and risks for the authority and its communities (see [Figure 8](#) below).
- 1.2 In this section of the report we consider the legislative basis for setting charges and the opportunities and risks these present to authorities. We also consider the systems in place to collect charges, and the impact nationally prescribed charging regimes have on authorities. We review the strategic approach of authorities to setting charges and conclude the section with a good practice checklist for local authorities on the key principles to be considered when setting, increasing or introducing charges.

Authorities are aware of the broad legal restrictions in place when reviewing charges, but many have not addressed these opportunities and risks in developing policies to generate income

- 1.3 Local authorities are statutory bodies which have to act in accordance with their legal functions and can be challenged through the courts if they act outside of these functions (*ultra vires*). Authorities have a wide range of both general and specific functions which enable or require them to provide services and to incur expenditure in so doing. They also have 'incidental' powers which enable them to do things to facilitate the exercise of their statutory functions.
- 1.4 The existence of a power or duty to provide a service, and incur expenditure in doing so, does not automatically give rise to a power to set charges for the provision of the service. However, many of the statutes which give the powers to provide the service also include specific powers for charges to be levied – for example for taxi licences sections 53 and 70 of the **Local Government (Miscellaneous Provisions) Act 1976**, and for street parking section 45 of the **Road Traffic Regulation Act 1984**.

- 1.5 Most of these specific powers apply equally to England and Wales, although, following devolution, separate arrangements are beginning to develop in Wales. There are also examples such as development control where the primary legislation is common between England and Wales, but different fee scales are prescribed by regulations and are set independently by the respective UK and Welsh Governments.
- 1.6 Whilst authorities can set charges locally for services, authorities are often restricted to recovering no more than the costs of providing these services. Even where setting charge is entirely within the control of an authority to determine, there are significant variations in the level of charges set because of local discretion and choices. In addition, for some services, authorities can only charge for some aspects of a service but not others – for example, they can charge for lending audio-visual material from libraries, but not for books. In others, the fees are set by Welsh Government and there is no local discretion – for example, cost of adult social care, fees for planning applications and alcohol and entertainments licences. As a result, the extent of charging in different service areas and the income that can be generated varies enormously.
- 1.7 **Figure 2** summarises the different basis for charging and includes some examples of the services that fall within these different categories.

Figure 2 – Basis for local authorities setting charges and examples of the services that fall within each category

Basis for charging	Examples
Discretionary – there is no limit on the amounts that can be charged, but the authority must act reasonably (ie, in line with Wednesbury principles ⁶) and must set charges only for the purposes authorised by the statute granting the power to charge ⁷	Leisure services Off-street parking On-street parking Library services other than book-lending Trade waste Cremation and burial fees
Charges set by the authority but the income from services cannot exceed the cost of providing the service	Taxi licensing (vehicle, driver, operator) Inter-authority charges for school transport Building control fees Local land charges Discretionary activities where the general charging power in S.93 of the Local Government Act 2003 applies
Nationally prescribed eligibility and/or charge levels with little or no local discretion	Development control Premises licence fees Home to school transport Social care charging
Charging is prohibited	School age education Library book provision and lending Children’s social care Household waste collection Access to waste disposal sites Registering of food premises Registration of births, deaths and marriages

Source: Wales Audit Office

6 Associated Provincial Picture Houses Ltd. v Wednesbury Corporation, 1948, is a case that sets out the standard of unreasonableness of public-body decisions that would make them liable to be quashed on judicial review, known as Wednesbury unreasonableness. A reasoning or decision is Wednesbury unreasonable (or irrational) if it is so unreasonable that no reasonable person acting reasonably could have made it. The test is a different (and stricter) test than merely showing that the decision was unreasonable.

7 Authorities’ desire to generate a surplus is not a relevant consideration that they may take into account when deciding whether to charge and the amount to charge in these areas. Such desire could only be taken into account if a purpose of the statute granting the power to charge is to grant taxation powers.

- 1.8 From our fieldwork we found that authorities generally have a good awareness of the legal restrictions that exist for many of their areas of operation, and they are very mindful of the need to act in accordance with the legislation or nationally prescribed fee scale when setting charges. Authority officers have a broad understanding of the legal framework in which they work and the potential constraints and opportunities that exist to either prohibit or develop further income streams. For instance, a number of authorities have developed commercial income policies which both identify the potential for generating income but also the process and planning needed to facilitate this. For example, the work of the Vale of Glamorgan Council's countryside service set out in [Figure 3](#) below.

Figure 3 – Income Generation in the Countryside Service – Vale of Glamorgan

The Countryside Service has recently undergone a restructure, facilitating more integrated working across all sites, including Public Rights of Way maintenance. This restructure has led to substantial savings, which has released funding to allow the creation of a new Commercial Opportunities Officer post on a two year contract. The Commercial Opportunities Officer has been working with the private sector to investigate sustainable and feasible options that facilitate new tourism and leisure activities, primarily at Country Parks, such as: water based leisure activities, high ropes, zip wire courses, climbing walls, archery, cycling, field sports, environmental education, tourism based events, weddings, fayres, other innovative activities and retail opportunities.

An 'Invitation to Tender' was submitted to Sell2Wales – the public sector procurement portal for Welsh suppliers and buyers – seeking commercial partnerships for such activities. The Council will be entering into legal agreements with a number of third party service providers which will become operational by the end of the summer of 2016. This approach will enhance what is currently offered at Country Park and other sites, and help to increase footfall and tourism opportunities which could lead to a significant increase in income.

- 1.9 However, the responses to our survey of local authority chief finance officers found that only 11 of the 22 authority respondents stated that their authority had taken adequate legal advice on the opportunities that exist to optimise income from charges including pursuing commercial activity. For example, Gwynedd County Council following a review of the legislation introduced a commercial waste fee for holiday homes and fees for garden waste from residential properties. We found that other authorities are less clear about the extent to which the legislation can be used to enable a greater degree of risk and pursue commercial opportunity.
- 1.10 Local authorities primarily have to provide services and activities for which they have a specific statutory power or duty, and activities outside of statutory powers and duties could be considered ultra vires and open to challenge in court. The **Local Government Act 2003** widened opportunities for authorities to charge for discretionary services⁸ with the inclusion of a general power in the 2003 Act. The 2003 Act covers both England and Wales⁹ and allows authorities to trade through a local authority company, as long as they have a statutory power to perform the service which is subject to trading. Local authorities and their companies do however still need to act reasonably in setting charges, but their desire to generate a profit is a legitimate factor to take into account in trading activity.
- 1.11 We found some positive examples of initiatives and activates that authorities have developed using these powers. For example, the Radyr Weir Hydro Scheme developed by Cardiff Council provides a good example of initiatives of this nature - **Figure 4** below.

⁸ Discretionary services are not statutory and authorities can choose to provide these services.

⁹ This power allows authorities to charge for discretionary services, where there was no previous specific power to charge, nor any specific prohibition on doing so, at a level where 'taking one financial year with another, the income from charges....does not exceed the cost of provision' (Section 93(3)). Section 95 of the 2003 Act also explicitly allows authorities to trade (ie, generate profit) through a local authority company.

Figure 4 – Radyr Weir Hydro Scheme – Cardiff Council

As well as facing reducing budgets, Cardiff Council has committed to ambitious environmental standards through its One Planet Cardiff vision. This includes reducing CO₂ consumption by 60 per cent in its operations and reducing its annual energy spend. The presence of the River Taff flowing through the city provides opportunities to create renewable, clean sources of energy that would both meet its environmental standards and generate a profit in the long term.

Radyr Weir was selected as the location for the project, which would install two Archimedes Screw turbines and generate 1.66GWh of energy annually. Using a Feed in Tariff (FiT) accreditation to guarantee a retail price index (RPI) linked cost per unit, the scheme, which had a budget of £3.9 million for completion, will achieve full payback of the capital costs within 12 years, and should generate a net profit of £5.5m over 20 years.

Additionally, the scheme will provide the following benefits:

- an improved fish pass has been incorporated into the design. Working collaboratively with Natural Resources Wales, the improved facility will increase fish stocks upstream of the weir;
- a reduced risk of flooding in the immediate area, due to the additional channel created by the turbines;
- improved understanding of the river's biodiversity, with the scheme's environmental monitoring; and
- lessons learnt to be implemented at two further potential sites on the river for additional hydro schemes

- 1.12 A number of authorities have also engaged consultants to support them in reviewing charges to identify opportunities to increase income. This support work often considers the legal basis for charging and the opportunities that exist to increase charges through alternative delivery models, particularly potential commercial ventures. Whilst consultant support provides an impetus to focus on the opportunities that exist to generate income, performance in progressing the recommendations of consultant's reviews varies. Whilst some local authorities in Wales have taken forward recommendations from these reviews and developed initiatives, others have been limited in their ambition and scope and have not fully pursued the benefits that can be derived from the opportunities presented by the **Local Government Act 2003**.

The Localism Act 2011 in England has encouraged authorities to develop commercial vehicles as a means of generating income, but this power does not exist in Wales which limits opportunities

- 1.13 The **Local Government Act 2003** has been superseded in England by the **Localism Act 2011** which introduces the general power of competence. In summary, the general power of competence enables local authorities to do things an individual may generally do but anywhere in the UK or elsewhere. The power also allows authorities to do things for a commercial purpose or otherwise, for a charge or without a charge and without the need to demonstrate that it will benefit the authority, its area or citizens of the area. The general power of competence has extended the range of services which a local authority can lawfully provide and therefore trade for, although, external trading still requires the setting up of a company¹⁰.
- 1.14 There are some limitations on the general power of competence, either because they are not things which an individual can do or because they are specifically excluded in the 2011 Act. The general power of competence does not provide new powers to raise tax or precepts or to borrow nor does the power enable authorities to set charges for mandatory services, impose fines or create offences or byelaws. Importantly, the power does not override existing legislation in place before the Localism Act 2011 and income from charges should not exceed the cost of provision. Notwithstanding, the general power of competence both increases local authority powers but also provides greater scope for authorities to decide on how best to provide existing and new services for their communities.
- 1.15 The Local Government Association in England has noted that “the general power of competence is also a challenge to the instinctive caution of some in local government, by clearly showing that just about anything is possible (unless specifically prohibited) and not constrained by the need to ensure that it is permitted by specific legislation”¹¹. If used in the spirit intended, the general power of competence can encourage more managed risk taking. Consequently, the Local Government Association noted that use of the power is resulting in new, locally led approaches which deliver positive outcomes for residents and communities. For example, Ansa¹² Environmental Services in Cheshire East summarised in **Figure 5**.

¹⁰ We have included in Appendix 3 more information on the issues needing to be considered in setting up local authority commercial trading companies. Whilst they will not all apply to every project or initiative, the information in Appendix 3 sets out some of the key issues needing to be considered in developing such approaches that we have identified from our fieldwork.

¹¹ Local Government Association, The General Power of Competence: Empowering councils to make a difference, July 2013. http://www.local.gov.uk/c/document_library/get_file?uuid=83fe251c-d96e-44e0-ab41-224bb0c0cf0e

¹² <http://www.ansa.co.uk/homepage.aspx>

Figure 5 – Ansa Environmental Services Ltd – Cheshire East

Ansa Environmental Services was set up in April 2014. It is a wholly owned company of Cheshire East Council, but is run on a day-to-day basis by its own Board and management. It provides environmental services (bin collections, street cleaning, open spaces, etc.) to Cheshire East Council, Macclesfield Hospital and Congleton Hospital. The area has 370,000 residents and 160,000 properties, 2,800km of highways and 3,000 open spaces. By setting up a wholly owned company, opportunities to invest in the infrastructure of the service were created. The transition from an authority-run service to a wholly owned company was completed on time and on budget, with minimal impact to service users and over 400 staff being TUPE transferred to the new company. The new company, in its first year of operation, increased recycling rates, reduced the amount of waste being sent to landfill, reduced the number of missed bin collections and created an operating profit which was shared with the authority.

- 1.16 The Welsh Government published a **Draft Local Government (Wales) Bill** in February 2015 which included proposals to enact the power of general competence in Wales after the 2016 Assembly elections. Following the elections the timing and content of the Bill is unclear, and the First Minister's statement on the legislative programme¹³ did not include the Bill in the programme for the first year of the Assembly. However, the Welsh Government informs us that if legislation proceeds, the provision of the general power of competence will continue to be included. The absence of a specific power of general competence means that Welsh authorities need to continue to rely on existing powers. As the Local Government Association report into the general power of competence cites, there has been notable examples of successful and innovative actions prior to the general power of competence. The lack of this power in Wales therefore, while it may contribute to an instinctive caution, should not be read as a reason for authorities not to explore more innovative approaches to income generation and commercial approaches through existing powers.

National charging regimes often do not reflect the true cost of running services

- 1.17 The use that authorities make of charging is not just determined by local factors which authorities decide upon, but also by the decisions of the Welsh Government or, in some cases, the UK Government. While there are valid reasons for restrictions on the amount that can be charged – for example, keeping costs affordable for service users – they can create difficulties for authorities and have given rise to considerable debate between Government and local authorities on the advantages and disadvantages of Government setting charges nationally.

¹³ <http://www.assembly.wales/en/bus-home/pages/rop.aspx?meetingid=3612&assembly=58&Record%20of%20Proceedings#415784>

- 1.18 At the heart of the tension is the need to balance flexibility and local control for local services, with national concerns over quality and cost. However, it is often not clear to authorities or the public when national charging levels are set:
- a What the rationale is for applying charging restrictions to some services and not others. For example, why authorities cannot charge for lending printed materials from libraries, but can charge for lending audio-visual material.
 - b Why authorities have the power to set their own charges for services where a uniform approach to charging might be preferable. For example personal care services which can be charged for, and NHS provision, which must be provided free of charge.
 - c Whether the original rationale for controlling fee levels remains valid given changes in how services are provided. For example, authorities now provide building control services in competition with approved inspectors, reducing the monopoly position in the market which originally justified a price control.
- 1.19 The majority of respondents to our survey of local authority chief finance officers stated that they experienced considerable difficulties where the level of charges are set by the Welsh Government or the UK Government. Many respondents felt that charges are set too low and either did not reflect local circumstance, the complexities and costs of the service, and did not allow for full cost recovery.
- 1.20 For example, survey respondents noted that national set fees “do not always cover the cost of the service provided. The income quantum can vary significantly between Authorities and the funding formula should take both the cost and income capacity into account.” And another that, “in times of austerity greater flexibility should be provided to local authorities to aim for full cost recovery of services. This aim is currently being restricted by statutory thresholds”. Others noted that the fee set also did not allow for equitable contributions from service users, either reflecting the ‘amount’ of the service they use or their ability to pay (particularly relevant to the cap on care charges). One survey respondent noted that “Fairer Charging Policy - it is felt that the charging policy is too restrictive and the current £60 cap is not realistic... (The cap) stops full cost recovery and also hinders the equitable contribution towards the increasing cost of services and the service users who could contribute more to the services they receive.”

1.21 Many authorities are also unclear on how the level of charge has been determined by the Welsh or UK Government and what factors were used to influence or determine where the cap should be set. Even where nationally set fees are reviewed and revised periodically, for much of the time they may be out of step with rising costs. Where costs vary by area, reflecting differences in local labour markets, nationally set fees will either fail to meet some authority costs or provide a windfall to others, or both. Respondents to our survey noted that national restrictions on their ability to charge inhibit them from taking decisions that reflect local circumstances and some respondents who commented, wanted the freedom to set their own charges for services that are currently controlled by Government. This has to be balanced with concerns that full local discretion could result in wide variations in charges for social care and other nationally set services if these were to be devolved to authorities to decide on.

A wide range of payment options for collecting charges are available and are mostly offered

1.22 As well as deciding whether and how much to charge for a service, authorities need to also consider how charges will be collected, what an acceptable cost for administering and collecting income is, and how easy it will be to collect the charge. It may also not be worthwhile to charge for services where the cost and complexities of collection cost more and take longer or are waived where large-scale concessions apply and continuing to subsidise activity may be a better financial and service outcome. There are also a range of direct and indirect costs involved in collecting a charge – for example administration, ticketing and equipment to collect charges, managing non-payment and arrears and bad debts.

1.23 Income is often harder to control, forecast and monitor than expenditure. Expenditure, once committed, is usually certain. Income, on the other hand, often involves a significant element of uncertainty. It is important therefore for authorities to have range of options in place for collecting charges. **Figure 6** captures the options and current usage for paying for authority services across the 22 local authorities and shows that authorities provide a wide range of options for service users to pay for services.

Figure 6 – Options offered by local authorities to collect income from charges



Source: Wales Audit Office, Survey of Chief Finance Officers, March 2016

- 1.24 Authorities are also promoting payment options that have the lowest transaction costs and are the cheapest to administer and provide – payment by direct debit for example – as well as seeking payment in advance and not having to chase for non-payment and arrears. Technology can be put to good effect to improve payment security and reduce transaction costs. Innovative ways to pay for services include payment via authority websites, payment using mobile phones for example to pay for ticketless parking, and the cashless payment for services such as school meals using smartcards. Powys County Council introduced a cashless system for payment of meals in schools which has increased both take up of school meals and revenue by an additional £70,000 per annum for the authority.
- 1.25 The use of technology is beginning to increase, but not universally, and its roll out is often dependent on the new system not costing more than traditional methods of collecting income. Progress in using digital and smartphone applications to make payments, whilst widely acknowledged as a potential area for improvement and growth in the future, is in the early stages of being rolled out.

- 1.26 From our survey of chief finance officers we found that few authorities have outsourced the collection of charges. Four authorities use external providers to manage car parking provision on behalf of the authority. Only one authority uses an external agency to manage school meals, transport, arts and heritage, and for other activities such as development control and waste and refuse services. No authority has considered outsourcing management.
- 1.27 Authorities recognise there will be an increasing use of private sector companies to collect charges as authorities seek to introduce more efficient ways of collecting income. Authorities will need to ensure they have good systems and arrangements in place to monitor and evaluate performance to ensure collection levels at least meet, if not exceed, targets. Our survey of chief finance officers however found that current approaches are not as robust as they could be. Whilst most authorities receive monitoring reports from external agencies, not all authorities have agreed performance and income targets nor do they regularly meet with organisations to monitor performance.

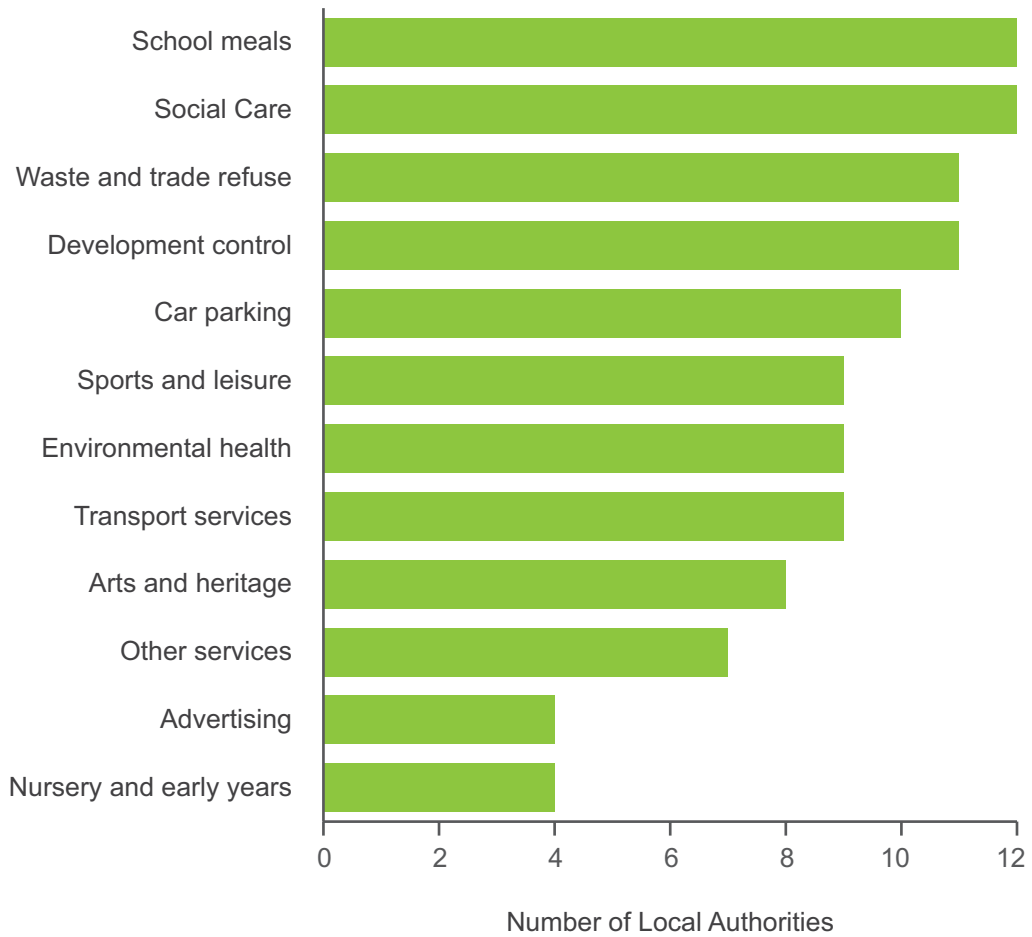
Authorities are beginning to develop corporate wide strategies for managing charges, but progress has been slow

- 1.28 Whether an authority decides to introduce or increase a charge is a significant strategic policy decision. At its most basic, increasing or introducing charges will influence whether people use services. For example, a decision not to raise car parking charges can help bolster visitor numbers to town centres. Conversely, setting car parking prices high can reduce town centre traffic and congestion. Similarly, an authority wide priority of encouraging healthy lifestyles and improving wellbeing of residents will be adversely affected by a decision to increase the rental cost of sports fields, pitches and swimming pools, or raising the charges for healthy eating options in schools.
- 1.29 Where and at what level charges are set therefore directly affects the delivery of an authority's strategic priorities and, given the complexities of setting charges, it is important that authorities take a strategic approach. A truly strategic policy needs to be developed at a corporate level and cover all services to ensure decisions are fully understood and deliver the intended benefits with no or few unintended consequences.

- 1.30 From our fieldwork we found that it is often unclear how charging contributes to the achievement of wider strategic objectives. Authorities use a number of approaches when setting charges, but these are mostly not underpinned by a clear set of strategic principles that cover the full range of issues to be considered. For example, our review of documents provided by authorities found that only half of the 22 authorities have a corporate authority-wide policy in place for setting charges. Monmouthshire County Council has recently adopted an authority wide 'Income Optimisation Strategy', a wide ranging strategy that covers all services and even discusses the potential to develop commercial models and public-private joint ventures. The 'Income Optimisation Strategy' now needs to include an action plan of what income generation activities the authority is planning to introduce or could develop, as currently it sets out the principles to consider in setting charges.
- 1.31 We also found that some authorities – Merthyr Tydfil County Borough Council and Powys County Council – are in the process of finalising and approving policies that set out a strategic approach to setting charges. At the time of our fieldwork both had draft policies progressing through cabinet/executive for approval. In comparison, other authorities in which we undertook fieldwork are yet to develop corporate income strategies.
- 1.32 In the absence of an authority-wide policy for setting charges, many authorities have developed specific service charging or income generation policies. For example, [Figure 7](#) summarises the findings from our survey of chief finance officers and highlights where authorities have developed specific charging policies for services. However, these findings show that in many service areas less than half of authorities have developed specific policies for setting charges for services.

Figure 7 – The number of authorities that have developed and adopted policies for setting charges in specific services

Services where local authorities have a charging policy

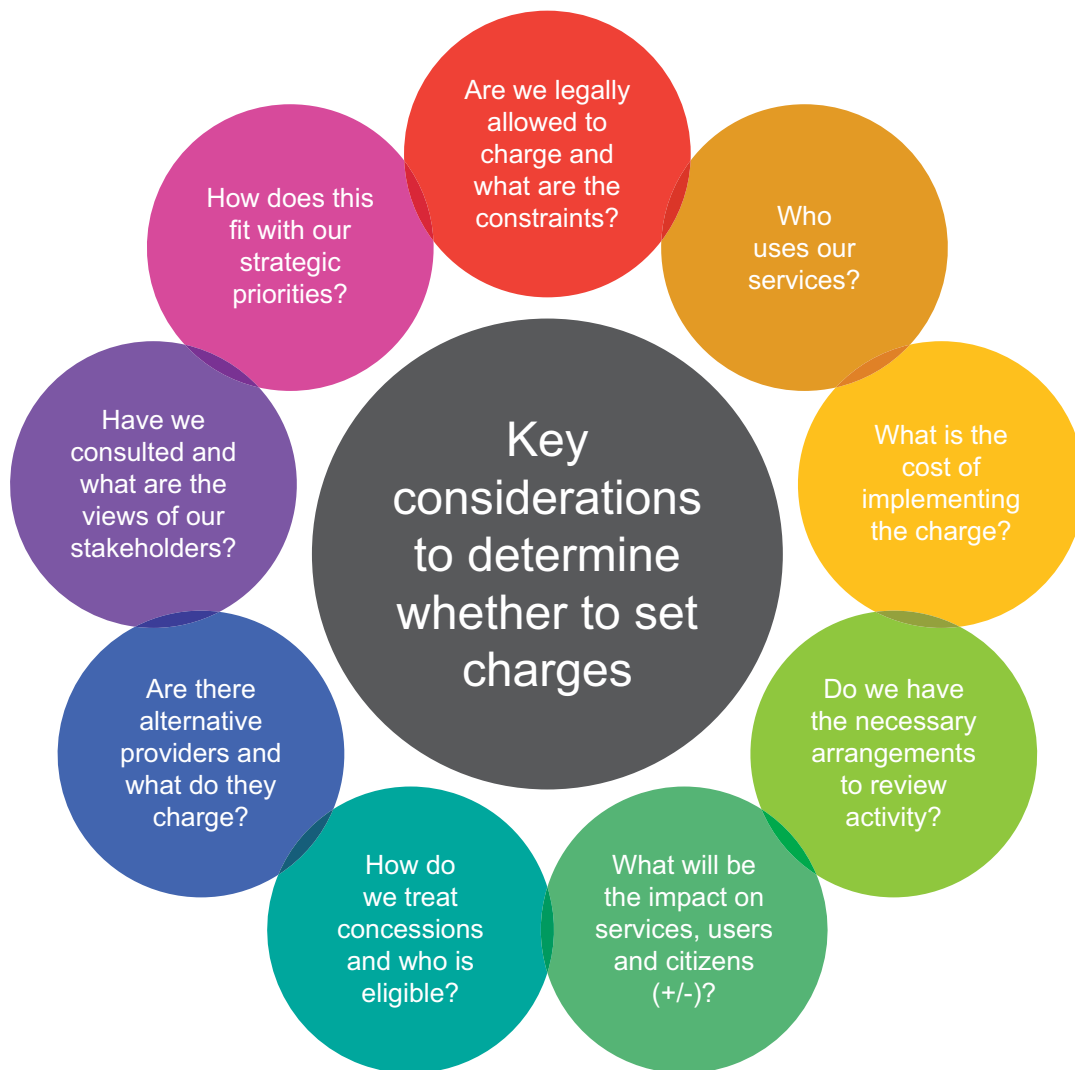


Source: Wales Audit Office, Survey of Chief Finance Officers, March 2016

- 1.33 Some authorities continue to use their Constitution¹⁴ as the main vehicle for setting charges. The Constitution covers all services and sets out the process to be followed when planning an increase/introduction of a fee or charge for a service. The Constitution does not however provide a framework of the strategic issues and priorities for the authority and how setting charges supports their delivery. Nor does the Constitution provide a consistent and integrated basis for setting charges as it often lacks detail on key issues.
- 1.34 We also found that authority documentation often does not focus on or link how the setting of charges supports delivery of corporate priorities, identify how charges can better manage demand for services, or how their targeting can support changes in behaviour in how citizens access and use services. Documents we reviewed also lacked detail on the legal constraints on charging for services or did not identify how to 'treat' surpluses raised. If authorities are to maximise the benefit from setting charges then a robust consideration of the legal basis for charging is a prerequisite.
- 1.35 We have summarised in [Figure 8](#) the key factors we have identified from our review that should be considered in setting charges. The full range of information is set out in [Appendix 2](#) on [page 62](#). This list is not exhaustive nor does it replace the need for authorities to take their own legal advice on how, where and what charges to set for different services. Rather, the information summarised in [Figure 8](#) and set out in full detail in [Appendix 2](#) provides a summary of the key issues and questions needing to be considered when reviewing and setting charges.

¹⁴ The local authority Constitution sets out how the authority operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the authority to choose. The Constitution sets out the basic rules governing an authority's business, including charges for services provided by the authority.

Figure 8 – Key considerations for local authorities when setting charges



Source: Wales Audit Office

Part 2

Approaches to generating income vary and whilst there are opportunities to increase revenue, local authorities need to balance these aspirations with the ability of their communities to pay more

2.1 Given the current need for local authorities to reduce their net expenditure in line with reductions in central funding, many authorities are reviewing charges to ensure that, where appropriate, they are making the most of opportunities to maximise income. In this section of the report we consider how well Welsh authorities perform in raising income from charges comparing performance between authorities in Wales but also globally with authorities in England and Scotland.

There is a mixed picture in how well Welsh authorities generate income from charges

2.2 In reviewing income from charges, we have analysed Revenue Outturn data submitted by authorities to the Welsh Government¹⁵. For our review we have focussed primarily on the following areas of activity:

- a Home to school transport and Home to college transport
- b Parking of vehicles, concessionary fares and airports, harbours and toll facilities
- c Meals
- d Total cultural and related services (includes leisure)
- e Cemetery, cremation and mortuary services, Environmental health – food safety and Total Waste services
- f Building control and development control
- g Local land charges and registration of births, deaths and charges

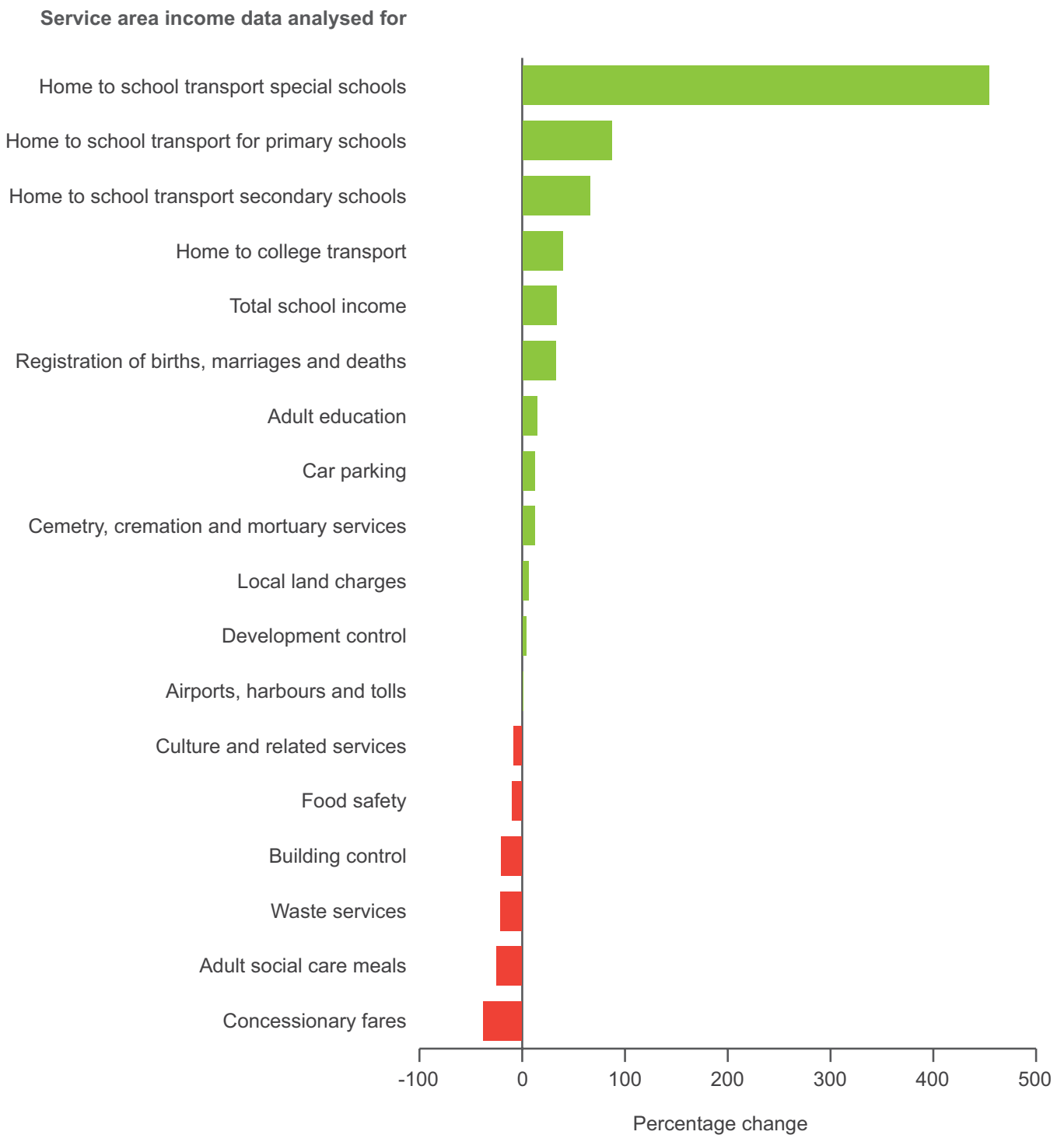
2.3 Analysing Revenue Outturn data, we found that the amount of money local authorities' raise from charges for the activities listed above (Paragraph 2.2 a-to-g) has risen in cash terms from £307.7 million in 2008-09 to £365.7 million in 2014-15, a rise of 18.9 per cent. However, in real terms¹⁶ – taking into account inflation – the change in income has been less sharp, rising by £18 million (5.2 per cent) between 2008-09 and 2014-15.

¹⁵ We used the financial data as collected within the RO framework to avoid placing any further administrative burden upon authorities. The financial data within this document uses the income data recorded as 'sales, charges'. We reviewed the contents of returns to StatsWales with authorities and identified approximately 5 per cent of the individual records as inaccurate. The areas for review selected were agreed in discussion with the Society of Welsh Treasurers and represent the main service areas (excluding Housing Revenue Account activities) where authorities charge for and collect income.

¹⁶ The level of income taking into consideration the effects of inflation on purchasing power. Real term income refers to the amount of goods and services you can buy today compared to the price of the same goods and services you could have purchased in an earlier period.

2.4 **Figure 9** summarises the percentage change in income in real terms from charges between 2008-09 and 2014-15 for the 22 Welsh authorities for individual services. **Figure 9** shows that in two-thirds of the areas we have reviewed, authorities have increased how much income they raise from charges, some by significant amounts. The remaining third of services we have reviewed, where income has not increased in real terms, are a mix of activities which are either influenced by national policy charging directives and fee regimes (building control, adult social care and concessionary fares); services which are barometers of prosperity and driven by market conditions (development control and food safety); or discretionary services (culture and related services) which, whilst being in the gift of authorities to determine what charges and fees are set, are also activities where there is often alternative providers and authorities are in competition. Getting pricing right to maintain if not increase service users is, for these services, as important as the drive to generate income.

Figure 9 – The percentage change in income in real terms from charges by individual service between 2008-09 and 2014-15¹⁷



Source: Wales Audit Office analysis of Revenue Outturn data published on StatsWales in 2008-09 and 2014-15 as amended following independent audit of the returns by the Wales Audit Office.

¹⁷ Whilst the proportional increase for home to school transport for special schools income is significant, this has to be balanced with income as a proportion of total gross expenditure which has risen marginally in this period, from 0.7 per cent to 3.8 per cent.

2.5 Whilst income from charges has increased since 2008-09, there is wide variation in what and how much authorities collect. Figure 10 shows that of the 18 service areas we have analysed, in only seven are all 22 authorities recording income from charges. In addition, in 11 of the 18 services analysed, some authorities record receiving no income, and the range of income generated varies widely.

Figure 10 – The level of income raised from charges for individual services by Welsh authorities in 2014-15

Area to raise income from charges ¹⁸	Number of authorities collecting income in 2014-15	Lowest amount collected by an authority in 2014-15	Highest amount collected by an authority in 2014-15
Income from Home to school transport – Primary Schools	10	£0	£265,000
Income from Home to school transport – Secondary Schools	15	£0	£269,527
Income from Home to school transport – Special Schools	8	£0	£482,072
Income from Home to college transport	10	£0	£710,827
Income from Adult Education	16	£0	£1,496,000
Total school income	22	£241,000	£28,148,510
Income from Parking of vehicles	22	£12,000	£6,900,000
Income from Concessionary Fares	13	£0	£156,122
Income from Airports, harbours and toll facilities	6	£0	£3,425,000
Income from Adult Social Care, Meals	15	£0	£1,265,954
Total income from cultural and related services	22	£588,000	£24,335,000
Income from Cemetery, cremation and mortuary services	21	£0	£2,604,000
Income from Environmental Health – food safety	21	£0	£69,000

¹⁸ The headings used are taken directly from the Revenue Outturn returns and coverage is as defined in Welsh Government forms.

Figure 10 – The level of income raised from charges for individual services by Welsh authorities in 2014-15 (cont.)

Area to raise income from charges	Number of authorities collecting income in 2014-15	Lowest amount collected by an authority in 2014-15	Highest amount collected by an authority in 2014-15
Total income for Waste Services	22	£385,495	£7,506,000
Income from Building Control	22	£133,000	£790,000
Income from Development Control services	22	£180,986	£1,981,000
Income from Local Land Charges	21	£0	£323,000
Income from births, marriages and deaths	22	£66,621	£685,000

Source: Wales Audit Office analysis of Revenue Outturn data published on StatsWales in 2014-15 as amended following independent audit of the returns by the Wales Audit Office.

2.6 With the current financial challenges facing the public sector, fiscal responsibility is ever more important and authorities recognise that they need become even more financially disciplined when it comes to delivery of services. Subsidising services is often driven by a desire to maximise take-up and to support delivery of the wider strategic priorities. However, authorities need to consider their operating environment in a different way and reducing the level of subsidy that is provided to support services can improve financial sustainability. **Figure 11** (below) summarises changes in income as a proportion of expenditure in 2008-09 and 2014-15 (the detailed information is set out in **Appendix 4**). We found that:

- In 15 of the 18 service areas analysed there has been a net cost¹⁹ improvement. In other words, income as a proportion of expenditure is growing and services require less subsidy to operate;
- In one service – car parking – the income raised is greater than the cost of providing the service and a surplus continues to be generated; and
- For some activities, the level of subsidy continues to be significant. For example home to school transport and environmental health food safety where income as a proportion of expenditure is less than 5 per cent of the cost of providing the service.

¹⁹ Net cost is the bottom line of the income statement when revenues and gains are less than the aggregate operating expenses.

Figure 11 – The level of income raised from charges for individual services by Welsh authorities in 2014-15

Area financial data analysed	Income as a proportion of gross expenditure 2008-09	Income as a proportion of gross expenditure 2014-15	Change in proportion of income collected over the period
Home to school transport – Primary Schools	0.7%	1.5%	0.80%
Home to school transport – Secondary Schools	1%	1.7%	0.70%
Home to school transport – Special Schools	0.7%	3.8%	3.10%
Home to college transport	9.4%	14.2%	4.80%
Adult Education	18.5%	21.2%	2.70%
Total school	2.9%	4.4%	1.50%
Parking of vehicles	122.8%	152%	29.20%
Concessionary Fares	0.5%	0.3%	-0.20%
Airports, harbours and toll facilities	26.7%	51.5%	24.80%
Adult Social Care, Meals	34.1%	43.4%	9.30%
Cultural and related services	20.5%	28.5%	8.00%
Cemetery, cremation and mortuary services	56.7%	94.1%	37.40%
Environmental Health food safety	3.8%	3.3%	-0.50%
Waste Services	15.4%	13.2%	-2.20%
Building Control	60%	66.4%	6.40%
Development Control services	43.7%	58.2%	14.50%
Local Land Charges	96.7%	107%	10.30%
Births, marriages and deaths	49.5%	70.2%	20.70%

Source: Wales Audit Office analysis of Revenue Outturn data published on StatsWales in 2008-09 and 2014-15 as amended following independent audit of the returns by the Wales Audit Office.

- 2.7 Some of the differences in income relate to what services local authorities have available and how these services are provided. For instance, some local authorities are unable to generate income from certain services because they do not provide any service – those related to airports, harbours and toll facilities for example. Some authorities have also transferred their major leisure facilities to other providers and consequently have seen a reduction in their levels of income compared to those who continue to provide these services in house.
- 2.8 For other services, the level of income is a reflection on the size of the population that can pay the fee or charge – home to school transport for example – which limits the potential to increase revenue. Conversely in other areas the resident population are not the only ones who pay for the service – services such as car parking – and the ability to generate income is not specific to the local community but wider economic and market considerations²⁰. Nonetheless, taken as a whole, the findings in **Figures 10** and **11** highlight that there is scope in some authorities to reconsider how much revenue they wish to generate from certain services.
- 2.9 For example, by using burial and cremation services as a tracer, we have reviewed the current level of charges for different activities. Under the **Open Spaces Act 1906, Parish Councils and Burials Authorities (Misc. Provisions) Act 1970** and the **Local Government Act 1972**, authorities have the right to acquire, maintain and provide services for burial grounds, cemeteries and crematoria. Other organisations and companies also have the legal right to provide burial, cemetery and crematoria services. Because there are fewer restrictions on the charges that can be set by authorities for these services, this has led to a variation in charges applied across Wales.
- 2.10 Using data gathered from authority websites and requests to authorities, **Figure 12** below shows the range of charges for 11 different burial and cremation services provided by authorities. The range in price between the cheapest and most expensive charge levied by authorities for these services varies from 4.1 for exclusive right of burial and the erection and inscription of a headstone (eg, the cost in the most expensive authority is 4.1 times higher than the cost in the cheapest authority) to 11.2 for the scattering of ashes (eg, the cost in the most expensive authority is 11.2 times higher than the cost in the cheapest authority). Even when consideration is given to local factors and the possible differences in provision and quality of service, the scale and range of costs is very broad.

²⁰ An example of pricing strategies is the opening of the National Lido in Pontypridd where Rhondda Cynon Taf local authority took the decision to allow free admission as part of a regeneration effort for the Pontypridd Town Centre. Visitor numbers exceeded expectations and is having a very positive response from traders who have seen an increased footfall in the town centre. It's also received a very positive response from service users and has complimented a general increase in sports and leisure take up within Rhondda Cynon Taf.

Figure 12 – Cost of authority-run burial and cremation services

Item	Lowest	Average	Highest	Range	Base ²¹
Exclusive right of burial	£355	£678	£1,455	4.1	16
Headstone	£76	£174	£315	4.1	17
New grave for 1	£427	£853	£1,920	4.5	18
New grave for 3	£490	£1,258	£2,240	4.6	14
New grave for 2	£457	£1,064	£2,120	4.6	19
Cremated remains burial	£160	£349	£777	4.9	17
Cremated remains purchase	£139	£409	£833	6.0	14
Woodland plot for 1	£300	£904	£1,920	6.4	7
Inscription on headstone	£30	£83	£200	6.7	19
Interment of ashes	£75	£233	£504	6.7	12
Scattering of ashes	£20	£99	£223	11.2	14

Source: Wales Audit Office data collection from authorities

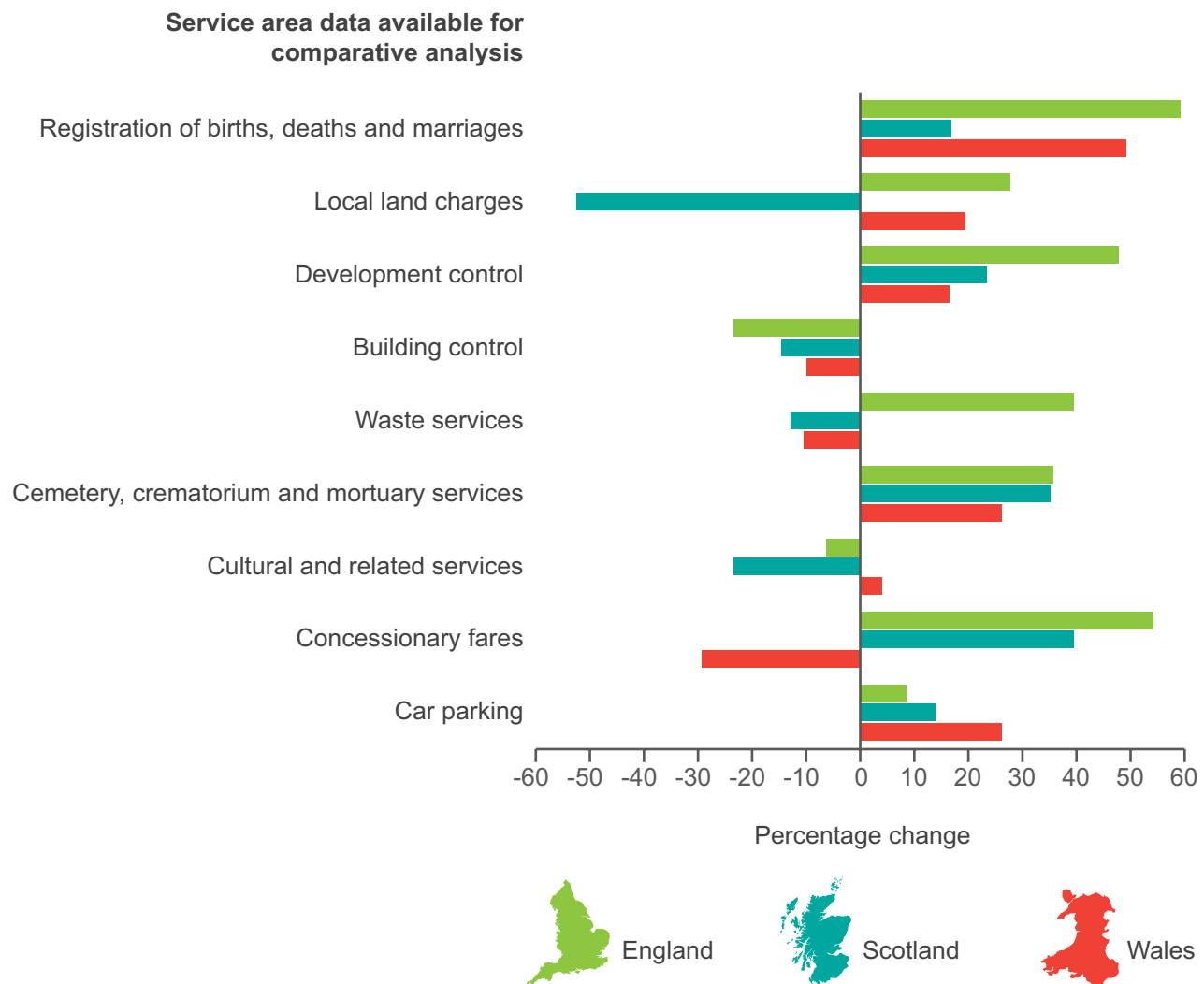
2.11 Another factor concerning services with discretionary charging is the freedom for authorities to raise their prices on a frequent basis. A **Freedom of Information Act 2000** request carried out by the BBC²² in August 2015 found that, across 169 local authorities in the United Kingdom, the average cost of a basic cremation at a local authority facility had risen from £475 in 2010-11 to £640 in 2015-16, an increase of 35 per cent. In the five Welsh local authorities that responded (Cardiff, Conwy, Rhondda Cynon Taff, Swansea and Wrexham), the cost had risen from £434 to £583, an increase of 34 per cent over the same time period. Local authorities responded stating that changes to emissions targets, the use of larger coffins and rising energy costs had resulted in a sharp increase in costs. Some authorities also noted that their prices were low compared to neighbouring authorities and that rises merely brought them in line with others.

²¹ Number of local authorities providing a cost for each service
²² <http://www.bbc.co.uk/news/uk-england-33862761>

Welsh authorities are not generating as much income from charges as counterparts in England and Scotland

2.12 There are big differences between how local authorities in England, Scotland and Wales perform in raising income from charges. Using data published by the UK, Scottish and Welsh Governments, **Figure 13** summarises the areas where comparison between the three countries is possible and shows that only in respect of car parking and cultural and related services has the income for Welsh authorities increased by a larger percentage than English and Scottish authorities.

Figure 13 – Percentage change in income collected from charges in 2008-09 and 2014-15 in England, Scotland and Wales

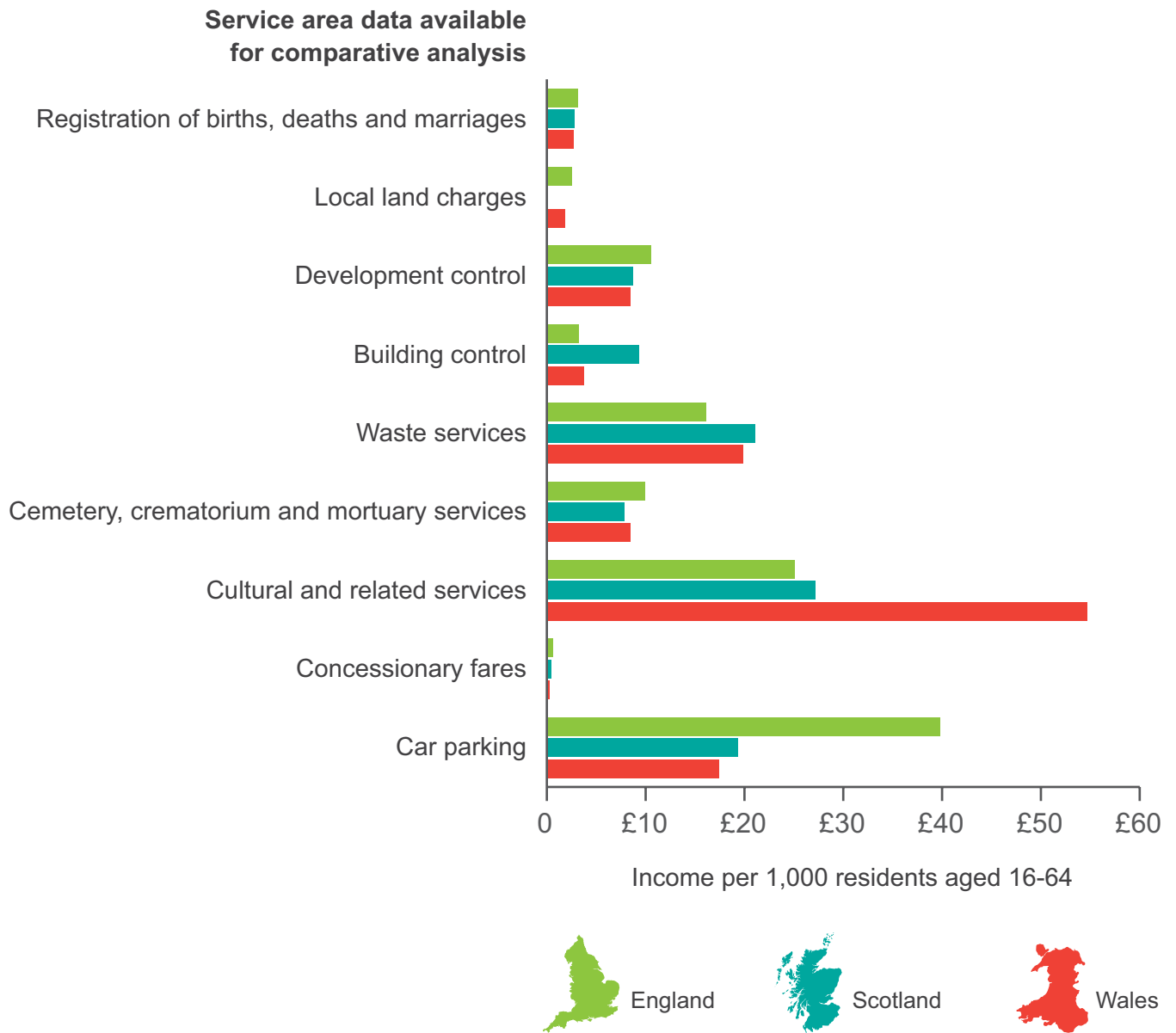


Source: Wales Audit Office, analysis of income and fees.

- 2.13 Whilst our findings suggests that there is scope to increase charges further in Wales in the service areas we have analysed, making a like for like comparison is not straightforward. Each authority and country in Great Britain has its own unique social, economic, environmental and population characteristics. These will influence how services are provided, who consumes services, whether realistic alternatives to authority provision exist, whether charges are controlled or influenced by the respective government and what charges communities can afford. Whilst comparing percentage change in charges for services between England, Scotland and Wales provides a useful starting point, some understanding of the actual level of charge being levied in a community is also required.
- 2.14 However, no register of charges by authority is collated and it is not possible to easily compare what each charges for the services they provide. Consequently, we have examined the average level of income derived from each service per 1,000 resident population aged between 16-64 years of age (economically active age) in each country in Great Britain²³. By measuring performance using economically active people we are only looking at those who will potentially have to pay for a service and would not be affected by any concessions that are applied. Our analysis provides a broad illustration only but taken with the other data in **Figure 13** above, does nonetheless contribute to the debate on the differences in income levels and provide an illustration of the potential opportunities that may exist to review charges.
- 2.15 **Figure 14** summarises the amount of income raised in England, Scotland and Wales per 1,000 resident population aged 16-64 and shows that in the nine areas where a comparative analysis is possible, in only one – cultural and related services – are Welsh authorities raising more income from services than counterparts in England and Scotland. In all other areas, Welsh authorities lag behind counterparts in either England, or Scotland, or both.

²³ The mid-year estimates refer to the population on 30 June of the reference year and are published annually. They are the official set of population estimates for the UK and its constituent countries.

Figure 14 – A comparison of the average level of income for named authority services per resident 1,000 population aged 16-64 in England, Scotland and Wales in 2014-15



Source: Wales Audit Office, analysis of income and fees.

- 2.16 Some of the differences between the UK, Scottish and Welsh Government will be a result of policy decisions (such as concessionary fares) as well as an individual authority's choice on how it wishes to deliver a service. In addition, the socio economic position of some communities – London, for example, where the population and economy has grown at greater rates than the rest of the United Kingdom in recent years²⁴ – can disproportionately skew findings. Notwithstanding, by analysing the difference between the average income per 1,000 population aged 16 – 64 in Wales with the higher level in either England or Scotland, we are able to determine the potential extra income authorities could raise in Wales.
- 2.17 In **Figure 15** we set out our analysis which shows that in seven of the 18 local authority services where a comparison of performance is possible with England, Scotland or both, Welsh authorities are generating income per 1,000 residents at higher levels than authorities in either England or Scotland. Our analysis in **Figure 15** also highlights that if Welsh authorities raised charges to reflect the higher equivalent income per resident 1,000 population aged 16-64 in either England or Scotland for the remaining 11 areas, then a potential extra income of approximately £68.1 million could be generated.

Figure 15 – The potential level of income if Welsh authorities increased charges to mirror the higher average level of income per resident 1,000 population aged 16-64 in England or Scotland

Area to raise income from charges (taken from lines in Revenue Outturn returns or equivalent)	Income per resident 1,000 population aged 16-64 in England	Income per resident 1,000 population aged 16-64 in Scotland	Income per resident 1,000 population aged 16-64 in Wales	Potential extra income for Wales based on increasing to the highest average in England or Scotland
Income from Home to school transport - Primary Schools	£0.55	N/A	£0.21	£652,000
Income from Home to school transport - Secondary Schools	N/A	N/A	£0.52	£0
Income from Home to school transport - Special Schools	£0.35	N/A	£0.61	£0
Income from Home to college transport	£0.41	N/A	£0.81	£0
Income from Adult Education	£0.77	£4.68	£3.81	£1,673,000

24 http://www.newtonperkins.com/Images/User/gla_the_london_economy_report_full_low_res.pdf.

Figure 15 – The potential level of income if Welsh authorities increased charges to mirror the higher average level of income per resident 1,000 population aged 16-64 in England or Scotland (cont.)

Area to raise income from charges (taken from lines in Revenue Outturn returns or equivalent)	Income per resident 1,000 population aged 16-64 in England	Income per resident 1,000 population aged 16-64 in Scotland	Income per resident 1,000 population aged 16-64 in Wales	Potential extra income for Wales based on increasing to the highest average in England or Scotland
Total school income	£52.61	£52.54	£63.24	£0
Income from Parking of vehicles	£39.65	£19.22	£17.31	£42,947,000
Income from Concessionary Fares	£0.48	£0.31	£0.12	£694,000
Income from Airports, harbours and toll facilities	£1.06	N/A	£2.81	£0
Income from Adult Social Care, Meals	N/A	N/A	£1.74	£0
Total income from cultural and related services	£24.96	£27.03	£54.55	£0
Income from Cemetery, cremation and mortuary services	£7.72	£9.81	£8.35	£2,799,000
Income from Environmental Health – food safety	£0.21	N/A	£0.22	£0
Total income for Waste Services	£15.98	£20.97	£19.70	£2,443,000
Income from Building Control	£3.12	£9.24	£3.67	£10,717,000
Income from Development Control services	£10.42	£8.57	£8.33	£4,016,000
Income from Local Land Charges	£2.38	£0.01	£1.69	£1,328,000
Income from births, marriages and deaths	£3.00	£2.67	£2.55	£859,000
Total				£68,128,000

Source: Wales Audit Office analysis of income and fees

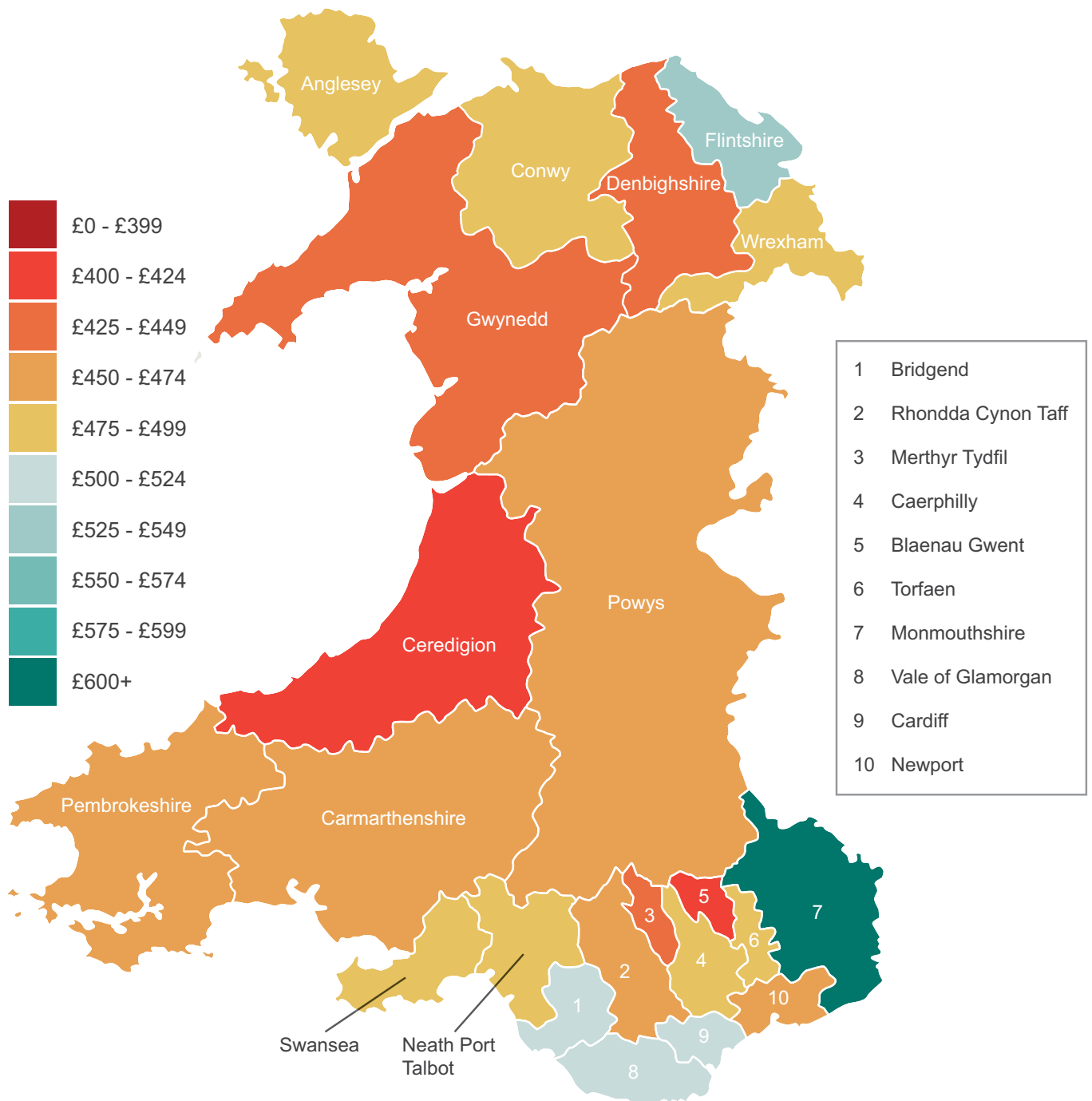
Tudalen 90

Local authorities need to consider how best to balance generating income with the communities' ability to pay more for services

- 2.18 As local authorities are constantly challenged by the need to balance fiscal, social, economic, and environmental goals, they also need to decide how much and what types of new levels of charges the community can accommodate without compromising the day-to-day quality of life for residents. Assessing the 'elasticity of demand' – the potential socio-economic impacts of increasing or introducing charges – is therefore a careful balancing act. Increasing the fee or charge for a service will potentially increase income and safeguard the service. However, it also potentially reduces demand by making the service unaffordable which then raises a question mark on its viability.
- 2.19 Local authorities need to therefore take into account local socio-demographic factors, such as the level of social deprivation, because users' ability to pay is an important consideration in setting charges. Considering the socio economic impact on communities is critical because in many communities in Wales the level of average earnings are lower than in either England or Scotland. For example, Official labour market statistics published by the Office for National Statistics²⁴ show that average gross weekly pay in 2014-15 in England was £527.70 and in Scotland £527 compared to £484.40 in Wales, a difference of roughly 10 per cent or £43.
- 2.20 Coupled with the proportion of the working population who are economically active – 78 per cent in England, 79.2 per cent in Scotland and 75.2 per cent in Wales – there is potentially less capacity for Welsh citizens to be able to pay more for goods and services. Increasing fees in Wales could therefore be more challenging than in either England or Scotland with many Welsh communities being less likely to be able to accommodate sharper increases than other parts of Great Britain, although, the range of average incomes across Welsh local authorities suggests that some are better placed than others to increase charges.
- 2.21 **Figure 16** shows that the range of gross weekly pay in 2014-15 ranged from £403 in Blaenau Gwent to £610 in Monmouthshire. Authorities where earnings are higher will therefore be better placed to charge and raise more income than those where income levels remain low. When reviewing charges, local authorities need to therefore consider both the options for reducing the level of subsidy they provide to services, but also the socio-economic circumstances of their local community. To aid authorities in responding to this challenge we have set out in **Appendix 2** some of the key issues needing to be considered when they set, increase or introduce charges for services.

25 <https://www.nomisweb.co.uk/reports/lmp/gor/2092957699/report.aspx>

Figure 16 – Gross Weekly Median Pay by Welsh local authority in 2014-15



Source: NOMIS, annual survey of hours and earnings - resident analysis, 2014-15

Tudalen 92

Part 3

Authorities do not effectively evaluate charges to fully understand their impact



- 3.1 Monitoring and evaluating performance in setting and collecting income from charges will help local authority Members and officers to understand how well they are performing and the opportunities that exist to improve performance further. At a time when local authorities are having to manage the impact of reductions in funding from Welsh Government, evaluating and forecasting income from charges is essential to maximising the benefit derived from income in maintaining and growing services. In this final part of the report we provide an analysis of how effective authorities are at forecasting, monitoring and evaluating income. We also consider how well authorities engage with citizens when considering the performance of their authority and how they use these views to decide on changes to services.

Long established governance and accountability systems are not always agile or robust enough to support good decision making when reviewing charges

- 3.2 Members need to lead on introducing and reviewing charges. Decisions should be considered and ratified by the executive and subject to scrutiny and oversight. The impact of charges on individual services should be subject to careful examination and Members, as the representative for their communities, need to balance the competing requirements of raising income to improve the financial position of authorities, to representing constituents and highlighting the potential impact of decisions, particularly usage and take up.
- 3.3 To make informed decisions, Members need to have good quality advice from officers, particularly on the cost of providing services and the level of subsidisation taking place. Without good quality and robust information, there is a risk that authorities will continue to either charge too much for services that need to be subsidised or do not charge enough for a service. It is therefore right for Members to debate and influence the setting of charges but their review must balance the strategic need for generating income with the case-by-case implication of the potential local impact on local residents.
- 3.4 Typically, we found that Member engagement is very strong when authorities consider charges as part of the annual budget setting process. Where issues of increasing charges are presented as part of the global budget, Members have generally been involved in the development of options and the consideration of recommendations that are being proposed. Some authorities have also sought to strengthen engagement with Members and accountability for setting charges. These approaches range from the delegation of decisions on charges to individual portfolio holders and senior managers within specific services, as in Caerphilly County Borough Council, to the creation of corporate wide boards of senior elected Members who set the strategic direction on charges - for example the 'Income Generation and Cost Improvement Board' set up by Powys County Council in January 2016. Where these arrangements work well they can provide impetus to better decision making and strengthen accountability.

- 3.5 However, we also found that whilst authorities are clear on the need to speed up and make better informed decisions when setting charges, these delegated arrangements are not always delivering what was envisaged when they were created. We found that some portfolio holders are reluctant to deal with potentially controversial issues and will not approve increasing or introducing charges, even where the evidence for the increase or introduction is compelling.
- 3.6 Whilst Members are aware of the financial benefits that charges bring in raising revenue for their authority, some Members are also keenly aware of the potential impact of charges and seek to ensure that any increase or introduction is both justifiable and does not impact unfavourably on service users. Whilst delaying decisions can result in the fee or charge being set low and access to the service remaining affordable, the decision to delay, put off or avoid increasing charges can also result in some services becoming financially unsustainable.
- 3.7 In addition, we found that income generating options are often not put forward in draft budget proposals to Members simply because officers believe the case will not be endorsed or supported. Whilst some we spoke to argued that Member's reluctance to consider increases in charges is ultimately a reflection of Members 'pastoral' community leadership role and reflects a positive attitude to protecting service users, failing to address budget pressures and consider options, however unpalatable, slows down the process of Member and public education and the shifting of expectations that is needed with reductions in public finances.
- 3.8 We also found that authorities often struggle to prepare sufficiently detailed and comprehensive business cases on the potential for generating income from charges. Some of these difficulties are a reflection of capacity and capability within services to collate sufficient information to underpin business cases, quantify potential costs, and a reluctance from officers to 'own' findings from external consultants. In other authorities we found that reports seeking decisions often lack the key information required to enable Members to make an informed decision. For example, business cases often:
- lack adequate information to justify the proposed charge increase recommended by officers;
 - do not indicate whether an increase in fees or charges will influence how many people use services and the impact of anticipated changes on the level of income generated; or
 - do not highlight how the decision to change fees or charges will impact on the authority's medium term financial plan.

Limitations in the quality, detail and range of information used by authorities affects their ability to maximise the benefits of increasing or introducing charges

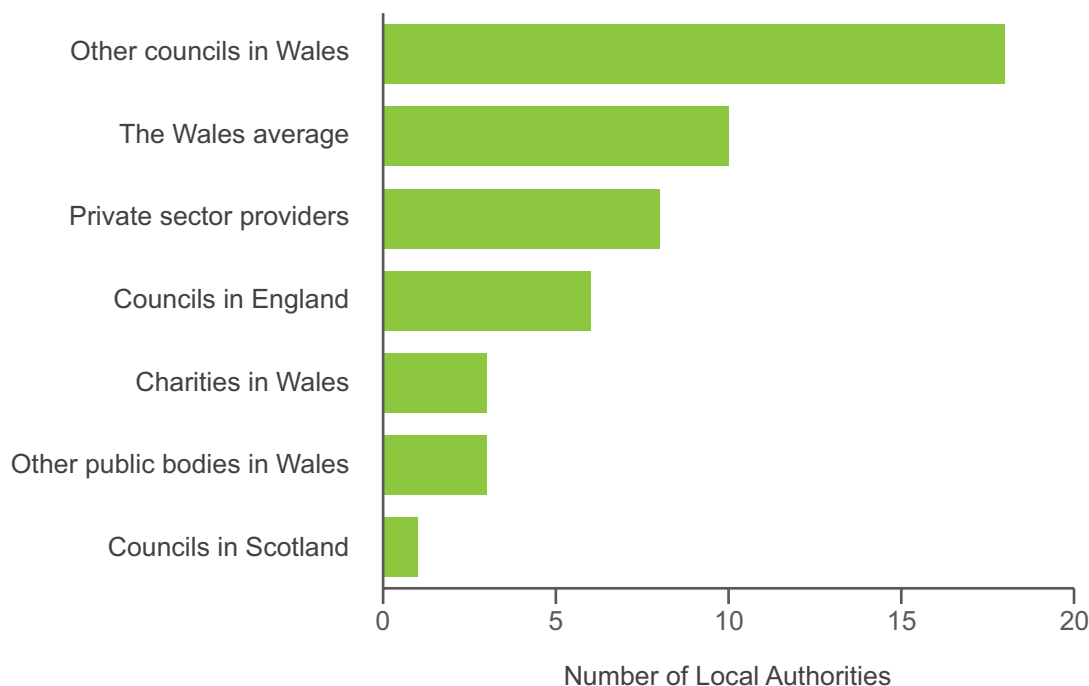
Authorities do not hold sufficiently detailed or accurate information to understand the true cost of providing services

- 3.9 Setting, introducing or increasing charges is a complex exercise and needs to take into account many factors. Most crucially, authorities need to understand the full costs involved in delivering the service, including overhead costs – the ongoing expense of the corporate support services and activities such as legal advice, finance or ICT support as well as office and accommodation costs. Knowing the full cost of delivering a service is the starting point for building a case to approve whether to set, increase or introduce charges.
- 3.10 For many services, charges are based on precedents and do not reflect the actual cost of providing the service. Keeping charges low is often influenced by a conscious decision to support and encourage usage and to ensure those on low incomes are given the opportunity to access and use services. However, only by fully understanding how much it costs to deliver a service can an authority consider what fee or charge it should set, what the strategic impact of its decision is likely to be on the service and those that use it, and what level of subsidy is appropriate to provide for the service.
- 3.11 How much charges for services are increased by can vary widely. A number of authorities continue to apply a standard percentage increase in charges across all services, whilst others review and agree changes on an individual service by service basis. Treating all services exactly the same and setting flat rates increases in charges has the benefit of being easier to administer. However, such an approach does not provide adequate assurance that the authority has considered the potential impact of its decision strategically.
- 3.12 Different services have different clients groups and the decision to increase or introduce charges will have very different impacts, both positive and negative. For example, a number of authorities set the rate of increase in charges in line with inflation which means that unless there is a beneficial change in how many people use the service or a reduction in running costs, the authority will derive little financial benefit from setting a higher fee or charge in line with inflation.

- 3.13 Management information is inconsistent and many services are often unable to provide accurate and up to date information on the true costs of provision. We found that authorities have well established systems for reviewing and monitoring service budget performance but are only now beginning to focus on analysing the full cost of services. From our fieldwork we found that authorities do not always calculate unit costs nor consider how much it cost to collect charges. Similarly, authorities often do not apportion the cost of providing services until year end which makes it impossible to accurately identify how well a service is performing financially at any point within the year.
- 3.14 We also found the range and quality of measures used by authorities to judge performance on collecting charges to be variable. The main focus for the majority of authorities is on recovering income from those in debt or arrears rather than understanding the costs of providing the whole service and the contribution of income in the overall funding envelope. These weaknesses make it difficult for authorities to effectively evaluate performance in-year and address the impact of cost pressures, low or higher usage, or reductions in income.
- 3.15 When reviewing and considering options to increase or introduce charges, authorities need to make better use of data and benchmarking to support members to make informed and evidence-based policy and operational choices. Our analysis shows that at present, using data to support decision making is limited. **Figure 17** summarises the findings of our survey of chief finance officers and shows that whilst 18 of the 22 authorities compare their level of charges for services with those levied by other local authorities in Wales, there are opportunities for many authorities to strengthen benchmarking activity. Only 10 authorities consider their performance against the Welsh average and are benchmarking their performance with a wide range of public and private sector bodies.

Figure 17 – Who and what information local authorities in Wales compare and benchmark their performance on income against

The information performance is benchmarked against



Source: Wales Audit Office, Survey of Chief Finance Officers, March 2016

3.16 We also found that whilst 16 authorities monitor and evaluate how effectively they collect charges to ensure systems are as efficient and as cost effective as possible, only nine authorities compare their systems and collection costs with other authorities. The most frequently cited sources of data used by authorities to evaluate charges costs with others is CIPFA²⁶ (12 authorities); StatsWales and APSE²⁷ (seven authorities); and the Local Government Data Unit Benchmarking Hub (six authorities).

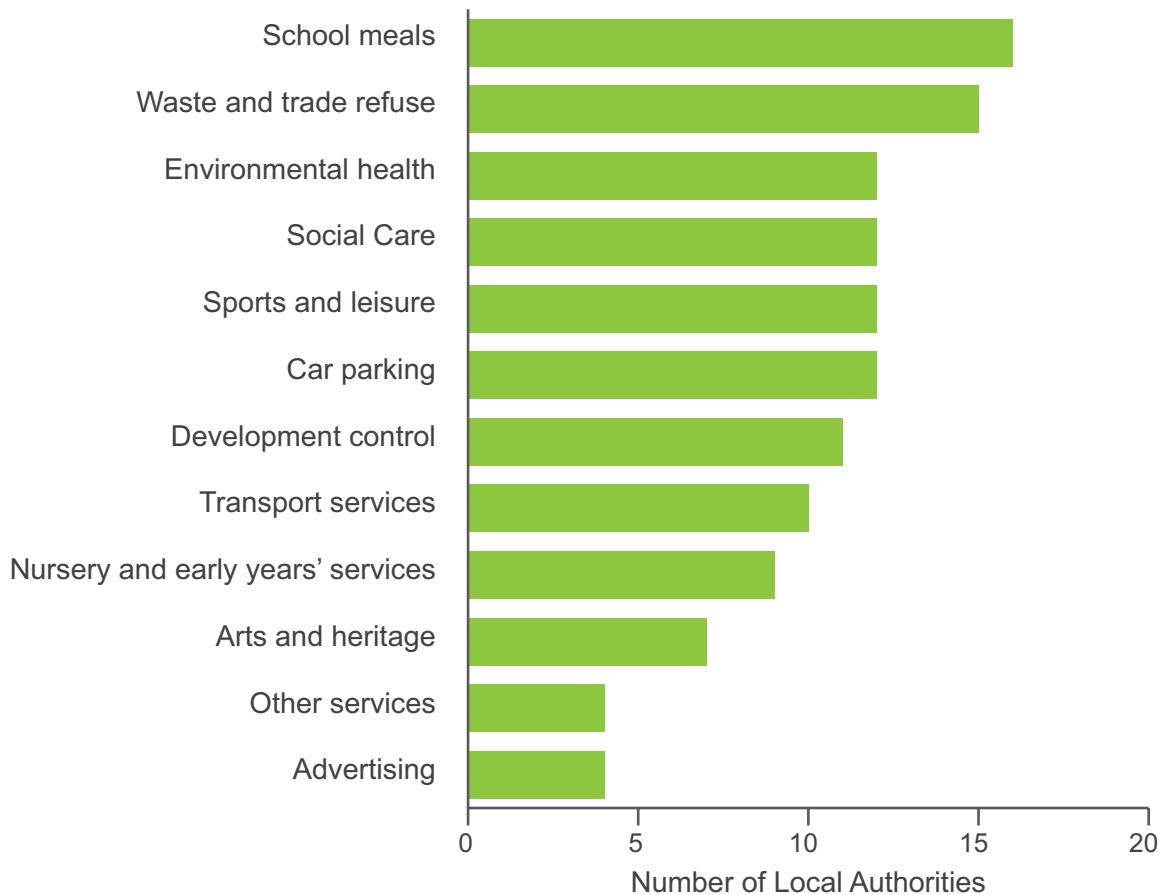
²⁶ Chartered Institute of Public Finance and Accountancy is the leading accountancy body for public services providing education and training in accountancy and financial management.

²⁷ Association for Public Service Excellence is a networking community that assists local authorities who are striving to improve their frontline services.

3.17 **Figure 18** reports which services authorities are comparing their performance on collecting income and managing charges with others. The scope of authority performance management information ranges from only four authorities comparing performance on charges for advertising, to 18 authorities benchmarking costs associated with the provision of school meals. There is scope for many authorities to improve how they monitor and evaluate performance to enable Members to make smarter charging choices.

Figure 18 – The service areas where local authorities in Wales compare and benchmark their performance on collecting income

The areas subject to performance is benchmarking



Source: Wales Audit Office, Survey of Chief Finance Officers, March 2016.

Forecasting the likely level of income from changing charges is inconsistent

- 3.18 It is nearly impossible to predict annual revenues precisely – particularly when introducing charges or setting fees for the first time – because of the way citizens use services and the choices that are open to them. Nonetheless, forecasting income is an important planning tool which helps an authority to manage and understand its performance.
- 3.19 Seven respondents to our survey of chief finance officers stated that their authority forecast their anticipated income from the introduction and/or increase in charges for one or more years. Of the remaining 15 authorities, eight stated that they forecast income within year only and seven that they do not forecast the potential income for services at all. Our review of documentation provided by authorities and our onsite fieldwork suggests that many authorities have some gaps in financial forecasting data and are not consistently forecasting their anticipated income for all activities.
- 3.20 Forecasting income is guesswork and it is impossible to know exactly what performance will be for a given period, especially many months or years into the future. One way to address this uncertainty is to use sensitivity analysis²⁸ to develop a range of possibilities under different assumptions which provide alternative estimates of income. From our review we found that whilst some authorities apply an expected or desired growth rate or return, these are often not underpinned by a robust analysis of current performance, reliable trend information or patterns of past customer usage. These are key sensitivity drivers which influence revenue growth. With better quality forecasting, officers will be able to better inform Members on the potential impact of decisions and what is possible based on an evaluation of pertinent information regarding the potential income that could, and should, be realised.

²⁸ Sensitivity analysis is a technique used to determine how projected performance is affected by changes in the assumptions that those projections are based upon. Sensitivity analysis is often used to compare different scenarios and their potential outcomes based on changing conditions.

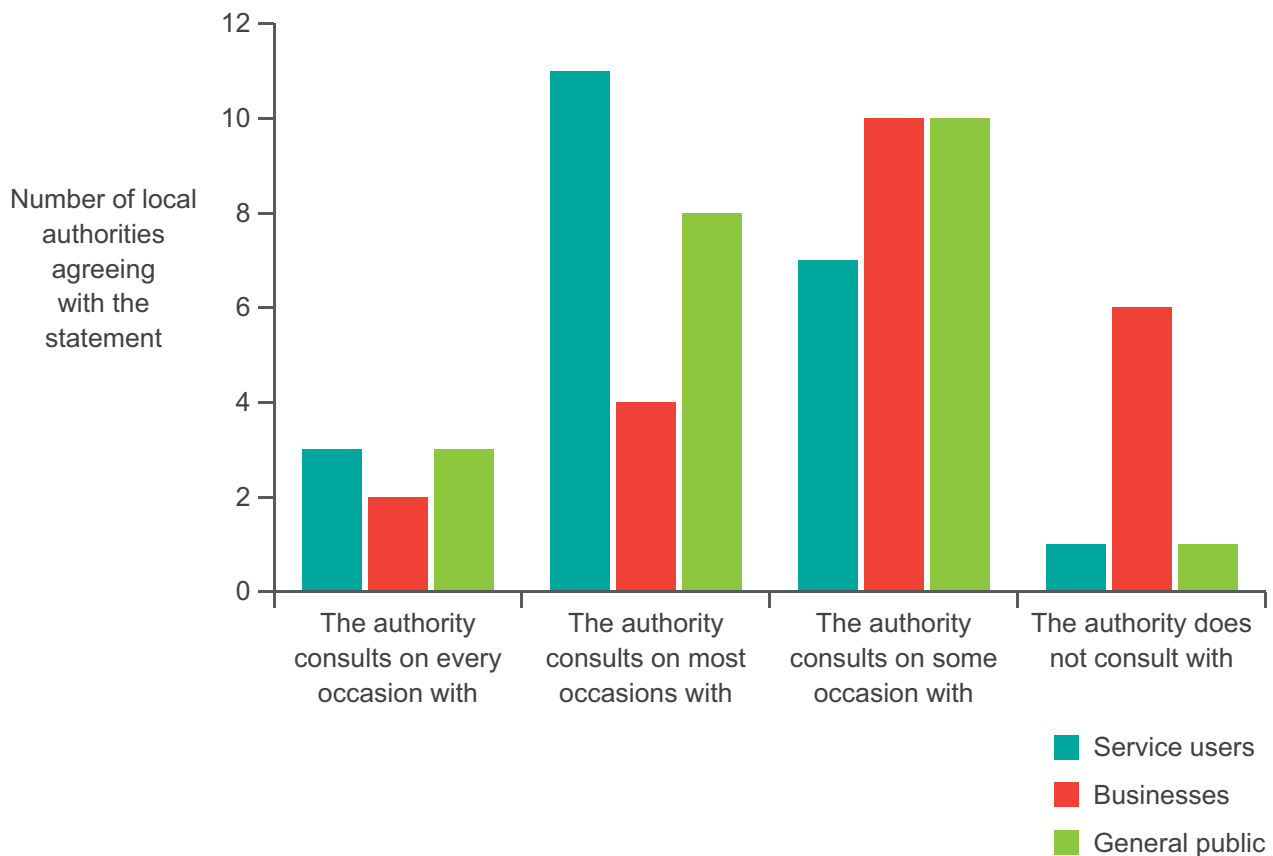
Identifying the potential impact of increasing or introducing charges is not robust

- 3.21 Because of the wide variation in the range of services provided and the reasons for providing them, there are a number of key legal considerations that authorities must take into account in exercising their discretion to set a charge. These are the:
- a **Equality Act 2010** – Section 149, known as the ‘public sector equality duty’, sets out requirements for local authorities to specifically consider the impact of proposed changes (including implementation or variation of charges) on people disadvantaged by race, disability etc. Changing services, including increasing charges, is likely, in appropriate circumstances, to require consultation with these groups;
 - b **Welsh Language (Wales) Measure 2011** and standards set under it through the **Welsh Language Standards (No.1) Regulations 2015 (SI 2015/996)** - these require authorities and other public bodies to consider the impact of their service provision and policy and operational decisions on promoting or facilitating the use of the Welsh language; and
 - c **Well-being of Future Generations (Wales) Act 2015** – the Act requires public bodies to plan and deliver their services structured around the five themes of long term, prevention, integration, collaboration and involvement. In setting charges, Welsh local authorities will need to be mindful of these requirements and in particular the objectives set by their local Public Service Boards.
- 3.22 Authorities have introduced processes to judge the potential impact of decisions in respect of their equalities and Welsh language responsibilities, usually through an impact assessment that accompanies reports to cabinet or full Council seeking either to increase or introduce a charge. The quality of the evidence contained in impact assessments however varies widely. Assessments do not always provide sufficient detail to either identify the impact of changes or equip Members to make informed decisions. For example, forms are often partially completed and lack important information, do not provide adequate information on the expectations and views of service users or citizens, or do not include specific timescales for review.
- 3.23 It is pleasing to note that a few authorities have adapted existing impact assessment processes to accommodate the five ways of working set out in the Well-being of Future Generations Act 2015, but much work remains to be done. Whilst the Act only came into force on 1 April 2016, the principles of making decisions that consider the long-term impact and are focused on prevention, integration, collaboration and involvement are fundamental issues that underpin good decision making²⁹. The five ways of working principles, together with the authority’s well-being objectives, need to be considered when authorities are setting, increasing or introducing charges and impact assessments, and business case processes need to be revised to ensure they are given adequate coverage.

²⁹ Authorities need to make sure that when making their decisions they take into account the impact they could have on people living their lives in Wales in the future. There are five things that public bodies need to think about to show that they have applied the sustainable development principle. The Welsh Government believes that following these ways of working will help authorities to work together better, avoid repeating past mistakes and tackle some of the long-term challenges the country faces.

- 3.24 Authorities generally do not consider the cumulative likely economic impact on residents and communities for all their charges, and do not report, monitor or scrutinise decisions with this wider impact in mind. Understanding the impact on service users and citizens is not easy. Whilst authorities undertake equality impact assessments when making policy decisions, these are rarely revisited in light of policy implementation to assess whether unintended consequences that impact on service users are considered post implementation.
- 3.25 Public bodies recognise the importance of engaging with and consulting service users and other stakeholders such as citizens, businesses and council tax payers on the decisions that can affect them. Involving stakeholders in helping to shape and decide on changes to services including setting, introducing or increasing charges can result in outcomes that are more relevant and useful. Effective engagement can also lead to a better quality decision and ultimately result in a much stronger commitment to use services or lose them.
- 3.26 We found that most authorities are consulting residents over charges as part of their annual budget-setting processes where the authority sets out all the revenue raising proposals including issues around charges and income generation. Authorities use a wide range of options to undertake this consultation activity including authority wide newsletters, specific surveys, public meetings and provision of information via social media. Authorities also use annual residents' surveys to consult on and decide a course of action. For example, both Powys County and Caerphilly County Borough Councils have used their resident surveys in recent years to engage with and better understand citizens' views in reviewing and identifying options for income generation from charges to support decision making. Overall, budget setting consultation is more wide ranging and is often based upon an ongoing dialogue over a longer period of time.
- 3.27 However, engagement and consultation over increasing or introducing specific fees or charges is not always carried out or consistently applied. Our survey of chief finance officers, noted in [Figure 19](#) below, found that few authorities undertake consultation with key stakeholders – service users, businesses and the general public – on every occasion when they are planning to introduce or increase charges. These findings are echoed by citizens, with 50 per cent of those who responded to our on line survey confirming that their authority did not consult with them when introducing or increasing charges.

Figure 19 – Who and how often the local authority consults with when deciding to increase or introduce charges



Source: Wales Audit Office, Survey of Chief Finance Officers, March 2016

- 3.28 There is a reluctance amongst some Members to engage with service users and local communities on planned changes, especially where there are particular political sensitivities and a perception of difficulties around the introduction of charges. Authorities which have experienced a negative public or media reaction to new or increased charges are often reluctant to tackle the issue again, and consequently choose not to introduce or increase charges. However, an authority that fails to review and revise charges is often delaying the inevitable and continuing to fail to address the issue could result in far worse outcomes such as service closure or greater price rises in the future.
- 3.29 Generally, citizens are well aware that authorities have to make savings and reduce expenditure, but are less informed on the impact of savings on them and the services they use. Citizens who responded to our survey were mostly critical of consultation practices adopted by authorities. One noted that “consultation not publicised well enough (if at all)”, another that “I’m not aware of any consultation that has ever taken place” and another “if there was a consultation, I didn’t hear about it”.

- 3.30 Authorities' caution about public opinion can lead to an unwillingness to confront issues openly and discourages consideration of how local services are to be funded. Authorities need to therefore emphasise how increasing or introducing charges will not only safeguard services but also improve the quality of current provision as a means of justifying increases and making the decision more palatable. We found from our chief finance officers' survey that only two authorities always seek the views of service users on the quality of the services provided and a further five stated that they mostly seek such feedback. Providing service users with the opportunity to feedback on current performance is essential where authorities are seeking to justify increasing charges.
- 3.31 When deciding to introduce or increase a fee or a charge only 15 respondents to our chief finance officers' survey agreed that their authority explores options to phase the introduction of increased charges on service users to mitigate the potential impact. Of these 15, only nine consider the use of concessions or discounted rates when setting charges and only four stated that they provide advice and assistance to service users to secure alternative funds to be able to pay for and continue to use the service.
- 3.32 Where consultation takes place, only 15 of the 22 authorities stated that they consider and include consultation responses in the decision-making process for changing fees. However, 95 per cent of citizens who responded to our survey stated that when consultation has been undertaken they are not aware of the outcome of engagement activity and their authority did not feedback the findings or decision taken as a result of the consultation activity. There remains a disconnect between authorities' perception of how well they consult and the experience of service users.
- 3.33 Consulting on whether to introduce or increase a charge is only one dimension that authorities need to appreciate and consider in deciding what they should do. Equally important is to understand the likely impact of charges on current and potential service users. As we noted above, authorities need to consider whether service users can afford the charge being levied; whether service users consider a charge provides value for money for the level of service provided; or whether better alternatives to direct local authority provision are available from other public, private or voluntary sector providers.

- 3.34 From our public survey we found that citizens choose to use and pay for authority services for a range of positive reasons – the service is well located, is of a better quality or provides a wider range of choice. However, most citizens who responded to our survey also highlighted that the main driver for choosing an authority service over others is cost, particularly where there are discounted charges or no fees currently in place. We found that some citizens have consequently stopped using authority services in the last 12 months with the reasons most often cited for decisions relating to the service costing too much; cheaper alternatives being available; poor quality facilities and equipment; and difficulties with accessing the service (hours of operation and location).
- 3.35 Even when citizens continue to use authority services several noted that this decision is because there is “usually no other choice” and “the next nearest alternative... involves travelling for over an hour each way”. Others commented that whilst “I haven’t actually stopped using the service, I have reduced the number of times I use it, due to the increased cost and worse service. Now they are complaining that the courts are under-used!” Others noted that “the council could do more consultation with ratepayers. I’m ok with some charges so long as facilities are available to suit working people”.
- 3.36 Balancing how to raise more income to sustain services whilst ensuring those who depend on such provision can continue to afford to use them will continue to be a challenge for authorities. To address this difficult balancing act will require a readiness from authorities to take careful and well managed risk to ensure services that Welsh citizens depend on continue to be available to them. If authorities do not rise to the challenge, then we are likely to see an increasing number of services becoming unviable and at risk of closure, which will have a deeper negative impact on communities and citizens.

Appendices

Appendix 1 – Study methodology

Appendix 2 – The key principles to a strategic approach to setting, increasing or introducing charges for local authority services

Appendix 3 – Local Authority Trading Companies: key issues to consider

Appendix 4 – Gross expenditure, income and net cost of providing individual services by Welsh authorities in 2008-09 and 2014-15



Appendix 1 – Study methodology

Review of literature

We have reviewed a wide range of documents and media, including:

- Welsh Government policy and guidance documents;
- local authority plans and strategies for income generation in all 22 local authorities; and
- other relevant research and guidance from government, local authorities, CIPFA, and research bodies.

Data and statistical analysis

We have collated and analysed a wide range of performance indicator returns and budget data available online at the Office for National Statistics, StatsWales, the UK and Scottish Governments.

Local authority fieldwork

We visited six local authorities in Wales in 2015-16. The local authorities selected represented a mix of city, urban, rural and valleys authorities which are geographically spread across Wales. These were:

- Caerphilly County Borough Council
- Gwynedd County Council
- Merthyr Tydfil County Borough Council
- Monmouthshire County Council
- Newport City Council
- Powys County Council

During the visits, we interviewed a range of local authority staff and Members.

Surveys

We undertook a range of online surveys and we surveyed:

- Chief Finance Officers and received 22 responses (100 per cent).
- Citizens and received 44 responses. The survey was made available online and promoted through our communications team. The approach taken does not necessarily guarantee a representative response. For example, we received no responses in some local authority areas. Given the low response rate, we have only used the findings of the survey in a limited way and to report views at an all Wales level.

Appendix 2 – The key principles to a strategic approach to setting, increasing or introducing charges for local authority services

Key considerations	Key questions needing to be answered
<p>How does it fit with our strategic priorities?</p>	<ol style="list-style-type: none"> 1 Does the authority understand actual and potential income streams and the opportunities that exist? 2 Is there a clear rationale for the local authority setting, introducing or increasing a fee or charge: <ul style="list-style-type: none"> • reduce or increase demand? • influence behaviour? • better quality? • quicker response? • more potential users? • wider geographical coverage? 3 Will the setting, introduction or increase in a fee or charge impact adversely on delivering the authority's strategic priorities? 4 Will the setting, introduction or increase in a fee or charge impact adversely any authority commercial or arm's length trading companies? 5 Will the setting, introduction or increase in a fee or charge impact adversely on delivering the department's strategic priorities?
<p>Are we legally allowed to charge for this service?</p>	<ol style="list-style-type: none"> 1 Is the local authority legally allowed to set, increase or introduce charges for this service? 2 If yes, what is it reasonable for the local authority to do (Wednesbury principle)? 3 Is this a statutory service that the local authority has to provide? 4 Will the decision to set, increase or introduce charges adversely: <ul style="list-style-type: none"> • affect those with a protected characteristic under the equality duty; • impact on the provision of services in Welsh; or • impact on the authority's ability to meet its responsibilities under the Wellbeing of Future Generations Act. 5 Does the local authority know whether it can make a surplus? 6 Has the local authority considered how surpluses will be dealt with?
<p>Have we engaged and consulted, and what are the views of our stakeholders?</p>	<ol style="list-style-type: none"> 1 Has the local authority engaged with protected characteristics regarding whether to: <ul style="list-style-type: none"> • provide this service? • increase charges? • change eligibility criteria? 2 Has the local authority consulted with Members, community councils, users, residents, third sector partners and businesses within the area on the above matters?

Key considerations	Key questions needing to be answered
Are there alternative providers to us and what do they charge?	<ol style="list-style-type: none"> 1 Is there a commercial competitive advantage for the authority providing this service? 2 Is there potential to deliver services jointly with another authority or provider to reduce overheads? 3 Has the local authority benchmarked costs to determine scope for increasing charges? 4 Are there competitors/alternatives to the local authority who could provide the service? 5 Could the authority stop providing the service without this decision impacting adversely on its statutory responsibilities?
How do we treat concessions and who is eligible?	<ol style="list-style-type: none"> 1 Has the local authority considered use of concessions? 2 Has the local authority considered how to treat non-residents? 3 Does the local authority need to change eligibility? 4 Has the local authority communicated eligibility criteria to service users?
What will be the impact on services, users and citizens (+/-)?	<ol style="list-style-type: none"> 1 Does the local authority know what the likely impact of the decision to introduce or increase charges will be on services, stakeholders, businesses and the authority in the medium to long term? <ul style="list-style-type: none"> • Has the local authority considered the likely impact on low income households? • Has the local authority considered the likely impact on businesses? • Has the local authority considered the likely impact on the local economy? 2 Do residents of the local authority have the economic capacity to absorb an introduction or increase in charges? 3 Is the local authority decision likely to result in unintended consequences? 4 Has the authority considered the political risks? 5 Has the local authority considered the cumulative impact of setting, introducing or increasing fees for different services on: <ul style="list-style-type: none"> • service users; • citizens; • tourists/visitors; • businesses; • the local economy; and • third sector organisations. 6 Has the local authority benchmarked the likely impact of increasing or introducing charges?

Key considerations	Key questions needing to be answered
Who uses our services?	<ol style="list-style-type: none"> 1 Will the decision result in an increase in usage? 2 Will the decision result in a fall in the numbers using services? 3 Will the decision have a positive impact on service user's behaviour? 4 Will the decision deter usage (penalty)? 5 Will the decision result in the service improving with; <ul style="list-style-type: none"> • reduced or increased demand? • positive behaviour change? • improvement in quality? • quicker response to service users? • more potential users? • provision in a wider geographical area?
What is the cost of implementing the charge?	<ol style="list-style-type: none"> 1 Is there sufficient capacity and/or resources to implement the fee or charge? 2 Does the authority have the ability (technology, systems, human and financial resources) to implement and manage charges in areas not previously charged for? 3 Does the cost of implementing collection systems outweigh the potential income that will be raised? 4 Does the local authority know how much it currently costs to deliver the service in full? 5 Does the local authority know how much it currently subsidises the service by? 6 Is the authority seeking full-cost recovery? 7 Does the authority know what the current demand for the service is and the potential to increase usage? 8 Has the authority clearly set out its expected standards and outcomes of services?
Do we have the necessary arrangements to review activity?	<ol style="list-style-type: none"> 1 Can we collect the information we need to review activity? 2 Has the local authority agreed an appropriate timescale (at least annually) to review its decision to introduce or increase a fee or charge and is this happening? 3 Has the authority agreed an appropriate range of measures to be able to understand the impact of setting, introducing or increasing charges? 4 Can we benchmark performance with other organisations?

Appendix 3 – Local Authority Trading Companies: key issues to consider

Local authority trading companies (LATCs) are wholly owned by local authorities; usually they are owned by one authority who is the sole shareholder. When setting up a company, consideration is important for the following:

- Obtain the right professional advice
- Company registration
- Trading
- People and pensions
- Governance
- Finance and taxation
- Transfer of assets and support services costs
- Performance management and contracting

A robust business case and the business plan are essential to developing a successful commercial entity. It is vital to ensure that the business plan is robust – including the assessment of market demand for the services, pricing, the investment requirement, the cash-flow forecast and the governance arrangements. Ideally the business case would warrant independent review and expert advice particularly on the legal and tax implications. But it is also necessary to pay close attention to the assumptions being made about future performance and consider what the outcome would be if, for example, there was an economic downturn. It is also important that local government is clear about the levels of subsidy and service before transfer as it is difficult to make these changes afterwards.

Authorities need to establish reporting, accountability and control mechanisms at the start of any new commercial vehicle so they are aware of the risk profile of each delivery model, and the actions being taken to mitigate the risks. Members need to have a good understanding of the risks associated with group companies or accountable body status, especially as commercial vehicles do not come without risk and can often be a hard concept to overcome.

Key to success is putting the right leadership in place and creating the right culture in how the new service will operate. Underpinning the new arrangements will be the need to ensure adequate consideration of reward, a clearer focus on the needs of customers and a clear vision for the future. Once a company has been set up, it will be critical for local government bodies to commission and manage contracts efficiently if they are to realise the benefits fully, and the overview and scrutiny focus must be maintained through the lifetime of a contract.

While many companies are technically limited by guarantee, it is rarely in an authority's interest to simply allow these companies to fail. Failure would certainly endanger service provision in the short term and, therefore potentially, the discharge of statutory responsibilities, and it is unlikely that an alternative means of delivering the service would be immediately available in most cases. In reality, authorities are underwriting the financial risk (formally or informally), with the burden of failure falling ultimately on local tax payers.

The most common outcome in these cases, is that the service provision including staff and assets, are brought back under the direct control of the authority when it becomes apparent that the business plan is starting to fail. The additional cost of bringing service back in-house could be significant. Similarly there are often reputational and political consequences to the failure of a commercial entity, but again these need not be as destructive as might be imagined which highlights the need for effective risk management for local authorities considering this way forward.

There is also an implied loss of control over the development of these commercial organisations, to a greater or lesser degree depending on the type of entity. The loss of control is around the operational running of the company and therefore service; the authority does however retain control as the sole shareholder of the company through the governance structure.

Generally the more commercial freedom an entity has to grow the business, the less control the authority is able to exercise over the form growth takes. The consequences of less control could affect the authority in a number of ways – from a rising cost of services over time diminishing the initial benefit to consequences for local employment, or exposure to a level of reputational risk that the authority may not be comfortable with, which emphasises the importance of selecting the right vehicle for the new body.

When considering commercial income generating opportunities in particular, authorities must have a clear understanding of the market in which they are to compete, and the comparative advantage they have that would enable them to compete with other commercial bodies. Not all local authorities can establish companies with the same ambitions for cross border selling and growth into neighbouring markets, and close attention must be paid to what alternative options potential buyers of the service would have. Where new companies are established, they also need to overcome the hurdles of staff consultations and terms and conditions, and the identification of hidden costs such as contributions to authority overheads.

In setting up local authority trading companies to generate income from commercial activity, authorities need to specifically consider the following:

Key Stages	Issues to consider
Starting point	<p>Asset management</p> <p>Do you know what land and property you own?</p> <p>Does your authority have a Property Investment strategy or an Asset Investment strategy?</p> <p>Buildings and land are the biggest asset an authority owns. These can be key to any income generation plans, whether they be by one-off sales of unwanted or unneeded assets, or development opportunities. Having a clear inventory of all your physical assets is the best starting point.</p>
	<p>Make the most of what you've already got</p> <p>It makes sense to utilise your own assets rather than having to purchase land or buildings to develop schemes. Using your own assets reduces cost and can speed up the development and implementation of schemes.</p> <p>This may include an analysis of how best to invest cash reserves. Whilst they act as a safety net for authorities, they can provide investment opportunities, supporting commercial schemes.</p>
Strategic position and resources	<p>Produce a strategic plan for commercial work</p> <p>Plans for developing income generation opportunities need to be covered by a corporate-wide strategy. They need to be linked to the overall financial plans of the authority and have clear direction and objectives. This can be done within the framework of a Medium Term Financial Plan, or within a stand-alone document.</p>
	<p>Align work to the Wellbeing of Future Generations Act</p> <p>Wellbeing Plans provide the ideal opportunity for authorities to align the development of commercial schemes to corporate strategies. Within the Act, the sustainable development principles include long term planning, integration and collaboration, all of which are key components for developing commercial schemes. Many schemes will require support and collaboration with external partners, some of whom may already be members of your Public Service Board.</p>

Key Stages	Issues to consider
Strategic position and resources (cont.)	<p>Internal skills, knowledge and resources</p> <p>Whilst authorities are likely to already have procurement and legal teams and staff experienced in project management, the experience from authorities that manage commercial schemes is that to work successfully requires a full time appointment to the role and specialist knowledge.</p> <p>The full process requires experienced project management skills, starting with writing the business case, tendering for contractual work and then the development and ongoing management of the scheme.</p> <p>Some schemes may involve work for which the authority has now previous experience, or may be of a complexity or size that is beyond their capacity to manage.</p> <p>If authorities want to maximise their potential income from commercial schemes, they have to invest in new staff (or teams of staff) or up skill existing staff and release them from their previous responsibilities, to create the knowledge and resource required to manage commercial schemes.</p>
Mindset of organisation	<p>Risk management is an important part of the design and management of local authority services. It equally applies to the development of commercial schemes. And whilst risk can never be completely eliminated from a scheme it can be mitigated and reduced to an acceptable level by good planning.</p> <p>When developing commercial schemes, one of the most important factors is the mindset of the authority. Looking at the experience of authorities that have developed commercial schemes, a vital component of successful schemes has been the support of members and senior officers from the very beginning.</p> <p>Committing what can be large amounts of money, whether from reserves or in the form of loans, for schemes that will not realise a profit for many years, will be anathema to many. Gaining the support of those people needs to be one of the first aims for officers designing commercial schemes.</p>
Long term	<p>Many commercial schemes are long term, and do not provide a surplus for many years. Committing to such schemes, and tying up large amounts of cash in up front, capital costs in the current financial climate, can be a difficult position to accept. Authorities have to accept the upfront costs, and be able to explain their decision to invest in non-core authority activity to the public and others emphasising the long term benefits.</p> <p>Members also need to understand that they will be agreeing to schemes that will only turn a profit after they are no longer around to take the plaudits for their decisions; a difficult concept for some Members to accept.</p> <p>Additionally, authorities may find themselves operating in new areas when developing commercial schemes. They have to realise that, as new players, it can take some time to build a reputation with private sector organisations</p>

Appendix 4 – Gross expenditure, income and net cost of providing individual services by Welsh authorities in 2008-09 and 2014-15

Area financial data analysed – 2008-09	Gross expenditure	Income	Net cost of the service	Income as a proportion of expenditure
Home to school transport – Primary Schools	£24,653,300	£191,770	£24,461,530	0.7%
Home to school transport – Secondary Schools	£55,485,400	£537,593	£54,947,807	1.0%
Home to school transport – Special Schools	£27,492,900	£187,250	£27,305,650	0.7%
Home to college transport	£10,492,100	£986,912	£9,505,188	9.4%
Adult Education	£30,727,800	£5,683,642	£25,044,158	18.5%
Total school	£2,797,900,700	£80,966,263	£2,716,934,437	2.9%
Parking of vehicles	£21,462,200	£26,369,645	-£4,907,445	122.8%
Concessionary Fares	£66,142,700	£323,660	£65,819,040	0.5%
Airports, harbours and toll facilities	£17,780,000	£4,744,321	£13,035,679	26.7%
Adult Social Care, Meals	£11,502,200	£3,928,236	£7,573,964	34.1%
Cultural and related services	£491,923,000	£100,858,376	£391,064,624	20.5%
Cemetery, cremation and mortuary services	£22,419,000	£12,727,421	£9,691,579	56.7%
Environmental Health food safety	£10,727,200	£405,621	£10,321,579	3.8%
Waste Services	£275,310,100	£42,285,428	£233,024,672	15.4%
Building Control	£13,019,900	£7,821,587	£5,198,313	60.0%
Development Control services	£31,428,100	£13,747,920	£17,680,180	43.7%
Local Land Charges	£2,810,100	£2,718,867	£91,233	96.7%
Births, marriages and deaths	£6,639,400	£3,289,641	£3,349,759	49.5%

Area financial data analysed – 2014-15	Gross expenditure	Income	Net cost of the service	Income as a proportion of expenditure
Home to school transport – Primary Schools	£26,649,700	£406,000	£26,243,700	1.5%
Home to school transport – Secondary Schools	£58,900,500	£1,005,000	£57,895,500	1.7%
Home to school transport – Special Schools	£30,654,500	£1,171,079	£29,483,421	3.8%
Home to college transport	£10,907,700	£1,551,193	£9,356,507	14.2%
Adult Education	£34,504,000	£7,324,377	£27,179,623	21.2%
Total school	£2,753,187,000	£121,584,210	£2,631,602,790	4.4%
Parking of vehicles	£21,815,800	£33,278,462	-£11,462,662	152.0%
Concessionary Fares	£70,721,000	£228,741	£70,492,259	0.3%
Airports, harbours and toll facilities	£10,472,400	£5,397,824	£5,074,576	51.5%
Adult Social Care, Meals	£7,728,900	£3,353,717	£4,375,183	43.4%
Cultural and related services	£367,682,200	£104,872,510	£262,809,690	28.5%
Cemetery, cremation and mortuary services	£17,060,500	£16,060,636	£999,864	94.1%
Environmental Health food safety	£12,560,300	£415,108	£12,145,192	3.3%
Waste Services	£287,056,500	£37,871,039	£249,185,461	13.2%
Building Control	£10,604,800	£7,046,580	£3,558,220	66.4%
Development Control services	£27,517,900	£16,016,265	£11,501,635	58.2%
Local Land Charges	£3,033,500	£3,247,332	-£213,832	107.0%
Births, marriages and deaths	£6,987,900	£4,907,654	£2,080,246	70.2%

Source: Wales Audit Office analysis of Revenue Outturn data published on StatsWales in 2008-09 and 2014-15 as amended following independent audit of the returns by the Wales Audit Office.

Tudalen 116

Tudalen 117

Charging for services and generating income by local authorities

Wales Audit Office

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE 5th April 2017

REPORT AUTHOR: David Powell, Strategic Director – Resources

SUBJECT: WAO Thematic Review of Financial Resilience

REPORT FOR: Information

1.0 Introduction

- 1.1 From 2013-14 the Wales Audit Office (WAO) has been delivering a rolling programme of Corporate Assessments (CAs), based on a four-year cycle. This means that, in addition to an annual programme of improvement studies and audits, each Welsh local authority will receive an in-depth CA during a four year period. In the intervening years the WAO will keep track of developments through programme updates.
- 1.2 Powys County Council was due to receive its in-depth CA to take place in the autumn of 2016, as informally indicated by WAO. During conversations with WAO early last year, the Council was informed that the CA process was changing. Instead of the in-depth CA, the Council would be subject to a risk-based assessment, in addition to three national thematic reviews: -
1. Financial Resilience (undertaken Summer 2016);
 2. Governance (undertaken Autumn 2016);
 3. Transformational Change (awaiting Project Brief from WAO).
- 1.3 This report sets out the findings of the review of Financial Resilience, the first of the national thematic reviews, as well as the Council's response to those findings.
- 1.4 The report was delivered at a time when the Council continues to manage its financial planning within a framework that sees Powys consistently receive greater funding reductions than the other 21 local authorities in Wales.

2.0 Background

- 2.1 The review of Financial Resilience focuses on answering the following question: **Do the Council's financial savings planning arrangements support financial resilience?**
- 2.2 Fieldwork for the Financial Resilience review was carried out during summer 2016, and this work was followed up by interviews with Cabinet Members and Officers during w/c 31st October 2016 when WAO was on-site undertaking the risk-based assessment.
- 2.3 Following on from the previous review undertaken in 2015-16, WAO examined the Council's financial savings arrangements, and reviewed how the required savings are being delivered. The review considered whether robust approaches are in place to plan, manage, and deliver the budget savings at a pace required to ensure financial resilience.
- 2.4 As part of the review of financial planning, WAO followed up on proposals for improvement from 2015-16, and the delivery of 2015-16 planned savings. WAO also looked at the extent to which planned savings were achieved, considering the Council's response to unachieved savings – what was initiated as a consequence, and what were the lessons learnt.

- 2.5 WAO sample tested three savings plans for 2016-17 to test underlying assumptions and determine whether there are adequate systems in place to ensure they can be delivered in the planned timescale. The savings plans tested were: -
1. Replacement telephony – VOIP;
 2. Removing funding for breakfast clubs – schools; and
 3. Options review for domestic waste collection – 3 weekly collections.
- 2.6 WAO's 2015-16 national summary indicates a move from traditional types of savings to savings that impact on services directly or are more transformational in nature. It is clear that savings requiring transformational change of one sort or another are more difficult to achieve. In preparation for the review, the Council was asked to classify 2015-16 and 2016-17 savings proposals into two categories: transformational, and other. This enabled WAO to report whether the shift towards transformational savings from the more traditional type of savings has continued, and whether the Council is getting better at achieving these types of savings.

3.0 Findings

- 3.1 Overall the report concludes that **whilst the Council is strengthening its arrangements for developing savings plans, some are insufficiently developed and have unrealistic delivery timescales which may not fully support future financial resilience.**
- 3.2 Savings achievement 2015-16 – the Council has reported achievement of 76% of its planned 2015-16 savings in year and can demonstrate that individual savings have been delivered.
- 3.3 Financial planning arrangements - the Council is strengthening its financial planning arrangements but some savings proposals are not sufficiently well developed prior to inclusion in the MTFP.
- 3.4 Savings Plan 2016-17 – the Council has achieved 73% of its 2016-17 original planned savings but some savings plans are not sufficiently well developed when the annual budget is agreed and have unrealistic delivery timescales.
- 3.5 The report includes one proposal for improvement to strengthen financial planning arrangements, with three subsets to that proposal: -
- P1 Strengthen financial planning arrangements by:
- Ensuring that the service savings targets set for third party spend, income and cost improvement opportunities can be achieved in planned timescales;
 - Ensuring that all savings plans are sufficiently well developed for inclusion in the annual budget; and
 - Forecasting the use of reserves over the MTFP period.

4.0 Further Work

- 4.1 An action plan has been developed in response to the proposals for improvement identified in the report. Progress of delivery of the action plan will be monitored on a quarterly basis via the regulatory tracker process. A copy of the action plan is appended to this report

5.0 Statutory Officers

- 5.1 The Strategic Director, Resources (S151 Officer) has made the following comment:
- “The Strategic Director Resources (S151 Officer) welcomes the work undertaken by WAO as it will only strengthen the response to meeting savings requirements.’
- 5.2 The Solicitor to the Council (Monitoring Officer) has commented as follows:

“I have nothing to add to the report”.

6.0 Future Status of the Report

6.1 Not applicable

Recommendation:	Reason for Recommendation:
That the Audit Committee notes the outcome of the WAO review and the Council’s response.	To ensure the WAO report is noted by Committee
That the Audit Committee agrees the action plan and thereafter receives regular updates on progress	To ensure the action plan is delivered

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	Not Applicable
----------------------------------	-----------------------

Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

Contact Officer Name:	Tel:	Fax:	Email:
Caroline Evans	01597826171		caroline.evans@powys.gov.uk

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Savings Planning – Powys County Council

Audit year: 2016-17

Date issued: March 2017

Document reference: 695A2016

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

info.officer@audit.wales.

The team who delivered the work comprised Janet Smith and Jeremy Evans, under the direction of Alan Morris

Contents

Whilst the Council is strengthening its arrangements for developing savings plans, some are insufficiently developed and have unrealistic delivery timescales which may not fully support future financial resilience.

Summary report

Summary	4
Proposals for improvement	6

Detailed report

Whilst the Council is strengthening its arrangements for developing savings plans, some are insufficiently developed and have unrealistic delivery timescales which may not fully support future financial resilience

Context	7
Savings achievement 2015-16	9
The Council has reported achievement of 76% of its planned 2015-16 savings in year and can demonstrate that individual savings plans have been delivered	9
Financial planning arrangements	10
The Council is strengthening its financial planning arrangements but some savings proposals are not sufficiently well developed prior to inclusion in the MTFP	10
Savings Plan 2016-17	
The Council has achieved 73% of its 2016-17 original planned savings but some savings plans are not sufficiently well developed when the annual budget is agreed and have unrealistic delivery timescales	13

Summary report

Summary

- 1 Good financial management is essential for the effective stewardship of public money and the continual delivery of efficient public services. The current financial climate and the reduced settlements for local government mean that good financial planning, with well-considered savings plans, is critical to financial resilience.
- 2 This review focuses on answering the following question: **Do the council's financial savings planning arrangements support financial resilience?**
- 3 Good financial planning:
 - helps councils take the right decisions for the short, medium and long term;
 - helps councils deliver services to meet statutory obligations and the needs of local communities;
 - is essential for good corporate governance;
 - is about managing performance and achieving strategic objectives as much as it is about managing money;
 - underpins service quality and improvement;
 - is the basis of accountability to stakeholders for the stewardship and use of resources; and
 - is a key management discipline.
- 4 Financial planning for the medium to long term involves understanding future demand, assessing the impact of probable changes, reviewing the gaps between funding needs and possible income and, where necessary, developing appropriate savings strategies.
- 5 A council's strategic priorities and its financial health should be the basis for deciding what is practicable. Well-considered and detailed long-term financial strategies and Medium-Term Financial Plans can ensure the delivery of strategic priorities by enabling appropriate financial choices. Conversely, short-term annual budget planning encourages an incremental and process-driven approach that is too inflexible in a period of rapid external change.
- 6 Councils receive about 80% of their net income from Welsh Government, the exact amount is only known 4-5 months before the start of the financial year. Whilst this has an impact on financial planning councils can use a range of information to anticipate changing circumstances, set priorities, make choices and manage service delivery. They can calculate how much they would need to deliver services (at current or future prices) and review alternative income and spending scenarios to identify gaps and prepare for the future by investigating different approaches.

- 7 During 2015-16 the Wales Audit Office undertook work at all councils to assess the adequacy of their financial planning, control and governance arrangements. Local reports were issued and a national summary report published in August 2016. The national summary report concluded that **strategic planning arrangements are improving but councils have difficulty in developing and delivering the savings and changes to services at the pace required to ensure future financial resilience.**
- 8 In this assessment, undertaken during the period June to September 2016, we have focused on work to identify, plan for and deliver savings. We examined the extent to which Powys County Council (the Council) achieved its 2015-16 savings plans, the quality of its medium term financial plans and the robustness of its 2016-17 savings plans.
- 9 We sampled three savings proposals for 2016-17 and looked at the underlying assumptions, whether there are adequate mechanisms to ensure they can be delivered in the planned timescale.
- 10 We followed up our 2015-16 work to determine what the Council did as a consequence of what it learnt and how it has responded to our proposals for improvement in relation to financial planning if we made any.
- 11 In this report we have described some key characteristics of effective financial planning – **What good looks like**. Auditors have used these and other factors to reach a balanced view on the effectiveness of a council's financial planning arrangements and to evaluate the ability of a council to deliver its Medium-Term Financial Plan (MTFP) and planned savings.
- 12 In our 2015-16 review we concluded that **the Council continues to develop and refine its long-term approach to financial planning, working to integrate and align it with its corporate change and improvement planning.**
- 13 In this review we concluded that **whilst the Council is strengthening its arrangements for developing savings plans, some are insufficiently developed and have unrealistic delivery timescales which may not fully support future financial resilience.**

- 14 Whilst the Council has made improvements to its corporate financial planning processes the Council experiences difficulty in meeting in year service savings targets and some service savings plans are insufficiently well developed and lack realistic delivery timescales.

Proposals for improvement

Exhibit 1: proposals for improvement

It would be unusual if we did not find things that can be improved and, where we do, The Auditor General can take a variety of steps. In this case a proposal for improvement has been made and we would expect the Council to do something about it.

Proposals for improvement

- P1 Strengthen financial planning arrangements by:
- ensuring that the service savings targets set for third party spend, income and cost improvement opportunities can be achieved in planned timescales;
 - ensuring that all savings plans are sufficiently well developed for inclusion in the annual budget; and
 - forecasting the use of reserves over the MTFP period.

Detailed report

Whilst the Council is strengthening its arrangements for developing savings plans, some are insufficiently developed and have unrealistic delivery timescales which may not fully support future financial resilience

Context

- 15 Since 2010, the UK government has reduced spending on public services as part of its plan to reduce the deficit. With cuts to its budget, the Welsh Government has had to make difficult choices as to how to allocate those funding cuts across devolved public services. As a result, the amount of core funding made available by the Welsh Government to local councils has reduced each year. So far, most local councils have managed to reduce expenditure and balance budgets, but the scale of annual reductions is likely to continue. Our analysis shows that between 2013-14 and 2016-17, there is a real-terms reduction of £483 million (10.9%) in this core funding¹.
- 16 The impact of the decision to leave the European Union may represent a threat to local councils and the wider public sector in Wales. In the immediate aftermath of the decision there was reaction across financial markets resulting in volatility in, for example, share prices, currency exchange rates, oil prices and bond yields, and the UK continues to face a great deal of uncertainty on top of significant questions regarding future economic and trading relationships with Europe. The Welsh Local Government Association (WLGA) has expressed concerns over the implications of the European Union referendum outcome, calling it a 'seismic change in UK public policy'² especially as local councils are collectively the largest employer in Wales and the deliverer of many important public services.

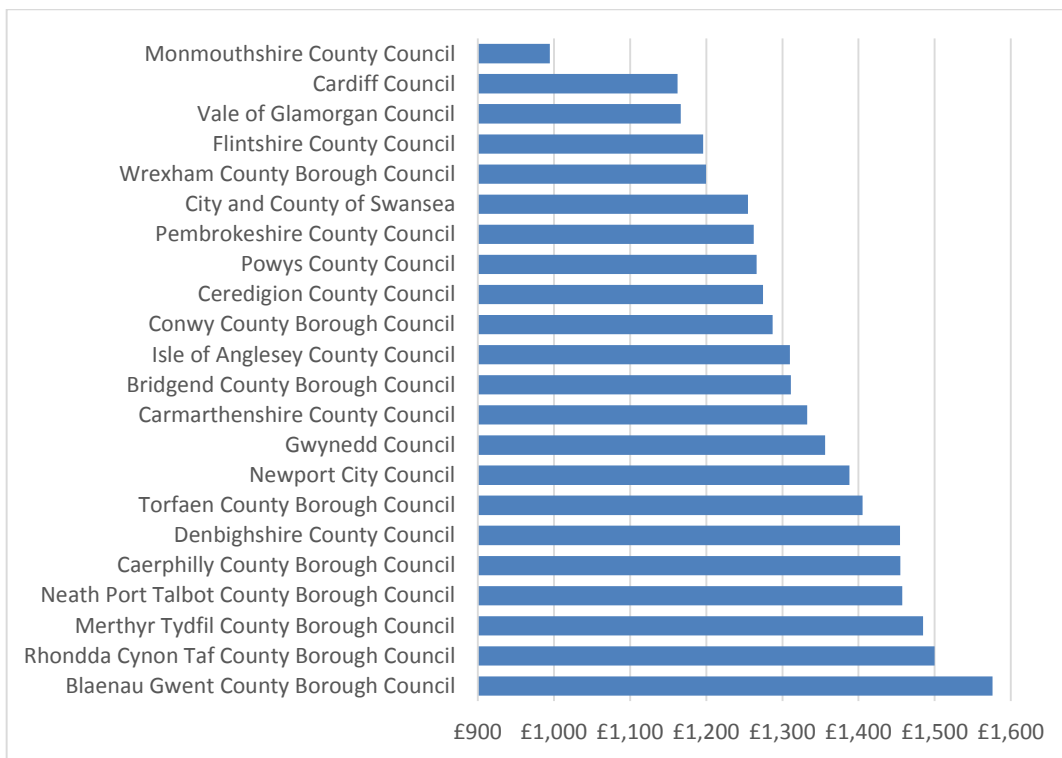
¹ Comparing core funding (Aggregate External Finance (AEF)) across the period 2013-14 to 2016-17 is complicated for two main reasons. Firstly, the Welsh Government has incorporated into core funding grants that were previously provided separately. While this 'de-hypothecation' of grants results in an increase in core funding, it is not necessarily a net increase in funding. The net value of grants incorporated into core funding since 2013-14 is around £76 million in real terms (adjusted for inflation).

² Welsh Local Government Association, **Councils voice concern over service impacts of EU referendum**, 24 June 2016

- 17 Whilst the overall Welsh Government funding has reduced, councils have been expected to protect schools and social care from the bulk of the pressures. Social care in particular has struggled even with this protection as, for example, demographic changes have led to increased demand. However, this does mean that other services have borne the majority of the cuts and have seen reductions in budgets of 30% or more in real terms since 2013-14.
- 18 The Council received £170.4 million in support from Welsh Government in 2016-17. This represents £1,266 per person in the county, above the average for Wales but a real-terms reduction of 13.22%³ per head since 2013-14. There are other key issues that impact on any councils overall financial position, for example the overall Council tax base, the ability to generate income locally and the levels of deprivation.

Exhibit 2: Welsh Government support in 2016-17

The graph below illustrates the amount of money each council gets per head of population from the Welsh Government.



Source: Stats Wales (www.statswales.gov.wales)

³ The percentage reduction per head figure varies from the 2013-14 core funding reduction due to population variation over the same period.

Savings achievement 2015-16

The Council has reported achievement of 76% of its planned 2015-16 savings in year and can demonstrate that individual savings have been delivered

What good looks like

- 19 Councils that have a good track record of delivering the majority of planned in-year savings should have well developed savings and delivery plans in place which are underpinned by robust monitoring processes. These councils do not have to continually bridge the gap year on year, by identifying alternative savings, using unplanned one-off funding from earmarked reserves, general reserves, contingency funds or fortuitous unplanned income received during the year.

What we found

- 20 In our 2015-16 review we found that the Council had a sound process for identifying and monitoring savings and a track record of delivering its annual budget.
- 21 In this review we found that the Council achieved 76% of its 2015-16 savings plans in year. It is Council policy to carry forward unachieved savings plans to following years and the Council has previously managed to deliver the majority of carried forward savings in the following financial years. For example, only £51,000 of the 2014-15 savings remained outstanding at 31 March 2016 and these have subsequently been delivered.
- 22 The unachieved savings plans for 2015-16 amounted to £3.05 million, of which approximately £1.8 million related to savings targets set for third party spend on goods and services. The Council reviewed the position at year end and reduced the carried forward savings for third party spend to £1.2 million and carried forward unachieved savings plans of £2.53 million to 2016-17. The financial monitoring report at 30 September 2016 states that that £402,000 of the savings brought forward have been achieved which means that £2.13 million (approximately 84%) of the savings plans for 2014-15 remain outstanding.
- 23 Savings plans are embedded in the base budget and services are responsible for delivering their savings plans. If savings plans cannot be progressed in the planned timescale, services are expected to take mitigating in-year actions to compensate and still deliver unachieved savings plans in the following year. Any difficulties in achieving savings plans are identified in budget monitoring reports which include a savings monitoring report. The projected position only reflects savings when delivered to avoid year-end issues and clearly show any service areas which have yet to deliver their planned savings. If services could not progress a planned saving in the current or future years an alternative would need to be identified for which Cabinet approval would be required.

- 24 The Council achieved a surplus on its 2015-16 budget. There was an overall net overspend on directorate service budgets of £2.6 million. This included a significant overspend on the People Services budget of £1.8 million, of which £1 million related to unachieved savings plans and a £800,000 overspend on the home care services. The overall directorate service overspend was offset by an underspend on corporate budgets resulting from an approved change to the Council's Minimum Revenue Provision (MRP), reducing the 2015-16 MRP by approximately £3 million. The Council also received approval from Welsh Government to capitalise £1.6m of revenue expenditure in respect of Change Management costs.
- 25 The Council's planned budget strategy did not include using reserves or a specific contingency fund to support the 2015-16 revenue budget. However, at year end the Council prudently agreed transfers to earmarked reserves and its budget management reserve to support future spending pressures and mitigate unplanned and unforeseen changes which may impact budget achievement in future years. The Council also increased the balance on its general reserve by £1.2 million.

Financial planning arrangements

The Council is strengthening its financial planning arrangements but some savings proposals are not sufficiently well developed prior to inclusion in the MTFP

What good looks like

- 26 The MTFP is a key component of an effective, integrated corporate planning framework. Good medium-term financial planning and annual budgeting should reflect the council's strategic objectives and priorities for the year, and over the longer term. MTFPs typically span a three-to-five year period and should identify how resources will be allocated to both the delivery of services and the council's priorities. The impact on citizens and other stakeholders should also be considered.
- 27 Good MTFPs include consideration of key financial risks together with their mitigation. Councils have to make assumptions around inflation, income levels, demographics, future demand for services and the costs of delivering services; and these need to be based on reasonable predictions. Councils should also use financial modelling to assess the likely impacts on financial plans and required savings for a range of different scenarios and risks. The MTFP should be frequently reviewed and updated to reflect changes in assumptions and risks.
- 28 Councils should operate within a level of reserves and balances (including earmarked reserves and the general fund balance) approved by Members, and appropriate to the strategic, operational and financial risks it faces. Councils should include details on how reserves will be used over the period of the MTFP.

- 29 The council must demonstrate that it understands its sources of income and the risks arising from these, and that it has reviewed its approach to fees and charges, for its services, to achieve value for money.

What we found

- 30 In our 2015-16 review we found that the Council continues to improve and refine its long-term approach to financial planning, working to integrate and align it with its corporate change and improvement planning.
- 31 In this review we found that the Council continues to strengthen its long term approach to financial planning and has developed three year balanced budgets which include indicative savings proposals for future years and considers the links between revenue expenditure, capital expenditure and reserves. However, not all in-year savings plans are sufficiently well developed when setting the annual budget to ensure delivery in planned timescales.
- 32 The Council reviewed its Corporate Plan in June 2016. It focuses on four priorities: remodelling council services to respond to reduced funding; supporting people within the community to live fulfilled lives; developing the economy; and improving learner outcomes, minimising disadvantage. The Corporate Plan is set in the context of the 2016-19 MTFP, underpinned by established budget principles, which are key for shaping decisions on resource allocation to deliver the Council's priorities and achieve efficiency targets and service changes.
- 33 The Council's 'Statement of Intent' captures the financial, regulatory and policy drivers affecting the Council and sets the direction and approach for its Medium Term Financial Strategy which has been developed as part of the overall strategic planning process. The Financial Resourcing Model (FRM) identifies the budget shortfall up to March 2020. This approach enables the Council to plan better for future service changes required in the context of delivering balanced budgets over the medium to longer term. The FRM is supported by a comprehensive MTFP which is modelled on a most likely case scenario over a three year period. The MTFP forecast budget gap for the period 2016-17 to 2018-19 is £29.8 million. The Council has identified savings proposals for 2016-17 and indicative savings proposals and targets to fund the budget gap for 2017-18 to 2018-19.
- 34 However, there are examples of savings proposals being included in the MTFP that do not have realistic timescales for delivery, or are included too early in their development. A notable example is the savings plans for Reconfiguration of day time opportunities for Older People. This was originally included in the MTFP in 2014 with planned savings of £250,000 in 2014-15, £300,000 in 2015-16 and £450,000 in 2016-17. The detail of the savings have been changed and unachieved savings carried forward. Savings for 2015-16 have not been delivered and are not likely to be achieved in the current year because full consultation with clients on the options is required and the Cabinet report seeking approval to consult on the options was not presented until 26 July 2016. The Cabinet report explains that there has been a comprehensive review and consideration has been given to a number of different delivery models including third sector partnering and

a move away from just closing and disinvesting in day centres. Whilst the revised approach may bring better outcomes for service users it raises the issue that the original savings proposal was not sufficiently well developed when it was included in the MTFP or when the budget was approved which indicates that savings were unlikely to be delivered in the planned timescale.

- 35 Third party spend and income generation savings are included in the MTFP as target assumptions based on potential projects which could deliver the savings. The projects are worked up during the year but sometimes projects cannot be identified to meet the targets. For example, the Council reduced the carried forward target saving for 2015-16 by approximately £600,000 and in the People and Place services the savings brought forward from 2015-16 for third party spend are forecast as not being achievable because 'no projects' have been identified. The Council has told us that these matters are being considered by the Procurement and Commissioning Board.
- 36 The MTFP is underpinned by reasonable and appropriate assumptions for key variables such as pay awards, price inflation, and funding and council tax levels. The impact of demographic changes, changes in demand and inescapable pressures is also assessed.
- 37 The MTFP is rolled forward annually. The MTFP is a 'living document'. It is reviewed internally on a monthly basis by the S151 officer and usually amended to reflect changes in policy direction and revised assumptions in key variables in the autumn of each year. Significant budget issues which impact the MTFP are considered by Cabinet during the year. The Finance Scrutiny Panel considers the MTFP and reports its findings to Cabinet.
- 38 The Council has considered the impact of its budget proposals on citizens and stakeholders. An Impact Assessment (IA) is completed for each savings plan which includes an assessment of impact on the Council's strategic vision and priorities; Risk management; Equalities; Welsh Language; Wellbeing of Future Generations (Wales) Act 2015; Sustainability; communication and engagement; corporate parenting and community cohesion. Extensive consultation is carried out with the public, partners and stakeholders during the budget process. The IA's are also reviewed by Cabinet.
- 39 The Council has a reserves policy which establishes the framework within which decisions relating to reserves are made. The Council holds approximately £10 million as a working balance in its general reserve. The general fund reserve level is reviewed when finalising the annual budget and statement of accounts but the annual budget report does not include a comprehensive statement of planned use of reserves over the term of the MTFP. However, the transformation reserve and other earmarked reserves will be used when required to support the delivery of savings proposals, particularly those which require major service changes, for example, Adult Social Care. The Council held an earmarked reserve of £8.6 million at 31 March 2016 to support Invest to save and corporate initiatives. The Council plans to use £500,000 from contingency to fund its 2017-18 and 2018-19 budgets.

- 40 The Council has an Income and Cost Improvement policy which sets the framework for maximising income generating opportunities and full cost recovery. The Council reviews its fees and charges on an annual basis using benchmarking information to ensure that fees and charges are commensurate with other providers. Income targets are set as part of the budget setting process. For example, following a review of income generation and cost reduction opportunities the 2016-17 budget includes the allocation of a £600,000 target across service areas together with an additional target of £400,000 for 2017-18 and 2018-19. Corporate Management Team and Cabinet consider new income proposals prior to inclusion in the budget. All income is monitored as part of the routine budget monitoring and savings monitoring process.
- 41 Financial reporting is well established, including updates on the use of reserves in year. Although the MTFP assumptions are reviewed during the year there is no evidence that the overall MTFP performance is monitored in-year.

Savings Plan 2016-17

The Council has achieved 73% of its 2016-17 original planned savings but some savings plans are not sufficiently well developed when the annual budget is agreed and have unrealistic delivery timescales

What good looks like

- 42 Councils that deliver savings effectively have well-considered savings plans that sit within longer-term savings strategies which are underpinned by well-developed fully costed individual savings and delivery plans aligned with the MTFP. Savings proposals should be specific and risk assessed in terms of likelihood of achievement.

What we found

- 43 In our 2015-16 review we found that current year savings plans were specific and underpinned by well-developed processes and the Council adopted a focused approach in the development of its 2016-17 savings plan.
- 44 The Council identified savings proposals to meet the 2016-17 savings requirement of £10 million. The savings plans are a mixture of specific service savings plans and cross-cutting efficiency savings targets set for income generation and cost recovery. The Council reviewed its savings targets in September 2016 and reduced the 2016-17 savings requirement to £9.55 million. The financial monitoring report at 30 September states that this is because 'a number of savings plans originally included in the Highways, Transport and Recycling (HTR) services have been resolved through the allocation of additional resources as they are not

achievable'. This has reduced the overall savings requirement for 2016-17 by £450,000.

- 45 At 30 September 2016 the Council had achieved £7.34 million of its 2016-17 savings plans. This equates to 73% of the original savings requirement of £10.004 million or 77% of the reduced savings requirement of £9.55 million.
- 46 The Council is forecasting an overspend on its revenue budget at 30 September 2016 of £5.5 million which includes undelivered savings proposals of £4.34 million of which £2.21 million relate to 2016-17 and £2.13 million to 2015-16.
- 47 The Council risk assesses its specific savings proposals in terms of achievement when setting the annual budget. The Council applies an Impact Assessment (IA) to most savings proposals. This identifies the deliverability of the saving, along with the likely impact on service delivery and other services. Five proposals were assessed as high risk when the budget was approved. These proposals were a mixture of remodelling services, efficiency and income generation proposals. Significant risks are included in the corporate risk and services registers.
- 48 The Council's specific service savings plans are measurable and itemised on a line by line basis. The cross cutting efficiency savings targets for income generation have been allocated to specific services. The Council provides a summary report on progress on savings plans in its Cabinet financial monitoring reports. A more detailed savings monitoring report is provided to Corporate Management Team and Cabinet portfolio holders which includes a detailed savings tracker with a Red/Amber/Green (RAG) status for all savings plans. The savings tracker is updated by services each month and progress on delivery is reviewed and challenged by Corporate Management Team and the relevant Cabinet portfolio holder.
- 49 The Council reports on savings plans actually achieved and profiles the expected delivery of its savings plans over each quarter of the year. The internal management savings monitoring report at 31 July 2016 showed that approximately half of the savings not achieved at that point are profiled to be achieved in quarter four. Looking at these specifically, a number relate to the income generation savings targets set for 2016-17 but the savings monitoring report highlights that these are red, so unlikely to be achieved in 2016-17. Another relates to People services which still has to deliver approximately £1 million of savings unachieved brought forward from 2015-16, the majority of which is profiled for achievement in quarter four of 2016-17. There are also a number of savings plans in the Highways, Transport and Recycling services which cannot be fully achieved mainly because of delays in implementation, for example; the Logistics Project, waste contract savings and permit charging.
- 50 The financial monitoring report states that the delivery of savings is essential to reduce the projected overspend and that any overspend will have to be met from the general fund reserve which will have a significant impact on the overall level of reserves held.
- 51 The Cabinet Portfolio Holder for Finance briefed Cabinet on the budget outturn position at 30 September 2016. The financial monitoring report states that 'In light

of the forecast overspend position Cabinet has requested that the Chief Executive and his Management Team prepare a budget recovery plan for consideration by Cabinet'.

- 52 We sample tested three savings plans for 2016-17 to test underlying assumptions and determine whether there are adequate mechanisms in place to ensure they can be delivered in the planned timescale. The savings plans we tested were:
- replacement telephony VOIP – £90,000 – ICT;
 - removing funding for breakfast clubs (£460,000) – schools; and
 - options review for domestic waste collection – 3 weekly collections. (£250,000).
- 53 Our review found that for these savings plans, whilst option appraisals were supported by reasonable assumptions and appropriate approval and consultation processes, there was some slippage on the delivery timescales for two of the three savings plans, although the Council is confident that they will be delivered in full within a longer timeframe.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

WAO Financial Resilience Action Plan V3

WAO Ref	Proposal for Improvement	Key Tasks	Action	Owner	Start date	Completion date	Dependencies	BRAG Status	Progress	Next Steps
P1a	Strengthen financial planning arrangements by: Ensuring that the service savings targets set for third party spend, income and cost improvement opportunities can be achieved in planned timescales.	Ensure that projects are identified to meet the third party spend and income generation targets set.	Implement recommendations within 'Income Management and delivery of Income Savings' report presented to Management Team 16/01/2017.	Jane Thomas and services		30/06/2017			Recommendations approved. Income & Cost Improvement Board to take work forward. £1.7m FIR 3 rd party procurement support has been delivered but only 22% can be claimed as cashable budget reductions. In year some targets have been delivered through other one off savings. A gap of over £800k is rolled forward into 2017/18. 2017/18 new Tier 1 and 2 3 rd party savings plan has been drawn up by Procurement – will be discussed at next Board.	Provide an updated action plan to Management Team 6/6/17 that provides a view from CIB about how it will ensure delivery of the income and 3 rd party targets.
		Ensure that sources of income and the risks arising from these are fully understood, and review the approach to fees and charges to achieve value for money.	Manage and monitor third party spend and income generation via the Cost Improvement Board.		16/01/2017	Ongoing			Cost Improvement Board re-established on 17 th February. ToR agreed. In year target managed by use of other savings, but for 2017/18 further action to update the income register and identify those chargeable areas that have not uplifted for inflation. New year will see benchmarking against others to glean new ideas that should see delegation of budgets to those.	
			ToR for Income & Cost Improvement Board		February 17	30/04/2017			Draft completed and agreed by Board	
P1b	Strengthen financial planning arrangements by: Ensuring that all savings plans are sufficiently well developed for inclusion in the annual budget.	Ensure that savings proposals included in the MTFS are sufficiently well developed and have realistic timescales for delivery.	Produce Savings Delivery Plan template.			Completed – date sent to HoS			Savings delivery plans have been developed and introduced for the 2017/18 savings. Budget approved 23/02/2017.	
			Take a longer term view by revising the Savings Delivery Plan template and consider integration with SIP Action templates and Impact Assessment (IA) template.		June 2017				One report – used for all purposes – no paperwork duplication.	
		Greater building of cross-service networks.	HoS forum, challenge, etc.		April Onwards 2017				Agreed to pick up with accountants – as gatekeepers of the monthly efficiency tracker and to challenge at service meetings.	
			Strengthen 'Stakeholder Impact' within the IA template to ensure impact on other services is fully understood.							Action plan to be prepared to set out all necessary steps to improve budget setting in
	Produce separate FRM per Directorate and per Service Area.	Produce separate FRM per Directorate and per Service Area.		January 2017	31/10/2017			Initial development underway. Documents to be used to inform the overall budget plan as it develops through 2017/18 for the next year's budget.		

Tudalen 139

WAO Ref	Proposal for Improvement	Key Tasks	Action	Owner	Start date	Completion date	Dependencies	BRAG Status	Progress	Next Steps
		Explore priority based budgeting as a potential model to take forward.	Explore priority based budgeting as a potential model to take forward. Discretionary v statutory spend. How English LAs have reduced services and delivered saving		April 2017	30/09/2017			Initial conversations with external organisations taking place to fully understand the model and what is required.	autumn 2017. Present to Management team 6/6/17
		In addition to reviewing MTFS assumptions during the year, monitor MTFS performance in-year	Explore producing a set of data or a report that monitors performance.		TBD	31/05/2017			Initial investigations taking place to monitor spend against budget pressures and confirm how close to estimates real pressure materialised.	
P1c	Strengthen financial planning arrangements by: Forecasting the use of reserves over the MTFP period.	Include a comprehensive statement of planned use of reserves over the term of the MTFS.	Expand the current forecasting of reserves undertaken by including a table which shows the reserves position in 3 years' time.	Now	December 2017				The budget plan clearly considers the use and replenishment of reserves, currently on an annual basis and reports regularly to Cabinet. Report by Head of Financial Services to S151 Officer: 'Assessment of the Robustness of Proposed Budget for 2017/18 and the Adequacy of Reserves held', 23/01/2017.	



Audit com Report - Reserves jan 2017.doc

A23-2017

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

5th April 2017

REPORT AUTHOR: Head of Financial Services

SUBJECT: Closure of Accounts and completion of Statement of Accounts Project 2016/17

REPORT FOR: Information

1. Introduction

- 1.1 Committee will be aware that the Statement of Accounts for 2015/16 were approved and that an unqualified report by the Wales Audit Office (WAO) was presented to Audit Committee on the 30th September 2016, which met the statutory deadline.
- 1.2 The closure of accounts process and completion of the Statement of Accounts for 2015/16 was once again delivered under a project management approach. The approach has been adopted for 2 years and has led to continued improvements both to the quality of the draft financial statements and the information available to support them, the Wales Audit Office have one again recognised improvement in their report to the Committee on the 30th September 2016.
- 1.3 The Project Management approach is continuing for the 2016/17 Closure of Accounts and completion of the Statement of Accounts, building on the progress made in previous years.

2. Project Update

- 2.1 The Project Team has been meeting monthly up until March, the next scheduled meeting is 18th April. A representative of the team is meeting WAO on a monthly basis.
- 2.2 A restated 2015-16 Comprehensive Income and Expenditure Statement along with the newly required Expenditure and Funding Analysis have been forwarded to the auditors. The restatement is due to a change in the code requirements to represent service analysis by the organisational structure of the Authority rather than the previously prescribed Service Reporting Code of Practice (SERCOP) headings provided by CIPFA.

- 2.3 The last report brought to committee highlighted the postponement of the implementation of the Highways Network Asset measurement by Depreciated Replacement Cost in 2015-16. At its meeting on March 8th, the CIPFA/LASAAC Code Board decided not to proceed with the introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities. The Board decided that, currently and in particular in the absence of central support for key elements of the valuation, the benefits are outweighed by the costs of implementation for local authorities. The Board determined that it will give further consideration to this issue only if provided with clear evidence that benefits outweigh costs for local authorities.
- 2.4 Officers attended CIPFA hosted training days in early February for both the Statement of Accounts and Pension Fund accounts.
- 2.5 WAO staff are working on their system and procedure analysis and are sample testing transactions in period 1-10.

3. Risks and Areas for Improvement

- 3.1 Staffing – The timetable requires numerous deadlines to be met and there will be pressure on staff to meet these alongside the competing demands of the service needs. The risk register mentions the risk of staff sickness as we are very reliant on certain key staff in Finance and BSU/ICT and sickness caused us problems last year.
- 3.2 WAO in their management letter again identified the length of time it took to receive documentary evidence in some cases. The expectation is to turn requests over in 3 working days. Although this cannot always be achieved the aspiration needs to be supported by all services.
- 3.3 During the course of the audit source documentation will be looked at, including supplier and employer contracts, as well as minutes of Council meetings as audit seek assurances procedures and guidelines are being followed and formal agreements are signed by the appropriate person.
- 3.4 The deadline information for Section 33 audits is expected to be in late April, last year many of the agreements were not signed leading to those accounts having a qualified audit opinion. When making arrangements with other parties it is imperative that all regulatory procedures are adhered to and both sides of the arrangement are aware of their responsibilities.
- 3.5 File uploads to e-financials – the correct ledger position is reliant on all file uploads being up-to-date. This includes one bills, ROCC, Fleet, Agency Staff, etc. Over recent months this has not always been the case with a regular backlog of uploads.

- 3.6 There have been recent issues with Allpay files not loaded to the debtors system or loaded twice. This is currently being resolved but, if errors were to happen at year end this will not be able to be resolved in the correct financial year and adjustments will need to be made in the accounts.
- 3.7 The February Direct Payments file upload to e-financials caused problems as there were incorrect lines within it as a result of which it could not be loaded. IT emailed BSU person responsible but that person was away from the office and Finance was unaware there was an issue.
- 3.8 Debtor Invoice batches – unauthorised and open batches prevent the ledger closedown taking place. At February closedown there were a number of these batches. If the person required to deal with this is unavailable the batches will have to be deleted to enable closedown. If this is the case at year end, invoices processed to enable inclusion in the 16/17 accounts would be deleted resulting in the income showing in the 17/18 accounts and extra work would need to be undertaken to accrue for this.
- 3.9 Cashless system – as of 3rd March the ongoing issue regarding Parentpay files for dates in June, Oct and Dec is still not resolved hence the ledger is currently understated. This involves some files not received from Parentpay and files received for the incorrect amounts.
- 3.10 File uploads to iWorld – there have been numerous recent instances in respect of files not being uploaded to Iworld or files being incorrectly uploaded and files being duplicated. This has been resolved in the last week but has caused significant problems in reconciling Iworld to the ledger. If such errors happen at year end additional adjustments will be required which will cause delays.
- 3.11 Continued dialogue between departments and clear understanding and compliance with the timetable will ensure that issues are kept to a minimum. This will be increasingly important as closing timescales are shortened over the next few years.

Recommendation:	Reason for Recommendation:
<p>That Audit Committee notes the contents of the report.</p> <p>That Audit Committee receive regular updates on the Delivery of the Project.</p>	<p>To continue the improvement in accounts closure and that the continuing use of project management principles is endorsed for the closure and audit of the 2016/17 accounts.</p>

Contact Officer Name:	Tel:	Email:
Jane Thomas	01597 826341	jane.thomas@powys.gov.uk

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE 5th April 2017

REPORT AUTHOR: Caroline Evans, Business Continuity & Risk Management Officer

SUBJECT: Update Report on Risk Management

REPORT FOR: Information

1.0 Summary

- 1.1** An update has been requested by the Audit Committee on Risk Management within the Council, following a report to the previous Committee on 3rd February 2017.
- 1.2** This report outlines the position statement for Risk Management within the Council, and progress made since the last committee.

2.0 Background

- 2.1** We are in a process of continuously improving and updating our approach to risk management to help us to better understand and manage the risks the Council is facing, and to increase the likelihood of achieving our objectives. Risk management is a core management discipline that supports organisational delivery. The risks that the organisation faces are changing all the time, so the art of good risk management is to combine planning for what we know might happen with preparation for unknown situations, and to safeguard the organisation and in turn make it more resilient.
- 2.2** A process of implementing risk management in service and directorate management teams has been implemented over the last two years, to review and update service and corporate risks, and to ensure that control measures are identified. The risk registers are now reviewed and updated quarterly to ensure that the risk registers are dynamic and remain up-to-date. Risk registers are regularly reported to Portfolio Holders, Management Team and Strategic Overview Board.

3.0 Progress

- 3.1** The Cabinet continues to view the corporate risk register on a quarterly basis via the Strategic Overview Board, and the Leader is updated on the progress of risk management on a monthly basis, as part of his role as Portfolio Holder for Risk Management. Risk Management is now a recognised component of the decision making process.
- 3.2** The Council has been subject to two out of three Themed Reviews, in addition to a risk-based assessment, by Wales Audit Office (WAO) as part of the Corporate Assessment process. Action plans are in hand to respond to the findings within these reviews.

- 3.3** The Council has been shortlisted for an award for ‘Leadership’ at the All Wales Continuous Improvement Community Awards 2017, for development and implementation of the Impact Assessment Toolkit. The event celebrates recognition of the work being carried out by public service continuous improvement practitioners throughout Wales, and the awards aim to celebrate success and provide the opportunity to spread good practice across public services.
- 3.4** The award is intended to recognise excellence in leadership, demonstrated by a team or individual. Successful applicants will demonstrate vision, strategic leadership and influence at an organisational-wide level, with specific focus on how their leadership skills have led and delivered successful change. The award will recognise where leaders have inspired and motivated people, supported creative thinking and new ways of working, constructively challenged the status quo and demonstrated a willingness to take tough decisions. The awards ceremony is being held on 24th May 2017.
- 3.5** Impact Assessment training has been scheduled to be delivered to officers on a quarterly basis ongoing. Officers are now able to book onto the training via Trent, and a record of their attendance at the training will also be recorded on Trent. Additionally, the training will also be built into the Member Development Programme.
- 3.6** Impact Assessments were co-ordinated for all of the 2017/18 savings identified as part of the budget setting process. Each of the Impact Assessments were reviewed by the Cabinet Sub Group, and then made available electronically to the Finance Scrutiny Panel for further review. The final Impact Assessments were then shared with all Members, and accompanied the budget papers when they were presented to Council in February for sign-off.

4.0 Further Work

- 4.1** Engagement with SMTs and DMTs will continue, to further embed the risk management process throughout the Council. Services will review their risks ongoing on a quarterly basis, and will report this information at the Quarterly Performance Review meetings, as well as to Strategic Overview Board.
- 4.2** The Business Continuity & Risk Management Officer will continue to meet with the Leader on a monthly basis to ensure that the corporate risk register remains up-to-date with the appropriate mitigating controls identified.
- 4.3** Actions identified in the Risk Management action plan will be delivered, and progress against delivery of the action plan will be reported through the Internal Audit Working Group.
- 4.4** The Council is yet to receive the third and final thematic review as part of the Corporate Assessment process. We are currently awaiting further details and the project brief from WAO setting out the scope of the review of “*Transformational Change*”, although WAO has indicated that the national review is due to be rolled out from the end of May.

5.0 Business Continuity Management (BCM)

5.1 Attendance at the Dyfed Powys Local Resilience Forum (DPLRF) continues. This work has helped to form good working relationships and a peer support network with colleagues within the DPLRF which will allow the sharing of information and approaches taken in other areas of work including Risk Management.

5.2 The BCM Group continues to meet on a quarterly basis. The Group is a forum which enables BCM Champions to interact and share knowledge, as well as identifying any inter-dependencies.

6.0 Statutory Officers

6.1 The Strategic Director, Resources (S151 Officer) has made the following comment:

“The Strategic Director Resources (S151 Officer) welcomes the continuing improvements to the Council’s approach to risk management. The shortlisting for a national award demonstrates the distance travelled in a relatively short period of time.”

6.2 The Solicitor to the Council (Monitoring Officer) has commented as follows:

Comment to follow.

7.0 Future Status of the Report

7.1 Not applicable

Recommendation:	Reason for Recommendation:
That the Audit Committee notes the progress being made by the Business Continuity & Risk Management Officer in increasing awareness of Risk Management and BCM throughout the organisation.	To ensure the adequate management of risk, and safeguard the Council.

Relevant Policy (ies):	
Within Policy:	Y
Within Budget:	Y

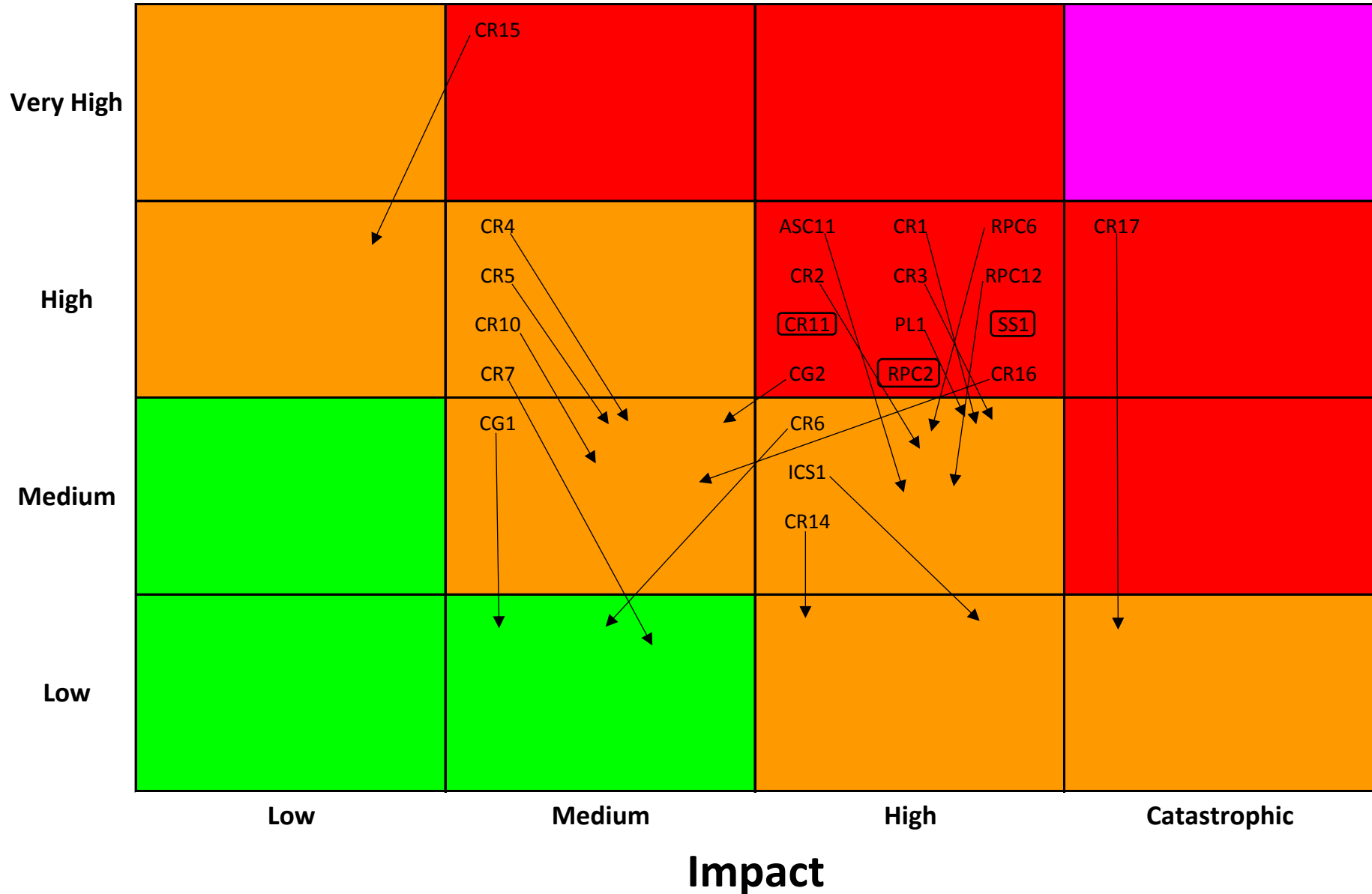
Relevant Local Member(s):	Not Applicable
----------------------------------	-----------------------

Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

Contact Officer Name:	Tel:	Fax:	Email:
Caroline Evans	01597826171		caroline.evans@powys.gov.uk

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Heat Map



The risk reference identifies the level of inherent risk to the Council before mitigating controls are applied (Inherent Risk).
 The arrows from each risk point to the level to which the risk will reduce as a result of the mitigating controls being implemented (Residual Risk).
 Those risks with around them do not change their level of risk with mitigation.

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

Ref	Trend	Corporate Priority	Risk Identified	Risk Owner	Portfolio Holder
ASC1	Deleted	Services delivered for less Supporting people in the community	Not gaining full agreement on some of the more controversial and high profile agreements for the direction of travel of the service, without which we'll be unable to achieve the full level of financial savings	Carol Shillabeer	Cllr Stephen Hayes
ASC10	Deleted	Services delivered for less Supporting people in the community	Governance options in respect of residential care contracts result in costly or ineffective service delivery.	Carol Shillabeer	Cllr Stephen Hayes
ASC11	↔	Services delivered for less Supporting people in the community	Domiciliary Care suppliers and stakeholders in the Powys market are not sufficiently mature to respond to changing demand from customers and commissioners.	Carol Shillabeer	Cllr Stephen Hayes
CR2	↔	Services delivered for less Supporting people in the community Developing the economy Learning	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic.	Julie Rowles	Cllr John Powell
CR17	↓	Services delivered for less Supporting people in the community	Living wage and increased pension requirements are resulting in increased financial pressure.	David Powell	Cllr Wynne Jones
CR11	↑	Supporting people in the community	Implementation of WCCIS (DRAIG replacement)	Carol Shillabeer	Cllr Tony Thomas
CG1	↔	Services delivered for less	Failure of governance.	Jeremy Patterson	Cllr Wynne Jones
CG2	↔	Services delivered for less	Data Protection Breaches	Carol Shillabeer	Cllr Rosemarie Harris
CR1	↔	Services delivered for less	The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position	David Powell	Cllr Wynne Jones
CR3	↔	Services delivered for less Supporting people in the community Developing the economy Learning	Inadequate Corporate Governance arrangements for shared services and partnerships	Jeremy Patterson	Cllr Barry Thomas
CR4	↔	Services delivered for less Supporting people in the community Developing the economy Learning	Failure to deliver on the One Powys Plan (OPP)	David Powell	Cllr Barry Thomas
CR5	↔	Services delivered for less Supporting people in the community	Lack of a clear definition and structure to support the organisation's commissioning and commercial vision.	David Powell	Cllr Graham Brown
CR6	↔	Services delivered for less Supporting people in the community Developing the economy Learning	Lack of adequate resilience planning	David Powell	Cllr John Powell
CR10	↔	Services delivered for less	Failure to monitor and protect Council assets	David Powell	Cllr Tony Thomas
PL1	↔	Services delivered for less	The authority doesn't have a sufficiently robust risk assessment process for the management of Health & Safety (H&S) across the organisation.	Paul Griffiths	Cllr John Brunt / Cllr John Powell
ICS1	↔	Services delivered for less Supporting people in the community Developing the economy Learning	Current systems are not covered by a fully resilient DR Solution (Infrastructure and Policies/processes)	David Powell	Cllr Tony Thomas
RPC2	↔	Services delivered for less	a) Legal challenge to PCC's intention to hand back responsibility of privately owned closed landfill sites back to the landowners; b) Liabilities arising from PCC owned closed landfill site portfolio	Paul Griffiths	Cllr John Powell
RPC6	↔	Services delivered for less Developing the economy	Failure to adopt the LDP	Paul Griffiths	Cllr Tony Thomas
RPC8	Deleted	Services delivered for less	The property disposals programme may not realise the expected returns on time.	Paul Griffiths	Cllr Rosemarie Harris
RPC12	↔	Services delivered for less	We have identified €1M of urgent health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Paul Griffiths	Cllr John Powell
SS1	↔	Services delivered for less Learning	Non delivery of the Schools Transformation Programme. Risk of legal challenge to consultation process which will impact of 21st Century Capital programme.	Jeremy Patterson	Cllr Arwel Jones
CR14	↔	Services delivered for less Learning	Condition and security of buildings and premises.	Jeremy Patterson	Cllr Rosemarie Harris
CR15	↔	Services delivered for less Supporting people in the community	The roll out of Universal Credit has likelihood of large impact on Powys citizens.	David Powell	Cllr Wynne Jones
CR16	↔	Services delivered for less Developing the economy	The impact on the Council as a result of Brexit	David Powell	Cllr Wynne Jones
LC1	Merged with PL1	Services delivered for less	Leisure Centre related major incident or near miss, arising through mis-management or lack of procedures / systems.	Paul Griffiths	Cllr Graham Brown
CR7	↔	Services delivered for less	Transition post-election of the Pensions Committee	David Powell	Cllr Wynne Jones

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes	
							P	I	Risk Rating					P	I	Risk Rating		
ASC1	Services-delivered-for-less Supporting-people-in-the-community	15/07/2015	SIP	Adult Social Care	Not gaining full agreement on some of the more controversial and high-profile agreements for the direction of travel of the service, without which we'll be unable to achieve the full level of financial savings	Inability to meet the demands and requirements of service users as well as a potential for significant overspending	H	H	High	9	Ensure appropriate information is available to inform Member's decision making; Appropriate options appraisal undertaken; A series of pre and formal consultation events are being held over the winter period.	Carol Shillabeer Cllr Stephen Hayes	Hold regular member development sessions to keep them informed of issues relating to service. 19/10/15 Consultation process over the winter period for the following services:- • Daytime activities for Older People; • Residential Care; • Older Peoples Commissioning Strategy; • Learning Disabilities Project - Day & Employment Services; • Budget Consultation.	H	H	High	9	Lower level risks will continue to be monitored within the Project Management framework.
ASC10	Services-delivered-for-less Supporting-people-in-the-community	15/07/2015	SIP	Adult Social Care	Governance options in respect of residential care contracts result in costly or ineffective service delivery.	Capacity to support the development of interim arrangements could delay the process; Replacement services not planned for / in place in a timely manner Commercial Services are unable to achieve savings identified over and above the MTFs. Potential expensive extension of contract, or challenging developments of	H	H	High	9	Negotiations continue between BUPA and PCC. Work is ongoing on developing a Business Plan for a LATC.	Carol Shillabeer Cllr Stephen Hayes	In conjunction with Commercial services risk assess any interim plans; Corporate ownership and support in place to ensure focused and successful implementation; Further resource has been secured resulting in joint working with Cardiff Council and V4 on residential care. Cabinet decision required in December. Recruitment plans for LATC in train. Re-registration with CSSIW being actioned.	H	H	High	9	Residential Care contracts have been negotiated.
ASC11	Services delivered for less Supporting people in the community	15/07/2015	SIP	Adult Social Care	Domiciliary Care suppliers and stakeholders in the Powys market are not sufficiently mature to respond to changing demand from customers and commissioners.	Commissioned services are not delivered to required standards; Re-commissioning may be needed; Complaints from service users may increase; Risk to service user independence including customer safety; Failure to stabilise the Domiciliary Care market, resulting in: - • A service which does not deliver the outcomes that our services users need / want; • An unsustainable financial burden to the council; • Impact on capacity of ASC Services to undertake innovative work; • Adverse reputational risk for the Council; • Service users left at risk; • Failure to meet statutory duty.	H	H	High	9	The provider forum will be an opportunity to engage with local service providers and consult on potential service proposals; Regular contract management will engage providers in the process; Action plan and accountability framework in place following IPC report on Domiciliary Care Commissioning; SIP outlines specific action to develop plan to establish a stable Domiciliary Care Service; Additional/temporary officer capacity has been sourced; Project Board established; External support and evaluation/critical support from IPC; Commissioned a range of many providers to deliver care; Provider forum established; Robust support and monitoring arrangements in place.	Carol Shillabeer Cllr Stephen Hayes	Improved working arrangements with PAVO to support and build capacity in the 3rd sector; To move from traditional provider / commissioner relationship to a relationship of co-production with stakeholders; Integrated approach with Health to design a joint domiciliary service model; Cabinet report being prepared for Domiciliary Care Framework Options. Market position statement in draft format which will lead into a Domiciliary Care Strategy.	M	H	Medium	6	

Tudalen 153

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes		
							P	I	Risk Rating					P	I	Risk Rating			
CR2	Services delivered for less Supporting people in the community Developing the economy Learning	15/07/2015	HoS	Organisational Development	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic.	Insufficient staff to meet service demands; Inability to progress service development. Financial implication of using agency staff/contractors.	H	H	High	9	Integrated approach to integration across Health and Adult Social Care including the alignment of HR / Organisational Development being managed under the One Powys Plan.	Julie Rowles	Cllr John Powell	Recruitment campaigns commencing for key services; Develop workforce plans looking at workforce demographics over next 5-10 years, skills and workforce training; Work with partners. Move to a new approach of values based recruitment process. RROOTS Project (Recruiting & Retaining Our Own Talent and Skills).	M	H	Medium	6	
CR17	Services delivered for less Supporting people in the community	22/01/2016	SMT	Corporate	Living wage and increased pension requirements are resulting in increased financial pressure.	Additional financial implications; Some providers may remove provision; Inability to meet statutory requirements; Unaffordable within current budget.	H	C	High	12	Working with providers to understand increased cost pressures; Funding identified for 2017/18 in the budget process.	David Powell	Cllr Wynne Jones	Continuation of existing controls.	L	C	Medium	4	
CR1 Tudalen 154	Supporting people in the community	14/09/2015	CEO	Social Care	Implementation of WCCIS (DRAIG replacement)	Loss of data resulting in an efficient service with officers being unable to access client files. Delay in new system being commissioned as part of a National approach. Demand on resources; Continuity of reporting;	H	H	High	9	Project team and project governance established. DRAIG will continue to support the current system until we migrate onto CCIS; Project team working with Programme team for Summer 2017 implementation.	Carol Shillabeer	Cllr Tony Thomas	Production of a project risk register. Head of Operations for Adult Services to attend WCCIS Board.	H	H	High	9	
CG1	Services delivered for less	Prior to 2014	SIP.L.V 2	Legal	Failure of governance.	Council acts ultra vires; Contravenes finance regulations and EU procurement regulations. Failure to distribute	M	M	Medium	4	All work is report based and there is a mechanism in place by which appropriate checks are made - two checks are made by Finance and two checks by Legal (Section 151 Officer and Monitoring Officer).	Jeremy Patterson	Cllr Wynne Jones	ModernGov Phase 2 tested and to be rolled out by September 2017. Input required from company to provide training. Will be piloted with one service initially. This will insist on timely provision of reports and will send reminder emails to the appropriate officers; Programme Governance Action Plan - spot audits of Programme Boards; Audit of Programme Board governance;	L	M	Low	2	The software is extensively used by WG and automatically sends reminder emails to officers.

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes		
							P	I	Risk Rating					P	I	Risk Rating			
CG2	Services delivered for less	21/11/2012	Risk Register 21/11/12 12.11	Corporate	Data Protection Breaches	Information Commissioners Intervention. Financial Penalties	H	H	High	9	<ul style="list-style-type: none"> Information Governance Plan supported by the Corporate Information Governance Group which meets on a quarterly basis; Ensure we comply with corporate training requirements and quality assure our processes; IT equipment encrypted; Policies and procedures in place; Staff training; Printer security controls; Data transmission controls (secure email). 	Carol Shillabeer	Cllr Rosemarie Harris	Introduction of information asset owners; Information Asset Register; Information Risk Assessments.	M	M	Medium	4	
CR1	Services delivered for less	21/11/2012	Risk Register 21/11/12 12.100	Corporate	The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position	The Council incurs significant overspend. Projected budget will suffer an overspend. Penalties and fines may be imposed Council reputation damaged	H	H	High	9	Medium Term Financial Plan; Cost Recovery work; 3rd party spend reduction; Income Generation; Monthly reports to cabinet and Management Team on budget progress and progress on savings; Budget Challenge Events; Moved to a 3 year balanced budget; Budget Management Reserve; Impact Assessments;	David Powell	Cllr Wynne Jones	Re-establishment of the Income & Cost Improvement Board.	M	H	Medium	6	
CG5	Services delivered for less Supporting people in the community Developing the economy Learning	21/11/2012	Risk Register 21/11/12 12.92	Corporate	Inadequate Corporate Governance arrangements for shared services and partnerships	Failure to effectively deliver services	H	H	High	9	A number of Section 33 Agreements are in place and are overseen by Joint Partnership Board.	Jeremy Patterson	Cllr Barry Thomas	A new model template is being developed for 2017/18 which will make signing off of future Section 33 Agreements much easier.	M	H	Medium	6	WAO report presented to Audit Committee 22nd April 2015 identified that the Section 33 agreement has improved service resilience and reduced IT risk, and Section 33 arrangements provide a good basis for integrated working.

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk				Notes
							P	I	Risk Rating						P	I	Risk Rating		
CR4	Services delivered for less Supporting people in the community Developing the economy Learning	21/11/2012	Risk Register 21/11/12 12.102	Corporate	Failure to deliver on the One Powys Plan (OPP)	Failure to deliver on the aims and objectives outlined within the OPP.	H	M	Medium	6	Programme Managers lead on each of the programmes within the OPP. Programme Boards meet bi-monthly and monitor progress of projects. This is then reported to the Transformational Board and LSB. Programme Office adopted corporate risk assessment methodology. Scrutiny challenge and feedback sessions using Performance Evaluation Grids. Greater transparency of the OPP reporting process. Clearer lines of accountability and responsibility. Sharing learning and knowledge between PCC and PTHB Programme Office'.	David Powell	Cllr Barry Thomas	Continue to monitor progress on the programmes. Regular meetings between Programme Sponsors and Programme Managers to identify and unblock any issues that arise. A number of projects within the OPP are due to be completed beyond April 2017. Due to a 'gap' between the meetings of the LSB and the PSB, it may be appropriate to continue and maintain monitoring of these projects beyond 2017.	M	M	Medium	4	
CR5 Tidalen 156	Services delivered for less Supporting people in the community	21/11/2012	Risk Register 21/11/12 12.102	Corporate	Lack of management of the procurement process within services. Lack of a clear definition and structure to support the organisation's commissioning and commercial vision.	Inadequate contracts and contract management exposing the authority to financial and reputational risk. Commissioned services not delivered in accordance with the Council's vision and priorities.	H	M	Medium	6	Implementation of a Commercial Services Team; E-Learning; Gateway process; Contract Management; CS involved in all Strategic Commissioning Projects; CS rep at DMTs/SMTs.	David Powell	Cllr Graham Brown	Key messages around Commissioning communicated to all employees; Visibility of the contracts register; Introduction of Commissioning Toolkit; Understand how services initiate the commissioning process; Commissioning Training; Commercial & Commissioning Strategy being drafted;	M	M	Medium	4	
CR6	Services delivered for less Supporting people in the community Developing the economy Learning	21/11/2012	Risk Register 21/11/12 12.90	Corporate	Lack of adequate resilience planning	Non-compliance with Civil Contingencies Act (CCA) 2004; Failure to deliver critical services in the event of a declared emergency or event.	M	H	Medium	6	Education and training programme; Business Continuity Management (BCM) Group established; Services supported to produce their own Business Continuity Plans (BCPs); Self-evaluation of BCM incorporated into SIP process; PCC representation on Dyfed Powys Local Resilience Forum (LRF); 24/7 Duty Emergency Planning Officer to facilitate PCC response.	David Powell	Cllr John Powell	Continual engagement with BCM Champions via quarterly Business Continuity Group; Services to continue to develop and test their BCPs; External Education and Training with LRF Partners to ensure Integrated Emergency Management (IEM); Recent audit undertaken by Internal Audit team, resulting in an Action Plan.	L	M	Low	2	
CR10	Services delivered for less	21/11/2012	Risk Register 21/11/12 12.07	Corporate	Failure to monitor and protect Council assets	Theft and abuse of Council property	H	M	Medium	6	Each service should have its own asset register; All ICT equipment should be recorded on the ICT central asset register.	David Powell	Cllr Tony Thomas	Ensure that all services have their own asset registers in place; Incorporate into Starters and Leavers process.	M	M	Medium	4	

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk				Notes
							P	I	Risk Rating						P	I	Risk Rating		
PL1	Services delivered for less	Prior to 2014	SIP	Highways, Transport & Recycling Place Directorate	Health and Safety of public and workforce The authority doesn't have a sufficiently robust risk assessment process for the management of Health & Safety (H&S) across the organisation.	Injury to individuals and risk to the Authority; People could be seriously or fatally injured; Exposure to litigation.	H	H	High	9	Health and Safety meetings, revenues, training and audit; Public liability insurance; Procurement - external contractors risk statements - monitoring.	Paul Griffiths	Cllr John Brunt / Cllr John Powell	Continually review robust site supervision and monitoring processes internally and externally with contractors; Promotional campaign for risk assessment to be considered for staff across the authority; Management Team (MT) briefing to be cascaded to ensure learning is understood by all staff responsible for H&S; Full review of risk assessments to be undertaken by all Service Areas; H&S to be included within IPRs; MT to consider sufficiency of current mechanism for managing H&S; Staff bulletin.	M	H	Medium	6	Merged with Risk LC1
ICS1	Services delivered for less Supporting people in the community Developing the economy Learning	Prior to 2014	SIP.ICT. ?	ICT and Programmes	Current systems are not covered by a fully resilient DR Solution (Infrastructure and Policies/processes)	Failure to maintain key ICT services in the event of a major incident.	M	H	Medium	6	Close working with Microsoft and Platform Consultancy to explore utilising the latest cloud services; Microsoft Data Protection Manager will perform nightly backups to on-site storage, this will then be replicated into Azure blob storage as an off-site back for long-term storage.	David Powell	Cllr Tony Thomas	Replacement of existing systems; Fire prevention for server rooms; Second link from a second site within the North of the County to replicate systems; New systems which are purchased require cloud hosting capability; DR and BC within 2017/18 SIP; SLA discussions will also impact the solutions; Engagement with external provider to identify and provide a suitable BC solution.	L	H	Medium	3	
RPC2	Services delivered for less	Updated 19th April 2016	SIP.PPP .V1	Regeneration, Property & Commissioning - Environmental Health	a) Legal challenge to PCC's intention to hand back responsibility of privately owned closed landfill sites back to the landowners; b) Liabilities arising from PCC owned closed landfill site portfolio	a) Costs arising from legal challenge and future liabilities. b) Potential legal action by NRW should an incident occur	H	H	High	9	a) QC advice sought at the outset, and supporting the Council's stance. b) We have two specialist Contaminated Land Officers who will seek external legal advice when appropriate, and work closely with Natural Resources	Paul Griffiths	Cllr John Powell	a) Our position was defended in the High Court on 30th September where we lost the case, however, we were granted the right to appeal by the High Court Judge.	H	H	High	9	
RPC6	Services delivered for less Developing the economy	Prior to 2014 Risk updated 05/04/2016	SBP 2014/17	Regeneration, Property & Commissioning - Spatial Planning	Failure to adopt the LDP	Reputational damage to the Council and a period when the Council would determine planning applications without an adopted LDP. Financial implications due to increased costs to produce LDP.	H	H	High	9	There has been close working relationships with WG officers. However, recent correspondence suggests they consider the Plan may be unsound. Senior Management Team meet with PL-PP on a regular basis. Action Plan to respond to issues raised by WG and Inspector.	Paul Griffiths	Cllr Tony Thomas	Work closely with WG; Exploratory meeting was held with the Inspector on 10th May, where we were given extra time to answer her queries.	M	H	Medium	6	LDP was re-submitted on 13th September and the examination process has re-started. Pre-hearing will be in February with public examination starting in March.

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes		
							P	I	Risk Rating					P	I	Risk Rating			
RPC8	Services delivered for less	2014	SBP-2014/17	Regeneration, Property & Commissioning	The property disposals programme may not realise the expected returns on time.	Other developments which depend upon them cannot be supported.	M	H	Medium	6	Regularly revise progress on list of disposal sites/ buildings; The Strategic Assets Board meets quarterly.	Paul Griffiths	Cllr Rosemarie Harris	The policies and procedures reflect adequate internal control arrangements, monitoring and effective authorisation and scrutiny.	M	M	Medium	4	The programme is ahead of schedule and it is felt that this is no longer a significant risk to the Council.
RPC12	Services delivered for less	11/12/2015	HoS	Regeneration, Property & Commissioning	We have identified £1M of urgent health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Financial and reputation risk to the Council if the remedial works are not undertaken.	H	H	High	9	£500k capital has been identified to start works in 2016/17.	Paul Griffiths	Cllr John Powell	Rolling programme of works. Funding for the urgent works has been dealt with as part of the Council's overall budget setting process.	M	H	Medium	6	
SS1	Services delivered for less Learning	13/01/2015	SMT	Schools Service	Non delivery of the Schools Transformation Programme. Risk of legal challenge to consultation process which will impact of 21st Century Capital programme.	Infrastructure which is not contributing to the Authority's efficiency agenda, and leading to poor educational outcomes; Delay in delivery of programme due to political dimension and potential loss of WG funding.	H	H	High	9	<u>Primary Schools</u> OBC approved for Welshpool Primary programme. Cabinet resolved to close the four schools in Jan 17 wef 31-8-17. <u>Secondary Schools</u> <u>Mid Powys</u> Cabinet resolved to publish statutory notices for the closure of Builth and Llandrindod High. <u>South Powys</u> OBC approved for new build in Brecon and investment in Gwernyfed. <u>North Powys</u> Business case production commissioned and ongoing.	Jeremy Patterson	Cllr Arwel Jones	<u>Secondary Schools</u> Statutory objections re: Builth / Llandrindod to be considered by Cabinet on 27th Feb / 14th March. Consultation responses re: Brecon Welsh medium to be considered by Cabinet on 14th March.	H	H	High	9	Updated by SMT 13-2-17.
CR14	Services delivered for less Learning	13/01/2015	SMT	Corporate	Condition and security of buildings and premises.	<ul style="list-style-type: none"> Breach of Equalities legislation; Failure to comply with H&S legislation; Failure to be able to provide services in a suitable way to the public, and accommodation which is suitable for staff. 	M	H	Medium	6	Strategic review of office accommodation in progress. <u>Schools</u> Review of Special Schools; 21st Century Schools Programme (prioritised according to pupil vulnerability); A new Schools Service Major Improvement Programme Scoring and Prioritisation criteria was agreed by Cabinet 3/3/15, and it was also agreed a spend of £1m per year for the next three years.	Jeremy Patterson	Cllr Rosemarie Harris	Strategic Outline Plan for 21st Century Schools and Capital Investment Programme; Revision of Schools Service Asset Management Plan including: - <ul style="list-style-type: none"> Revision of SLAs as part of JVC (incorporating Property Plus); Defined Client side role; Develop robust SLA with clearly defined roles; Develop a commissioning model; Understanding of how work is commissioned. Health & Safety Officer carrying out a rolling programme of audits. Further guidance to be issued to schools in September relating to Health & Safety and Safeguarding.	L	H	Medium	3	

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes	
							P	I	Risk Rating					P	I	Risk Rating		
CR15	Services delivered for less Supporting people in the community	25/01/2016	PCC Welfare Reform Advisory Group	Business Services	The roll out of Universal Credit has likelihood of large impact on Powys citizens.	Customers having less income; Customers needing support to adjust; Resilience of service to continue to provide additional service as UC increases; In subsidy audit potential	V H	M	High	8	Provide financial advice. Administer discretionary housing payments (DHP) to people who are unable to manage their housing costs (WG allocated fund); Steering Group chaired by Portfolio Holder; Communication and money	David Powell	Cllr Wynne Jones	Using Powys data to be able to map and model customers within Powys who are going to be affected the greatest to provide advice and support to avoid them getting into debt; Using Shire meetings to notify members.	H L	Medium	3	
CR16	Services delivered for less Developing the economy	07/07/2016	Audit Committee		The impact on the Council as a result of Brexit	Interest rates, negative impact on investments and the pension fund, wider economic impact, exchange rates, European funding grants	H H	H	High	9	Close monitoring; Cabinet briefed; Advice from pension advisers; Continue to work with WEFO.	David Powell	Cllr Wynne Jones	Continue to monitor economic indicators. Ongoing dialogue with external advisers.	M M	Medium	4	
LC1	Services delivered for less	28/08/2016	Strategic Director - Place	Leisure & Recreation	Leisure Centre related major incident or near miss, arising through mis-management or lack of procedures / systems.	HSE investigation leading to possible prosecution which would result in significant adverse reputational damage and financial impact to the Council.	H H	H	High	9	Area Manager Audits, External H&S Audits, Internal Audits, Operational Risk Assessment Updates; Regular staff training; Staff qualifications are monitored and updated when necessary; Monthly visits (to 1 or 2 LCs) to review the audits undertaken; Regular monthly and quarterly meetings with Freedom Leisure; Freedom H&S officer notifies the Council of any incident or pool building closure, and follows up with an outcome report;	Paul Griffiths	Cllr Graham Brown	Continue as per contract monitoring regime.	L H	Medium	3	Merged with Risk PL1
CR7	Services delivered for less	04/11/2016	Audit Committee	Corporate	Transition post-election of the Pensions Committee	Insufficient skills to oversee the Pension fund	H M	M	Medium	6	The Pensions Board is fully trained and holds a great amount of training and expertise. This Board is available to provide assistance to the Pensions Committee if required.	David Powell	Cllr Wynne Jones	Implement training plan previously developed for the Pensions Board, to develop members of the Pensions Committee where required.	L M	Low	2	

Tudalen 159

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Risk Assessment Matrix

1. Impact:

RISK CATEGORY	RISK TYPE	RISK IMPACT (Severity)			
		Low	Medium	High	Catastrophic
FINANCIAL	Financial				
	Reinstatement following loss / compensation & costs / economic losses / bad lending / VAT errors / fraud / fines	<£250,000	£250 - £750k	£750k - £2m	>£2m
HAZARD	Casualty				
	Employee &/or Public Injury / ill-health	Minor Injuries / temporary ill-health	Ill health / disabling injuries	Single fatality	Multiple fatalities
	Environmental				
	Recovery/remediation time	< 1 week	1 week – 1 month	1 - 12 months	> 1 year / recovery impossible
	Hazard				
	Maladministration / Improvement notice / legal proceedings	Low	Medium	High	Catastrophic
OPERATIONAL	Operational				
	Prevention of service efficiency	Low	Medium	High	Catastrophic
	Procurement / Contract / Project Failure				
	Additional costs / cost over-run / delays to completion	Greater of 5% or £250k	Greater of 5-25% or £250- £70k	Greater of 25 - 50% or £70k - £2m	Greater of 50 – 100% or > £2m
	Service Provision (Interruption)				
	Health / Education / Key Service	1- 6 days < 1 month	1 week–1month 1-3 months	1 – 6 months 3 - 12 months	> 6 months > 1 year
STRATEGIC	Reputation				
	Adverse / critical comment / Ombudsman Investigation / ICO Investigation	Ward/Village	Local Media	Welsh Media	National Media
	Prosecution/punishments			Disqualification	Imprisonment
	Strategic				
	Failure to achieve corporate objectives	Low	Medium	High	Catastrophic

2. Probability:

PROBABILITY	Definition
Low	Not likely to happen or may happen once every 20 years
Medium	Possible or may happen within 10 years
High	Likely or may happen once a year
Very High	Certain or happens several times a year

3. Risk Profile:

PROBABILITY	Very High (4)	Medium (4)	High (8)	High (12)	Very High (16)
	High (3)	Medium (3)	Medium (6)	High (9)	High (12)
	Medium (2)	Low (2)	Medium (4)	Medium (6)	High (8)
	Low (1)	Low (1)	Low (2)	Medium (3)	Medium (4)
	Low (1)	Medium (2)	High (3)	Catastrophic (4)	
IMPACT					

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

5th April 2017

REPORT AUTHOR: SWAP- Assistant Director

SUBJECT: Internal Audit Charter

REPORT FOR: Decision

1.0 Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) is a code of practice adopted in April 2013 by the internal auditing profession in the United Kingdom. One of the requisites to enable compliance with the standard is a Council's approval of an Internal Audit Charter.
- 1.2 The South West Audit Partnership will deliver the Internal Audit Function from the 1st April 2017. Therefore, the previously agreed charter relating to the in-house service will no longer be valid and must be replaced.

2.0 Requirements of an Internal Audit charter

- 2.1 Attribute standard 1000 of the Public Sector Internal Audit Standards require that the purpose, authority and responsibility of internal audit activity must be formally defined in an internal audit charter, consistent with the definition of internal auditing, the code of ethics and the standards. This document should establish internal audits position within the organisation, including the nature of the SWAP's functional reporting relationship with the Audit Committee.
- 2.2 Appendix A contains a SWAP Internal Audit Charter dated March 2017 that was created to meet the demands of the professional standards.

Recommendation:	Reason for Recommendation:
The Committee approve the Internal Audit Charter dated March 2017.	To comply with professional standards and to give clear definition of the purpose, scope and responsibility of Internal Audit.

Person(s) To Implement Decision:	Assistant Director - SWAP
Date By When Decision To Be Implemented:	With immediate effect

Contact Officer Name:	Tel:	Fax:	Email:
Ian Halstead	01597 826821		ian.halstead@southwestaudit.co.uk

Background Information used to prepare Report:

Public Sector Internal Audit Standards

Delivering Audit Excellence



Internal Audit Charter

Powys County Council

South West Audit Partnership Ltd

South West Audit Partnership Ltd

Abbey Manor Business Centre
Preston Road
Yeovil
BA20 2EN

Direct Line: 01935 848540
E-mail: enquiries@southwestaudit.co.uk
www.southwestaudit.co.uk

Version	1.1
Date of last revision	28/03/2017
Last revision author	I M Halstead
Date for next review	March 2018

INTERNAL AUDIT CHARTER

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Powys County Council, and to outline the scope of internal audit work.

Approval

This Charter will be put forward for approval at the Audit Committee on the 5th April 2017 and will be reviewed each year to confirm it remains accurate and up to date.

Provision of Internal Audit Services

The internal audit service is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the Director of Resources in consultation with the Chief Executive of SWAP.

Role of Internal Audit

The Accounts and Audit (Wales) Regulations 2014, state that:

“7.—(1) A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management and of Internal Audit

Management¹

Management is responsible for determining the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Chief Executive and the Audit Committee.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Authority. Management is also responsible for the appropriate and effective management of risk.

¹ In this instance Management refers to the Management Team

Internal Audit

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS); SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for Powys County Council will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive of SWAP and the SWAP Director also report to the Strategic Director of Resources as Section 151 Officer, and reports to the Audit Committee as set out below.

Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of Powys County Council.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether Powys County Council is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;

- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned;
- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy;
- at the specific request of management, internal audit may provide consultancy services provided:
 - the internal auditors independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources within the annual audit plan
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

SWAP will submit to the Audit Committee, for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least four times a year to the Audit Committee and its sub-Committees. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit Committee or its nominated Sub-Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Strategic Director of Resources and to other relevant line management.

The Chief Executive of SWAP will submit an annual report to the Audit Committee providing an overall opinion of the status of risk and internal control within the council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and the SWAP Director have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council's Chief Executive or the External Audit Manager.

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

4th April 2017

REPORT AUTHOR: Internal Audit - South West Audit Partnership (SWAP)

SUBJECT: Interim Internal Audit Plan 2017/18

REPORT FOR: Decision

1.0 Introduction

1.1 One of the functions of the Audit Committee is to be satisfied there is effective internal audit coverage of the Council's systems, mechanisms, policies and practices to be able to gain assurance that the Council has a robust internal control framework.

Endorsement of this plan is a requirement of the public sector internal audit standards (PSIAS).

2.0 Objectives of Internal Audit

2.1 Internal Audit's objective is to carry out independent appraisals of the Council's control mechanisms to identify areas for improvement by Management.

2.2 The achievement of this objective involves:

- Reviewing and appraising the soundness and adequacy of Internal Control
- Promoting value for money
- Ascertaining levels of compliance with established plans, policies and procedures
- Protecting the Council's assets and safeguarding from losses
- Determining the reliability of management information produced by the Council
- Conducting special investigations where appropriate
- Advising and supporting management

3.0 Internal Audit Plan

- 3.1 The Internal Audit function will be delivered by the South West Audit Partnership (SWAP) from the 1st April 2017. To ensure that the transition from the in-house team is as seamless as possible, it has been agreed that a Quarter 1 Plan for 2017-18 be proposed as an interim measure to allow time for effective client liaison and risk analysis. The full annual plan will be presented by SWAP at the next full meeting of the Committee.
- 3.2 Internal audit coverage for the year has been set at 1000 days by the Strategic Director for Resources (Section 151 Officer). Therefore, the plan report in appendix A and the work plan in Appendix B outline the proposed audit activity for the first 250 days.
- 3.3 The plan sets out the work required for internal audit to give an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements. However, there is the risk that the annual internal audit plan does not take into account the key issues and risks facing the council and does not provide adequate coverage of the council's key systems for the head of internal audit to form an opinion on the council's control environment. The process by which the plan has been compiled mitigates this risk.
- 3.4 The audit plan is an indication of the audit work to be undertaken in the quarter. However, there is some flexibility in the planning process to allow the Section to react to changing situations, new demands and requests from Services. Any changes will be agreed with the Section 151 Officer prior to commencement of any work.

4.0 Decision

- 4.1 Whilst Internal Audit should retain independence in the planning process, it is important that Audit Committee should be satisfied that there is adequate audit coverage for the 2017/18 financial year.

Recommendation:	Reason for Recommendation:
The Internal Audit Planning report (appendix A) and the Interim Internal Audit Plan (appendix B) be endorsed by the Audit Committee.	To ensure adequate internal audit coverage to enable the Head of Audit to give an evidence based opinion on the internal control environment. To comply with the Public Sector Internal Audit Standards (PSIAS).

Person(s) To Implement Decision:	Assistant Director - SWAP
Date By When Decision To Be Implemented:	With immediate effect

Contact Officer Name:	Tel:	Fax:	Email:
Ian Halstead	01597 826821		ian.halstead@southwestaudit.co.uk



Powys County Council

Quarter 1 Internal Audit Plan 2017/18

1st April 2017 to 30th June 2017

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive - SWAP

Tel: 01935 462371

gerry.cox@southwestaudit.co.uk

Ian Baker

Director of Quality

Tel: 07917 628774

ian.baker@southwestaudit.co.uk

Ian Halstead

Assistant Director

Tel: 01597 826821

ian.halstead@southwestaudit.co.uk

Role of Internal Audit
Background

Page 1

The Annual Plan

Page 2

The Annual Plan – Continued

Page 3

Tudalen 172

Our audit activity is split between:

- **Key Control Audit**
- **Fraud/Governance Audit**
- **IT Audit**
- **Operational Audit**
- **Follow Up Audit**
- **Urgent Work/Special Projects**

Role of Internal Audit

The Internal Audit service for Powys County Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and is also guided by interpretation provided by the Public Sector Internal Audit Standards. The work of the Partnership is also guided by the 'Internal Audit Charter' that is presented to the Audit Committee today for approval for 2017-18.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. In order to achieve this, the audit activity is split across the review categories listed to the left.

It is recommended by the Public Sector Internal Audit Standards that organisations nominate a 'Board' to oversee (monitor and scrutinise) the work of Internal Audit. As such, in addition to senior management oversight, this Council has determined that, the Audit Committee and its Working Groups will undertake this function. The plan is presented in Appendix B to this report and represents the internal audit activity planned for the 2017/18 financial year.

It should be noted that plan days are only indicative for planning our resources. Where efficiencies can be identified these will be implemented. At the start of each audit an initial meeting is held to agree the terms of reference for the audit which includes the objective and scope for the review. Any changes to individual plan items, in terms of days, are managed within the annual payment made by the Council. The plan is produced with a view to providing assurance to both Officers and Members that current and imminent risks faced by the Authority are adequately controlled and managed. As with previous years the plan will have to remain flexible as new and emerging risks are identified. Any changes to the agreed plan will only be made through a formal process involving the Strategic Director of Resources (Section 151 Officer).

The Annual Plan

The Quarter 1 Plan and Annual Plan

The provision of the Internal Audit Function in Powys County Council will, from the 1st April 2017, be delivered by the South West Audit Partnership (SWAP). Given that the service is transitioning to a new provider, it is proposed that a Quarter 1 Plan is outlined as an interim measure to allow SWAP time to carry out effective client liaison and risk analysis to produce an annual plan. This will be presented to the next Audit Committee.

The audit plan is notionally broken down across various audit categories; the following summarises each:

Key Control Audit – focus primarily on key risks relating to the Council’s major financial and IT systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. To this end we have liaised with the Council’s External Auditors and included any requirements they have in providing them with necessary assurance, in line with the Auditing Standards, against which they are required to audit.

Fraud/Governance Audit/ Corporate – SWAP operate a specialised Fraud Team who will undertake proactive fraud reviews and also provide a reactive service to Partners should the need arise. Governance reviews focus primarily on the key risks relating to cross cutting areas that are controlled and/or impact at a corporate rather than service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will, in some cases, enable SWAP to provide management with added assurance that they are operating best practice as we will be conducting most of these reviews at all our Partner Sites.

Tudalen 174

The Annual Plan - Continued

The Annual Plan - Continued

ICT Audits – are completed to provide the Authority with assurance with regards to their compliance with industry best practice. Some of these audits have come from previous year assessments and our awareness of current IT risks.

Operational Audits - are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

Appendix B

POWYS COUNTY COUNCIL		
Internal Audit Plan - Quarter 1 2017-18		
Audit Type and Area	Days	Totals
Key Financial Control Audits		
Accounts payable	15	
NNDR	15	
		30
Corporate / Cross Cutting Reviews		
Partnership and Collaborations (c/f to Q2)	3	
Commercial Services	15	
		18
Operational Service Audits		
<u>Adults & Childrens Social Care</u>		
Financial Overspend - Recovery plan	8	
Commissioning Review - Equipment Store	8	
		16
<u>Highways</u>		
Waste Management- Recycling	15	
Public Transport (C/F to Q2)	5	
Depot Stocks- follow up	5	
		25
<u>Finance & Business Services</u>		
Pension c/f	5	
Supporting Cashless Project	1	
New Revenue systems- Project Support	1	
New Accounting Systems- project Support	1	
Supporting Cashless Project	1	
		9
<u>Schools</u>		
Abermule CP Follow-up	3	
Montgomery CIW - Follow up	3	
Llandrindod High- Follow up	4	
High School X 1	9	
Primary School X 4	20	
		39
<u>Housing</u>		
Gas Safety- Follow up	5	
Supporting Travellers Project	2	
		7

Operational Service Audits Cont'd		
<u>Leisure and Recreation</u>		
School cashless system visits X 3	12	
County Hall Restaurant- Follow up	4	
		16
<u>Regeneration, Property and Commissioning</u>		
Planning - Building Control c/f	10	
		10
Governance and Fraud		
Fraud Risk Assessment	5	
National Anti-Fraud Initiative	5	
		10
Grant Certification		
BIS- Trading Standards	6	
Welsh Gov - Schools -EIG & PDG (final Claim)	6	
		12
ICT		
Cyber Security Assessment	12	
End point Security	12	
Interface Files	6	
Cloud/ Internet Filtering C/F	1	
		31
Miscellaneous		
Misc C/F work	3	
		3
Management		
Corporate / General Advice	4	
Audit committee Reporting and Attendance	4	
Audit Working Group Reporting and Attendance	3	
Planning / Client Liaison	10	
External Audit Liaison	1	
Recommendation Tracking	2	
		24
Total Planned Days (Q1)	250	250

Reserve Jobs List

Care Needs Assessment	15
Main Accounting System	15
Fleet Management (Use and control of vehicles)	15
SEN School x 1	6
Welsh Gov - ASC -Supporting People Grant	6
Ysgol Y Bannau - Follow Up	3

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

4th April 2017

REPORT AUTHOR: Strategic Director Resources (S151 Officer)

SUBJECT: Update on the Internal Audit Delivery Model

REPORT FOR: Information

1.0 Introduction and Background

- 1.1 The Council's Cabinet made a decision in 22nd November to appoint South West Audit Partnership (SWAP) as the provider of Internal Audit Services and to join the Partnership.
- 1.2 The appointment followed a selection process and the new arrangement will see Powys become a partner in the not for profit company that was started in 2005 as a Joint Committee. In 2013 SWAP became a publically owned company limited by guarantee and is "Teckal" compliant. Powys will have a place on the Board of SWAP along with other partners.
- 1.3 The 22nd November report noted that as SWAP is a Teckal compliant company, and because Powys would become a partner, there would be no requirement to enter into a formal tendering process. A Teckal exemption is a principle permissible under UK procurement regulations (Public Contracting Regulations 2006) that supports greater collaboration between councils through the establishment of public-public shared-services arrangements. It can apply where a contracting authority can exercise the same level of control over a wholly-owned entity that is similar to the control it has over its own 'in-house' departments ("the control test"); and the entity carries out the essential part of its activities for that authority. The control test can be satisfied even where the entity is covered by several authorities. A Teckal exemption confirms that an authority does not need to run a procurement procedure where the exemption applies. It was on this basis that the Council has proceeded.

2.0 Progress to date

Since the Cabinet's decision to become part of SWAP a series of engagement events with the wider Internal Audit Team and also on an individual basis have taken place. SWAP representatives have also met with the Strategic Director Resources to gain an understanding of the council's operating and risk environment.

The Internal Audit team have been consulted with as part of their transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) with effect from 1st April 2017. This means the team will then be employed by the South West Audit Partnership Ltd that is jointly owned by the current member authorities of SWAP Ltd. This will include Powys County Council. An individual's period of continuous service in local government will count as continuous employment, so any statutory employment rights depending on length of service will be maintained.

The transition has required a move to involve SWAP in early discussions about the audit plan and they have worked with the Internal Audit Manager (now Assistant Director in SWAP) to develop the Audit Plan that is presented elsewhere on the agenda.

Since the agreement of Cabinet to proceed SWAP required the existing Board to agree that Powys joins the Partnership and this has now happened.

It was also agreed by Cabinet on 22nd November that the Strategic Director Resources would be the council's representative Company Director on the SWAP Company Board. In addition the Chair of Audit Committee is nominated as the council's representative on the SWAP Member Board. The SWAP Board meeting on 19th April will be attended by the Strategic Director Resources.

Recommendation:	Reason for Recommendation:
That Committee note the current position regarding the Council becoming a partner in South West Audit Partnership Ltd	To ensure the Committee is updated on the current position

Person(s) To Implement Decision:	Not applicable – information report
Date By When Decision To Be Implemented:	

Contact Officer Name:	Tel:	Fax:	Email:
David Powell	01597 826729		David.powell@powys.gov.uk

A26-2017

CYNGOR SIR POWYS COUNTY COUNCIL.

Audit Committee

5th April 2017

REPORT AUTHOR: County Councillor Wynne Jones
Portfolio Holder for Finance

SUBJECT: Regulatory Tracker Update QTR3 16/17

REPORT FOR: Information & Decision

Summary

1. Regulatory Tracker

1.1 This overview report summarises progress with regards to recommendations received from the Council's regulators, predominantly Wales Audit Office (WAO), Estyn and Care & Social Services Inspectorate (CSSIW). In considering the report and appendices, the council should be satisfied that:

- Appropriate action is being taken in response to recommendations received.
- Where actions are complete and desired outcomes achieved or embedded as required, recommendations may be archived in the tracker with approval from Strategic Overview Board and Management Team with evaluation from Audit Committee.
- New recommendations are appropriate for inclusion in the tracker.

1.2 The Tracker will be a fixed agenda item on both Management Team and Strategic Overview board. The tracker will be referred to Audit Committee for review to provide challenge and for evaluation.

2. Overview of Regulatory Tracker

At end of Qtr3 2017, the overview of the tracker provides the following view of progress against National and Local recommendations received.

Status	Description	Recommendations	National Studies	National Studies %	Local Studies	Local Studies %	Combined Total %
1	Total Number of Recommendations.	79	57	72%	22	28%	100%
2	Recommendations were planned, action is complete and ready for sign off by Audit Committee	11	11	100%	0	0%	100%
3	Actions on track	50	31	62%	19	38%	100%
4	Actions mainly on track – some minor issues	7	6	85%	1	15%	100%
5	Actions not on track – with major issues or no planned action undertaken to date.	9	7	78%	2	22%	100%

The table above positively reflects the Councils continuous effort to respond and implement recommendations made by our regulators where applicable.

Of the **79** recommendations made in Local and National studies the Council have currently implemented **11** (11 National and 0 Local) with a subsequent **50** (31

National and 19 Local) recommendations on track to implementation this equates to **83.5%** of the total recommendations.

Of the **79** recommendation **9** (7 National and 2 Local) are not on track or have major issues or no planned action undertaken to date this equates to **11.3%** of the total recommendations.

The Council received 1 National regulatory report from WAO in QTR3; “***Checklist for local authorities effectively engaging and working with the third sector***” This report will follow the agreed tracker process, the recommendations will then be added to the monitoring tracker and will appear in the 4th quarter report to SOB.

The **39** Recommendations RAG'd Blue at the end of QTR2 have been archived in accordance with the tracker process having approval from Audit Committee **3rd February 2017**. These recommendations can be found on the blue tabs within the tracker spreadsheet.

3. Red Recommendations Requiring action

Ref	Recommendation	Review Type	Date Received	Service	Position Statement	Responsible Officer
P1,P2	Extend its financial monitoring arrangements to include service performance data to ensure that expected service standards are not being compromised at the expense of securing financial savings.	AIR Local Study	01/08/2015 01/10/2014	Finance	Developing performance data in conjunction with BI. Looking into early development of integration of BI data into financial reporting on a quarterly basis.	Jane Thomas
CSSIW9 Tudalen 184	The first contact arrangements via the Powys People Direct should be further developed to ensure it can provide the appropriate level of response, advice, support and information for adult services and therefore reduce the need for an additional duty response at team level.	Local Study	01/05/2015	Adult Services	The CSSIW report highlighted a series of risks around Powys People Direct, (our single point of access). As a service we are aware of the challenges of embedding a new way of working. During the transition arrangements it was a key safeguard that the care management teams provide support to ensure effective skill sharing and knowledge transfer to PPD. The service is currently working to continue to improve the skill levels and confidence of staff within PPD and recruit a permanent workforce/ succession plan for key positions within the service.	Jen Jeffreys
R1R6	Undertake regular self-evaluation of scrutiny utilising the 'outcomes and characteristics of effective local government overview and scrutiny' developed by the Wales Scrutiny Officers' Network.	National Study	01/05/2014	Scrutiny	Intention to draft a plan and undertake self-evaluation to respond to the national review in Autumn 2018. This will allow time for Purdah, election and post-election settlement, member training and appointment of new scrutiny committee members before looking at the self-evaluation once the environment is stable.	Wyn Richards
Ref	Recommendation	Review Type	Date Received	Service	Position Statement	Responsible Officer
	Councils need robust arrangements to monitor efficiency savings and to demonstrate that services provide value for money. Many councils do not have robust evidence of their efficiency gains. Most public bodies have developed plans for				This area needs further development, the development of performance data is required to provide before and after position.	

R5	efficiency gains projects and can demonstrate cost savings. However, they are often unable to demonstrate that savings have been generated by becoming more efficient. They are also frequently unable to show that service level and quality is being maintained or, where services have been cut, that those cuts followed a rational analysis of priorities.	National Study	28/01/2014	Finance		Jane Thomas
R4	Local authorities should develop Key Performance Indicators to monitor the MTFP.	National Study	18/08/2016	Finance	To be progressed. Comparisons of assumptions included for forward projections around funding levels, inflation, pressures etc. against and the actual position.	Jane Thomas
R1	Improve strategic planning to better co-ordinate activity for community safety by replacing the existing planning framework with a national strategy supported by regional and local plans that are focused on delivering the agreed national community-safety priorities.	National Study	01/10/2016	Community Safety	On the 7th February 2017, WG announced a Review of Community Safety:- There are currently no agreed national community-safety priorities. Priorities are determined via a LA area joint strategic assessment which is a statutory requirement of the Crime and Disorder Act 1998	Fay Smith
R2	Improve strategic partnership working by formally creating effective community-safety boards that replace existing community-safety structures that formalise and draw together the work of Welsh Government, police forces, local authorities, health boards, fire and rescue authorities, WACSO and other key stakeholders.	National Study	01/10/2016	Community Safety	No communication yet from WG or PCC (Police Crime Com) in relation to the forming of CS boards. Existing non-devolved legislation relating to CSP structures:- The Police and Justice Act 2006 – brought in the “Crime and Disorder Scrutiny Committee”. The CSP Strategy Group – is a statutory requirement of the Crime and Disorder Act 1998 – and it falls to the responsible authorities within a local government area.	Fay Smith
R5	Ensure effective management of performance of community safety by: • setting appropriate measures at each level to enable members, officers and the public to judge progress in delivering actions for	National Study	01/10/2016	Community Safety	WG have announced a Review of Community Safety – not yet commenced. The legislation covering CSPs and how they operate is from UK Government.	Fay Smith

	<p>community-safety services;</p> <ul style="list-style-type: none"> • ensuring performance information covers the work of all relevant agencies; and • establishing measures to judge inputs, outputs and impact to be able to understand the effect of investment decisions and support oversight and scrutiny. 				<p>Police, Trading Standards and CSPs are not devolved.</p> <p>CSPs have duties to report to Crime & Disorder Scrutiny Committees, plus produce annual joint strategic assessments which determine priorities drawn from national, regional and local data.</p>	
R7	<p>Improve engagement and communication with citizens through Public Service Boards in:</p> <ul style="list-style-type: none"> • developing plans and priorities for community safety; • agreeing priorities for action; and • reporting performance and evaluating impact. 	National Study	01/10/2016	Community Safety	<p>Powys CSP used to report to the LSB. The new governance arrangements are that the CSP reports to PSB Leadership Team.</p> <p>This recommendation is identified as an action for the PSB. Therefore as CSP Co-ordinator I cannot answer further.</p>	Fay Smith

4. Blue Recommendations proposed to be archived

Ref	Recommendation	Review Type	Date Received	Service	Position Statement	Responsible Officer	
Tudalen 187	R1R7	Implement scrutiny improvement action plans developed from the Wales Audit Office improvement study.	National Study	01/05/2014	Scrutiny	Original draft action plan prepared and considered by the Joint Chairs and Vice-Chairs Steering Group. The draft plan was considered to be too demanding in terms of number of objectives to be met within too short a timescale and the Scrutiny Manager was asked to revise it. At the beginning of 2016 the Council was advised of a WAO corporate assessment which would involve scrutiny. As a result the Joint Chairs and Vice-Chairs and officers have been considering proposals including a re-prioritisation of the scrutiny work programme and looking at other processes such as establishing a process to undertake more pre-decision reviews of items prior to their being considered by the cabinet. There is also a drive to improve the way that scrutiny comments are forwarded to the Cabinet to ensure that they are included in cabinet papers and hence in the public domain. Monitor the changes made in 2016 to ensure that the work programme is not too onerous and that the impact of scrutiny is made more apparent.	Wyn Richards
	R1R8	Adopt Participation Cymru's 10 Principles for Public Engagement in improving the way scrutiny engages with the public and stakeholders.	National Study	01/05/2014	Scrutiny	Went to joint chairs given approval 17th January Scrutiny will seek in the future to engage with the public and stakeholders using the Participation Cymru's 10 Principles and continually improve this practise.	Wyn Richards
	R2R1	Together with partners, map and review expenditure on NEETs services to better understand the resources required to deliver the Framework.	National Study	01/07/2014	Education/ Youth Service	Responsibility for monitoring and reviewing the range of provision available sits with the youth engagement & progression partnership board. Collaborative working in the Mid & West Wales region has informed the preparation of two ESF	Freddy Greaves

					<p>bids to support the Youth Engagement & Progression Framework and identified what additional provision & support will be required for young people who are or at risk of becoming NEET or are already NEET.</p> <p>Ongoing consideration of provision including referral routes and avoiding duplication sits within the two main areas of youth engagement work 1) early identification/ school work 2) NEET management.</p>		
Tudalen 108	R2R2	Clarify their strategic approach to reducing the proportion of 19 to 24 year olds who are NEET as well as their approach for 16 to 18 year olds.	National Study	01/07/2014	Education/ Youth Service	Regular dialogue and meetings with Careers Wales to identify young people who are NEET using the Careers Wales '5 tier model'. Powys has a well-established Families First funded 'Team Around the Family / Young Person' model to support young people including those who are NEET. The Youth Service deploys detached youth workers to identify and work with young people age 16-24 who are NEET.	Freddy Greaves
	R2R3	Focus on young people with significant or multiple barriers to engaging with education, employment or training rather than those who are more likely to re-engage without significant additional support.	National Study	01/07/2014	Education/ Youth Service	Powys has a well-established Families First funded 'Team Around the Family / Young Person' model to support young people with barriers to learning including using a Common Assessment Framework (CAF). This is integrated in the YEPF.	Freddy Greaves
	R2R4	Develop their objectives and targets for reducing the number of young people NEET so that they can be held to account and their work aligns with the Welsh Government's targets and objectives.	National Study	01/07/2014	Education/ Youth Service	<p>Target that the number of young people who leave statutory education who are NEET remains below 3% is a target / priority in the Powys One Plan.</p> <p>Continue to monitor this and the effectiveness of the YEPF, particularly around the identification and support provided to young people at risk of becoming NEET.</p>	Freddy Greaves
	R2R6	Improve the evaluation of the effectiveness and relative value for money of the services and interventions in their area that are intended to reduce the proportion of young people who are NEET.	National Study	01/07/2014	Education/ Youth Service	All interventions for young people who are supported following the completion of an assessment (CAF) have the intervention measured through the use of a distance travelled tool.	Freddy Greaves

R4R1	Improve strategic planning and better co-ordinate activity to tackle the impact of welfare reform on social housing tenants by ensuring comprehensive action plans are in place that cover the work of all relevant council departments, housing associations and the work of external stakeholders.	National Study	01/01/2015	Welfare Reform	Comprehensive strategic action plans are in place to deliver welfare reform strategies and have been embedded into business as usual	David Morris
R4R2	Improve governance and accountability for welfare reform by: <ul style="list-style-type: none"> • appointing member and officer leads to take responsibility for strategic leadership on welfare reform and be accountable for performance; and • ensuring members receive adequate training and regular briefings on welfare reform to be able to challenge and scrutinise performance and decisions. 	National Study	01/01/2015	Welfare Reform	A project governance board consisting of appropriate lead officers for the council and cabinet members is in place. Members have and will be receive regular briefings on welfare reform and will also receive training and awareness sessions. continuing 16/17	David Morris
R2R3	Ensure effective management of performance on welfare reform by: <ul style="list-style-type: none"> • setting appropriate measures to enable members, officers and the public to judge progress in delivering actions; • ensuring performance information covers the work of all relevant agencies and especially housing associations; and • establishing measures to judge the wider impact of welfare reform. 	National Study	01/01/2015	Welfare Reform	Performance measures on the implementation of the welfare reform strategy are in place and a governance board has oversight	David Morris
R2R4	Strengthen how welfare-reform risks are managed by creating a single corporate-level approach that coordinates activity across the Council and the work of others to provide adequate assurance that all the necessary and appropriate actions to mitigate risk are taking place.	National Study	01/01/2015	Welfare Reform	Awareness and training has been conducted to ensure all service areas are aware and trained to a single integrated approach. This has been strengthened through briefing notes, publicity and awareness strategies.	David Morris

5. Extract (DRAFT) minutes from Strategic Overview Board 21/03/2017

REGULATORY RECOMMENDATION TRACKER

The Board considered a tracker of recommendations made by regulators and noted 9 that required further attention.

The Board noted that recommendation that Local authorities should develop Key Performance Indicators to monitor the MTFP needed to be progressed and suggested that this could be something for the Finance Scrutiny Panel to look into.

The Strategic Director – Place would provide a response in relation to the recommendations in respect of the Community Safety Panel.

6. Statutory Officers

The Strategic Director Resources (S151 Officer) notes the report.

The view of the Strategic Director of Resources is that:

Recommendation:	Reason for Recommendation:
Recommendation 1: Audit Committee agree that the 11 recommendations (status blue) suggested to be archived by Strategic Overview Board are approved to be archived.	Recommendations were planned, action is complete and desired outcomes have been achieved / embedded as required.
Recommendation 2: Audit Committee review and challenge Strategic Overview Board and provide comment where necessary.	Ensure there is sufficient scrutiny and challenge with regards to the councils response to regulator recommendations.

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y
Relevant Local Member(s):			
Person(s) To Implement Decision:			
Date By When Decision To Be Implemented:			

Contact Officer Name:	Tel:	Fax:	Email:
Thomas Yeo	01597 826585		Thomas.yeo@powys.gov.uk

's' Recommendations: Response / Action Plan Tracker

Area e.g. Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Finance	P2 P1	Extend its financial monitoring arrangements to include service performance data to ensure that expected service standards are not being compromised at the expense of securing financial savings.	01/08/2015 01/10/2014	Cllr Wynne Jones	Jane Thomas		Developing performance data in conjunction with BI. Currently looking into early development of integrating the data into financial reporting on quarterly basis	
Safeguarding	P3 P1	Ensure appropriate and timely action is taken to manage risks and under performance in relation to safeguarding and ensure elected members are informed of risk management arrangements, and progress in addressing safeguarding risks is included in future scrutiny work.	01/08/2015 01/09/2014	Cllr Graham Brown / Cllr Stephen Hayes	Wyn Richards		Adult and children's scrutiny work groups look at safeguarding as part of their work programme. Members are fully aware of risk with the risk register going before Scrutiny and Cabinet on regular basis	Quarterly updates on children's and adults safeguarding to Cabinet, people scrutiny, risk audit.
Scrutiny	P4 P2	Improve the work of the Council's Scrutiny Committees to ensure it is providing assurance on the effectiveness of the Council's corporate safeguarding arrangements.	01/08/2015 01/09/2014	Cllr Wynne Jones	Wyn Richards			
CSSIW								
Social Care	CSSIW4	Future commissioning and procurement exercises for domiciliary care services should be built on a market development and partnership approach. It must robustly test the tender submissions, the capacity and capability of organisations to manage the transition of services and deliver the service specifications.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		Update – Work is ongoing in partnership with providers via regular Provider Fora continuing to develop market capacity. A draft market Position Statement to further this work has been drafted. This Statement is evidence based, and built on best practice. An options workshop has been undertaken on different future commissioning models, including consideration of a range of market issues including provider consideration, workforce issues, continuity of care, financial sustainability, etc. Further work has also been undertaken to ensure any future commissioning initiative will be safely and carefully managed. Progress has been presented to the Council Scrutiny Committee, and any future commissioning plans will be presented to Cabinet in the future for further consideration.	
Social Care	CSSIW6	The Council needs to strengthen its relationships with and oversight of domiciliary care providers operating in Powys, including setting up regular meetings and clear lines of communication with the commissioning managers to address ongoing concerns and queries.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		The council continues to strengthen its relationship with providers. Regular Provider Forum are held, and providers are encouraged to influence agenda items to ensure that they continue to target current issues that mater to Powys' domiciliary care market. Market development items considered include market capacity, workforce development, geo-graphic zoning, electronic call monitoring, and quality assurance amongst a range of other issues. Regular contract monitoring is embedded and going well. The monitoring programme builds up on market intelligence gained by Council officers and other intelligence gathered and reported by partner stakeholders. In this way, the monitoring programme continues to be tailored to ensure that it remains timely, relevant, and proportionate to both the nature of intelligence gained and the number of hours / residents supported by respective providers.	
Social Care	CSSIW7	The Council needs to consider carrying out a review of the grants and service level arrangements to ensure they align with the Powys One Plan and the Integrated Pathway and provide the best value for money.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		The development of an 'early intervention and prevention' model for adults is underway, once complete all adult social care grants and contracts to voluntary and third sector organisations will be reviewed to ensure their strategic fit with the council's approach to early intervention and prevention. Work has been completed over the summer with third sector partners and the local health board to design the strategic model (the 'continuum of need' and the early intervention and prevention model we will translate this into our joint strategic statement of intent. A wider review of grants is scheduled to be completed this year. Given the scale and number of projects currently being progressed this work is being undertaken by Paul Griffiths Strategic Director of Place in line with the 'stronger communities' programme of work. This review will be much wider than grants relating to Social Care, covering all areas of the Council, and will reflect the development of the three year Medium Term Financial Strategy developed by Cabinet and Management Team.	<ul style="list-style-type: none"> Grants awarded providing value for money and are aligned to the Health and Social Care 'continuum of need' and early intervention and prevention strategy. Powys citizens independence is maximised as people are increasingly supported to access universal and accessible services in their local communities. PCC can 'seed corn' innovative approached to building community resilience Third sector organisations can build sustainable delivery models
Social Care	CSSIW8	The development of the integrated pathway for older people with Powys Teaching Health Board should be clearly defined and articulated to capture the projected demand and therefore capacity required at each stage, including reablement. The future integrated service model must be supported by clear governance arrangements that include financial commitments and management accountability.	01/05/2015	Cllr Stephen Hayes	Jackie Barnett		The model; 'Adult and Social Care Promotion of Independence Continuum of Need' has been developed to provide an overarching approach within which all services will be delivered to ensure we achieve our vision. This model was developed in partnership with Powys Teaching Health Board, PAVO and stakeholders. The framework will empower people to maintain and improve their own health and wellbeing, and build active and supportive networks among people within communities. It will also enable individuals, families and communities to meet a range of challenges which they may experience in their lives, leaving specialist social care services to concentrate on those with higher level support needs.	<ul style="list-style-type: none"> Success: A 'team around the person' is built which enables services to work together seamlessly at the point they are needed whilst improving the experience for older people. This requires; Services working seamlessly together Person centred approach promoting independence, providing maximum choice and options Integrated systems of care/care pathways designed to meet customer needs and available resources Care co-ordination Tell us once
Social Care	CSSIW9	The first contact arrangements via the Powys People Direct should be further developed to ensure it can provide the appropriate level of response, advice, support and information for adult services and therefore reduce the need for an additional duty response at team level.	01/05/2015	Cllr Stephen Hayes	Jen Jeffreys		The CSSIW report highlighted a series of risks around Powys People Direct, (our single point of access). As a service we are aware of the challenges of embedding a new way of working. During the transition arrangements it was a key safeguard that the care management teams provide support to ensure effective skill sharing and knowledge transfer to PPD. The service is currently working to continue to improve the skill levels and confidence of staff within PPD and recruit a permanent workforce/ succession plan for key positions within the service.	<ul style="list-style-type: none"> Increase in the number of customers whose enquiry/needs are met during their first contact with PPD/ Social Services. Reductions in duty calls received by the operational social work teams, while these teams still provide advice and guidance to PPD workers this is also starting to reduce as the team gain confidence and experience of working in a different way.
Social Care	CSSIW10	The new adult safeguarding management structures and reporting mechanisms must be secured and established as a priority, to ensure that the Designated Lead Managers are supported in their responsibilities and there is consistent reporting, decision making and oversight at an appropriately senior level.	01/05/2015	Cllr Stephen Hayes	Sue Morgan		The People Directorate leadership team recognised in the Autumn 2013 that the safeguarding function of the Council would be better served by the delivery of a Joint Children's and Adults 'through age' service which would ultimately be joined by PTHB's safeguarding service. Discussions are ongoing on the funding arrangements for this model of service delivery. The joint (Childrens and Adults) Senior Manager for Safeguarding commenced working in October 2014 and has introduced a new operational structure. Currently, work is underway to align a team of designated lead managers to a central unit in order to improve consistency and timeliness of decision making. Work is underway with PTHB to move to a second stage of integration where Health Board staff and social care employees form a single team. Recruitment is underway in Powys County Council to recruit permanent Social Work staff to the safeguarding unit.	<ul style="list-style-type: none"> That Powys citizens report greater levels of feeling safe following a safeguarding intervention. Vulnerable individuals are safe from abuse and neglect through multi-agency intervention. There is public confidence in the safeguarding process Partners are fully engaged and safeguarding is recognised as everyone's business. Staff are supported through training and CPD to manage the safeguarding of vulnerable people effectively.

Area e.g.. Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Social Care	CSSIW11	The low uptake of carer assessments needs to be further investigated to understand the needs of this group of people and how they can be supported in their role.	01/05/2015	Cllr Stephen Hayes	Louise Barry Dylan Owen		Significant improvements have been made on the number of carers assessments offered to people identified as carers. During quarter one 2015/16 93.3% of carers were offered an assessment (exceeding our target of 90%) which was a significant improvement on last year's performance. Actual update of carer's assessments will continue to be monitored. Powys Carers is commissioned to support carers and provides a range of support services which are augmented by information advice and guidance services and respite provision. Further development support is targeted at the Carers partnership in order for the Council and Health Board to more effectively listen to the voice of the carer. We will continue to further investigate why carers offered an assessment do not take up this offer.	
Social Care	CSSIW12	A workforce strategy which supports the establishment of the integrated pathway for older people should be developed across the wider health and social care workforce including domiciliary care. Opportunities to build workforce capacity such as care apprenticeships should be considered, as well as potential barriers such as housing and transport.	01/05/2015	Cllr Stephen Hayes	Amanda Edwards		<ul style="list-style-type: none"> The Organisational Development and Partnership Support Programme are supporting the delivery of this recommendation. PTHB and PCC recognise that our staff are key to transforming how we provide services to the people of Powys. Organisational Development, HR and Workforce are working together across both organisations to support the creation of the teams working in the community. This work has commenced and continues to be a key priority within the integration plan between PTHB and PCC. An adult services specific Workforce action plan is in place, and this will be superseded by the integrated workforce strategy that is being developed as part of the integration agenda between Powys County council and Powys teaching health board.	
Domiciliary Care								
Domiciliary Care Domiciliary Contract Letting to Alpha Care	R2	In order to meet the challenges of transforming its service delivery in the light of reduced financial resources and increasing demand, the Authority has adopted a clearly defined commissioning and procurement strategy. We recommend that the Authority consider whether the issues raised in this report have wider relevance for the successful delivery of its commissioning and procurement strategy, and undertake a review of its processes for developing and letting major contracts. Particular attention should be paid to ensuring that the governance arrangements for developing, scrutinising and approving contracting exercises are appropriate and are working in practice.	01/01/2016	Cllr Stephen Hayes	David Powell		A suite of integrated commissioning strategies have been developed in partnership between PCC and PTHB. The Learning Disabilities, Substance Misuse, and Carers' commissioning Strategies are all agreed, and the Older Peoples, Assistive Technology, and PDSL Strategies are currently being scrutinised by the appropriate governance boards for agreement. The requirement to develop sustained market development to deliver the commissioning intentions within each of these strategies has also led to the establishment of thematic provider / engagement forums. This is already realising benefits of developing greater social capital and partnerships between the Council and partners. Care Forum Wales are an active member of appropriate forums and continue to work closely with the Council to facilitate market development.	<ul style="list-style-type: none"> Resourcing plan in development that will identify resource demands for all change capacity over the next three years. The need for a new commissioning strategy has been identified and resource has been secured to take forward this activity. Role to oversee the co-ordination of commissioning activity is being recruited to and will maintain the resourcing plan and co-ordinate the activities of the programme office. Complementary Gateway processes are in place for the Programme Office for major projects run by the Programme Office and for smaller projects managed by Commercial Services/Service areas that require a procurement process Responsibility for the definition of contracts on a case by case basis established in Contract Procedure Rules. Training programme content in development in readiness for delivery to relevant staff. The programme will also include refresher training on the financial regulations for contracts to ensure consistency of application. Progress of major commissioning and procurement projects now being reported to C&P Board Gateway process introduced with the purpose of ensuring that Professional Services are integral to commissioning and procurement projects. Scrutiny reviews at the commencement of a project i.e. to seek assurance that the purpose and direction of travel are appropriate for the Council, and latterly following the completion of the project as a review. will seek to coordinate work programmes between the C&P Board, the Cabinet and Scrutiny committees, as otherwise scrutiny is unlikely to be aware of procurement activities. Guidance for Officers is being updated to include a section that advised on the approach to be adopted in conducting a lessons learnt review. The draft audit plan will include a review of major contracting and commissioning exercises to ensure lessons are learnt. Built in to MTFS as a permanent change from 17/18. Permanent funding now in place for existing posts that had previously been funded from Management of Change. Business Intelligence activity is now better aligned with the Council's direction of travel. Review commissioned February 2016 and draft report delivered 8th April for comment. Draft Action Plan has been created in order to deliver a changed Finance function. A peer review of Commercial Services has been commissioned from the LGA and will take place in July 2016. This review will assess the capacity of the service to support the transformation agenda. Commercial Services and the People Directorate will work together to plan the development of capacity to support market development.
Domiciliary Care Domiciliary Contract Letting to Alpha Care	R3	Audit work undertaken previously by the Auditor General in 2010 and 2014 on the Authority's whistleblowing policies identified that 'there was often a lack of an audit trail to support key decisions and events. Some key decisions were not documented and there were instances of key documents or supporting information not being found or not existing.' Similar issues are identified in this report. The review recommended above should also consider the extent to which adequate documentation is produced and retained to support key decisions made when developing and letting tenders.	01/01/2016	Cllr Stephen Hayes	David Powell		The WAO report highlighted a series of risks around document management. As a service we are aware of the challenges of maintaining appropriate records and approval of all change initiatives during the ongoing high level of change required across all public services. The service is currently working to identify opportunities to standardise record management processes through greater use of technology and appropriate software packages.	Proposals to implement a modern up to date Finance system that integrates to WCCIS are underway. SharePoint Project underway to improve document storage capability. Business case in Governance cycle Mid-April. Looking to tender in May, with aim to award in July/August 2016. Review existing 'unstructured data' held in personal and shared drives for social care. Analysis tools to be procured via Share Point Project. Analysis of data to commence May 2016.
ICT								
ICT	R5	Ensure that there are clear implementation plans for the new all Wales Community Social Services and Health system. This should include: <ul style="list-style-type: none"> identification of overall executive responsibility for leading the project; allocation of sufficient ICT and Service staff resources to the project; clear deliverable milestones and plans to prepare, test, and switchover to the new system; and development of integrated health and social care pathways and processes, which enable the system to support the desired future model of working, rather than the future model of working being dictated/limited by the system. 	01/04/2015	Cllr Tony Thomas	Andrew Durant		Slippage on the WCCIS programme, was due to be live last Monday, are halting the go live. Still awaiting a date for the fix, probably Mid Jan. Anticipating go live end of Feb early March.	
Financial Resilience								
Finance	15	Last year we highlighted that the Council needed to be clear about how it would resource its identified corporate priorities (set out in the Statement of Intent and One Powys Plan). Also that it should be clear how it would ensure its corporate and strategic financial plans were sufficiently aligned. The Council acknowledged that its financial planning should begin earlier and the initial work for the 2015-16 budget began in May 2014. Budget planning followed an approach which aimed to provide greater clarity on the budget process and timing for Members than previously.	01/03/2016	Cllr Wynne Jones	David Powell / Jason Lewis			Monthly budget planning group established
Finance	26	There are, however, capacity issues within the Finance Department. Major restructuring has taken place in the last few years and the Finance Department has seen an approximate 20 per cent reduction in its staff numbers, which has affected the capacity of the team. Some vacancies remain but the Council has experienced difficulties in recruiting to all but the junior accountant positions	01/03/2016	Cllr Wynne Jones	Jane Thomas / Jeremy Patterson		Acting Head of Financial Services arrangement and interim appointment to the Professional Lead for Finance is providing the capacity to drive the transformation. Restructure identifies new roles to build capacity at a more senior level, existing staff undertaking professional training to "grow our own" accountants, newly defined roles and skills development programme will improve financial support for services and the wider Council.	Strategic Overview Board established
Finance	31	Over previous years, the Council has had a variable track record of delivering its overall budget. Its budget was underspent in both 2011-12 and 2012-13. The budget for 2013-14 was overspent by £0.8 million, which the Council met by utilising its reserves.	01/03/2016	Cllr Wynne Jones	Jason Lewis / Jane Thomas		Monthly reporting of Budget position to Budget Managers, Heads of Service, Strategic Directors and Cabinet. Report includes the tracking of all Savings. Opportunities for the improvement in the report format being explored. Scrutiny committees review financial performance and carry out more intensive scrutiny of areas of concern. Joint committee formed from both People and Audit Committee to scrutinise the position on Adult Social Care.	

Area e.g.. Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Finance	41	The Council has actively sought to increase Member involvement in the budget process. It has run a series of budget seminars with Councillors through the year. The seminars were held to explain the updated FRM to members and present the proposed savings drawn up by each service area. The aim was to inform broad proposals for setting the three-year budget, and to receive guidance from members on policy direction so that proposals could be turned into agreed action plans. In its progress report to Audit Committee in November 2015, the FSP recognised that the budget setting process in Powys is evolving. Whilst welcoming the earlier and more detailed involvement of Members, the FSP expressed some concerns that there were still too many elements of 'salami' slicing rather than transformational change and that some of the savings proposals may not be deliverable.	01/03/2016	Cllr Wynne Jones	Jason Lewis/ Jane Thomas / David Powell		Three year budget planning process (MTFS) in place. Further developments and budgeting models being investigated. New approach being adopted for the delivery of savings from 2019/20 onwards.	Monthly savings reporting and efficiency tracking on a monthly basis
Finance	44	In the majority of cases, the Council expects that savings proposals, and their appropriate scrutiny and challenge can be developed internally. However, the Council recognises that in some cases, it will need additional capacity and expertise to help it reduce its operating costs.	01/03/2016	Cllr Wynne Jones	Jason Lewis/ Jane Thomas		Resource Plan in pace to understand the requirements of delivering the change programme. External expert support commissioned when appropriate, with skills transfer included as part of that commissioning	
Finance	46	The FSP, at a recent joint meeting with Cabinet (14 December 2015) presented a report with a number of observations and suggestions to further improve the budget setting process for Cabinet to consider. The work undertaken so far, building upon the support from the external specialists, has enabled some positive benefits to be derived although some arrangements are clearly developing and have yet to be fully embedded.	01/03/2016	Cllr Wynne Jones	Jane Thomas		Budget setting report has been presented to Cabinet and this is helping to shape Cabinet proposals. This contributes to the FSP work programme in addition to the MTFS and other factors underpinning this.	Improved budget setting process and a strengthened approach to financial scrutiny
Finance	47	In circumstances where timescales are compressed, it is particularly important to ensure that risk is effectively managed and proper accountability arrangements are in place. We recently published a report of our Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited. It expresses our view that in its haste to introduce the new domiciliary care service as quickly as possible, the Council compromised the integrity of its established governance arrangements. In consequence, the Council and users of the domiciliary care service were exposed to unnecessary risk.	01/03/2016	Cllr Wynne Jones	David Powell			Action Plan created in response to WAO review of Dom Care - Action plan reported to Audit Committee
Finance	48	To meet the challenge of transforming service delivery with reduced financial resources and increasing demand, the Council has adopted a clearly defined commissioning and procurement strategy. Our report on the letting of the domiciliary care contract recommended that the Council consider whether the issues we have identified have wider relevance for the successful delivery of its commissioning and procurement strategy. It also recommends that the Council undertake a review of its processes for developing and letting major contracts. We emphasise the need to ensure that the governance arrangements for developing, scrutinising and approving contracting exercises are appropriate and are working.	01/03/2016	Cllr Wynne Jones	David Powell			Action Plan created in response to WAO review of Dom Care - Action plan reported to Audit Committee

Maer' dudalen hon wedi'i gadael yn wag yn Iwriadol

Scrutiny and Council Regulators' Recommendations: Response / Action Plan Tracker

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)	New capabilities embedded. Evaluation against recommendations completed. Action closed.
WAO National Studies									
Scrutiny									
Scrutiny	R1R2	Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.	WAO Study - Scrutiny	01/05/2014	Cllr Wynne Jones	Wyn Richards		Chairs invited to attend INLOGOV training course at Birmingham and 1 Member attended. WLGA training provided to all scrutiny committee members in 2012 at start of new Council. Schools scrutiny - external consultant (ex-Estyn inspector) used to provide guidance and training to the Working Group on understanding performance information and undertaking the scrutiny of schools. There is a continual dialogue between scrutiny officers and Chairs / Members to provide guidance and support on an ongoing basis. There have been 2 new chairs of the People Scrutiny Committee recently, and officers have discussed the role with those new chairs and are providing support at meetings. Induction programme post election 2017 training by WLGA to chairs and scrutiny members.	2 chairs received training by INLOGOV but no longer hold this role. Further training will be arranged for new chairs. The impact is therefore not assessable.
Scrutiny	R1R3	Further develop scrutiny forward work programming to: • provide a clear rationale for topic selection; • be more outcome focused; • ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and • align scrutiny programmes with the council's performance management, self-evaluation and improvement arrangements.	WAO Study - Scrutiny	01/05/2014	Cllr Wynne Jones	Wyn Richards		Pro-forma developed for use by the Joint Chairs and Vice-Chairs Steering Group to assess and score the suitability of topics for inclusion in the scrutiny work programme. Regulator reports are used on a regular basis to drive work programmes especially where improvement monitoring is required. The Joint Chairs has recently re-evaluated the scrutiny work programme as there were too many items in the programme. All items were re-prioritised to reduce the numbers of items which were active. It is the intention for this list to be revisited by the Joint chairs at each meeting to ensure that the work programme is manageable. Scrutiny work programme improvement has been a priority and are now focussing on key pieces of work. The WG corporate assessment recommendations to improve the cabinet work programme which will help improve the scrutiny work programme is being taken forward as a matter of priority and should yield improvements.	Pro-forma has reduced trivial / local matters being scrutinised. The use of regulator reports has helped focus and prioritise workloads when undertaking improvement monitoring. Re-prioritising the work programme has reduced the number of active items.
Scrutiny	R1R4	Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.	WAO Study - Scrutiny	01/05/2014	Cllr Wynne Jones	Wyn Richards		Use of regulator reports to drive work programmes of Working Groups where improvement monitoring is being undertaken. Scrutiny has responded positively to a request by Estyn to undertake the scrutiny of schools. Improvement in inter-action between Audit and Scrutiny Committees required to avoid the duplication of scrutiny work so there is a more holistic view taken of services by one group only. Account is taken of internal and external regulatory reports when undertaking individual scrutiny work. Schools scrutiny - the Council was asked to undertake this by the regulator (Estyn) and scrutiny have worked with an ex-Estyn inspector to establish its schools scrutiny process.	Assisted Council make sure that regulator recommendations are being addressed and that improvements are being made. Services which previously had been "adverse" to scrutiny realise the value of the critical friend role of scrutiny and the assistance it can provide in responding to regulator outcomes.
Scrutiny	R1R5	Ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes.	WAO Study - Scrutiny	01/05/2014	Cllr Wynne Jones	Wyn Richards		Continuing discussions amongst scrutiny officers and chairs about committee / working group performance. The Joint Chairs and Vice-Chairs Steering Group is used as a discussion forum and a means to drive improvements / changes in scrutiny. The Council also has a periodic review of committee structures, as well as keeping terms of reference under continual review. The Council has utilised the services of an external adviser (ex Estyn inspector) in establishing schools scrutiny. The Joint Chairs and Vice-Chairs Steering Group has re-prioritised the scrutiny work programme to focus the work of scrutiny. Scrutiny is also moving to preparing more written comments for consideration by the Cabinet to improve the visibility of scrutiny recommendations to the Cabinet. Continual review of processes and adjustment of processes where necessary. There is a current review of committee structures by the Council due to spending cuts. Schools scrutiny - the Council has used the external adviser to check progress in the scrutiny of schools. Outcomes are still an area of weakness especially the responsiveness of the Cabinet to scrutiny recommendations. This was discussed at a recent meeting of the Joint Chairs and Vice-Chairs Steering Group who agreed to discuss any issues / blockages. A deadline for responses by the Cabinet to scrutiny recommendations has been included in the Council's Constitution. Reducing the number of active matters being considered by scrutiny will also assist in focussing scrutiny work.	Review of effectiveness does improve processes, but judgement of effectiveness is currently in its infancy. More effective pre scrutiny and scrutiny prioritising pre scrutiny reports going to management team and cabinet to improve the evaluation and focus on key topics and pieces of work
Scrutiny	R5	Ensure that external review bodies take account of scrutiny work programmes and the outputs of scrutiny activity, where appropriate, in planning and delivering their work.	Good Scrutiny? Good Question! Auditor General for Wales improvement study: Scrutiny in Local Government	29/05/2014	Cllr Wynne Jones	Wyn Richards		The Council approached WAO, CSSIW, Estyn etc. to meet regularly to ensure external review bodies take account of scrutiny work programmes and the outputs of scrutiny activity, where appropriate, in planning and delivering their work. There was little appetite to this request. The Council have undertaken a lot of work to tie in regular risk and CIP vision and elements into the Scrutiny process.	PCC provide reports and updates to auditors along with minutes of meetings when requested to aid inspection when appropriate.
Scrutiny	R1R6	Undertake regular self-evaluation of scrutiny utilising the 'outcomes and characteristics of effective local government overview and scrutiny' developed by the Wales Scrutiny Officers' Network.	WAO Study - Scrutiny	01/05/2014	Cllr Wynne Jones	Wyn Richards		Intention to draft a plan and undertake self evaluation to respond to the national review in Autumn 2018. This will allow time for Purdah, election and post election settlement, member training and appointment of new scrutiny committee members before looking at the self evaluation once the environment is stable.	
Scrutiny	R1R7	Implement scrutiny improvement action plans developed from the Wales Audit Office improvement study.	WAO Study - Scrutiny	01/05/2014	Cllr Wynne Jones	Wyn Richards		Original draft action plan prepared and considered by the Joint Chairs and Vice-Chairs Steering Group. The draft plan was considered to be too demanding in terms of number of objectives to be met within too short a timescale and the Scrutiny Manager was asked to revise it. At the beginning of 2016 the Council was advised of a WAO corporate assessment which would involve scrutiny. As a result the Joint Chairs and Vice-Chairs and officers have been considering proposals including a re-prioritisation of the scrutiny work programme and looking at other processes such as establishing a process to undertake more pre-decision reviews of items prior to their being considered by the cabinet. There is also a drive to improve the way that scrutiny comments are forwarded to the Cabinet to ensure that they are included in cabinet papers and hence in the public domain. Monitor the changes made in 2016 to ensure that the work programme is not too onerous and that the impact of scrutiny is made more apparent.	Unknown as yet as it is too early to assess the impact of recent changes. Superseded by the corporate assessment and focus on the corporate assessment recommendations, committee structure and workloads and work programmes of the committees.

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Scrutiny	R1R8	Adopt Participation Cymru's 10 Principles for Public Engagement in improving the way scrutiny engages with the public and stakeholders.	WAO Study - Scrutiny	01/05/2014	Cllr Wynne Jones	Wyn Richards		Went to joint chairs given approval 17th January Scrutiny will seek in the future to engage with the public and stakeholders using the Participation Cymru's 10 Principles and continually improve this practise.	
Education									
Education	R2R1	Together with partners, map and review expenditure on NEETs services to better understand the resources required to deliver the Framework.	WAO Study - NEETS	01/07/2014	Cllr Arwel Jones	Freddy Greaves/Kirsty Pringle		Responsibility for monitoring and reviewing the range of provision available sits with the youth engagement & progression partnership board. Collaborative working in the Mid & West Wales region has informed the preparation of two ESF bids to support the Youth Engagement & Progression Framework and identified what additional provision & support will be required for young people who are or at risk of becoming NEET or are already NEET. Ongoing consideration of provision including referral routes and avoiding duplication sits within the two main areas of youth engagement work 1) early identification/ school work 2) NEET management.	Mapping Provision, including finance, is a challenging task to keep information up-to-date. The authority is continuing to consider how best to tackle this challenge longer term. Cordis Bright have undertaken an online survey during July 2016 and have provided additional information of the voluntary sector to add to the mapping provision undertaken by the council. An ESF project for NEET work (Cam Nesa) continues to be developed - formal approval hoped for in early 2017.
Education	R2R2	Clarify their strategic approach to reducing the proportion of 19 to 24 year olds who are NEET as well as their approach for 16 to 18 year olds.	WAO Study - NEETS	01/07/2014	Cllr Arwel Jones	Freddy Greaves/Kirsty Pringle		Regular dialogue and meetings with Careers Wales to identify young people who are NEET using the Careers Wales '5 tier model'. Powys has a well established Families First funded 'Team Around the Family / Young Person' model to support young people including those who are NEET. The Youth Service deploys detached youth workers to identify and work with young people age 16-24 who are NEET.	Continue dialogue with Job Centre Plus to improve identification, access and support for 18 - 24 year olds. Successful ESF bid will increase capacity of Youth Service to carry out this role. Systematic, multi agency approach through the YEFP to identify and support young people who are NEET including exploration of local work experience opportunities and apprenticeship placements among partners.
Education	R2R3	Focus on young people with significant or multiple barriers to engaging with education, employment or training rather than those who are more likely to re-engage without significant additional support.	WAO Study - NEETS	01/07/2014	Cllr Arwel Jones	Freddy Greaves/Kirsty Pringle		Powys has a well established Families First funded 'Team Around the Family / Young Person' model to support young people with barriers to learning including using a Common Assessment Framework (CAF). This is integrated in the YEFP.	All young people aged 16-18 with significant barriers to engagement (Tier 2) are referred by Careers Wales to Youth Service for consideration of support. Continuing review with the Team Around the Family management and co-ordinators around meeting the needs of these young people. This includes existing trialling amendments in the work carried out by youth workers and identifying gaps in provision and how to address this.
Education	R2R4	Develop their objectives and targets for reducing the number of young people NEET so that they can be held to account and their work aligns with the Welsh Government's targets and objectives.	WAO Study - NEETS	01/07/2014	Cllr Arwel Jones	Freddy Greaves/Kirsty Pringle		Target that the number of young people who leave statutory education who are NEET remains below 3% is a target / priority in the Powys One Plan. Continue to monitor this and the effectiveness of the YEFP, particularly around the identification and support provided to young people at risk of becoming NEET.	This is a priority in the Powys One Plan. The Transforming Learning and Skills Programme Board, Chaired by Portfolio Holder, has overarching responsibility for the Youth Engagement and Progression Framework the NEET targets. As part of the Programme Structure, we have developed targets for each area of work in the YEFP, including NEET Management and the work around prevention.
Education	R2R5	Ensure that elected members and partners fully understand that councils have a clear responsibility for leading and co-ordinating youth services for 16 to 24 year olds.	WAO Study - NEETS	01/07/2014	Cllr Arwel Jones	Freddy Greaves/Kirsty Pringle		Portfolio Holders for Youth Services and Education briefed on progress in this area. Further redesign of Youth Services in Powys will take place in 2017/18 as part of this process we will further reiterate the councils statutory responsibilities in this area to cabinet members and other stakeholders.	Governance for the YEFP is through the Transforming Learning and Skills programme board (chaired by the portfolio holder). Work is being done on alternative reporting mechanisms, such as the Youth Service quarterly performance review that is presented to councillors.
Education	R2R6	Improve the evaluation of the effectiveness and relative value for money of the services and interventions in their area that are intended to reduce the proportion of young people who are NEET.	WAO Study - NEETS	01/07/2014	Cllr Arwel Jones	Freddy Greaves/Kirsty Pringle		All interventions for young people who are supported following the completion of an assessment (CAF) have the intervention measured through the use of a distance travelled tool.	In process, and awaiting feedback on proposed amendments to CAF to better suit needs of older young people, those living independently of family input. Also introduced a form of distance travelled tool for young people only receiving single-agency support (currently Strength and Difficulties Questionnaire). Developing the data collection systems and adding further evaluative measures to look at both soft and hard outcomes. Alignment with the evaluation and reporting carried out for the preventative Youth Intervention work as this provides a detailed quarterly evaluation of performance indicators.
Environmental Health									
Environmental Health	R3R1	Revise the best practice standards to: • align the work of environmental health with national strategic priorities; • identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and • identify the benefit and impact of environmental health services on protecting citizens.	WAO Study - Env Health	01/10/2014	Cllr Tony Thomas	Ken Yorston		Welsh Heads of Environmental Health are reviewing Best Practice Standards	Will improve standards as per recommendations of WHOEG review
Environmental Health	R3R5	Improve strategic planning by: • identifying, collecting and analysing financial, performance and demand/need data on environmental health services; • analysing collected data to inform and understand the relationship between 'cost: benefit: impact' and use this intelligence to underpin decisions on the future of council environmental health services; and • agree how digital information can be used to plan and develop environmental health services in the future.	WAO Study - Env Health	01/10/2014	Cllr Tony Thomas	Ken Yorston		New ICT procurement required by 31/03/2017 - will enable mobile solution	
Early Departures									
Early Departures	R5R1	Public bodies should use business cases to support all individual early departures. Business cases should identify the cost and service delivery implications of the individual leaving and take account of relevant wider workforce planning.	WAO Study - Early Departures	01/02/2015	Cllr Wynne Jones	Jason Lewis		Powys County Council already operates a business case authorisation process as recommended. The revised Management of Change and Redundancy policy specifically requires that for all redundancies (both voluntary and compulsory) a proper business case outlining the cost/benefit to the Council must be retained and held centrally. Although we currently make use of business cases to allow early release, we need to ensure that these business cases identify the cost and service delivery implications of the individual leaving and take account of relevant wider workforce planning. Aside from future financial savings, the business case should note any strain on the pension fund, the costs of any replacement staff to backfill work, a calculation of payback periods and the impact of the loss of skills and experience Action: Services/ HR	
Early Departures	R5R4	Public bodies should ensure where settlement agreements are used, their records clearly identify whether a package includes an enhancement payment and if so, its value and the reason for the enhancement payment.	WAO Study - Early Departures	01/02/2015	Cllr Wynne Jones	Jason Lewis/ Mark McIntyre		The Council does not, as a matter of course, provide enhanced payments in settlement agreements and only occasionally makes use of settlement agreements. Records of all settlement agreements must be held centrally. HR to work with Legal to explore options available.	

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Early Departures	R5R5	Public bodies should give due consideration to the equality impact of all early departure arrangements, in particular where a public body is running a specific scheme covering multiple possible departures.	WAO Study - Early Departures	01/02/2015	Cllr Wynne Jones	Jason Lewis/ Mark McIntyre		The Council has not had an early departure scheme (such as the Voluntary Severance Scheme) since the survey was conducted but will give due consideration to conducting an equality impact assessment of any future schemes. The council must also work to ensure that employees with protected characteristics are not subject to unfair disadvantage or exclusion	
Early Departures	R5R6	Public bodies should monitor and report as part of their internal governance arrangements on expected and achieved savings as a result of early departures. This will help inform future cost reduction plans.	WAO Study - Early Departures	01/02/2015	Cllr Wynne Jones	Jason Lewis/ Mark McIntyre		Monitoring and reporting on performance of previous schemes reported to Cabinet and Council.	Monitor and report on expected and achieved savings as a result of early departures
Early Departures	R5R7	Public bodies should review their record keeping for early departure arrangements, so that they can more readily identify key information including the number of costs of early departures in a given period, payback period information based on salary and employers' National Insurance and pension costs, and settlement agreements.	WAO Study - Early Departures	01/02/2015	Cllr Wynne Jones	Jason Lewis/ Mark McIntyre		The council needs to ensure that records on early departure are above reproach – this includes number of employees, costs, payback period information based on salary, NI contributions, pension costs and settlement agreements. With this in mind, written instructions were issued to HR practitioners, senior managers and Heads of Service Action: Services/ HR/ Payroll/ Legal	
Older People									
Older People	R2	Improve strategic planning and better coordinate activity for services to older people by: • ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and • engaging with residents and partners in the development of plans, and in developing and agreeing priorities.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		The main plan is the older person strategy which undertook an extensive consultation process involving older people external and third sector bodies. The older peoples forum is used regularly to update and receive concerns and suggestions on a number of proposals which may impact on the wellbeing or change the way services are delivered to older people. Older Peoples service regularly work with commissioning to ensure the plan evolves and delivers the best outcomes to older people in the community. The Older Peoples service will continue to look at ways in which we can improve monitor and share the plan and information with older people given the rurality challenge which Powys poses.	
Older People	R3	Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		The Older Peoples service currently make use of Age cymru , older peoples forum, consultations and individual reviews to shape and improve our engagement and dissemination of information to older people. The service will continue working with older people to improve the way which we share information which is relevant, timely and accurate for the needs and demands of the communities.	
Older People	R4	Ensure effective management of performance for the range of services that support older people to live independently by: • setting appropriate measures to enable members, officers and the public to judge progress in delivering actions for all council services; • ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and • establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		The services is currently and continuously working to progress and improve the way we manage, monitor and present our performance and deliver our services. The change to the new WCCIS system should see dramatic improvements in this arena allowing manager to drill down to individual performance to hold on ground discussions and a service overview to allow team discussions. The service produces a SIP quarterly and has programme and project governance in place around boards such as ICPOP which hold regular updates via highlight reports and action plans. Changes to Older Peoples service and progress and performance measurement goes to Cabinet and Scrutiny. Integration progress as planned and an evaluation of the Ystradgynlais project is near completion. Service business plans being developed and will be monitored via Older Peron's Management team	
Finance									
Finance	R1	Councils need clear strategies and plans, showing what they want to achieve and how they intend to achieve it Effective strategy and planning are crucial tools to help councils develop well-considered and sustainable responses to financial pressures. And services need to work out the most cost-effective ways of using the resources at their disposal to deliver their goals.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Wynne Jones	Jane Thomas		Medium Term Financial Strategy in place which covers a 3 year period, this coupled with the 3 year Financial Resource Model has improved the medium term planning . This enable the Council to focus and react to the longer term, forecasting the impact of further reductions in funding, pay and price pressures and the development of savings that will be required. The MTFPS draws on the statement of Intemet, One Powys Plan and other strategies to ensure alignment of the councils priorities and objectives. The development of FRM and Financial Strategy for each Directorate is now being put in place which will detail the demand, impact and mitigation being put in place, these plans will provide more detail of these areas for consideration at an overall council level, this will enable better planning and prioritisation of resources. Alignment of Revenue, Capital and reserves has progressed but continues to be developed.	
Finance	R2	Effective planning, based on good information is an efficient and effective way of supporting tough choices and developing clear priorities Councils need robust information to support the detailed analysis needed to link their vision and objectives to their delivery plans. Councils often do not have a clear understanding of the demand for their services and the quality of their services from the users' perspective.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Wynne Jones	Jane Thomas			
Finance	R3	Council plans and strategies need closer links to longer-term financial plans Councils need to strengthen the links between their strategies and plans for services and their medium- and long-term financial plans. Too many financial plans are focused on short-term pressures, and do not look further ahead to the medium- and long-term to support the achievement of broader strategic goals. And, too many councils base their budgets on small, incremental annual changes, rather than fundamentally assessing the service delivery arrangements needed to deliver the desired results – and the cost of delivering those services.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Wynne Jones	Jane Thomas			
Finance	R4	Councils need to explore more opportunities to work together and with other public services, to reduce costs and deliver improved outcomes for citizens Collaboration is important because individual public services cannot deliver the desired improvements to the economy, health, environment and community life of Wales on their own. When public services do not work together effectively, the outcome is invariably extra costs and poorer services for service users and citizens.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Wynne Jones	Jane Thomas		Community Delivery Model in place that explores the transfer of functions to town and community councils. Corporate services exploring areas for collaboration, success already achieved with provision of DBS service to other Authorities, joint working with PTHB on IT services and a number of other Section 33 agreements in place for the joint delivery of services within Adult Social Care. Further opportunities continue to be explored for Internal Audit Services, Payroll and other services.	
Finance	R5	Councils need robust arrangements to monitor efficiency savings and to demonstrate that services provide value for money Many councils do not have robust evidence of their efficiency gains. Most public bodies have developed plans for efficiency gains projects and can demonstrate cost savings. However, they are often unable to demonstrate that savings have been generated by becoming more efficient. They are also frequently unable to show that service level and quality is being maintained or, where services have been cut, that those cuts followed a rational analysis of priorities.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Wynne Jones	Jane Thomas		This area needs further development, the development of performance data is required to provide before and after position. The Strategic Director Resources would be meeting WAO to discuss what measures they wanted to put into place	
Finance	R6	Councils need to strengthen their arrangements for evaluating the impact of their financial decisions – on service standards and on citizens Informed decision making requires good management information and effective feedback arrangements. Councils that understand the impact of the actions they take are more likely to respond effectively to emerging issues and make better decisions. This is more likely to lead to better, more efficient services, and more satisfied citizens.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Wynne Jones	Jane Thomas		Impact Assessments in place for all proposal. Consultation and engagement inpalce with citizens with the development of the Delib software to inform and engage with the electorate.	
Finance	R1	Local authorities should strengthen their financial-planning arrangements by: • developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities and service plans; • aligning other key strategies such as workforce and asset management plans with the MTFP; • developing comprehensive multi-year fully-costed savings plans which underpin and cover the period of the MTFP, not just the forthcoming annual budget; • categorise savings proposals so that the shift from traditional type savings to transformational savings can be monitored over the period of the MTFP; and • ensuring timescales for the delivery of specific savings proposals are realistic and accountability for delivery is properly assigned.	Financial resilience of local authorities in Wales 2015-16	18/08/2016	Cllr Wynne Jones	Jane Thomas		Medium Term Financial Strategy in place which covers a 3 year period, this coupled with the 3 year Financial Resource Model has improved the medium term planning . This enable the Council to focus and react to the longer term, forecasting the impact of further reductions in funding, pay and price pressures and the development of savings that will be required. The MTFPS draws on the statement of Intemet, One Powys Plan and other strategies to ensure alignment of the councils priorities and objectives. Savings plans are profiled in order to understand timescales, Resource Plan developed which identifies the support required to deliver projects across the Council.	
Finance	R4	Local authorities should develop Key Performance Indicators to monitor the MTFP.	Financial resilience of local authorities in Wales 2015-16	18/08/2016	Cllr Wynne Jones	Jane Thomas		To be progressed. Comparisons of assumptions included for forward projections around funding levels, inflation, pressures etc. against and the actual position. This would be introduced for the next financial year.	
Finance	R6 R8	Local authorities should ensure that corporate capacity and capability are at a level that can effectively support the delivery of savings plans in the MTFP at the pace required.	Financial resilience of local authorities in Wales 2015-16 The financial resilience of councils in Wales	18/08/2016 02/04/2014	Cllr Wynne Jones	Jane Thomas		A review of financial services was carried out in April 2016 an action plan is in place to get the recommendations from the review to develop capacity and the skills required to ensure that finance can effectively support all the financial requirements for the council. Financial Services Restructure nearing completion and will be implemented in early 2017. Externally commissioned support brought in as required with skills transfer included in arrangements.	

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Finance	R1	Councils should ensure that their corporate plan: <ul style="list-style-type: none"> is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure; maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances. 	The financial resilience of councils in Wales	02/04/2014	Clr Wynne Jones	Jane Thomas		Medium Term Financial Strategy in place which covers a 3 year period, this coupled with the 3 year Financial Resource Model has improved the medium term planning. This enable the Council to focus and react to the longer term, forecasting the impact of further reductions in funding, pay and price pressures and the development of savings that will be required. The MTFs draws on the statement of Intent, One Powys Plan and other strategies to ensure alignment of the councils priorities and objectives.	
Finance	R3	Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.	The financial resilience of councils in Wales	02/04/2014	Clr Wynne Jones	Jane Thomas		The financial position and projected forecast is reported to Cabinet on a monthly basis, the delivery of savings are monitored and reported within these reports, this includes outstanding savings from previous years as well the current. Heads of service are challenged at budget challenge events during the year to ensure that the delivery of savings and service financial position are within budget or what plans they have to redress the position.	
Finance	R4	Councils should regularly review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.	The financial resilience of councils in Wales	02/04/2014	Clr Wynne Jones	Jane Thomas		Financial monitoring reports presented and discussed at Finance Scrutiny Panel, Panel identified areas for further scrutiny challenge with Portfolio Holders and Heads of Service. Joint working groups from FSP and Directorate scrutiny groups put in place to challenge specific areas of concern, e.g. Joint Audit and People Scrutiny working group.	
Finance	R7	Councils should <ul style="list-style-type: none"> strengthen budget setting and monitoring arrangements to ensure financial resilience; and review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems. 	The financial resilience of councils in Wales	02/04/2014	Clr Wynne Jones	Jane Thomas		Budget setting commences earlier and is a continual process throughout the year. Budget monitoring and forecasting provided monthly, budget challenge events to test the delivery of service budgets and savings held. Finance Scrutiny Panel review the financial position throughout the year and challenge Cabinet, Portfolio holders and Heads of Service on areas of concern.	
Finance	R9	Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.	The financial resilience of councils in Wales	02/04/2014	Clr Wynne Jones	Jane Thomas		Budget Seminars held for all Members, general budget and financial planning sessions as well as specific annual budget seminars on the specific proposals as part of budget setting. Financial Scrutiny Panel developed and put in place supported by Institute for Public Scrutiny. Cabinet budget workshops developed and improved the knowledge and input from Cabinet members. Information for decision making being improved, more detailed seminars held around the savings proposals last year which assisted members in their understanding of the proposals and enable them to scrutinise and challenge. Elections in May may result in new members for the Council, training will be undertaken to develop members understanding of the financial aspects of the Council.	

Mae'r dudalen hon wedi'i gadael yn wag yn fwydol

Area e.g. Education, Corporate	Improvement Action / Recommendation	Ref	Recommendation/Improvement	Document Reference	Date Received	Assigned Committee	Responsible Portfolio Holder	Responsible Officer	PCP / SJP Start Date BRAD Status	Action Taken (lifted from PCP / SJP monitoring processes)	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Scrutiny	Recommendation	R181	Clarify the role of executive members and senior officers in contributing to scrutiny.	WAO Study - Scrutiny	01/05/2014		Clr Wynne Jones	Wyn Richards		Roles clarified in the new Constitution which came into effect on 1st September, 2015 (see Section 7.18). Chief Officers are invited to attend the Joint Chairs and Vice Chairs Steering Group and have the ability to contribute items for consideration for inclusion in the work programmes of scrutiny committees once they have been assessed by the Joint Chairs and Vice Chairs Steering Group. Joint meeting with the Cabinet 24th May, 2016 considered a process for scrutiny to undertake more pre-scrutiny of items prior to their being discussed at the Cabinet. The process has been drawn up and the timescale needs to be approved by the Management Team.	Chief Officers able to contribute items to scrutiny. It is too early to assess the impact of the new Constitution. The process for pre-decision scrutiny should provide better links between scrutiny and the cabinet. There will be a need to assess how this process is working following 12 months of operation.
Environmental Health	Recommendation	R382	Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.	WAO Study - Env Health	01/10/2014	Scrutiny Committee April 2015	Clr Avril York	Ken Yorston		Report went to scrutiny committee in April 2015.	
Environmental Health	Recommendation	R383	Improve engagement with local residents over planned budget cuts and changes in services by: • consulting with residents on planned changes in services and using the findings to shape decisions; • outlining which services are to be cut and how these cuts will impact on residents; and • setting out plans for increasing charges or changing standards of service.	WAO Study - Env Health	01/10/2014	Planning Committee	Clr Avril York	Ken Yorston		PC budget simulator http://www.powys.gov.uk/en/corporate/find-out-about-consultations-in-powys/past-consultations/powys-budget-challenges/	Indications are that Environmental Health should receive least cuts
Environmental Health	Recommendation	R384	Improve efficiency and value for money by: • identifying the statutory and non-statutory duties of council environmental health services; • agreeing environmental health priorities for the future and the role of councils in delivering these; • determining an 'acceptable standard of performance' for environmental health services (upper and lower) and justify these to citizens; • improving efficiency and maintaining performance to the agreed level through: - collaborating and/or integrating with others to reduce cost and/or improve quality; - outsourcing where services can be delivered more cost effectively to agreed standards; - introducing and/or increasing charges and focusing on income-generation activity; - using grants strategically to maximise impact and return; and - reducing activities to focus on core statutory and strategic priorities.	WAO Study - Env Health	01/10/2014	Planning Committee	Clr Avril York	Ken Yorston		A 3 year Business Plan has been developed for EH services, based on current resource allocation	
Welfare Reform	Recommendation	R485	Improve engagement with tenants affected by the removal of the spare-room subsidy through: • the provision of regular advice and information on the options open to them to reduce the financial impact of the change in their circumstances; • the promotion of the 'Your benefits are changing' helpline; and • the provision of support to tenants specifically affected by the removal of the spare-room subsidy to participate in regional/ational employment schemes.	WAO Study - Welfare	01/03/2015		Clr Wynne Jones	Dave Morris		Money advice and support is available to all tenants affected. Worked in partnership with all P's to help identify and support tenants with various options. Discretionary Housing Payment Support has been critical in this. One of the main conditions for receiving DHP is that those affected looked to improve their finances. We link to the 'benefits are changing' web pages on our site. No action of the final point	Improved outcomes for tenants affected in their engagement with the conditions for DHP claims.
Welfare Reform	Recommendation	R6	Establish a set of minimum service standards on lettings and transfers to ensure that tenants affected by the removal of the spare-room subsidy receive a minimum standard of service from their landlord.	Managing the Impact of Welfare Reform Changes On Social Housing Tenants in Wales	08/03/2015		Clr Wynne Jones	Dave Morris		We have always published and worked locally to make people aware of DHP policy and claims so no noticeable difference	
Welfare Reform	Recommendation	R487	Improve management, access to and use of Discretionary Housing Payments by: • establishing a clear policy or guide that is available in hard copy and online to the public that sets out the Council's policy and arrangements for administering Discretionary Housing Payments; • clearly defining eligible and non-eligible housing costs covered by Discretionary Housing Payments in application forms, policy documentation and applicant guidance leaflets; • clearly setting out the maximum/minimum length of time that such payments will be provided; • setting and publishing the timescale for the Council making a decision on Discretionary Housing Payments applications; • including information within public literature on the Council's policy for rights to review or appeal of a decision and the timescales and process to be followed in deciding on these; and • clearly define the priority groups for Discretionary Housing Payments in public literature to ensure that those seeking assistance, and those services supporting them, can assess whether such payments are a viable option to address their housing and financial needs.	WAO Study - Welfare	01/03/2015		Clr Wynne Jones	Dave Morris		Action has been taken to do all of the above except the final one	We have always published and worked locally to make people aware of DHP policy and claims so no noticeable difference
Early Departures	Recommendation	R583	We recommend that public bodies: • ensure that councillors or board members have the opportunity to examine the value of money of early departure scheme through established scrutiny/governance arrangements. • ensure that councillors and/or board members approve higher value packages, such as those for senior management. • consider using internal audit to provide assurance on overall management of early departure schemes.	WAO Study - Early Departures	01/02/2015		Clr Wynne Jones	Jason Lewis/ Mark McIntyre		Recommended actions already in place but Scrutiny/ Internal Audit will look to strengthen this to ensure councillors have the opportunity to examine value for money of early departures through scrutiny arrangements and that councillors approve higher value packages and consider using internal audit to provide assurance on overall management of early departure/ schemes.	mgmt. team early departures for schools Policies go through policy forum with elected members attending anything costing 100k+ in needs council approval - constitution internal audit (Jason or David Powell - V8 internal audit)
Leisure	Recommendation	R1	Improve strategic planning in leisure services by: • setting an agreed council vision for leisure services; • agreeing priorities for leisure services; • focusing on the council's position within the wider community sport and leisure provision within the area; and • considering the potential to deliver services on a regional basis.	Delivering with less - Leisure Services	01/12/2015		Clr Graham Brown	Stuart Mackintosh/ Jenny Haynes			
Leisure	Recommendation	R2	Undertake an options appraisal to identify the most appropriate delivery model based on the council's agreed vision and priorities for leisure services which considers: • the availability of capital and revenue financing in the next three to five years; • options to improve the commercial focus of leisure services; • opportunities to improve income generation and reduce council 'subsidy'; • a cost-benefit analysis of all the options available to deliver leisure services in the future; • the contribution of leisure services to the council's wider public health role; • better engagement with the public to ensure the views and needs of users and potential users are clearly identified; • the impact of different options on groups with protected characteristics under the public sector equality duty; and • the sustainability of service provision in the future.	Delivering with less - Leisure Services	01/12/2015		Clr Graham Brown	Stuart Mackintosh/ Jenny Haynes			
Leisure	Recommendation	R3	Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include: • capital and revenue expenditure; • income; • council 'subsidy'; • quality of facilities and the service provided; • customer satisfaction; • success of 'new commercial' initiatives; • usage data - numbers using services/facilities, time of usage, etc.; and • impact of leisure in addressing public health priorities.	Delivering with less - Leisure Services	01/12/2015		Clr Graham Brown	Stuart Mackintosh/ Jenny Haynes			
Leisure	Recommendation	R4	Improve governance, accountability and corporate leadership on leisure services by: • regularly reporting performance to scrutiny committees; • providing elected members with comprehensive information to facilitate robust decision-making; • benchmarking and comparing performance with others; and • using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.	Delivering with less - Leisure Services	01/12/2015		Clr Graham Brown	Stuart Mackintosh/ Jenny Haynes			
Older People	Recommendation	R1	Improve governance, accountability and corporate leadership on older people's issues through: • the appointment of a senior lead officer who is accountable for coordinating and leading the council's work on older people's services; • realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people; • the appointment of a member champion for older people's services; and • regularly disseminating and updating information on these appointments to all staff and stakeholders.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015		Clr Stephen Hayes	Jan Jeffreys		Senior leader appointed and in post who is accountable for coordinating and leading the council's work on older people's services. A strategy plan has been created and aligned to work within the Older Peoples service to help develop and aid the delivery of plans for services which contribute to the independence of Older Peoples service. Member champion in post to improve the transparency and clarity of information relating to the progress and delivery of Older Peoples service. Staff made aware of work and appointments within the service via project and programme boards such as ICPOP, via team meetings and during IPFs.	
Older People	Recommendation	R5	Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by: • setting out how changes to services or cuts in budgets will affect groups with protected characteristics; • identifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative impact on groups with protected characteristics; • indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and • ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015		Clr Stephen Hayes	Jan Jeffreys		The Older Peoples Service now conduct comprehensive Impact Assessments when proposing a change or implementation of a new policy, as part of the budget setting process or when proposing a change objective impacting on the delivery of a service. The impact assessment along with the principles within are also considered when using the contracts and commissioning process to ensure our compliance with the Public Sector Equality Duty and the impacts potential changes may have on our service users and communities.	
Older People	Recommendation	R6	Improve the management and impact of the Intermediate Care Fund by: • setting a performance baseline at the start of projects to be able to judge the impact of these overtime; • agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund; to judge positive impact and how many schemes have been mainstreamed into core funding; and • improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015		Clr Stephen Hayes	Jan Jeffreys		The ICF is managed through ICPOP which has strong governance, reporting and roles and responsibilities set as per the councils programme management principles. Regular highlight reports and updates go bi monthly to the board who monitor the progress of a number of projects. ICPOP is a multi agency partnership board which is jointly chaired by PC and PTHB. ICPOP will evaluate progress and seek to allocate funds and align resources appropriately to ensure that projects which are having the greatest positive impact continue to deliver.	
Corporate Safeguarding	Recommendation	R1	Improve corporate leadership and comply with Welsh Government policy on safeguarding through: • the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements; • the appointment of a lead member for safeguarding; and • regularly disseminating and updating information on these appointments to all staff and stakeholders.	Review of Corporate Safeguarding Arrangements in Welsh Councils	21/07/2015		Clr Graham Brown	Louise Barry/ Carolann James			
Corporate Safeguarding	Recommendation	R2	Ensure there is a corporate-wide policy on safeguarding covering all council services to provide a clear strategic direction and clear lines of accountability across the council.	Review of Corporate Safeguarding Arrangements in Welsh Councils	21/07/2015		Clr Graham Brown	Louise Barry/ Carolann James			
Corporate Safeguarding	Recommendation	R3	Strengthen safe recruitment of staff and volunteers by: • ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children; • creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and • 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.	Review of Corporate Safeguarding Arrangements in Welsh Councils	21/07/2015		Clr Graham Brown	Louise Barry/ Carolann James			
Corporate Safeguarding	Recommendation	R4	Ensure all relevant staff, members and partners understand their safeguarding responsibilities by: • ensuring safeguarding training is mandated and coverage extended to all relevant council service areas, and is included as standard in induction programmes; • 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 • 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.	Review of Corporate Safeguarding Arrangements in Welsh Councils	21/07/2015		Clr Graham Brown	Louise Barry/ Carolann James			The Council have considered the recommendations made in the national reports 'Review of Corporate Safeguarding Arrangements in Welsh Councils' and conclude that arrangements in Powys are well embedded and that no further action is required other than addressing recommendations made in the local report on safeguarding. And continue our regular self evaluation as corporate planning arrangements require
Corporate Safeguarding	Recommendation	R5	In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.	Review of Corporate Safeguarding Arrangements in Welsh Councils	21/07/2015		Clr Graham Brown	Louise Barry/ Carolann James			
Corporate Safeguarding	Recommendation	R6	Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committees against a balanced and council-wide set of performance information covering: • benchmarking and comparisons with others; • conclusions of internal and external audit/inspection reviews; • service based performance data; • key personnel data such as safeguarding training, and DBS recruitment checks; and • the performance of contractors and commissioned services on compliance with council safeguarding responsibilities.	Review of Corporate Safeguarding Arrangements in Welsh Councils	21/07/2015		Clr Graham Brown	Louise Barry/ Carolann James			
Corporate Safeguarding	Recommendation	R7	Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the council's safeguarding practices.	Review of Corporate Safeguarding Arrangements in Welsh Councils	21/07/2015		Clr Graham Brown	Louise Barry/ Carolann James			
Corporate Safeguarding	Recommendation	R8	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.	Review of Corporate Safeguarding Arrangements in Welsh Councils	21/07/2015		Clr Graham Brown	Louise Barry/ Carolann James			
Finance	Recommendation	R2	Local authorities should develop corporate Income Generation and Charging Policies.	Financial resilience of local authorities in Wales 2015-16 The financial resilience of councils in Wales	18/08/2016 02/04/2014		Clr Wynne Jones	Jane Thomas		Income Management and cost improvement Policy approved and in place Jan 16, reinforcement of the requirements of the policy is required with Heads of Service to ensure compliance and the embedding of the annual review to feed into the budget process, further development of the fees and charges register is being progressed. Income targets remain within the budget plan for the next 2 years but as yet the detail has not been identified.	
Finance	Recommendation	R3	Local authorities should ensure that they have a comprehensive reserves strategy which outlines the specific purpose of accumulated useable reserves and the impact and use of these in the MTRP.	Financial resilience of local authorities in Wales 2015-16 The financial resilience of councils in Wales	18/08/2016 02/04/2014		Clr Wynne Jones	Jane Thomas		Reserves policy in place December 2015. Level and assessment of reserves made annually as part of the budget setting process.	
Finance	Recommendation	R5	Local authorities should ensure that savings plans are sufficiently detailed to ensure that members are clear as to what the plans are intended to deliver and that the delivery of those plans can be scrutinised appropriately throughout the year.	Financial resilience of local authorities in Wales 2015-16	18/08/2016		Clr Wynne Jones	Jane Thomas		Budget process provides details of every saving proposed which are discussed with all members at budget seminars and each saving is supported full impact assessment.	
Finance	Recommendation	R2	Councils should ensure that their medium term financial plan identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.	The financial resilience of councils in Wales	02/04/2014		Clr Wynne Jones	Jane Thomas		Delivery of savings are reported monthly to heads of service and cabinet and senior officers are challenged on the delivery of their savings and service performance against budget at budget challenge events.	

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

A27-2017

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

REPORT AUTHOR: Head of Financial Services

DATE: 5th April 2017

SUBJECT: The Holding and Use of Reserves

REPORT FOR: Information and Comment

1. Introduction

- 1.1 Welsh Government issued a document on January 2016 “Scrutiny of Local Authority Holding and Utilising of Reserves” which was a guidance document for elected members in their scrutiny role. Audit Committees should provide assurance about financial control to mitigate key risks and that the Council has effective financial management arrangements.
- 1.2 This report updates the Committee on the work that has been undertaken in relation to Reserves through 2016-17, and provides information to further assist them in scrutinising the holding and use of Reserves by the Authority.
- 1.3 The Welsh Government published a report on Local Authority Financial Indicators in December 2016. It has been produced to provide insights into the historic financial performance of Local Authorities in Wales. The report provided some background on the composition of each indicator and what it is intended to reflect.
- 1.4 The reserves held by the Authority as at the 31st March 2016 as reported in the Statement of Accounts in the Movement in Reserves Statement are presented, alongside an analysis of their potential use through 2016/17 and an update about future years as part of the budget setting process.

2. Financial Indicators for Reserves

- 2.1 It should be noted that the holding of reserves is a matter for each authority to determine as part of sound financial management. However it is useful to refer to Financial Indicators based on ratios produced by Welsh Government, these indicators provide comparative statistics for Local Authorities and include the following on Reserves:-

	Powys¹	All Wales Average¹
Usable reserves as % of gross revenue expenditure	18.4%	17.8%
Earmarked reserves as % of gross revenue expenditure	8.4%	12.4%
General reserves days turnover	18 days	10.8 days

¹Local Authority Financial Indicators, Wales

2015/16

2.2 Usable reserves as a percentage of gross revenue expenditure

This indicator measures the relationship between an authority's usable reserves and its annual gross revenue expenditure. This excludes those reserves which are restricted for use by the authorities (i.e. HRA balances, schools balances and capital grants unapplied). Those reserves included in the indicator are:-

- General or Unallocated Reserves
- Capital Receipts Reserves
- Earmarked Reserves.

A high percentage suggests high levels of reserves relative to its expenditure levels.

The average for Wales in 2015/16 was 17.8%, seven authorities had a % greater than 20%. Powys is 18.4%.

The next two indicators provide an indication of whether this is a result of high levels of reserves being held for general or earmarked purposes, or both.

2.3 Earmarked reserves as a percentage of gross revenue expenditure

This is an indication of reserves increasing proportionately more than gross revenue expenditure or vice versa.

Councils with very high levels of earmarked reserves relative to their spending should review the purposes for which these are held to ensure they are still required. The purpose for holding reserves, particularly where reserves are increasing, should be clearly communicated in presentation to the Council and through the annual accounts.

The average for Wales in 2015/16 was 12.4%, seven authorities had a % greater than 15%. Powys is 8.4%.

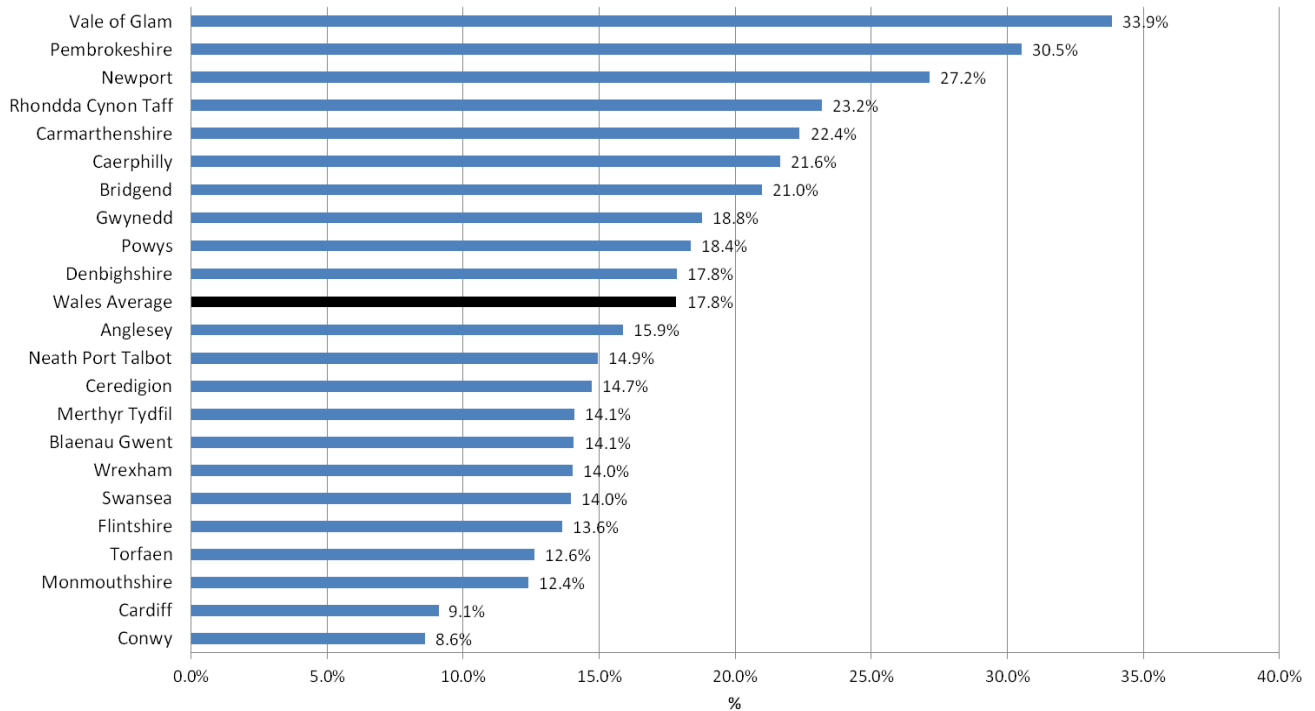
2.4 General reserves days' turnover

This measures the number of days an authority would have of financial cover if it needed to utilise solely general reserves to fund day to day expenditure. Usually this is shown as a percentage but number of days can provide a clearer way of showing the reserve cover. Where the cover is high will indicate that an Authority has a low risk strategy. Conversely a low coverage suggests a higher risk strategy. This may be through choice or due to a lack of other funds.

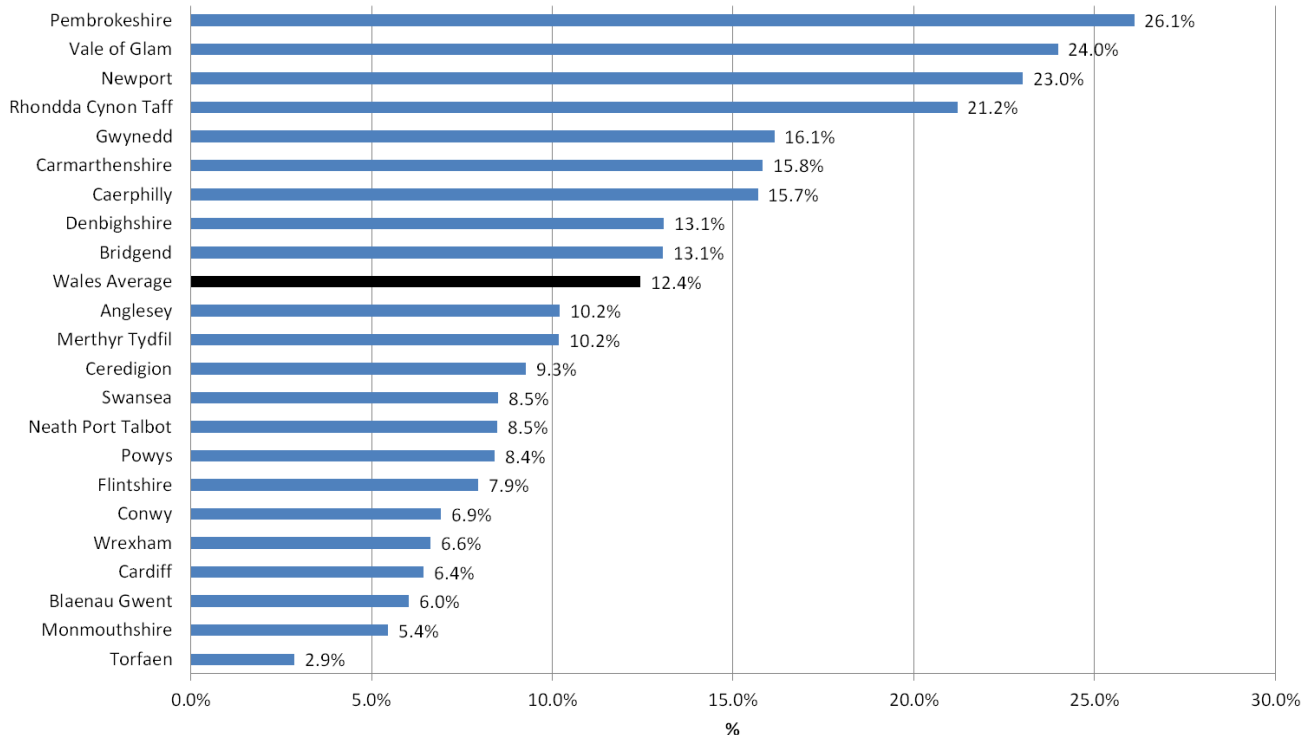
The number of days turnover covered by unallocated reserves for Wales in 2015/16 was 108. Four authorities had more than 17 days turnover cover. Powys is 18 days.

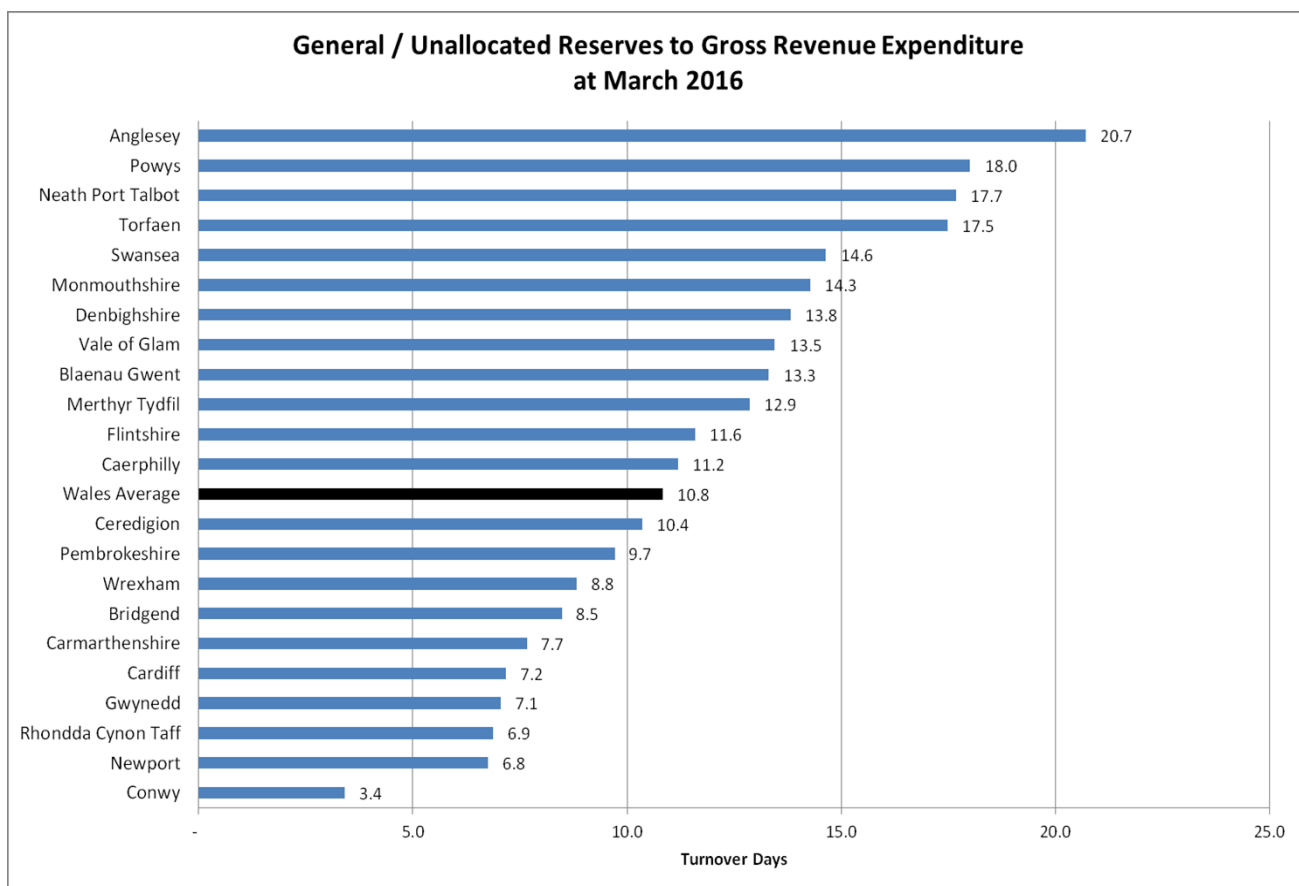
2.5 The tables included within the Welsh Government report are provided below.

**Reserves to Gross Revenue Expenditure
(excluding HRA, Schools, Unapplied Grants & Group Reserves)
at March 2016**



**Earmarked Reserves to Gross Revenue Expenditure
at March 2016**





3. Reserve Monitoring and Budget Setting

- 3.1 The level of reserve held and their forecast use is reported monthly to Cabinet as part of the budget monitoring process. The Budget Scrutiny Panel are also provided with information on the levels and use of Reserves to enable them to fulfil their scrutiny role.
- 3.2 The table at Appendix A reports the opening and projected balance of the reserves held, forecast to year end as at 28th February 2017. The revised forecast level of General Fund reserves as at 31st March 2017 is 3.52% of total net revenue budget less Schools.
- 3.3 The Council should maintain a minimum level of general reserve at 3% of the net budget excluding delegated schools, this equates to £5m.
- 3.4 For 2017/18 the budget manager reserve will be transferred into the general reserve to bring the carry forward balance at year end up to £9m, this level of general reserve is in excess of the minimum level required in the policy at 5.6%.
- 3.5 The use of reserves and the levels at which they are maintained are determined on an annual basis as part of the Councils Budget setting process. The budget and MTFS approved at Council in February 2017 confirmed that the council will continue to retain a minimum general reserve provision in excess of 3% and agree to utilise part of the Corporate Initiative Reserve – Equal Pay to:

- Set up a specific reserve of £2.75m for Adult Social Care.

- Fund School Severance Costs for change in age admission up to £1.1m, unless the costs can be capitalised.

Recommendation:	Reason for Recommendation:
That the Committee discuss and comment on the report.	Audit Committees should provide assurance about financial control to mitigate key risks and that the Council has effective financial management arrangements.

Contact Officer Name:	Tel:	Email:
Jane Thomas	01597 826341	jane.thomas@powys.gov.uk

Background Papers used to prepare Report:

Welsh Government Local Authority Financial Indicators 2015/16

Welsh Government Guidance for Elected Members – Scrutiny of Local Authority Holding and Utilising of Reserves

Powys' Statement of Accounts 2015/16

Cabinet Budget Recovery papers December 2016

Cabinet Financial Forecast 28th February 2017

Appendix A

Opening and projected balance of the reserves forecast to year end as at 28th February 2017

Summary	Reserves 01/04/16 Surplus/ (Deficit)	Forecast Addition / (Use) of reserves	Projected 31/3/17 Surplus/ (Deficit)
	£`000	£`000	£`000
General Fund	10,285	(1,201)	9,084
Projected Overspend		(3,422)	(3,422)
	10,285	(4,623)	5,662
Ringfenced & Specific Reserves			
Budget Management Reserve	3,984	(610)	3,374
Specific Reserves	1,881	(418)	1,463
21st Century Schools Reserve	6,734	(1,582)	5,152
Invest to Save & Corporate Initiatives (inc JE)	8,673	(777)	7,896
Insurance Reserve	1,965	(23)	1,942
Transport & Equipment Funding Reserve	5,054	110	5,164
Sub-Total	28,291	(3,300)	24,991
Schools Delegated Reserves	2,810	(2,101)	709
School Loans & Other Items	(417)	55	(362)
Projected Overspend		(333)	(333)
Net School Delegated Reserves	2,393	(2,379)	14
Total Ringfenced & Specific Reserves	30,684	(5,679)	25,005
Housing Revenue Account			
	1,385	(344)	1,041
Projected Underspend		64	64
	1,385	(280)	1,105
Total Revenue Reserves	42,354	(10,582)	31,772

Audit Committee

5 April 2017

Finance Scrutiny Panel

Purpose of Report: Progress report

The Panel continued to monitor emerging budget proposals culminating in a report that was considered by Cabinet on 7 February 2017. The minute of that meeting is copied below for information:

Before the Cabinet considered the agenda item the Chair of the Finance Scrutiny Panel presented the Panel's report on the budget proposals for 2017/18. He reported the Panel's concerns over the substantial draw on reserves and that some services seemed to be moving from cash limited to demand led budgets. The Panel wanted to see the base budget review in Adult Services to be rolled out to all directorates. The Panel was also concerned that levels of Council Tax did not reflect average income in the county and that council tax base in Powys was one of the highest in Wales meaning it made a significant contribution to the overall funding.

The Cabinet noted the Panel's comments, but did not accept their conclusion that untested proposals should not be put forward for consultation arguing that it was important to take account of representations made. The Leader and Portfolio Holder for Finance thanked the Finance Scrutiny Panel for their work.

RESOLVED that the report of the Finance Scrutiny Panel be noted.

A joint working group comprising members of both the Audit Committee and Adult Social Care Working Group of the People Scrutiny Committee, have been looking into the reasons behind the overspend in Adult Social Care. Some of this work was undertaken by the Panel. Going forward, it has been agreed to co-opt two Members of the Adult Social Care scrutiny working group to the Panel when considering the Recovery Plan and associated Action Plan to ensure consistency going forward and to ensure the knowledge gained to date informs ongoing scrutiny. An initial report has been produced and presented to Cabinet on 28 February. However there is an ongoing debate around the veracity of some of the statistical data. A formal response is due to be considered by Cabinet on 11 April 2017. One more meeting of the Panel will be arranged before the end of this Council to monitor the Action Plan.

Report contact: Lisa Richards, Legal, Scrutiny and Democratic Services

Contact details: lisa.richards@powys.gov.uk, 01597 826371

Group Membership: County Councillors J G Morris (Lead Member), K Curry, A W Davies, D E Davies, S C Davies, J Gibson-Watt, D R Jones, M J Jones, M McKenzie, K Roberts-Jones, D A Thomas and Mr J Brautigam

AUDIT COMMITTEE

Work Programme 16-17

Chair Cllr John G Morris
Vice Chair Mr John Brautigam

5 April 2017		
Standard Items		
<ul style="list-style-type: none"> Minutes Joint Chairs Notes Work Programme 	3 February 2017 28 February 2017	Lisa Richards “ “
WAO:		
<ul style="list-style-type: none"> Audit Plan - Financial statements Audit Plan – Pension Fund 		Phil Pugh
Risk Management	Quarterly report	Caroline Evans
Internal Audit	Performance Report IA Plan 2017/18 Progress on SWAP (South Wales Audit Partnership)	Ian Halstead David Powell
Regulatory Tracker	Quarterly report	Tom Yeo
Closure of Accounts	Progress Report	Jane Thomas
Working Groups		
<ul style="list-style-type: none"> 		Lisa Richards
Finance Scrutiny Panel	Summary Report	Lisa Richards
Other		
<ul style="list-style-type: none"> WAO Charging for Services and Income Generation WAO Financial Resilience 	Report on compliance with recommendations Action Plan	Jane Thomas Jane Thomas

18 May 2017 - AGM		
Election of Chair and Vice		
Appointments to Working Groups		

6 July 2017		
Standard Items		
<ul style="list-style-type: none"> Minutes Joint Chairs Steering Group 	18 May 2017	Lisa Richards “

• Work Programme		
WAO		
Risk Management	Progress Report	Caroline Evans
Internal Audit	Audit Plan Annual Audit Review	Ian Halstead
Closure of Accounts	Progress Report	Jane Thomas
Treasury Management	Q4	Ann Owen
Working Groups		
• Internal Audit	Summary report	Lisa Richards
Finance Scrutiny Panel	Summary report	Lisa Richards
Other		
• Brecon Cultural Hub	Review	Paul Griffiths

22 September 2017		
Standard Items		
• Minutes • Joint Chairs Notes • Work Programme	5 July & 13 September 2016 5 July, 13 September 2016	Lisa Richards “ “
Final Statement of Accounts etc		
Annual Improvement Report		
Internal Audit		Ian Halstead
Finance Scrutiny Panel	Summary report	Lisa Richards
Working Groups		
• Internal Audit	Summary report	Lisa Richards
Other		
•		

3 November 2017		
Standard Items		
• Minutes • Work Programme	30 June 2016	Lisa Richards “
WAO		
Risk Management	Progress Report	Caroline Evans
Internal Audit		Ian Halstead
Closure of Accounts	Progress Report	Jane Thomas
Treasury Management	Procedure for annual review and Q1	Lisa Richards/Ann Owen
Working Groups		
• Internal Audit	Summary report	Lisa Richards
Finance Scrutiny Panel	Summary report	Lisa Richards

Other •		
-------------------	--	--

Working Groups

Internal Audit:

Chair, E R Davies, W Powell, D G Thomas, S Williams and Mr J Brautigam

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

MINUTES OF A MEETING OF THE JOINT CHAIRS AND VICE-CHAIRS STEERING GROUP HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON TUESDAY, 28 FEBRUARY 2017

PRESENT

County Councillors D R Jones (Chair) K W Curry, L V Corfield, S C Davies, D R Jones, JG Morris and Mr J Brautigam

Officers, Jeremy Patterson, Chief Executive, David Powell, Strategic Director, Resources, Clive Pinney, Solicitor to the Council, Peter Jones, Professional Lead, Business Intelligence, Wyn Richards, Scrutiny Manager, Liz Patterson and Lisa Richards, Scrutiny Officers

1.	APOLOGIES	JCSG14 - 2017
-----------	------------------	----------------------

Members: County Councillor M J Dorrance
Officers: Paul Griffiths, Strategic Director, Place

2.	DRAFT NOTES - FOR CONSIDERATION	JCSG15 - 2017
-----------	----------------------------------------	----------------------

Documents Considered:

- Notes of meeting held on 17 January 2017

Outcomes:

- **Noted**

3.	DISCUSSION WITH THE CHIEF EXECUTIVE, STRATEGIC DIRECTORS REGARDING POTENTIAL SCRUTINY ITEMS	JCSG16 - 2017
-----------	----------------------------------------------------------------------------------------------------	----------------------

Documents Considered:

- None

Issues Discussed:

- Scrutiny of Adult Social Care, Education and the Highways LATC was ongoing
- There were significant gaps in the third year of the MTFs and some Portfolio Holders and Service Managers need to be clearer in terms of what is required for that third year – this would be included on the next FSP agenda
- The Chair of Audit had been disappointed in the response to a report relating to the overspend in Adult Social Care. The report had been evidenced based yet the Portfolio Holder's response had been selective and defensive. Whilst the conclusions may not have been palatable, they were correct. A clearer understand of scrutiny's role was required as a successful Council would be hindered if scrutiny was inhibited.
- The Chief Executive commented on feedback received from the WAO following recent reviews which highlighted the level of maturity of the organisation. Work has already commenced with the Cabinet but a wider,

cultural issue must be addressed. An organisation should be mature enough to learn from experiences and move on. A development programme is being prepared for consideration by Council. Members suggested that both Cabinet and Scrutiny should benefit from the same training. Specific Portfolio Holder training is to be developed to ensure the Portfolio Holders can hold senior officers to account. Further training for scrutiny and senior officers will also be provided.

- The Scrutiny Manager advised that the WLGA had been commissioned to provide scrutiny training for all Members and Chairs of Committees with additional training for Scrutiny Chairs being considered at a later time
- A template for the process of a pre-decision scrutiny will be put in place to provide clarity for both Cabinet and Scrutiny Members and ensure a consistency of approach - a draft will be provided for consideration by the Joint Chairs and Vice Chairs Steering Group
- Objective scrutiny and challenge is good for the organisation – those who do not agree, tend to hide behind political issues. Ongoing behavioural issues see a reluctance to discuss issues in an open way. It is essential that there is transparency and that constructive challenge can take place. Cabinet must be more open, but scrutiny must not be parochial.
- There were concerns regarding the denial of financial responsibility by the service and Portfolio Holder during the investigation into the ASC overspend. This seems to have been an issue for a number of years and there has been no willingness to change.
- A three year strategy is to be put in place for the service which will address finance, leadership and behaviours within the service. It will take time for ingrained attitudes to change. The three year strategy will be available to Management Team by mid-March and to scrutiny thereafter.
- The principles of scrutiny will be addressed in the induction programme for the new County Council
- More timely information is required to assist scrutiny – data availability for scrutiny will be discussed by Management Team
- Work Programming is fundamental and there will be more emphasis on pre-decision scrutiny

Outcomes:

Action	Completion Date	Action By
MTFS – 3rd year proposals – include on FSP agenda	Ongoing	LR
A Protocol for Pre- Decision Scrutiny to be drafted for consideration	July 2017	WR
Data availability for scrutiny to be discussed at Management Team	May 2017	CP

4.	WELLBEING ASSESSMENT	JCSG17 - 2017
-----------	-----------------------------	----------------------

Documents:

- Powys Wellbeing Assessment
 - Social Key Findings
 - Culture and Community Key Findings
 - Economic Key Findings

- Environment Key Findings
- Links and Potential Responses
- Producing our Wellbeing Assessment
- Engagement
- Assessment Findings and Impact on Wellbeing Goals
- Data considered not to have an impact
- Gaps in our evidence
- Key sources of information
- National findings

Discussion:

- The Wellbeing Assessment is a requirement for the PSB under the Wellbeing and Future Generations Act
- Business Intelligence have developed the Wellbeing Assessment under a collaborative approach
- The Welsh Government are seeking a change in how qualitative information is considered
- There is no formal need for Cabinet to agree the document
- The Assessment is fundamental to corporate planning and provides the evidence base for future priorities
- The Welsh Government have reviewed the document and it is fully compliant. Some areas have been highlighted for improvement.
- Funding is being sought to develop digital technology to ensure data is more accessible.
- Members considered that some of the conclusions were not as robust as they could be where they existed. The Assessment was the first and future iterations would improve.
- A workshop had been held to discuss the document but it was noted that suggested amendments had not been incorporated. It was clear from the 32 pieces of analysis that had been undertaken that work had been variable with some being better informed than others.
- The Assessment must be published 12 months prior to the Corporate Plan
- The Group debated the area covered by 'Growing Mid Wales' and whether or not the area would be best served with the Swansea Bay incorporated within the region. The Swansea Bay area have similar concerns.
- Tourism is only a small part of the economy of the region but seems to be given precedence over agriculture or manufacturing
- Page 170 refers to Crickhowell as an affluent area – this should be reworded as, whilst there were affluent areas, a different set of issues were raised for local residents. There are references to both low unemployment but low employment in the 25-39 age bracket.
- The PSB has responsibility for agreeing the draft but comments will be fed to the PSB
- The strategy which flows from the Assessment is of more importance than the Assessment itself

Action	Completion Date	Action By
Comments to be forwarded to the PSB for inclusion	March 2017	PJ

5.	WELSH GOVERNMENT WHITE PAPER - "REFORMING LOCAL GOVERNMENT: RESILIENT AND RENEWED"	JCSG18 - 2017
-----------	-------------------------------------------------------------------------------------------	----------------------

Documents:

- Report of the Scrutiny Manager
- White Paper; Reforming Local Government: Resilient and Renewed

Discussion:

- A scrutiny model for PSB has been developed and this will be rolled out
- More joint committees are likely
- The White Paper encourages regional working with a minimum of economic development, transport, planning and public protection being on a regional basis
- The Leaders of the constituent authorities or relevant Cabinet Portfolio Holders will be delegated to make decisions.
- Scrutiny arrangements will have to be determined
- Further regional working will be considered
- Profound changes are likely
- Other regional committees will comprise the portfolio holders for particular services
- The WLGA are developing scrutiny arrangements for joint working
- Regional working will have to be strategic
- The anomaly of the national park remains to be addressed

Action	Completion Date	Action By
Comments made will be incorporated for consideration by Council into a corporate response.	March 2017	WR

6.	REGULATORY TRACKER	JCSG19 - 2017
-----------	---------------------------	----------------------

Documents:

- Report of the Portfolio Holder for Finance
- Regulatory Tracker

Discussion:

- The report and tracker had already been considered by Audit Committee and the governance arrangements agreed

Outcome:

- **Noted**

7.	PROTOCOL FOR SCRUTINY PRESS RELEASES	JCSG20 - 2017
-----------	---------------------------------------------	----------------------

Documents:

- None

Discussion:

- The issue of scrutiny press releases had previously been discussed and a protocol introduced
- It was now suggested that scrutiny should be able to issue press releases without comment by the Portfolio Holder
- Portfolio Holders have the ability to issue press releases without scrutiny comment, and recently some policies have been announced through the media

Action	Completion Date	Action By
Scrutiny Press releases will be agreed between the Chair and Scrutiny Manager and provided to Cabinet for information only	Ongoing	WR

8.	LATENESS OF REPORTS	JCSG21 - 2017
-----------	----------------------------	----------------------

The issue of late arrival of reports had been discussed and the Solicitor to the Council had agreed revised measures to ensure reports were received in a timely manner to enable scrutiny to be undertaken.

9.	MEETING OF REPRESENTATIVES OF THE JOINT CHAIRS STEERING GROUP AND CABINET	JCSG22 - 2017
-----------	----------------------------------------------------------------------------------	----------------------

Documents:

- Report of meeting held between representatives of the Cabinet and Scrutiny Chairs

Discussion:

- The proposals discussed with the group had been considered by Democratic Services Committee and proposals will be considered by County Council on 7 March

10.	WORK PROGRAMME	JCSG23 - 2017
------------	-----------------------	----------------------

Documents Considered:

- Work Programme

Discussion:

- The issue of repairs and maintenance in new build schools will be added to the programme for consideration
- It was suggested that all capital projects should be reviewed after 12 months as a matter of good practice

Action	Completion Date	Action By
Repairs and maintenance at new build schools to be included in the work	June 2017	WR

programme for consideration		
------------------------------------	--	--

11.	PUBLIC SERVICE BOARD	JCSG24 - 2017
------------	-----------------------------	----------------------

24.1. Draft Notes of Previous Meeting(s)

Documents:

- Draft notes of meeting held on 2 February 2017

Outcomes:

- **Noted**

24.2. PSB Dates - For Information

- 27 April 2017
- 8 June 2017
- 20 July 2017
- 21 September 2017
- 26 October 2017
- 21 December 2017

12.	DATES OF FUTURE MEETINGS - FOR INFORMATION	JCSG25 - 2017
------------	---------------------------------------------------	----------------------

- 20 June 2017
- 11 July 2017
- 19 September 2017
- 10 October 2017
- 7 November 2017
- 5 December 2017

County Councillor D R Jones