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Bridgend County Borough Council
Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont, CF31 4WB / Civic Offices, Angel Street, Bridgend, CF31 4WB

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Gofynnwch am / Ask for: Democratic Services Section

Ein cyf / Our ref:
Eich cyf / Your ref:

Dyddiad/Date: Friday, 8 November 2019

Dear Councillor,

AUDIT COMMITTEE

A meeting of the Audit Committee will be held in the Committee Rooms 2/3, Civic Offices Angel Street Bridgend CF31 4WB on **Thursday, 14 November 2019** at **14:00**.

AGENDA

1.	Apologies for Absence To receive apologies for absence from Members.	
2.	Declarations of Interest To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1 September 2014.	
3.	Approval of Minutes To receive for approval the minutes of the Committee of 08/08/2019	3 - 8
4.	Integrated Care Fund Governance	9 - 18
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8.	Porthcawl Resort Investment Focus Programme	71 - 92
9.	Wales Audit Office Annual Improvement Report (AIR) 2018-19	93 - 140
10.	Wales Audit Office follow-up Review of Corporate arrangements for the Safeguarding of Children	141 - 162
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17.	Review of the Annual Governance Statement 2018-19	227 - 256
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19.	Progress against the Audit Risk Based Plan (1st April 2019 to 30th September 2019)	277 - 284
20.	National Fraud Initiative Update	285 - 290
21.	Updated Forward Work Programme 2019/20	291 - 296

22. Urgent Items
To consider any other items(s) of business in respect of which notice has been given in accordance with Rule 4 of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency.

Yours faithfully
K Watson
Head of Legal and Regulatory Services

Councillors:	Councillors	Councillors
CA Green	RM Granville	PA Davies
JE Lewis	LM Walters	P Davies
MJ Kearn	A Williams	TH Beedle
B Sedgebeer	AJ Williams	A Hussain

Lay Member:

Mrs J Williams

AUDIT COMMITTEE - THURSDAY, 8 AUGUST 2019

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOMS 2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON THURSDAY, 8 AUGUST 2019 AT 14:00

Present

Councillor LM Walters – Chairperson

JE Lewis	MJ Kearn	B Sedgebeer	RM Granville
AJ Williams	P Davies	TH Beedle	

Apologies for Absence

CA Green, A Williams and PA Davies

Officers:

Mark Thomas	Head of Regional Audit Service
Mark Jones	Financial Audit Manager, Wales Audit Office
Andrew Rees	Democratic Services Manager
Gill Lewis	Interim Head of Finance and Section 151 Officer
Nigel Smith	Finance Manager
John Llewellyn	Financial Audit Team Leader, Wales Audit Office
Arron Norman	Finance Manager - Social Services Wellbeing, Resources & LARS

142. DECLARATIONS OF INTEREST

None.

143. APPROVAL OF MINUTES

RESOLVED: That the minutes of the meeting of the Audit Committee of 13 June 2019 be approved as a true and accurate record subject to the names of Mark Jones and Samantha Clements of the Wales Audit office being added to the list of those present.

144. AUDIT COMMITTEE ACTION RECORD

The Democratic Services Manager presented the updated Audit Committee Action Record.

The Committee questioned whether the recommendations contained in the Healthy Organisation Review – Action Plan would be reported to the next meeting of the Committee. The Head of Regional Audit Service informed the Committee that a draft of the report had recently been received from the South West Audit Partnership which had now been shared with officers. He stated that he would confirm when the report would be brought to Committee.

RESOLVED: That the Committee in considering the Action Record requested that an archive be kept of actions which had been completed, those which are shown in grey, that the status of ongoing be changed to update and that the Action Record be carried forward to future meetings.

145. WALES AUDIT OFFICE (WAO) PERFORMANCE WORK UPDATE

The Interim Head of Finance and Section 151 Officer reported on an update on the Performance Audit Programme by the Wales Audit Office. The performance audit work outlines the work undertaken in the Council and across Wales by and on behalf of the Auditor General under the Local Government (Wales) Measure 2009 and Parts 2 and 3A of the Public Audit (Wales) Act 2004.

The Interim Head of Finance and Section 151 Officer highlighted the status of the performance audit work undertaken in 2018-19 and in 2019-20 and the status of the local government studies, undertaken nationally in 2018-19 and 2019-20.

The Financial Audit Manager, Wales Audit Office informed the Committee that the Wales Audit Office had undertaken a review of Fraud which had been presented to the Assembly's Public Accounts Committee, which would result in local as well as the National report being produced.

The Committee questioned the year which the various components related to. The Interim Head of Finance to confirm with the Wales Audit Office the timing on the pieces of work i.e. Improvement audit, performance audit, AIR and ARA and the WAO to brief members at the next Audit Committee.

RESOLVED: That the Committee noted the WAO performance audit work Audit Committee Update August 2019.

146. WALES AUDIT OFFICE INTEGRATED CARE FUND REPORT

The Interim Head of Finance and Section 151 Officer reported that the Wales Audit Office had produced a report on the Integrated Care Fund, which had been undertaken to examine whether the fund is being used effectively to deliver sustainable services that achieve better outcomes for service users. It focused on whether the Welsh Government is effectively managing the fund to deliver against its intentions, as well as understanding whether Regional Partnership Boards are demonstrating effective use of the fund. It also considered whether projects supported by the fund are making a clear difference at a local level.

The Interim Head of Finance and Section 151 Officer informed the Committee that the report set out a number of recommendations which are intended to help support the Welsh Government and RPBs to improve the arrangements for managing the fund. She stated that alongside the national report, there would also be a local report which drew on the feedback to each of the RPBs and will be presented to the Audit Committee when finalised.

The Committee expressed concern at the problems in the system due to the funding being short term in nature, which had not promoted strategic planning, this difficulty had been recognised by the WAO. The Committee considered there was a need to monitor and address the annual nature of the funding and that consideration be given to match funding projects to enable a more strategic approach to be taken. The Committee requested that the Wales Audit Office suggest actions and targets which the Council could us to test and monitor the effectiveness of the Integrated Care Fund.

The Interim Head of Finance and Section 151 Officer informed the Committee that the Corporate Director Social Services and Wellbeing could brief the Committee on the governance surrounding funding which is not mainstreamed to the Council, such as ICF funding and also the Regional Partnership Board. The Democratic Services Manager to establish whether such a report on the Integrated Care Fund is on the Overview and

Scrutiny Forward Work Programme and if not, a briefing to be brought to the Audit Committee on the Integrated Care Fund.

RESOLVED: That the Committee noted the WAO Integrated Care Fund Report.

147. STATEMENT OF ACCOUNTS 2018-19

The Interim Group Manager Chief Accountant submitted a report which presented the final Statement of Accounts for 2018-19, which is now due to be certified by the Council's external auditors, Wales Audit Office (WAO) and the associated Letter of Representation of the Council. He informed the Committee that the WAO will update the Committee on their main findings from the audit, summarise the audit work carried out for the 2018-19 financial year and present their Audit of Financial Statements Report, which requires the appointed auditor to report those key findings to those charged with governance.

The Interim Group Manager Chief Accountant reported on a number of amendments required to the accounts, including pensions amendments as a result of a recent Supreme Court pensions case ruling; reclassification amendments and a number of exit package amendments. The Interim Group Manager also noted a number of asset valuation amendments which were identified during the interim audit but which had already been amended in the pre-audit Statement of Accounts presented to Committee in June. He also noted that a number of notes to the accounts were amended that did not affect the core financial statements or the financial position of the Council. Details of the amendments were contained within the Auditor's Report.

The Financial Audit Manager, Wales Audit Office informed the Committee that the Wales Audit Office is to issue an unqualified and clean audit certificate, the accounts will be certified on 13 August 2019. He also informed the Committee that the quality of the accounts are good and there has been a good level of engagement with officers. Since the signing of the unaudited Statement of Accounts by the Responsible Financial Officer and their presentation to the previous meeting of the Audit Committee, the external audit has taken place, resulting in a number of amendments being made to the financial statements. He highlighted recommendations arising from the 2018-19 financial audit work. He stated that the McCloud Judgement in relation to public sector pension reforms which amounted to direct age discrimination being unlawful, had resulted in a revised pensions actuary report being sought, requiring amendments to the cost of services within the Comprehensive Income and Expenditure Statement of £8.24M along with an associated increase in the Pensions Liability and Pensions Reserve in the Balance Sheet. This has been reflected through the Movement in Reserves, cash flow statement and associated notes to the accounts. He stated that the UK Government is looking at introducing changes to public sector pensions.

The Financial Audit Manager also informed of the early closure project, which, from 2021 requires the accounts be approved by Committee and the Auditor by 31 July. He requested that consideration be given to holding an Audit Committee on 30 July 2020.

The Committee requested that reference to Wales being described as a Principality be removed from the narrative of Bridgend as a Place.

The Chairperson on behalf of the Committee thanked officers in the Finance Department for meeting the stringent timescales in producing the Statement of Accounts.

The Financial Audit Manager informed the Committee of the Porthcawl Harbour Annual Return for the year ended 31 March 2019, it was the intention of the Wales Audit Office

to issue an unqualified certificate for the accounts and there no matters in respect of the opinion to be drawn to the attention of the Committee.

RESOLVED: That the Committee:

(1) Approved the audited Statement of Accounts 2018-19 and amendments therein;
(2) Noted the appointed auditor's Audit of Financial Statements Report;
(3) Noted and agreed the Final Letter of Representation to the Wales Audit Office.

148. CORPORATE RISK ASSESSMENT

The Interim Head of Finance and Section 151 Officer reported on an update on changes to the Corporate Risk Assessment, in accordance with the Council's risk management timeline, contained within the Council's Risk Management Policy.

The Interim Head of Finance and Section 151 Officer informed the Committee that the risk assessment had been reviewed in consultation with the Corporate Management Board and Senior Management Team. It identifies the main risks facing the Council, their link to the priority themes, the likely impact of these on Council services and the wider County Borough, what is being done to manage the risks and who is responsible for the Council's response. The Interim Head of Finance and Section 151 Officer summarised the changes to the risks.

The Committee expressed concern at changes which had been made to risks which had impacted in a number of scores being reduced and questioned how the risk appetite was calculated and decided on. The Interim Head of Finance and Section 151 Officer stated there was a need for officers to decide on the appropriate level of risk to escalate to the Corporate risk register and each Directorate has a risk register. She considered that mitigating actions have been put in place in the risk register and stated that she would take the Committee's concerns back to the Corporate Management Board for consideration.

The Committee also wished to be assured there was sufficient challenge across the authority in reviewing risk scores. The Committee was also concerned at the level of risk being reduced from 3 to 2 for Risk 1 as the Council faces considerable challenges in making savings in order to meet the requirements of the Medium Term Financial Strategy. The Committee considered that some of the risks reported were being presented as being too positive and expressed concern in relation to the score being reduced in Risk 8 in the event that the Council is unable to attract or retain staff with the necessary skills to meet the demands placed upon the authority and its services.

The Committee requested a breakdown of staffing risks per Directorate on Risk 8 – vacancies, cover etc. with the potential for sickness to increase as a consequence of the Council being unable to attract or retain a workforce with the necessary skills to meet the demands placed upon it.

RESOLVED: That the Committee considered the changes to the Corporate Risk Assessment and requested a further report in November 2019 on the matters above with an updated risk register.

149. CORPORATE FRAUD REVIEW 2018-19 & NATIONAL FRAUD INITIATIVE UPDATE

The Audit Client Manager reported on a summary of how the Council manages the risk of fraud with an aim of prevention, detection and subsequent investigation and reporting of fraud. She also presented an update to the latest National Fraud Initiative (NFI exercise).

The Audit Client Manager reported that the Council sets high standards for both Members and Officers in the operation of the Council's affairs and has always dealt with any allegations or suspicions of fraud, bribery and corruption promptly. It has in place policies, procedures and reporting mechanisms to prevent, detect and report on fraud, bribery and corruption. These include the Fraud Strategy and Framework, a Whistleblowing Policy, ICT Code of Conduct and the Anti-Fraud and Bribery Policy. She stated that Fraud Strategy and Framework 2018/19 to 2020/21 was reviewed and reported to the Audit Committee in January 2019 and continues to underpin the Council's commitment to prevent all forms of bribery and corruption, whether it be attempted externally or from within. There have been no new guidance since this date and therefore no changes are proposed to the existing strategy.

The Audit Client Manager reported that Fraud Strategy and Framework includes reactive and proactive work. The proactive work was presented in an action plan which had been updated and the progress of which was highlighted by the Audit Client Manager which set out the developments the Council proposes over the medium term future to further improve its resilience to fraud and corruption. She stated that effective fraud awareness training for Members and Officers is being developed. A schools anti-fraud toolkit has been drafted with a supporting self-assessment health check.

The Interim Head of Finance and Section 151 Officer informed the Committee of a recent enforcement exercise undertaken by the authority against the fraudulent abuse of the Blue Badge scheme. The Council had worked in partnership with a specialist team from Portsmouth City Council which resulted in 68 interventions, 15 of which were serious enough for fixed penalties to be issued, with further action under consideration. Officers provided advice to drivers clarifying the correct use of the scheme, however the Council had warned that abuse of the service will not be tolerated. The Interim Head of Finance and Section 151 Officer informed the Committee that the misuse of a Blue Badge can be subject to a penalty on conviction of up to £1,000, potentially increasing to more than £5,000 in cases of fraud.

The Audit Client Manager also reported that the National Fraud Initiative data matching exercises were conducted in 2016 and 2018 and of significance were the results of matches for individuals in receipt of Single Person Discount. She stated that the matches for the most recent data matching exercise undertaken in 2018 had been released. To date, 729 matches had been reviewed with a total value of £39,576 being identified as potential fraud or error with £15,522 having been recovered.

The Committee requested that an explanation on the reasons for the difference between the amounts over claimed and recovered for those in receipt of Single Person Discount as part of the 2016 exercise.

RESOLVED: That the Committee noted the report, the measures in place and the work being undertaken to prevent and detect fraud and error.

150. UPDATED FORWARD WORK PROGRAMME 2019/20

The Head of Regional Audit Service presented an update on the 2019/20 Forward Work Programme. He stated that in order to assist the Committee in ensuring that due

consideration had been given by the Committee to all aspects of their core functions an updated Forward Work Programme was submitted.

The Head of Regional Audit Service informed the Committee that the Whistleblowing Policy scheduled for the January meeting of the Committee would instead be presented to the Standards Committee.

The Chairperson requested that the meeting of the Audit Committee be moved from 23 January 2020 to 30 January 2020. The Interim Head of Finance confirmed that an announcement would be made at the next meeting of Council to change the date of the meeting.

RESOLVED: That the Committee noted the updated Forward Work Programme 2019/20.

151. URGENT ITEMS

There were no urgent items.

The meeting closed at 15:15

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE CORPORATE DIRECTOR OF SOCIAL SERVICES AND WELLBEING

INTEGRATED CARE FUND GOVERNANCE

1. Purpose of Report.

1.1 The purpose of this report is to provide the Audit Committee with an overview of the Regional Integrated Care Fund and the governance and monitoring arrangements surrounding the fund.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:-

- **Helping people to be more self-reliant** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.

- **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background.

3.1 At their meeting held on the 8th August 2019 the Audit Committee received a report from the Wales Audit Office regarding the Integrated Care Fund (ICF), when it was explained that the fund is apportioned and allocated by the Welsh Government to Regional Partnership Boards across Wales.

3.2 Following consideration of the report, the Audit Committee requested that the Corporate Director Social Services and Wellbeing provide a briefing to the Audit Committee on the Integrated Care Fund.

4. Current situation / proposal.

4.1 As a result of the Health Board boundary change in April 2019 Bridgend County Borough Council has re-aligned partnership working from the former Western Bay region to the newly established Cwm Taf Morgannwg Region. This change has resulted in officers and elected members working with new partners and establishing new regional partnership arrangements. This has included the allocation, influence and management of the Regional Integrated Care Fund which remains under the approval of the Regional Partnership Board.

4.2 The Regional Partnership Board is made up of representatives from each of the public sector organisations in the region, and also a range of other representatives that

include third sector organisations in the region such as BAVO, care provider representatives, and service user and carer representatives. The Bridgend CBC representatives are Cllr Huw David – Leader, Bridgend County Borough Council, Cllr Phil White – Cabinet Member for Social Services and Early Help, Cllr Dhanisha Patel –Cabinet Member for Wellbeing and Future Generations, Susan Cooper Corporate Director of Social Services and Wellbeing.

4.3 In Cwm Taf Morgannwg region, the Governance structure that oversees the ICF process involves three stages: Stage 1 - Area Plan Delivery and Implementation Group, Stage 2 - Transformation Leadership Group, Stage 3 - Regional Partnership Board.

4.4 The move of Bridgend into the new Cwm Taf Morgannwg Region has resulted in the Region undertaking a review of its Governance arrangements and this is still being progressed. **Appendix 1** provides a diagram of the current governance structure that operates in the Cwm Taf Morgannwg Region. The expectations are that the current governance review will continue with a similar three tier structure consisting of the Regional Partnership Board, a Programme Board (to replace the existing Transformation Leadership Group) and a separation of the Area Planning Delivery and Implementation Group into smaller more focused service based groups such as Adults' and Children's Groups.

4.5 It is intended that the new Governance structure will be ready to be implemented from April 2020.

ICF Revenue

4.6 The Cwm Taf Morgannwg Regional Partnership Board has seen its ICF Revenue allocation increase from **£5.608m** to **£12.7m** during 2019/20. This is due to inclusion of the Bridgend ICF allocation that was transferred from the former Western Bay Region and also includes increased funding available through Welsh Government. To assist Bridgend transition into the new Region, it was agreed that Bridgend would ring fence its previous ICF Revenue allocation provided to Western Bay for 2019-20 which totalled £1.988 million.

4.7 For both Revenue and Capital allocations, regions have to establish bidding and allocation processes, by which organisations can develop bids, that have to be aligned to the Welsh Government criteria as set out in ICF Annual Guidance. The guidance identifies service "priority groups" such as Older People with Complex Needs, People with a Learning Disability, Children at Risk of becoming Looked After, and Carers etc., and stresses the importance of Integrated Working and developing and delivering collaborative approaches.

4.8 There are also examples of some ICF Revenue being ring fenced to themes identified by Welsh Government as being specific priorities to deliver national strategies. Therefore the Integrated Autism Service, Dementia Action Plan and Welsh Community Care Information System provide examples of how specific ICF allocations are ring fenced within each regional allocation.

4.9 Completed bids for the ICF Revenue allocation therefore range from those from a single organisation, to integrated Health and Social Care bids, and also regional collaborative approaches that may consist of all local authorities or one local authority plus Health Board. It is important to note that some ICF bids are for previous or existing schemes that are carried over from year to year, and such schemes are currently dependent on ICF.

4.10 The process that considers bids for ICF Revenue allocation is prescribed and starts with each organisation agreeing appropriate proposals and ensuring that they meet the expected criteria which includes meeting the local and regional service priorities. These proposals are approved locally and submitted to the Regional Commissioning Team that serve the Cwm Taf Morgannwg Regional Partnership Board to be considered as part of the regional bidding process.

4.11 All bids are then compiled and progressed through the regional governance structures in order to be prioritised and approved. **Appendix 2** provides a summary of ICF Revenue bids that have been awarded to Bridgend CBC for the current financial year 2019/20.

4.12 The approved bids form the Cwm Taf Regional Partnership Board ICF Revenue Plan which is submitted to Welsh Government for final approval. The Cwm Taf Morgannwg regional ICF Revenue Plan for 2019/20 was submitted to Welsh Government on the 13th May 2019 and the written agreement that confirmed approval and set out the conditions of the offer was notified to the region at the end of July.

4.13 In order to ensure the grant is used for the purposes intended and achieves objectives as set out the ICF Guidance (April 2019) all projects are required to comply with the following reporting which includes the reporting of outcomes that is based on Results Based Accountability (RBA) methodology:

	Period	**Due to WG**	**Type of Report**
Quarter 2 Report	1st April to 30th September 19 (inclusive)	By 31st October 2019	**Finance & RBA Outcome Report** by Tuesday 15th October 19
Quarter 3 Report	1st April to 31st December 19 (inclusive)	By 31st January 2020	Finance & Project Status Report by Wednesday 15th January 20
Quarter 4 Report	1st April 19 to 31st March 20	By 30th April 2020	**Finance & RBA Outcome Report** by Monday 20th April 20

4.14 Due to the delays in Welsh Government approval for new schemes in particular, some ICF Revenue projects have been delayed which has impacted on any progress made during Quarters 1 and 2 and will inevitably result in ICF Revenue slippage and the need for the region to consider either previous bids that were not successful or create the opportunity for new bids.

ICF Capital

4.15 For 2019/20 the capital allocation for the Cwm Taf Morgannwg Region is £5,049,000 which is inclusive of £1,500,000 capital transferred from Western Bay into the new region. A further uplift is identified for 2020/21 to an estimated total of £5,771,000.

4.16 The Regional process for considering Capital ICF bids is similar to that used for the ICF Revenue process. Bids are developed by local organisations and submitted to the Regional Team who then compile all bids and present to the three stages of governance identified above. This process produces the capital programme for the region which is submitted to Welsh Government for consideration.

4.17 One key difference between ICF Revenue and ICF Capital Allocation is that the capital allocation can be separated into two parts being Main Capital Programme (MCP) for schemes over £100,000 and Discretionary Capital Schemes (DCP) for schemes under £100,000. Whilst there is not a requirement for regions to have DCP

schemes, Welsh Government impose a limit on the DCP allocation to a maximum of up to 20% of the total capital funding available for the Region in 2019/20. **Appendix 3** provides a summary of ICF Capital bids (for both DCP and MCP) that have been awarded to Bridgend CBC for the current financial year 2019/20.

4.18 Whilst the Main Capital Plan was submitted to Welsh Government on 5th June for approval, the decision making processes in Welsh Government meant that the confirmation offers were not returned to the region until late August. This will result in some projects having difficulty in spending the allocated funding and as with the revenue allocation will result in funding slippage and the need for new bids to be considered and processed.

Monitoring of Spend

4.19 The monitoring of ICF Revenue and Capital spend is based on quarterly reporting requirements as set out by Welsh Government and overseen by the Cwm Taf Morgannwg Regional Team.

4.20 Whilst there are regional mechanisms to oversee spend such as the Transformation and Leadership Group and Regional Partnership Board, there are also local arrangements that Bridgend have developed that include regular budget monitoring updates with Finance officers and designated service leads.

5. Effect upon Policy Framework& Procedure Rules.

5.1 None.

6. Equalities Impact Assessment

6.1 There are no equality implications.

7. Well-being of Future Generations (Wales) Act 2015 Assessment

7.1 As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report. However, the Integrated Care Fund is a combination of capital and revenue funding, and in allocating this funding the RPBs must demonstrate how the proposed projects complement key policies/legislation, including the Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations (Wales) Act 2015.

7.2 It is of relevance that the ongoing review of Regional Governance is considering how the Regional Partnership Board and Public Services Board work more closely in order that priorities can be aligned between the Boards where appropriate.

8. Financial Implications.

8.1 For 2019/20 Bridgend CBC have been successful in attracting £2,411,454 pounds ICF Revenue and £1,390,000 million pounds ICF Capital Funding.

9. Recommendation.

9.1 It is recommended that the Audit Committee note the report for information.

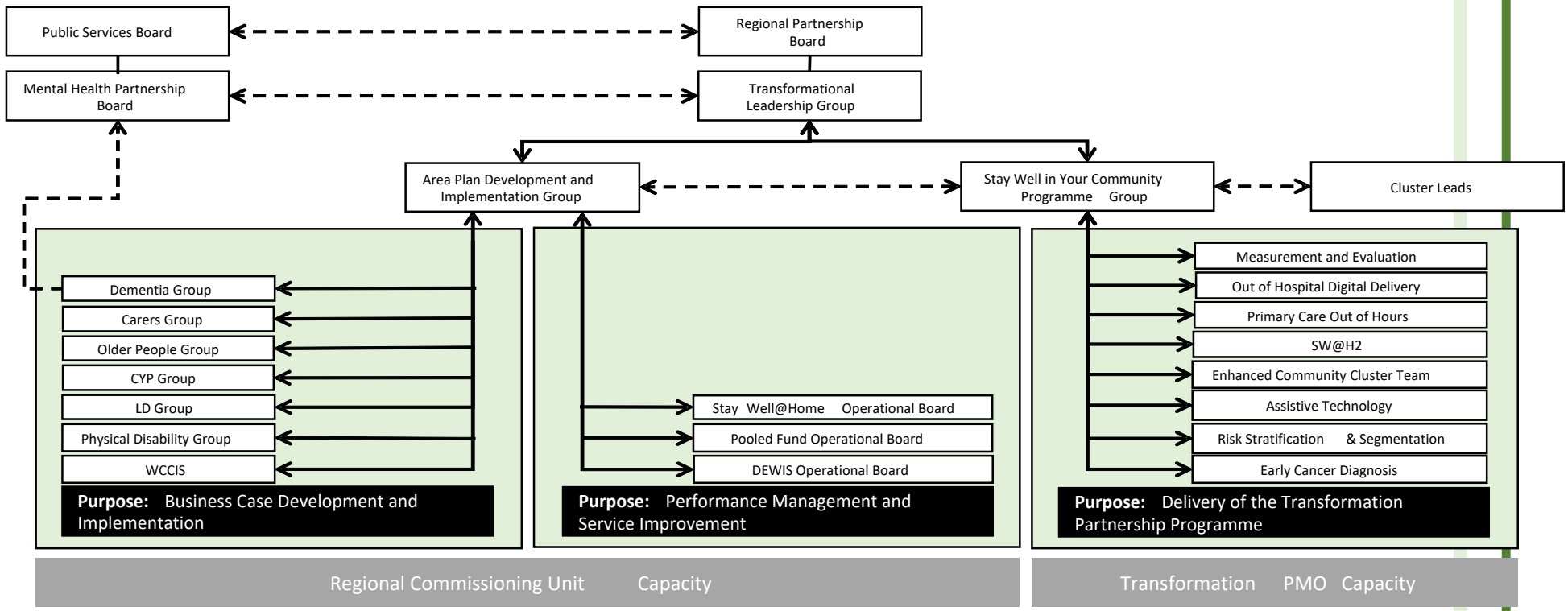
Contact Officer: Susan Cooper
Corporate Director Social Services and Wellbeing Directorate

Telephone: (01656) 642251

E-mail: Susan.Cooper@bridgend.gov.uk

Background Documents: None

Cwm Taf Social Services and Wellbeing Partnership Governance



Appendix 2

ICF Revenue Bids allocated to Bridgend during current Financial Year 2019/20

Project Name	Bid Value FY 19/20
Enhanced Capacity - Hospital Discharge Support and Mobile Response team (3-4 FTE)	£130,000
Closer to Home Project - Complex Care, LD clients to remain independent	£150,000
Commissioning for Complex Needs (Staffing 2 x FTE) (Outcome Based Assessments)	£150,000
Connecting Communities Project - Prevention & Wellbeing, Community Coord Service & support to be increased (5 Community Support Workers)	£170,000
	£40,000
(EX 1) Community Services Partnership	£707,000
(EX 2) Commissioning for complex needs (2FTEs)	£110,000
(EX5A) 1. Third Sector Rapid Response Team HP Service	£19,600
(EX5B) 2. Third Sector Dementia First Casework Service	£34,500
(EX5C) 3. Third Sector Moving Forward at Y Bont	£35,238
(EX6) Bridgend Carers Integrated Support ICF schemes (Bridgend Carers)	£55,000
Bridgend Carers Integrated Support	£33,000
Practice Support Workers (PSW) - Rapid Response Team (3-4 x FTE)	£149,844
CAMHS	£50,000
Early Help Hubs (Family Support Workers) (prevent Children entering Care)	£131,736
Emotional Wellbeing, Resilience Support (Primary School Children)	£138,536
(EX 3) MAPPS Service – Continuation of Western Bay contribution: social workers, therapists, family workers	£153,000
(EX4) CAHMS Liaison Support (is this CTUHB?)	£54,000
(EX7) Transitional Social Work Team for planning of placements between adults and childrens'	£100,000
TOTAL ICF Revenue Allocation to BCBC 2019/20	£2,411,454

Appendix 3

ICF Capital Bids allocated to Bridgend during current Financial Year 2019/20

ICF Discretionary Capital Schemes

Delivery Organisation	Project Type and Description	Revised Costs
Bridgend	Feasibility study to explore options for under-utilised space in Maesteg Sports Centre	£20,000.00
Bridgend	Reconfigure entrance way, signage and access for LD & Disabilities etc	£45,000.00
Bridgend	Purchase Mobile Vehicle for Mobile Response Service	£20,000.00
	Sub Total:	**£85,000.00**

ICF Main Capital Programme Schemes

Delivery Organisation	Project Name	Project Type	Project Description	Project Allocation
Bridgend	MCP 10 Childrens' Accommodation Placement Hub	Larger scale building re-modelling or adaptation (not supported by existing mainstream programmes).	Creation of a Childrens Accommodation placement Hub	£600,000
Bridgend	MCP 11 Core & Cluster Accommodation Schemes for Learning Disabilities	Capital projects which support new and innovative integration of health, social care and/or housing.	Purchase land/and buildings to create 10 new specifically designed accommodation for those with complex health and learning difficulties	£480,000
Bridgend	MCP 12 Integrated Community Services Base	Integrated facilities (such as a regional "hub" approach to an ICF led service provision) – both re-modelling and new provision.	Increase footprint area of existing Integrated Services Team, at the Trem y Mor Resource Centre	£200,000
Bridgend	MCP 13 Maesteg Hospital	Larger scale building re-modelling or adaptation (not supported by existing mainstream programmes).	Hospital Community Services adaptation	£25,000

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE HEAD OF LEGAL AND REGULATORY SERVICES

AUDIT COMMITTEE ACTION RECORD

1. Purpose of report

1.1 The purpose of this report is to provide Members with an update on the Audit Committee Action Record.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

1. **Supporting a successful economy** – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.

2. **Helping people to be more self-reliant** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.

3. **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 An Action Record has been devised to assist the Committee in tracking the decisions made by the Committee in the exercise of its functions.

4. Current situation/proposal

4.1 In order to assist the Audit Committee in ensuring that decisions made by the Committee are actioned and implemented, the Action Record is attached at **Appendix A.** The Action Record will be presented to each meeting of the Committee for approval.

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications arising from this report.

9. Recommendation

9.1 That the Audit Committee consider the Action Record.

Kelly Watson
Head of Legal & Regulatory Services
5 November 2019

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Background Documents

None

Date of Committee	Title of report/ Agenda Item	Actions	Responsible Officer	Updated Timeframe for response	Comment	Status RAG
26 April 2018	EXTERNAL AUDIT ANNUAL AUDIT PLAN 2017-18.	An audit to be undertaken by the internal shared service, in addition to one carried out by lead authority of Cardiff city council and/or Cardiff City Deal Joint Committee, to ensure accountability was shown by BCBC as a participating authority.	Chief Internal auditor	Review Sept 2019	Awaiting for new City Deal projects to be approved as still currently only one project is live and then an Internal Audit review can begin.	Amber
6 September 2018	WALES AUDIT OFFICE – OVERVIEW AND SCRUTINY – FIT FOR THE FUTURE?	• Proposed to benchmark overview and scrutiny in BCBC against other neighbouring authorities. • The WAO representative added could take away proposals for improvement to see if any assistance could be provided by WAO. • Committee felt that would be appropriate for more training to be undertaken in in the area of overview and scrutiny.	Senior Democratic Services Officer Financial Audit Manager – WAO	Completed	Research has been undertaken and will continue to be undertaken by the Scrutiny Team to look at best practice elsewhere, particularly how other local authorities get the public involved in the scrutiny process. The Scrutiny Team plays an active role in the South East Wales Scrutiny Officers' Network, which is made up of 10 local authorities based on the Cardiff Capital Region City Deal footprint. The Network is a very useful means of exchanging ideas and good practice. A training day was held at a recent Network which	Green

					was delivered by an external trainer on good practice in Scrutiny.	
Date of Committee	**Title of report/ Agenda Item**	**Actions**	**Responsible Officer**	**Updated Timeframe for response**	**Comment**	**Status RAG**
15 November 2018	WALES AUDIT OFFICE REPORT ON THE SERVICE USER PERSPECTIVE OF DISABLED FACILITIES GRANT.	• Case studies are to be undertaken where properties have benefited from DFGs and reported to Committee for information. • Head of Finance to provide report to Committee providing action plan relating to WAO recommendations. • Disclose to the Committee the fee paid to the agent to support service user through the building process.	• Group Manager Housing • Interim Head of Finance • Group Manager Housing	November 2019	The Group Manager Housing will provide an update report to November's Audit Committee which will include an update on the WAO recommendations Response provided after the Committee	Amber
	AUDIT REPORT – INFORMATION MANAGEMENT FOLLOW UP.	• In response to question from Committee for information on the GDPR Implementation Board and Governance Board, Chief internal Auditor stated that she would provide the Committee with details of the composition, terms of reference and frequency of meetings of those boards. • Request Group Manager ICT to attend to provide a report	• Chief Internal Auditor • Group Manager ICT -	November 2019 Completed	The RIASS has undertaken an audit on the implementation of GDPR – once the report is finalised an update will be reported to Committee	Green Green

		addressing the actions in relation to information management.			Group Manager ICT reported to Committee on 13 December 2018.	
Date of Committee	**Title of report/ Agenda Item**	**Actions**	**Responsible Officer**	**Updated Timeframe for response**	**Comment**	**Status RAG**
17 January 2019	AUDIT REPORT – WALES AUDIT OFFICE – DIGITAL RISK DIAGNOSTIC RESPONSE.	The SIRO should ensure that access to the Data Security Breach Incident tracker is adequately access - restricted.	Head of Partnerships and Performance	November 2019	A report is being drafted by SWAP as a follow on from the healthy organisation report that will provide assurance that access to the Data Security Breach Incident tracker is secured. Access to the tracker has been found to be satisfactory by SWAP in the Healthy Organisation – Information follow up Review(September 2019)	Green
January 2019	CORPORATE RISK ASSESSMENT, CORPORATE RISK MANAGEMENT POLICY AND INCIDENT AND NEAR MISS REPORTING PROCEDURE.	Proposed Committee considers annual report summarising incidents and near misses recorded and action taken to prevent reoccurrence of these/ others. A further report would have to be presented to Council, seeking amendment to the Committees	Interim Head of Finance	August 2019	Update Report will be presented to Committee Legal advised that the terms of reference for Audit Committee were	Amber

		Terms of Reference within the Constitution, to include this function.			sufficient to cover off this task	
Date of Committee	**Title of report/ Agenda Item**	**Actions**	**Responsible Officer**	**Updated Timeframe for response**	**Comment**	**Status RAG**
April 2019	INTERNAL AUDIT – FINAL OUTTURN REPORT.	The Committee was to be updated on progress of Internal audit work. Quarterly updates provided as planned	Head of Internal Audit	In Forward Work Programme for November 2019	Report to November Committee	Green
April 2019	REGIONAL INTERNAL AUDIT SHARED SERVICE CHARTER 2019/20	Harmonisation of the Audit Committees terms of reference with neighbouring authorities. Suggested consideration for potential networking initiative – Chairs of Audit Committees of neighbouring authorities to meet up and share best practice.	Head of Internal Audit	In Forward Work Programme for November 2019	All Wales Session planned for Audit Committee Chair on 11th October 2019.	Green Green
8 August 2019	WALES AUDIT OFFICE PERFORMANCE WORK UPDATE	The Interim Head of Finance to confirm with the Wales Audit Office how various pieces of performance work relates to the different years, and a briefing to be provided to the next Audit Committee.	Interim Head of Finance			

8 August 2019	WALES AUDIT OFFICE INTEGRATED CARE FUND REPORT	1) The Wales Audit Office to suggest actions and targets on how to test and monitor the effectiveness of the Integrated Care Fund. 2) Democratic Services Manager to confirm whether a report on the Integrated Care Fund is on the Overview and Scrutiny Forward Work Programme and if not, a further report be brought to the Audit Committee on the Integrated Care Fund.	WAO Democratic Services Manager			Green
8 August 2019	STATEMENT OF ACCOUNTS 2018-19	Consideration to be given to holding an Audit Committee on 23 July 2020 to coincide with the signing off of the Statement of Accounts. Reference to Wales being described as a Principality to be removed from the narrative of Bridgend as a Place.	Democratic Services Manager Interim Head of Finance			
8 August 2019	CORPORATE RISK ASSESSMENT	Breakdown required on staffing risks per Directorate i.e. vacancies, cover etc. on Risk 8 and the potential for sickness to increase as a consequence of the Council being unable to attract or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services.	CMB			

8 August 2019	CORPORATE FRAUD REVIEW 2018-19 & NATIONAL FRAUD INITIATIVE UPDATE	Explanation to be brought to the November meeting of the Audit Committee on the reasons for the difference between the amounts over claimed and recovered for those in receipt of Single Person Discount.	Interim Head of Finance / Head of Regional Audit			
8 August 2019	UPDATED FORWARD WORK PROGRAMME 2019/20	Meeting of the Audit Committee to be moved from 23 January 2020 to 30 January 2020.	Democratic Services Manager		Announcement to be made at Council in September to amend the date of Audit Committee.	Green

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

WALES AUDIT OFFICE ENVIRONMENTAL HEALTH SERVICES – FOLLOW UP REVIEW

1. Purpose of this report

1.1 The purpose of this report is to submit the Follow Up report on Environmental Health Services, produced by Wales Audit Office (WAO), attached as **Appendix A,** for noting.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priorities:

Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.

Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 Wales Audit Office undertook this piece of work as a follow up to a national report that was published in October 2014 entitled 'Delivering with less – the impact on environmental health services and citizens'. The local review in 2019 assessed whether there have been any budget and staff changes within the Council's environmental health services and the extent to which it has addressed the recommendations included in their 2014 national report. In respect of this recent review, WAO focused on the Council's progress in addressing recommendations 2, 3, 4, and 5, namely:

R2 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.

R3 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.

R4 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 publicise 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.

R5 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.

3.2 The review was undertaken between April and July 2019, and involved interviews with a selection of officers and members and review of documentation.

3.3 Since the national review was undertaken in 2014, from 1 May 2015 Cardiff Council, Bridgend County Borough Council and the Vale of Glamorgan County Borough Council have been operating under a joint working agreement known as the shared regulatory service (SRS). The SRS provides environmental health, licensing and trading standards services.

4. Current Situation / Proposal

4.1 The follow up review in 2019 sought to answer the question: Is the Council's environmental health service continuing to deliver its statutory obligations given the financial challenges?

4.2 Overall, WAO found that the shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of

reducing resources and additional responsibilities placed on it by ongoing changes in legislation. They felt that there is scope for the Council to strengthen its scrutiny and oversight arrangements of environmental health services and work with SRS and other providers to explore the opportunities for future improvement

4.3 WAO reached this conclusion because:

- resources available to environmental health services have reduced since 2014-15 but the Council's performance has been maintained by collaborating with two other councils through the SRS.
- whilst the Council and SRS are confident that environmental health obligations are being met, neither have explicitly assessed if this is the case. They felt that the Council and SRS should work together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions.
- governance and performance management frameworks are robust but arrangements for review and challenge of performance information could be formalised.
- the Council should improve independent challenge, member oversight and scrutiny in relation to environmental health services provided by the Council, the SRS and other providers.
- the Council has consulted key external stakeholders on significant changes to environmental health services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate
- the Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions.

4.4 WAO has identified ten proposals for improvement following the review. These apply to both services provided by the SRS and by the Council. These are set out on page 7 of the report.

5. Effect upon policy framework and procedural rules

5.1 The Report does not have any impacts on policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report

8. Financial implications

8.1 There are no financial implications relating to the report.

9. Recommendations

9.1 It is recommended that Audit Committee:

- Note the WAO Environmental Health Services Follow Up Report (**Appendix A**)

Gill Lewis CPFA
Interim Head of Finance and Section 151 Officer
November 2019

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Background documents: None

APPENDIX A

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Delivering with Less – Environmental Health Services – Follow-up Review – **Bridgend County Borough Council**

Audit year: 2018-19

Date issued: September 2019

Document reference: 1549A2019-20

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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.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The work was delivered by Grant Thornton UK LLP under the direction of Huw Rees.

Summary report

The shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. There is scope for the Council to strengthen its scrutiny and oversight arrangements of environmental health services and work with SRS and other providers to explore the opportunities for future improvement.

Summary report

Proposals for Improvement 7

Detailed report

Resources available to environmental health services have reduced since 2014-15 but the Council's performance has been maintained by collaborating with two other councils through the SRS 9

Whilst the Council and SRS are confident that environmental health obligations are being met, neither have explicitly assessed if this is the case. The Council and SRS should work together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions 14

Governance and performance management frameworks are robust but arrangements for review and challenge of performance information could be formalised 15

The Council should improve independent challenge, member oversight and scrutiny in relation to environmental health services provided by the Council, the SRS and other providers 16

The Council has consulted key external stakeholders on significant changes to environmental health services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate 17

The Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions 18

Appendices

Appendix 1 – Auditor General's recommendations – Delivering with less – the impact on environmental health services and citizens, October 2014 20

Appendix 2 – Council's progress in addressing the Auditor General's recommendations 23

Summary

What we reviewed and why

1 In October 2014, the Auditor General published a national report, **Delivering with less – the impact on environmental health services and citizens** (see Appendix 1 for the recommendations from that report). Our local review in 2019 assessed whether there have been any budget and staff changes within the Council's environmental health services and the extent to which it has addressed the recommendations included in our 2014 national report. For the purposes of this review, we focused on the Council's progress in addressing recommendations 2, 3, 4, and 5.

2 Councils have numerous statutory environmental health duties and citizens highly value many of the environmental health services provided. Furthermore, environmental health services directly impact upon the health, wellbeing and safety of residents and visitors to Wales.

3 Environmental health services cover a range of issues, such as food safety, pest control, dog control, housing and reducing the causes and effects of air pollution.

4 To inform our findings, we interviewed a selection of officers and members, whose remit includes the Council's environmental health arrangements. We also reviewed relevant documentation.

5 We undertook the review during the period April 2019 to July 2019.

Background

6 Since 1 May 2015, Cardiff Council, Bridgend County Borough Council (the Council) and the Vale of Glamorgan County Borough Council have been operating under a joint working agreement known as the shared regulatory service (SRS). The SRS provides environmental health, licensing and trading standards services.
The Council continues to provide other services outside the SRS, as listed in paragraph 11.

7 The SRS has a single management team working across the three Councils. It operates under a joint agreement between the participating councils. It is governed by a Management Board (officer-led) and a Joint Committee, consisting of six elected members, two from each council.

8 The SRS provides core services (functions common to all councils) and specific services unique to each council. Core services are jointly funded, and the contribution of each council is based on their population.

9 The SRS was established to make more effective use of councils' resources and to enable the three councils to continue to deliver high-quality services whilst reducing costs.

10 This report provides an assessment of Council's environmental health service performance including services delivered directly by the Council (pest control, kennelling, and littering and fly-tipping enforcement) as well as those delivered jointly through SRS.

11 Exhibit 1 below sets out the services which were in scope of our review:

Exhibit 1: In-scope environmental health services

Services provided by the SRS	Services provided by the Council
Pollution control Food safety Health & Safety Infectious diseases Private sector housing Burial/cremation of persons deceased at public expense Illegal evictions and harassment	Pest control (outsourced to a third party) Littering Fly tipping

What we found

12 Our review sought to answer the question: Is the Council's environmental health service continuing to deliver its statutory obligations given the financial challenges?

13 Overall, we found that the shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. There is scope for the Council to strengthen its scrutiny and oversight arrangements of environmental health services and work with SRS and other providers to explore the opportunities for future improvement. We reached this conclusion because:

- resources available to environmental health services have reduced since 2014-15 but the Council's performance has been maintained by collaborating with two other councils through the SRS.
- whilst the Council and SRS are confident that environmental health obligations are being met, neither have explicitly assessed if this is the case. The Council and SRS should work together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions.
- governance and performance management frameworks are robust but arrangements for review and challenge of performance information could be formalised.

- the Council should improve independent challenge, member oversight and scrutiny in relation to environmental health services provided by the Council, the SRS and other providers.
- the Council has consulted key external stakeholders on significant changes to environmental health services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate
- the Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions.

Proposals for improvement

Exhibit 2: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review. Please note that the proposals for improvement apply to both services provided by the SRS and by the Council, unless stated otherwise.

Ref.	Proposals for improvement
P1	We found some evidence of cost, benefit and impact analysis being performed to enable decision-making around savings and changes to services. However, whilst consideration was given to the impact of staffing restructuring over the period between 2018-2021, it was also acknowledged amongst officers and members that the real impact of this will be largely unknown until £498k of savings begin to take effect. The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts.
P2	The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity if funding reduces in the future.
P3	When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services.
P4	The Council should introduce greater challenge of the level and quality of environmental health services provided by third parties, including the SRS under the Joint Working Agreement.
P5	The Council should strengthen its “client” / contract management of its environmental health services by:

Ref.	Proposals for improvement
	• adopting a more proactive approach to managing the performance of contractors (including the SRS) to enable the Council to hold its partners to account for their performance • reviewing the outsourced Mitie pest control contract, including the historical call out volume data, to seek to establish whether the current flat monthly fee payment structure represents value for money to the Council. This can be subsequently used to inform the contract renegotiation on renewal in 2020.
P6	The Council should work with SRS to undertake a review of business continuity and succession planning arrangements in relation to the SRS to mitigate the risk of overreliance on key individuals, such as the Head of SRS and operational managers.
P7	The Council should strengthen elected member oversight of its environmental health services, for example through more regular Scrutiny of services provided by third parties including the SRS.
P8	The Council should consider introducing more structured and targeted development and training opportunities for relevant members, which may be beneficial in the event of changes in personnel and in areas experiencing changes in legislation, e.g. air pollution/food safety/ infectious diseases.
P9	The Council should more clearly link any future decisions on changes to service levels to an assessment of impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate means of consulting should be decided on a case-by-case basis. However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on these decisions.
P10	The Council needs to build on initiatives such as the SRS Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.

Detailed report

The shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. There is scope for the Council to strengthen its scrutiny and oversight arrangements of environmental health services and work with SRS and other providers to explore the opportunities for future improvement

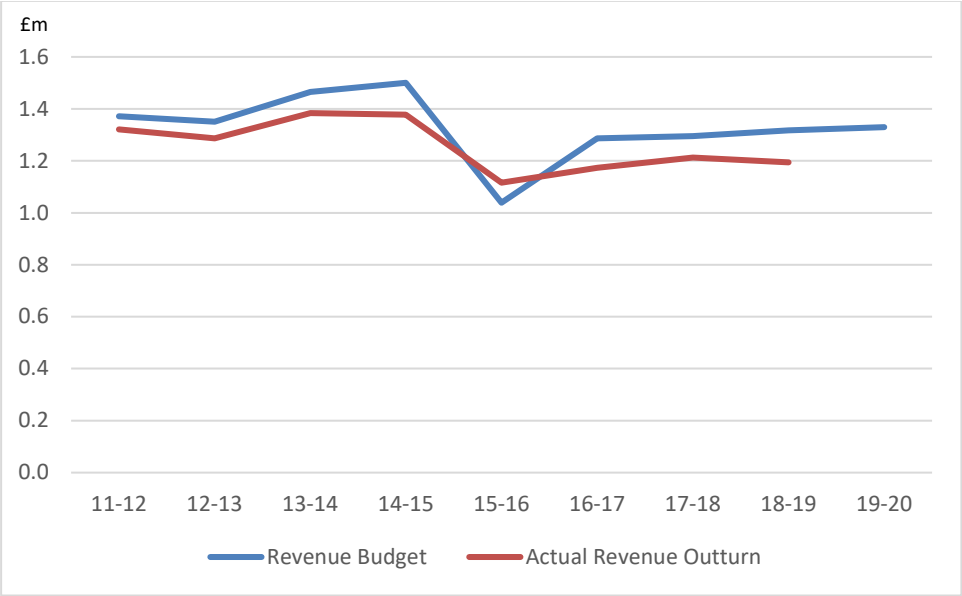
Resources available to environmental health services have reduced since 2014-15 but the Council's performance has been maintained by collaborating with two other councils through the SRS

14 The delivery of environmental health services through the SRS provides flexibility and resilience. Whilst resources have reduced the SRS has been able to shift resources as priorities change and issues arise. Through the SRS, the Council has been able to continue to deliver some non-statutory environmental health services, food hygiene events to support local businesses.

15 The cost of providing the services has reduced from £1.372 million in 2014-15 to £1.000 million in 2018-19 (revenue outturn, combined Bridgend and Bridgend SRS services, as illustrated in Exhibit 3, representing a reduction of 27%).

Exhibit 3: the net cost of environmental health services, Bridgend and Bridgend SRS combined – revenue Budget compared to outturn from 2011-12 to 2019-20

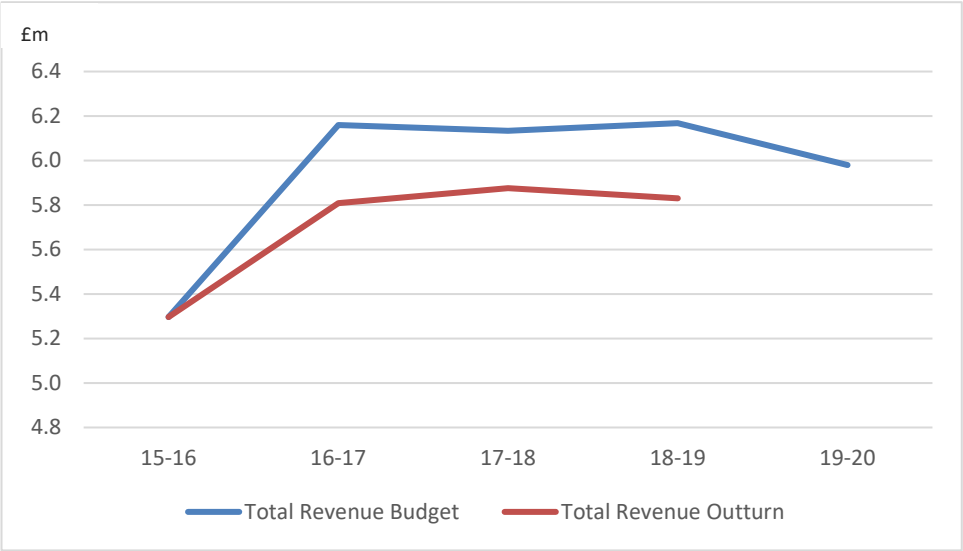
(This includes services that were retained by the Council as well as the cost of Bridgend SRS services, core and authority specific)



Source: Wales Audit Office Delivering with Less – Review of Environmental Health Services 2015, Bridgend County Borough Council and SRS

16 The SRS provides the majority of the Council's environmental health services, except for pest control, and littering and fly-tipping enforcement. Exhibit 4 below illustrates the cost of the SRS for all three councils, showing a trend in reduction in overall costs since the creation of SRS. As the SRS begun on the 1 May 2015, costs for 2015-16 only reflect 11 months of the year.

Exhibit 4: total cost of SRS, for all three Councils combined (including core and authority specific services)



Source: Bridgend County Borough Council and SRS

17 The creation of SRS delivered an immediate and significant saving in comparison to the total of the previous service budgets for the participating organisations. The SRS has agreed to deliver 5% budget reductions on an annual basis from 2018-19 to 2020-21. This represents a core budget reduction of £830,000 (of which £186,000 relates to Bridgend's contribution). These figures include all SRS services, including those outside the scope of this review, such as trading standards.

18 When the SRS was established administrative costs and overheads such as building costs remained with the individual councils. These overheads are not included within the financial information for the SRS (Exhibit 4) but are included within Exhibit 3.

19 The SRS achieved an underspend of £496,000 in 2018-19, of which it could retain £200,000. This underspend was achieved due to staff vacancies and restructuring of the service during 2018. The Joint Committee have agreed that this underspend can be retained by the SRS to invest in initiatives to address the current vacancies, rather than being returned to participating councils. This demonstrates that the three councils value the role of the SRS. The remaining underspend will be returned to the Councils based on the agreed funding formula.

20 The 2018-19 provisional outturn position for the SRS is illustrated in Exhibit 5 below.

Exhibit 5: 2018-19 provisional outturn position for the SRS

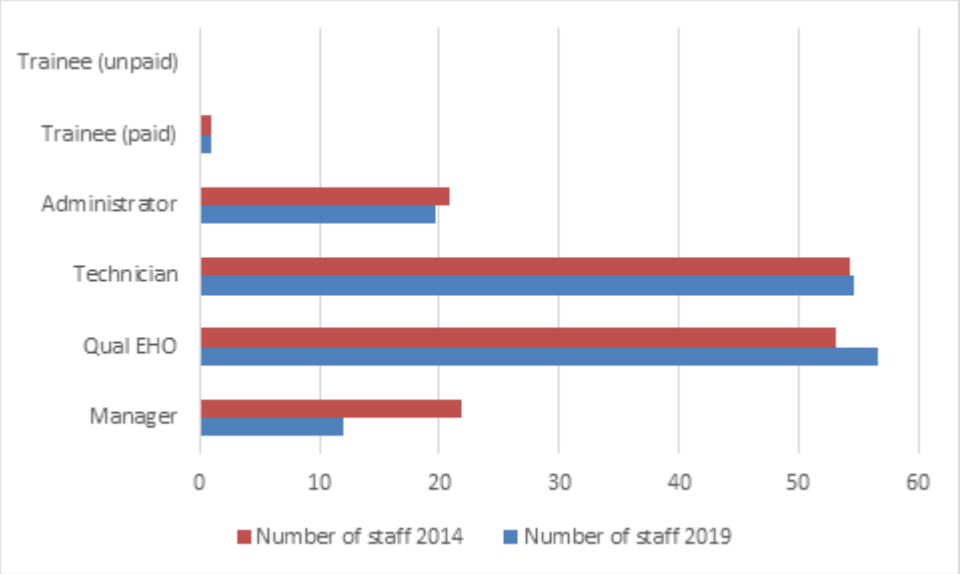
Council	Gross budget £000	Outturn £000	Variance £000
Cardiff	4,978	4,789	189
Bridgend	**1,774**	**1,602**	**172**
Vale	1,752	1,617	135
Total	**8,504**	**8,008**	**496**

Source: Joint Committee papers 11 June 2019. These figures are for all services provided by SRS and includes services outside the scope of this review, such as Trading Standards.

21 Staff numbers have reduced from 2014 to 2019. In 2014 the three councils together employed 151.15 FTEs compared to 143.92 FTEs employed by the SRS and the councils combined in 2019. There is a significant reduction in the number of management posts, as the number of qualified officers and technicians has increased. This is illustrated in Exhibit 6.

22 The percentage decrease in budget savings is comparatively higher than the percentage decrease in staff numbers. Through undertaking a detailed review of proposed staff cuts the SRS has been able to maintain its service provision whilst significantly reducing costs.

Exhibit 6: staff numbers (full time equivalents) employed by the SRS and the three councils combined (Cardiff, Vale of Glamorgan and Bridgend), 2014 compared to 2019



Source: 2014 figures – Wales Audit Office Delivering with Less – Review of Environmental Health Services. 2019 figures – Bridgend County Borough Council and the SRS.

23 Any future service changes should be subject to a transparent and thorough analysis of costs, benefits and impacts in order to anticipate and manage the risks arising. We found some evidence of cost benefit impact analysis being undertaken to enable decision-making in relation to these budget reductions. However, whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, it was also acknowledged amongst officers and members that the real impact of this on services and therefore local residents and businesses will be largely unknown until the £498,000 savings removed from the budget in 2019-20 begin to impact.

24 The Council is able to demonstrate stable or improving performance over time on the majority of its performance indicators, despite the reduction in resources.

25 The SRS reports to the Joint Committee on ten indicators relating specifically to the Council's services, excluding trading standards. Of these ten, in 2018-19 all indicators bar one (number of high-risk inspections of Category C businesses that were carried out during the year) achieved their target.

Whilst the Council and SRS are confident that environmental health obligations are being met, neither have explicitly assessed if this is the case. The Council and SRS should work together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions

26 The Joint Working Agreement commits the SRS to providing legally mandated statutory requirements as well as discretionary non-statutory services. The Joint Working Agreement sets out the activities to be undertaken for each service area but does not identify those which are statutory.

27 The officers interviewed were generally able to articulate statutory and non-statutory service requirements in relation to their areas of responsibility within environmental health services.

28 It is acknowledged amongst officers and members interviewed that the Council may not be able to maintain the same range of non-statutory service provision in the future when faced with further financial pressures.

29 Neither the SRS nor the Council has assessed whether the Best Practice Standards are being met, although local performance targets have been set.

30 The Council adopts an outcomes-based approach to service delivery, and has elected to maintain priority non-statutory services to assist in delivering wider corporate and public health objectives.

31 However, we note that the Council has not undertaken a review to assess the extent to which it is meeting statutory environmental health obligations, and SRS performance reports do not distinguish between statutory and discretionary services.

32 Clearly defining statutory services, as well as the baseline/upper acceptable standards of performance, would support officers and members in their decision-making around any future changes to services, and provide members with additional assurance that the Council is continuing to balance statutory requirements against strategic priorities relating to non-statutory services.

Governance and performance management frameworks are robust but arrangements for review and challenge of performance information could be formalised

33 Overall, there is a robust quarterly performance monitoring and management system in place for the SRS, with scrutiny and challenge provided through the Management Board and the Joint Committee.

34 The SRS Business Plan sets out the vision and priorities for the service, how these contribute to the seven well-being goals and each Council's corporate priorities and outcomes.

35 SRS Environmental Health objectives are aligned to the Council's overall strategic objectives and officers interviewed could articulate how the environmental health service contributes to achieving these. Officers and members interviewed represented that to date there have been no instances of conflicting interests between the Council and the SRS/other council members.

36 The Joint Committee has delegated authority for decisions relating to the SRS and monitors the performance of the SRS, avoiding duplication whilst enabling political representation and transparency. Council meetings at Bridgend are recorded, including reports delivered by SRS officers, and recordings are available on the Council's website.

37 The Management Board and the Joint Committee receive quarterly and annual performance reports, which is a requirement under the Joint Working Agreement. These reports focus on key performance indicators, supplemented by qualitative information, such as public complaints or client surveys. The performance reports cover individual Council performance, as well as SRS as a whole, and provide trend analysis for up to four preceding years. We consider the reports to be comprehensive and the breadth and coverage of data sufficient to enable informed internal decision-making.

38 Management information is used to provide a holistic view of the level and quality of service delivery. Where possible, performance against internal targets is also compared against a set of national benchmarks.

39 The SRS has been able to maintain or improve performance in the majority of areas. Where performance is shown to have deteriorated, the reasons behind this and corrective action are clearly stated.

40 Outside of the quarterly performance review cycle, monthly meetings take place between the Head of SRS, Operational Managers and individual Council officers and members. Particular operational and performance issues are often discussed informally at these meetings.

41 For those services provided directly by the Council such as pest control and dog kennelling, performance is monitored by the head of service and reported to the

relevant Director. Any key performance issues are addressed through the corporate performance system, although we did not identify any such issues relating to these services during our review.

42 Officers and members feel that the arrangements described above are effective. However, we note that current arrangements for review and challenge of performance information are relatively informal and rely on positive working relationships between SRS and Council officers and members. Whilst this approach works well at the moment, there is a risk that it might not be resilient in the event of unforeseen circumstances such as a significant service failure or a change in the key personnel involved.

The Council should improve independent challenge, member oversight and scrutiny in relation to environmental health services provided by the Council, the SRS and other providers

43 From the Council's perspective, scrutiny of environmental health issues is within the remit of three Subject Overview and Scrutiny Committees, as well as the Corporate Overview Scrutiny Committee. In the past year the Overview and Scrutiny Committee 2 discuss the performance of empty properties as part of the forward work programme update. These committees scrutinise environmental health issues when requested by members but do consider them routinely on an ongoing basis. The Council's scrutiny committees have not, for example, reviewed the SRS Annual Report or Business Plan. We found no evidence that the Council has effectively assessed the performance of the SRS in the context of these documents.

44 The Council is in the process of implementing a development strategy to help scrutiny chairs and members to enhance their level of challenge and address any existing skills gaps. This training will include an explanation of the Joint Working Agreement of the SRS.

45 At the moment, the Head of SRS and operational managers meet with scrutiny chairs and committee members informally and on an ad-hoc basis. Councillors and members interviewed felt this was a positive, two-way relationship.

46 The Council relies on the SRS Management Board and the SRS Joint Committee to monitor performance and escalate by exception, without systematic independent scrutiny. As a result, we do not consider that there is effective independent scrutiny in place by a designated scrutiny committee.

47 Review and challenge of SRS performance information is currently performed by individuals heavily involved in the service and in preparation of the performance information itself, creating a separation of duty/self-interest risk.

48 Outside the SRS, the Council has sought to adopt new delivery models to improve cost-effectiveness, for example, through outsourcing of pest control to a third-party

supplier. These arrangements should be subject to regular review and challenge to ensure that contracted services continue to deliver optimal value to the Council.

49 We note that Mitie (third party pest control contract partner) are paid on a flat fee basis regardless of the volume of callouts received in month which may mean the Council are not achieving the best value for money from the contract.

50 It would be beneficial for the Council to introduce more formal and independent oversight of the SRS Joint Working Agreement, as well as the outsourced pest control contract with Mitie. This should be independent of SRS / Mitie and undertaken by officers not involved in delivering the services concerned in order to ensure objectivity.

51 Public Accountability Metrics (PAMs) related to Environmental Health service provision are reported on a quarterly basis to the Corporate Overview and Scrutiny Committee. Outside of reporting of statutory PAMs, we have observed no evidence of SRS performance being scrutinised by any of the Council's scrutiny committees.

52 The Council should consider introducing more structured and targeted development and training for relevant members, as this may be beneficial to get new members familiar with the service and areas experiencing changes in legislation, e.g. pollution/food safety/infectious diseases.

53 Internal audit offers a further source of independent assurance to the member councils. We recognise that a review was undertaken by the Bridgend and Vale of Glamorgan Shared Internal Audit Service in 2019-20, dated June 2019. The review considered the SRS Governance and Financial Controls and provided substantial assurance.

54 Outside the SRS, the Council has sought to adopt new delivery models to improve cost-effectiveness, for example, through outsourcing of pest control to a third-party supplier. These arrangements should be subject to regular review and challenge to ensure that contracted services continue to deliver optimal value to the Council.

55 For example, we note that Mitie (third party pest control contract partner) are paid on a flat fee basis regardless of the volume of callouts received in month which may mean the Council are not achieving the best value for money from the contract.

The Council has consulted key external stakeholders on significant changes to environmental health services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate

56 In our 2014 national report on environmental health services report, we recommended that councils improve engagement with local residents over planned

budget cuts and changes in services (see Appendix 1). In order to make an informed decision, officers and members need to understand the impact of any changes on all stakeholders. For environmental health services a range of stakeholder could be affected, both external, such as businesses, local residents and other agencies and internal, staff and trade unions.

57 The Council undertook extensive consultation in 2013-14 prior to the SRS being established. This included staff, trade unions, elected members and other stakeholders such as the Food Standards Agency. An equality impact assessment was also undertaken. Similarly, staff and trades unions were consulted about the staff reductions in the SRS in 2018.

58 Given that broadly the same range of services has been provided since 2015, public consultation since the inception of SRS has not been undertaken. We are aware that the Council recently sought local residents' input into an Empty Homes Strategy via its website.

59 We acknowledge that the SRS has chosen not to undertake public consultation for administrative changes where frontline delivery of services is not expected to be affected.

60 The SRS has established its own brand and website and provides a wide range of information. The website enables local residents to access services, report food hygiene issues as well as access key documents such as the SRS business plan. However, it does not currently invite comments and feedback from the public or businesses.

61 The SRS makes active use of social media to inform a range of stakeholders and on a monthly basis reviews any information and feedback received in response through social media channels. This feedback is taken into account in operational management discussions.

62 As resources become more constrained, the Council may have to make decisions on how services will be delivered which may impact local residents. Local residents should be aware of and consulted on these decisions.

The Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions

63 Due to the initial budget reductions achieved through inception of the SRS, as well as ongoing staffing cuts, the Council is yet to explore further possibilities of commercialisation through the environmental health services. For example, other authorities have looked to introduce means-based charges for non-statutory services or set up trading companies to make use of council assets and generate revenue. This is something that it may be helpful to consider in the near future, as resources become more stretched.

64 The continued need to make savings means that the SRS needs to continue to look for innovative and new ways of providing services and consider the future shape of services.

65 Potential areas for future innovation and opportunities to increase income could include:

- new commercial and collaborative delivery models for services or for SRS as a whole;
- use of data to predict service need and target responses rather than maintain universal service provision; and
- further strategic support and integration with the Councils' wider service agendas including public health, community safety, health and social care, planning and economic growth.

66 The SRS has begun to look at digital initiatives and is trialling a Noise app to report issues, however this work is at an early stage and is not yet having a material impact on service costs or quality.

Appendix 1

Auditor General's recommendations – Delivering with less – the impact on environmental health services and citizens, October 2014

As part of his 'delivering with less' series of Local Government Improvement Studies, the Auditor General published his report – Delivering with less – the impact on environmental health services and citizens, in October 2014. The report contained six recommendations that are set out below:

Exhibit 1: Auditor General's recommendations

Recommendation	Responsible Partners
R1 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 the strategic priorities of the Welsh Government; and • identify the benefit and impact of environmental health services on protecting citizens.	Councils, Chartered Institute of Environmental Health Cymru
R2 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.	Councils, Welsh Local Government Association
R3 Improve engagement with local residents over planned budget cuts and changes in services by: • consulting with residents on planned changes in services; • 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.	Councils, Welsh Local Government Association

Recommendation	Responsible Partners
R4 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 publicise 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.	Councils, Welsh Local Government Association, Welsh Government

Recommendation	Responsible Partners
R5 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.	Councils
R6 Clearly set out the expectations of council environmental health services under new housing and health legislation and agree how these new duties will be delivered.	Welsh Government, Welsh Local Government Association

Appendix 2

Council's progress in addressing the Auditor General's recommendations

A summary of the Council's progress in addressing the Auditor General's recommendations 2-5 in, **Delivering with less: The impact on environmental health services and citizens** (October 2014).

Exhibit 2: Council's progress in addressing the Auditor General's recommendations

Recommendation	Council's progress in addressing recommendation
R2 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.	The Council is currently in the process of implementing a Development Strategy to enable scrutiny chairs and members to effectively discharge their responsibilities and address existing skills gaps. The programme is split into Essentials/Core/Needs-based training and covers, amongst others, a detailed review of the SRS Joint Working Agreement for all new scrutiny members. Scrutiny chairs and committee members interviewed represented that they consider the ad hoc support provided by the Head of SRS and Operational Managers to be sufficient to effectively discharge their duties. This is, in part, attributable to stable membership of the Committees in recent years. We note, however, that there is no tailored training programme for environmental health. It is anticipated that this will form part of Needs-based training programme for members involved in scrutinising performance of Environmental Health services.

Recommendation	Council's progress in addressing recommendation
R3 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.	The Council undertook extensive consultation in 2013-14 prior to the SRS being established. This included staff, trade unions, elected members and other stakeholders such as the food agency. An equality impact assessment was also undertaken. Further changes and budget reductions to the SRS have taken place in 2018-19 and 2019-20, which included reduction in staff numbers. Consultation has been undertaken and included staff and the trade unions. However, the consultation processes for both these changes did not include local residents and service users. The Council recently sought local residents' input into an Empty Homes Strategy via its website. We acknowledge that the SRS has chosen not to undertake public consultation where frontline delivery of services is not expected to be affected but would recommend that the likely impact on the full range of stakeholders should be considered and documented. We recognise that it may not be appropriate to consult residents and service users for all changes, but that the rationale for this decision should be documented and the likely impact considered.

Recommendation	Council's progress in addressing recommendation
R4 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 publicise 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.	The Council has improved efficiency and value for money. It has maintained performance through collaboration with others and the introduction of the SRS. Through working in partnership with the Vale of Glamorgan and Cardiff Councils it can deliver its services in a more flexible and sustainable way and has not had to restrict its service provision, although it does look to deliver things in new and innovative ways. The SRS provides legally mandated statutory requirements as well as optional non-statutory services. The Joint Working Agreement sets out the functions for each service area and lists the tasks but does not identify those which are statutory. When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help to ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services. Although the Council outsource its pest control contract to Mitie, it is our understanding that the Council is charged a flat fee regardless of the volume of monthly call outs. This may not represent the best value for money for the Council. We therefore recommend that any third-party contracts are managed and negotiated using a data driven approach to ensure the service is delivered cost effectively and to appropriate standards.

Recommendation	Council's progress in addressing recommendation
R5 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.	The SRS Business Plan sets out the vision and priorities for the services, how these contribute to the seven well-being goals and each Council's corporate priorities and outcomes. Environmental health objectives are aligned to the Council's overall strategic objectives and officers interviewed could articulate how environmental health services contribute to achieving these. Financial and performance data is reviewed on a quarterly basis and we have observed evidence of appropriate scrutiny and challenge. Some digital initiatives are being trialled to improve future delivery of services. We found some evidence of cost-benefit-impact analysis being undertaken to enable decision-making in relation to budget reductions. However, whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, it was also acknowledged amongst officers and members that the real impact of this on services and therefore local residents and businesses will be largely unknown until the £498,000 savings removed from the budget in 2019/20 begin to impact. Any future service changes should be subject to a transparent and thorough costs, benefits and impact in order to anticipate and manage the risks arising.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE CHIEF EXECUTIVE

DISABLED FACILITIES GRANT (DFG) – RESPONSE TO WAO RECOMMENDATIONS

1. Purpose of report

1.1 The purpose of the report is to provide members with a progress update on the recommendations made in the Wales Audit Office (WAO) report to the Audit Committee meeting of 15th November 2018.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Helping people to be more self-reliant – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 On 15th November 2018 the Audit Committee received a report from the Wales Audit Office on satisfaction levels of Disabled Facilities Grant (DFG) applicants within Bridgend. Key messages from the report highlighted that overall satisfaction levels of applicants were high:

'*Most service users we spoke to were happy…but the Council is not maximizing opportunities to improve the service and deliver value for money'*

'Most service users are happy with the service and feel that the adaptations have helped them with their needs'

'Most service users found the application process easy but the Council receives regular queries which it is not best placed to answer as other outside parties become involved as the project progresses'

'The Council could do more to help service users make informed choices about which agent and builder to use and to strengthen its oversight of them, particulary ensuring that builders are safe to work in the homes of vulnerable people'

3.2 Since the report to Members, a number of actions have been undertaken to respond to specific WAO recommendations and an update on progress against these recommendations is provided in **Appendix 1**. Members also requested Case Studies be provided which are attached at **Appendix 2**:

Case 1 – An example of where potential cost avoidance has been achieved in providing an adaptation which supported the applicant to be safer at home and reduced the risk of falls as well as meeting the Council's Social Services and Well-Being duties. This has also enabled the client to be supported by family in a better environment.

Case 2 – An example of where potential cost avoidance has been achieved in providing an adaptation which supported the applicant to be safer at home and reduced the risk of falls as well as meeting the Council's Social Services and Well Being duties.

Case 3 – An example of a long standing application which has not progressed to completion. BCBC has reviewed the case to ensure that information remains current and to understand why the application has not proceeded. Information is required from the Agent to proceed. BCBC will ensure follow up on this case to meet its duties

3.3 In addition, other key actions undertaken include -

- Staffing re-structure undertaken in December as part of the wider housing team review 2018;
- Research and liaison with other local authorities to investigate delivery and operational models, including Cardiff City Council and Neath Port Talbot Council;
- Lean Thinking Review undertaken by an Independent Consultant to identify unneccesary bureacracy and barriers;
- A number of day-to-day operational changes to clarify and simplify processes where possible and increased monitoring and review.

3.4 The findings from the Lean Thinking Review provided evidence of out of date practices. A sample assessment of random cases during this review found that out of 6 cases –

- the number of assessments across these cases ranged from 1 – 12;
- the total number of people involved in these cases ranged from 4 – 22 people;
- the number of times work is passed to other people during the DFG process ranged between 4 – 38 times

3.5 Current performance indicators highlight the challenges facing the service with complex cases taking longer to deliver which therefore effects the overall averages reported Currently it takes-

- an average on 270 days to deliver a DFG (BCBC is ranked 20th in Wales);

- 713 days to deliver a children's DFG which tend to be the more complex and larger cases often comprising bedroom and wet room extensions. These require detailed design and planning and therefore take longer to deliver than less compex cases;
- 244 days to deliver and adult DFG.

Full spend during most years is not achieved. There are many variables within the current model of delivery, both internal and external that have led to this position. These have been highlighted by the lean review and are currently being examined. This, combined with information gathered from other local authorities, highlight key areas for further consideration.

3.6 In addition to mandatory DFG's, discretionary expenditure takes place on minor works adaptations. These works are low level works which aims to reduce as much as possible the escalation of needs by preventing falls and support individuals to live safely in their own home. The type of works delivered by this expenditure includes work on trip hazards such as security lights, pathway repair, grab rails and security lights. Other examples are intercom systems, key safe and grab rails. These services are delivered on the Council's behalf by a 3rd party. A new Performance Indicator (PI) has been established this year 2019/20 to capture performance and Quarter 1 saw this work being delivered on average within 9 days.

3.7 Nationally the DFG service and wider adaptations services have been subject to a number of reviews and reports such as Housing Adaptations: Wales Audit Office (2018) and a Review of Independent Living Adaptations: Welsh Government (2015) which highlight and recognise the complexity and challenging arrangments for the delivery of such services in Wales.

3.8 Welsh Government (WG) has also set out the standards that should be in place for housing adaptations, of which DFG's play a significant role. WG has issued the Housing Adaptations Service Standards. These standards are-

Standard 1 – the adaptation should be necessary and appropriate as well as reasonable and practicable
Standard 2 – Equality and Diversity – applicants can expect to be treated fairly and equitably
Standard 3 – Communication – should be a two-way process between the service provider and applicant
Standard 4 – Quality of Service – outlines the level of service that should be expected
Standard 5 – Quaity of Equipment – outlines health and safety, warranty and service charges should be made clear
Standard 6 – Expected Timeframes for small, medium and large adaptations
Standard 7- Eligibility Checks – outlines those required for DFG's

3.9 The findings from all recent and the national scrutiny of the adaptations/DFG service has provided a solid baseline from which to identify improvements and changes required.

4. Current situation/proposal

4.1 Within Bridgend, the DFG service is in a period of change and actions to develop the service since the last Committee meeting has meant that significant work has been undertaken to develop options for the future model of delivery.

4.2 Mindful of both the findings and recommendations from WAO and WG service standards as referenced above, research is on-going to:

1) identify the most effective Model in providing a timely and quality service to applicants;
2) introduce a level of control over performance and safeguarding issues;
3) ensure resources are at an appropriate level;
4) ensure the effective delivery of minor works continues.

4.3 Cabinet members have requested further information on delivery models and cost benefit information on options. This work is on-going and a future report will be presented to cabinet in the near future.

5. Effect upon policy framework and procedure rules

5.1 There will be no effect on the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 An Equality Impact Assessment will be undertaken prior to any changes being implemented.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The report contributes to the following goals within the Wellbeing of Future Generations (Wales) Act 2015:

- A Healthier Wales - prevention of deterioration of health conditions, anxiety and mental health problems caused by inappropriate living conditions and precieved need to move away from home and community, prevention of accidents in the home.
- A more equal Wales - supporting the maintenance of diverse communities where disabled people play an active part
- A resilient Wales – enabling people to stay in their communities and families contributing to support neighbours and sustain community networks
- A Wales of cohesive communities – avoid the loss of individuals to their communities and families, building understanding and relationships within communities with disabled people and older people.
- A Wales of vibrant culture and thriving Welsh language – keeping older people in their communities maintaining links to community history and retaining language and skills from previous generations to share with future generations

7.2 The 5 ways of working have been considered in the preparation of this report and are summarised below –

- **Long term** – This supports the Council's objectives of 'Helping people to be more Healthy and Resilient' to strengthen the links to well-being goals a

resilient Wales, a healthier Wales, a more equal Wales and a Wales of cohesive communities.

- **Prevention** - The revision of the current corporate plan to focus away from business as usual is driven by a desire for the council to take a stronger focus on prevention and as work continues on reviewing and revising the commitments for the next corporate plan, this principle will guide this work.

- **Involvement** - The engagement with service users has informed the review and the service will continue to use feedback from those seeking adaptions to their homes to guide service improvement reflect a more preventative approach seeking long term benefits for citizens from remaining in their own homes and communities.

- **Integration** –The council's vision One Council Working Together To Improve Lives is reinforced by the principle in the corporate plan to work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches. The business process review has looked in detail at how the different parts of the council work together to provide adaptions to homes.

- **Collaboration** – the DFG service is predicated on effective and successful collaboration and partnership arrangements with internal and external colleagues, other statutory bodies, 3rd sector and service user engagement.

8. Financial implications

8.1 There are no financial implications arising from this report.

9. Recommendation

9.1 That members note the responses made to the WAO report.

Mark Shephard
Chief Executive
November 2019

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Background documents:
Housing Adaptations: Wales Audit Office (2018) and a Review of Independent Living Adaptations: Welsh Government (2015)

Appendix 1 WAO Report : Proposals for Improvement

P1 The Council should consider more broadly how its housing adaptations service can contribute to meeting its strategic aim 'To ensure that Bridgend County is a place that people want to live, where there is a choice of good quality, affordable, and sustainable housing, appropriate to the needs of each household' and the medium and longer-term actions needed to do this. In doing so, it should consider how it can apply the five ways of working from the Wellbeing of Future Generations (Wales) Act to help it do this and the Social Services and Well-being Act.	**1.1** Through its review the services has recognised the long term trends for an aging population and for more single person homes and is seeking to provide both mandatory DFG's and small supportive adaptions at an earlier stage to prevent deterioration and provide support to more people to enable them to stay safely in their own homes. **1.2** The service supports A Resilent Wales; A Healthier Wales; A more equal Wales; A Wales of cohesive communities; A Wales of Vibrant Culture as per Section 7 in the report
P2 The Council should strengthen its arrangements for evaluating the housing adaptations service to help the Council improve the service. This includes improving the design of the service user survey and extending it to include all service users and to increase awareness of the survey and the results across the organisation.	**2.1** Applicants not surveyed by Care and Repair are being asked to take part in a telephone survey by BCBC. **2.2** Internal review of waiting list cases taking place to determine progress and identify where processes have been delayed or failed. Contact is being made with individual applicants as to their current situation, whether things have changed since their first contact with the DFG service and whether further assessments are required thereby increasing awareness of the service allowing for face to face feedback **2.3** New evaluating and survey systems will be explored for 2020/21
P3 The Council should help service users understand the often-complicated process that involves multiple organisations by providing a clear and simple overview of the grant process from beginning to end.	**3.2** Joint working with Social Services taking place and a dedicated housing OT to review cases where required, who visits applicants and explains the process and provides a direct line of contact for the applicant. **3.3** Established monthly meetings with children's OT at POW hospital to clarify grant criteria, policies and expectations

	which can then be discussed at their engagement with families **3.4** Established multi-agency meetings to discuss complex cases involving applicants themselves increasing knowledge of policies and procedures **3.5** Further guidance will be developed when the final model of service delivery agreed
P4 The Council should fully implement the recommendations made by the Auditor General for Wales' in his report in 2018 on housing adaptations, most notably Recommendation 6 to introduce formal systems for accrediting contractors to undertake adaptations including developing effective systems to manage and evaluate contractor performance. • The Council should ensure it has arrangements in place to monitor and manage the performance of third parties involved in the DFG process. This performance information should be shared with service users to inform their decision upon which agent and builder to engage for their housing adaptation. • Formally accrediting contractors and continually monitoring user satisfaction will satisfy the Council that adequate safeguards are in place to protect vulnerable service users when builders are entering their homes.	**4.1** Care and Repair as an agent has provided written confirmation of the process they follow to allow builders on their approved builders framework. **4.2** Discussions are on-going in relation to a formal framework system for builders as part of a discussion on the role of an agent and which model best fits for Bridgend CBC **4.3** Monthly meetings are taking place with Care and Repair and problems and issues dicussed. **4.4** Stairlift contractors part of the nationally procured framework by Welsh Government **4.5** On-line system to monitor applications is being discussed. **4.6** Any complaints or issues of performance are followed up on a case by case basis
P5 The Council needs to assure itself that it has appropriate controls in place to provide effective oversight of the adaptations process, given it is ultimately responsible for the delivery of the adaptation.	**5.1** Lean Thinking Review undertaken to identifiy blockages and barriers **5.2** Monthly meetings are taking place with Care and Repair and Princess of Wales OT service in relation to children's cases **5.3** New IT system to support performance management is being investigated **5.4** Internal review of waiting list cases taking place to dertermine progress and identify where processes have been delayed or failed. Contact is being made

	with individual applicants to as their current situation, whether things have changed since their first contact with the DFG service and whether further assessments are required. **5.5** Informal contact is made between builders, applicants at initial stage of works, works in progress and end of works to ensure progress **5.6** Additional rescource in the team to support recording and review and provides general advice to applicants when seeking information regarding the grant **5.7** The development of a new Model will support this recommendation for greater control over the process. **5.8** The commissioning of a new Minor Works Service will follow CPR rules and allow greater monitoring and control

Appendix 2 – Case Studies

CASE STUDY ONE – COMPLETED CASE

An example of where potential cost avoidance has been achieved in providing an adaptation which supported the application to be safer at home and risk of falls reduced and meet the Council's Social Services and Well Being duties. This has also enabled the client to be supported by family if required.

Background/Need for a DFG?
The client was referred to the social service department in November 2017 and an assessment completed by an Occupational Therapist in July 2018. The assessment determined that the client was being supported by a family member to access a shower cubicle with a high step on a daily basis, as a result the client has sustained several falls. The client also has regular seizures and if one should occur when using the shower there is potential for the client to sustain an injury due to the confined space in the shower cubicle.
What we did
A DFG recommendation was received in July 2018 for a level access shower. A grants officer visited within 2 weeks of the recommendation being received to complete a survey and issued a technical specification. The client appointed a local DFG agent to assist with the application and design process. A design of the proposed shower scheme was received in September 2018 and approved by the Grants Officer and Occupational Therapist. The works were completed in February 2019.
What was the outcome
The client was provided with a level access shower as a result the risk of falls has been significantly reduced. The new facility also enables the client to be supported by a family member if needed in a more suitable environment. From the recommendation being made by the Occupational Therapist to completion of the works the time taken was around 7 months.

CASE STUDY TWO – COMPLETED CASE

An example of where potential cost avoidance has been achieved in providing an adaptation which supported the application to be safer at home and risk of falls reduced and meet the Council's Social Services and Well Being duties.

Background/Need for a DFG?
The client was referred for an occupational therapy assessment in 2018. Following this recommendations were made for a level access shower and ramped access into the rear garden.

The client resided in a property that only had a bath and when in use was at risk of falls. As a result the client managed their personal hygiene by strip washing with support from care staff.
What we did
Once the referral was received by the grants officer it was reviewed and the adaptation work was deemed as technically feasible and a technical specification was issued. The client appointed a DFG agent to support them with the application process, design of the scheme and carrying out the works. The grants officer and Occupational Therapist approved plans for the scheme submitted by the DFG agent. Throughout the construction phase of the DFG, several site inspections were completed by the grants officer to review the progress and ensure work was completed to a high standard.
What was the outcome
The client was provided with a level access shower room which could be accessed more easily and safely by the client. The client still has support with personal hygiene via a care and support plan. However, the risk of falls has been reduced and care staff are able to support the client in a more suitable environment.

CASE STUDY 3 – CASE REVIEW

An example of where long standing application which has not progressed to completion. BCBC has reviewed the case to ensure that information remains current and to understand why the aplication has not proceeded. Information is required from the Agent to proceed. BCBC will ensure follow up on this case to meet its duties

Background/Need for a DFG?
The client was originally assessed in 2018 by an Occupational Therapist working with a local charity body. The client has difficulties with accessing the bath to use the shower and climbing the stairs due a joint condition. Recommendations were made for a level access shower and stair lift. However due to communication delays and the initial application forms not being returned to BCBC the DFG did not proceed. It was deemed necessary for a review to be completed as the DFG had not proceeded and the original recommendations had expired.
What we did
The Housing Occupational Therapist conducted a review of the case in September 2019 to ensure the original recommendations were still necessary and appropriate. Following the review by the Housing Occupational Therapist, recommendations were made for a level access shower in the upstairs bathroom, a stair lift and a ground floor toilet. This was an amended recommendation including additional works. The client's home is owned by a local stock transfer housing association, they make provisions in their budget to carry out certain adaptation work up to the value of £3000. This includes but not limited the installation of a level access shower room. The remaining recommendations made by the Housing Occupational Therapist for ground floor toilet and stair lift are considered as major works and therefore require DFG funding. Following the Occupational Therapist' visit a grants officer visited to confirm the feasibility of adapting the property and drew up a technical specification. Liaising with the DFG Agent, new recommendations were provided to enable the agent to support the client with the application process and prepare the formal application, and carry out the works once approved.
What was the outcome
Recommendations for the shower were sent to the housing association and are with their technical team pending a survey and arranging for the works to be completed. Currently the DFG department is waiting for the submission of the formal application from the DFG agent.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

PORTHCAWL RESORT INVESTMENT FOCUS PROGRAMME

1. Purpose of this report

1.1 The purpose of this report is to submit the final report produced by Wales Audit Office (WAO) in relation to an examination of the Porthcawl Resort Investment Focus (PRIF) Programme, attached as **Appendix A,** for noting.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority:

- Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 In accordance with the Well-being of Future Generations (Wales) Act 2015 (the Act) the Auditor General for Wales (the Auditor General) is statutorily required to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when:

a. setting their well-being objectives; and
b. taking steps to meet them.

3.2 In May 2018, the Auditor General published his report, 'Reflecting on Year One – How have public bodies responded to the Well-being of Future Generations Act (2015)'. He concluded that, public bodies support the principles of the Act and are taking steps to change how they work.

3.3 The findings in the WAO report are based on fieldwork that was undertaken during the period February to March 2019.

4. Current Situation / Proposal

4.1 The report sets out the findings from the WAO examination of 'Deliver the Porthcawl Resort Investment Focus (PRIF) Programme', a step the Council has taken to meet its Wellbeing Objectives. It also sets out the Council's initial response to its findings.

4.2 The WAO examined the extent to which the Council is acting in accordance with the sustainable development principle in Delivering the Porthcawl Resort Investment Focus Programme.

4.3 The PRIF programme aims to grow the value of tourism in the economy, increase employment and business opportunities and support a range of cultural, sporting and business events. It sits under the Council's Corporate Plan priorities of 'Supporting a successful economy' and 'Smarter use of resources'.

4.4 In order to act in accordance with the sustainable development principle public bodies must take account of the following 'ways of working', namely:

- Long-term
- Prevention
- Integration
- Collaboration
- Involvement

4.5 The WAO examination found that there are positive aspects in how the Council has taken account of the sustainable development principle in its approach to delivering the Porthcawl Resort Investment Focus (PRIF) programme. However the Council has further work to do to consistently embed the five ways of working.

4.6 The main findings of the report are:

- The Council has considered long-term data and aspirations for the town to successfully access funding but would benefit from developing a long-term and holistic vision for the town.

- The Council has designed the step to prevent further decline in the town as a tourist destination. However, there is limited understanding of the root causes of this decline.

- The Council has designed the step to integrate plans with partners to access EU funding, but having a clearer vision for the town would facilitate a more integrated approach with partners.

- The Council has considered how to collaborate with partners to deliver the PRIF projects. However, its approach to collaboration could be more strategic.

- There is limited formal involvement and input to ensure that the full diversity of stakeholders is represented.

4.7 The Council responded in the following ways:

Long Term

- A review of the Masterplan for Porthcawl is now underway. This audit is welcomed and its findings will be integrated into that process.
- The Council will take forward consideration of long-term transport solutions through the development of the Strategic Transport Plan and the Local Development Plan review process.

Prevention

- With its PSB partners the Council is welcoming of opportunities to learn of best practice from other PSBs that can be shared and will feed these through its review processes.
- The Council will regularly review how to integrate local and national Wellbeing Goals as early as possible in decision-making processes.
- The Council will continue to build on its already close working relationship with NRW on all areas of work relating to coastal erosion.

Integration

- The audit findings will be presented to the Council's engagement team and PSB Co-ordinator to consider ways in which the Council can better articulate the wide variety of approaches it takes when involving citizens in its decision-making processes.
- The Council is welcoming of any opportunities to learn from best practice in other areas.

Collaboration

- A review of the Masterplan for Porthcawl is underway and the findings of this audit will be integrated.

- Long-term transport solutions will be considered as part of the Strategic Transport Plan and the Local Development Plan review process.

Involvement

- The opportunity to take forward this area of work will be explored with Visit Wales on a pan-Wales level.
- The evaluation of the PRIF will be tasked to clearly articulate how mechanisms for supporting socio-economic challenges and the targets for the PRIF project that were outlined in the business plan, the funding application and approved by the funder have been delivered.

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The WAO report was focussed on the Act and implementation of the recommendations will further embed the sustainable development principle and 5 ways of working. The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications relating to the report.

9. Recommendation

9.1 It is recommended that Audit Committee:

- Note the WAO report 'Well-being of Future Generations: An examination of delivering the Porthcawl Resort Investment Focus Programme – Bridgend County Borough Council' (**Appendix A**).

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November 2019

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Background documents: None

.

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APPENDIX A

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Well-being of Future Generations: An examination of delivering the Porthcawl Resort Investment Focus Programme – **Bridgend County Borough Council**

Audit year: 2018-19

Date issued: October 2019

Document reference: 1366A2019-20

This document has been prepared for the internal use of Bridgend County Borough Council as part of work performed/to be performed in accordance with the Well-being of Future Generations Act (Wales) 2015.

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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.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The team who delivered the work comprised Lisa Williams and Ron Price under the direction of Huw Rees.

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We can see some positive aspects in how the Council has taken account of the sustainable development principle in its approach to delivering the Porthcawl Resort Investment Focus (PRIF) programme, but further work is required to consistently embed the five ways of working.

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The Council has designed the step to prevent further decline in the town as a tourist destination. However, there is limited understanding of the root causes of this decline 7

The Council has designed the step to integrate plans with partners to access EU funding, but having a clearer vision for the town would facilitate a more integrated approach with partners 8

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Summary report

Summary

Why we undertook the Examination

1 In accordance with the Well-being of Future Generations (Wales) Act 2015 (the Act) the Auditor General for Wales (the Auditor General) is statutorily required to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when:

a. setting their well-being objectives; and

b. taking steps to meet them.

2 The Act defines the sustainable development principle as acting in a manner: '…which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'.

3 In May 2018, the Auditor General published his report, 'Reflecting on Year One – How have public bodies responded to the Well-being of Future Generations Act (2015)'. He concluded that, public bodies support the principles of the Act and are taking steps to change how they work.

4 In developing our approach to undertaking the examinations during 2018-19, we engaged with a range of stakeholders including through our pilot work during 2017-18. We also worked closely with the Future Generations Commissioner.

5 As the preliminary work in year one included a consideration of how public bodies had set their Well-being Objectives, the principal focus of this work is the way in which public bodies are taking steps to meet their well-being objectives.

6 The Auditor General must provide a report on his examinations to the National Assembly for Wales at least a year before each Assembly election. The first such report must be published by 2020, before the 2021 Assembly election.

7 The Auditor General has undertaken examinations across the 44 bodies covered by the Act to inform his report to the National Assembly during 2018-19 and 2019-20.

8 The findings in this report are based on fieldwork that we undertook during the period February to March 2019.

9 This report sets out our findings from our examination of 'Deliver the Porthcawl Resort Investment Focus (PRIF) Programme', a step the Council is taking to meet its Wellbeing Objectives. It also sets out the Council's initial response to our findings.

What we examined

10 We examined the extent to which the Council is acting in accordance with the sustainable development principle in Delivering the Porthcawl Resort Investment Focus Programme. This aims to grow the value of tourism in the economy, increase employment and business opportunities and support a range of cultural, sporting and business events. It sits under the Council's Corporate Plan priorities of 'Supporting a successful economy' and 'Smarter use of resources'.

11 In order to act in accordance with the sustainable development principle public bodies must take account of the following 'ways of working':

Exhibit 1: The 'five ways of working'

The table below sets out the 'five ways of working' as defined in the Welsh Government's **Well-being of Future Generations (Wales) Act 2015 The Essentials**[1] document.

The Five Ways of Working
Long-term The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
Prevention How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
Integration Considering how the public body's wellbeing objectives may impact upon each of the wellbeing goals, on their other objectives, or on the objectives of other public bodies.
Collaboration Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its wellbeing objectives.
Involvement The importance of involving people with an interest in achieving the wellbeing goals, and ensuring that those people reflect the diversity of the area which the body serves.

12 Our examination found that: We can see some positive aspects in how the Council has taken account of the sustainable development principle in its approach to delivering the Porthcawl Resort Investment Focus (PRIF) programme, but further work is required to consistently embed the five ways of working.

[1] Welsh Government, **Well-being of Future Generations (Wales) Act 2015 The Essentials**, 2015.

Detailed report

Part One: Examination Findings

The Council has considered long-term data and aspirations for the town to successfully access funding but would benefit from developing a long-term and holistic vision for the town

What we looked for

13 We looked for evidence of:

- a thorough understanding of current and long-term needs and the associated challenges and opportunities;
- planning over an appropriate timescale;
- resources allocated to ensure long-term benefits; and
- appropriate monitoring and review.

14 Our examination was also informed by the positive indicators for the 'long-term' that we have identified and used as part of this examination.[2]

What we found

15 We identified the following strengths:

- the Council is facilitating the delivery of short-term projects through the PRIF that have the potential to support long-term aspirations for Porthcawl;
- PRIF project fits into the Economic Prioritisation Framework (EPF) to develop key destinations for accessible and attractive tourism;
- The Council has a Destination Management Plan (2018-2020) which sets out that the Council's aim for the county borough is to 'Develop a thriving visitor economy in Bridgend which celebrates the unique strengths of the place, supports jobs, generates business opportunities and improves the range of amenities available for visitors and local people';
- Council officers worked with the Welsh Government Destination Management Group (DMG) to establish the future of Porthcawl as an 'Attractor Destination' to obtain long-term funding in a competitive situation;
- long-term feasibility studies supported by external consultancy and input;
- data has been used to support the long-term sustainability aspects of the step;
- the Council has considered and re-profiled the resources needed to deliver the regeneration programme in Porthcawl; and

[2] See Appendix 1

- the Council has a Local Transport Plan (2015-2030). This includes some sustainable transport options for Porthcawl.

16 We identified the following areas for improvement:

- Whilst the Council has a Destination Management Plan for the county borough as a whole, we found there was scope to develop a clearer vision for Porthcawl.
- There is scope to further consider long-term transport solutions.

The Council has designed the step to prevent further decline in the town as a tourist destination. However, there is limited understanding of the root causes of this decline

What we looked for

17 We looked for evidence of:

- thorough understanding of the nature and type of problem the step could help prevent from occurring or getting worse;
- resources allocated to ensure preventative benefits will be delivered; and
- monitoring and review of how effectively the step is preventing problems from occurring or getting worse.

18 Our examination was also informed by the positive indicators for 'prevention' that we have identified and used as part of this examination.[3]

What we found

19 We identified the following strengths:

- the Council has recognised that adapting to changes in the tourist market to prevent further decline in prosperity is key to Porthcawl's future; and
- the Council has identified the risk of potential coastal erosion and recognise that they need to work with partners to access additional funding to support environmental improvements to prevent coastal erosion.

20 We identified the following areas for improvement:

- more work is required to understand the causes of the decline in tourism;
- a lack of clarity about how the PRIF will help socio-economic challenges in Porthcawl – e.g. unemployment, levels of deprivation; and
- there is scope to set out how the effectiveness of the PRIF will be measured, particularly in terms of the success of preventative activity.

[3] See Appendix 1

The Council has designed the step to integrate plans with partners to access EU funding, but having a clearer vision for the town would facilitate a more integrated approach with partners

What we looked for

21 We looked for evidence of consideration of:

- how this step could contribute to the seven national wellbeing goals;
- how delivery of this step will impact on the Council's wellbeing objectives and wider priorities; and
- how delivery of this step will impact on other public bodies' wellbeing objectives.

22 Our examination was also informed by the positive indicators for 'integration' that we have identified and used as part of this examination.[4]

What we found

23 We identified the following strengths:

- the Council has adopted a National policy framework that recognises long-term issues of seaside towns across Wales; and
- European Union funding requirements which have very similar criteria to be demonstrated as those contained in the WFG Act has given rise to an integrated bid application process requiring similar alignment to the WFG Act without explicitly referencing the five ways of working in every aspect.

24 We identified the following areas for improvement:

- the role and influence of the Public Services Board (PSB) is still developing and as such there is little evidence that integration at a strategic level has helped the design and delivery of the PRIF;
- as we have mentioned in paragraph 17, there is scope to have a clearer vision for the town. This would then facilitate a more integrated approach with partners;
- there is limited evidence of how clearly the PRIF can contribute to local and national Wellbeing Goals; and
- input from National Resources Wales (NRW) will be necessary to strengthen coastal erosion defences to develop Sand Bay and Salt Lake areas.

[4] See Appendix 1

The Council has considered how to collaborate with partners to deliver the PRIF projects. However, its approach to collaboration could be more strategic

What we looked for

25 We looked for evidence that the Council:

- has considered how it could work with others to deliver the step (to meet its wellbeing objectives, or assist another body to meet its wellbeing objectives);
- is collaborating effectively to deliver the step; and
- is monitoring and reviewing whether the collaboration is helping it or its stakeholders meet wellbeing objectives.

26 Our examination was also informed by the positive indicators for 'collaboration' that we have identified and used as part of this examination.[5]

What we found

27 We identified the following strengths:

- there are robust and effective working relationships with the Community Interest Company and now Credu Charity which is committed to providing learning, educational and employment opportunities for the whole of the community, while preserving and developing recreational spaces for future generations';
- established governance arrangements at the Porthcawl Programme Board and input of Porthcawl Town Council;
- positive collaboration with Visit Wales in identifying the attractor status of the town and successfully bidding for funding; and
- PRIF is benefitting from common design elements and a focus on visual aspects of developments.

28 We identified the following areas for improvement:

- there has been limited articulation of a 'master plan' to enable stakeholders to understand how individual projects fit into a wider vision for the future of the town; and
- we found limited collaborative outcomes to improve transport arrangements to deal with peak flows and mitigate the effect of an increase in road traffic.

[5] See Appendix 1

There is limited formal involvement and input to ensure that the full diversity of stakeholders is represented

What we looked for

29 We looked for evidence that the Council has:

- identified who it needs to involve in designing and delivering the step;
- effectively involved key stakeholders in designing and delivering the step;
- used the results of involvement to shape the development and delivery of the step; and
- sought to learn lessons and improve its approach to involvement.

What we found

30 We identified the following strengths:

- consultation took place between January 2015 and October 2015 on specific elements of the PRIF project. Subsequent consultation has been through formal planning processes, and reporting;
- engagement with some community-based groups and specific interest groups to encourage tourism (eg surfer community);
- community displays used to increase awareness among residents; and
- local member and cabinet briefings held for residents to engage with the process.

31 We identified the following areas for improvement:

- it is less clear how residents and visitors are involved in providing input to the PRIF in a clear and structured way;
- beyond the standard consultative mechanisms, there has been limited involvement of citizens;
- involvement appears ad hoc and opportunistic rather than strategic; and
- scope to ensure that the Council involves all sections of society, and the full diversity of those affected by the Act, in a more formal and structured way.

Part Two: Council's response

32 Following the conclusion of our fieldwork we presented our findings to the Council at a workshop in May 2019 that was attended by officers from the strategic regeneration department and senior executive officers. At this workshop the Council began to consider its response to our findings and as a result of discussions at the workshop and further reflection on our findings the Council has developed the following actions.

Exhibit 2: Council's response

Area of Development	Response/Action	Responsible Office	Date of Delivery
Long-term			
Whilst the Council has a Destination Management Plan for the county borough as a whole, we found there was scope to develop a clearer vision for Porthcawl.	A review of the Masterplan for Porthcawl is now underway. This audit is welcomed and its findings will be integrated into that process.	Strategic Regeneration	2020
There is scope to further consider long-term transport solutions.	The Council will take forward consideration of long-term transport solutions through the development of the Strategic Transport Plan and the Local Development Plan review process.	Planning and Transportation	2022
Integration			
Role and influence of the PSB still developing – little evidence that integration at a high level has helped the PRIF to be designed or delivered.	With its PSB partners the Council is welcoming of opportunities to learn of best practice from other PSBs that can be shared and will feed these through its review processes.	Corporate Planning	On-going
Limited evidence of how clearly the PRIF can contribute to local and national Wellbeing Goals.	The Council will regularly review how to integrate local and national Wellbeing Goals as early as possible in decision-making processes.	Corporate Planning	On-going
Input from NRW will be necessary to strengthen coastal erosion defences to develop Sand Bay and Salt Lake areas.	The Council will continue to build on its already close working relationship with NRW on all areas of work relating to coastal erosion.	Coastal Erosion	On-going

Area of Development	Response/Action	Responsible Office	Date of Delivery
Involvement			
Less clear how citizens have been involved in providing input to the PRIF in a clear and structured way.	The audit findings will be presented to the Council's engagement team and PSB Co-ordinator to consider ways in which the Council can better articulate the wide variety of approaches it takes when involving citizens in its decision-making processes. The Council is welcoming of any opportunities to learn from best practice in other areas.	Engagement PSB Co-ordination	
Beyond the standard consultative mechanisms there has been limited involvement of citizens.			
Involvement appears ad hoc and opportunistic rather than strategic.			
Collaboration			
Limited articulation of a 'master plan' to enable stakeholders to understand how individual projects fit into a wider vision for the future of the Town.	A review of the Masterplan for Porthcawl is underway and the findings of this audit will be integrated.	Strategic Regeneration	2020
Limited collaborative outcomes to improve the transport arrangements to deal with peak flows and mitigate the effect of an increase in road traffic.	Long-term transport solutions will be considered as part of the Strategic Transport Plan and the Local Development Plan review process.	Planning and Transportation	2022
Prevention			
More work required to understand the root causes of the decline in tourism.	The opportunity to take forward this area of work will be explored with Visit Wales on a pan-Wales level.	Destination Management	2019
A lack of clarity about how the PRIF will help socio-economic challenges in Porthcawl – eg unemployment, levels of deprivation.	The evaluation of the PRIF will be tasked to clearly articulate how mechanisms for supporting socio-economic challenges and the targets for the PRIF project that were outlined in the business plan, the funding application and approved by the funder have been delivered.	Destination Management	2021
Limited target setting to indicate how effective the PRIF will be in measuring the effectiveness of preventative activity success.			

33 We will continue to monitor the Council's progress in implementing these actions, and the extent to which they address the issues we have identified in our findings.

Appendix 1

Positive Indicators of the Five Ways of Working

Exhibit 1: Positive Indicators of the Five Ways of Working

The table below sets out 'positive indicators' for each of the five ways of working that we have identified. We have not used the indicators as a checklist. They should be viewed as indicators. They helped us to form conclusions about the extent to which a body is acting in accordance with the sustainable development principle in taking steps to meet its Wellbeing Objectives.

What would show a body is fully applying the long-term way of working?
• There is a clear understanding of what 'long-term' means in the context of the Act. • They have designed the step to deliver the well-being objective/s and contribute to their long-term vision. • They have designed the step to deliver short or medium-term benefits, which are balanced with the impact over the long-term (within the project context). • They have designed the step based on a sophisticated understanding of current and future need and pressures, including analysis of future trends. • Consequently, there is a comprehensive understanding of current and future risks and opportunities. • Resources have been allocated to ensure long-term as well as short-term benefits are delivered. • There is a focus on delivering outcomes, with milestones/progression steps identified where outcomes will be delivered over the long-term. • They are open to new ways of doing things which could help deliver benefits over the longer term. • They value intelligence and pursue evidence-based approaches.
What would show a body is fully applying the preventative way of working?
• The body seeks to understand the root causes of problems so that negative cycles and intergenerational challenges can be tackled. • The body sees challenges from a system-wide perspective, recognising and valuing the long-term benefits that they can deliver for people and places. • The body allocates resources to preventative action that is likely to contribute to better outcomes and use of resources over the longer term, even where this may limit the ability to meet some short-term needs. • There are decision-making and accountability arrangements that recognise the value of preventative action and accept short-term reductions in performance and resources in the pursuit of anticipated improvements in outcomes and use of resources.

What would show a body is taking an 'integrated' approach?
• Individuals at all levels understand their contribution to the delivery of the vision and wellbeing objectives. • Individuals at all levels understand what different parts of the organisation do and proactively seek opportunities to work across organisational boundaries. This is replicated in their work with other public bodies. • Individuals at all levels recognise the cross-organisation dependencies of achieving the ambition and objectives. • There is an open culture where information is shared. • There is a well-developed understanding of how the wellbeing objectives and steps to meet them impact on other public sector bodies. • Individuals proactively work across organisational boundaries to maximise their contribution across the wellbeing goals and minimise negative impacts. • Governance, structures and processes support this, as do behaviours.
What would show a body is collaborating effectively?
• The body is focused on place, community and outcomes rather than organisational boundaries. • The body has a good understanding of partners' objectives and their responsibilities, which helps to drive collaborative activity. • The body has positive and mature relationships with stakeholders, where information is shared in an open and transparent way. • The body recognises and values the contributions that all partners can make. • The body seeks to establish shared processes and ways of working, where appropriate.
What would show a body is involving people effectively?
• Having an understanding of who needs to be involved and why. • Reflecting on how well the needs and challenges facing those people are currently understood. • Working co-productively, working with stakeholders to design and deliver. • Seeing the views of stakeholders as a vital sources of information that will help deliver better outcomes. • Ensuring that the full diversity of stakeholders is represented and they are able to take part. • Having mature and trusting relationships with its stakeholders where there is ongoing dialogue and information is shared in an open and transparent way. • Ensure stakeholders understand the impact of their contribution. • Seek feedback from key stakeholders which is used to help learn and improve.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

WALES AUDIT OFFICE ANNUAL IMPROVEMENT REPORT (AIR) 2018-19

1. Purpose of this report

1.1 The purpose of this report is to introduce the Annual Improvement Report (AIR) 2018-19 from the Auditor General which is attached at **Appendix A**, for noting.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priorities:-

1. **Supporting a successful economy** – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.

2. **Helping people to be more self-reliant** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.

3. **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 The Wales Audit Office (WAO) report assesses whether or not the Council meets its continuous improvement duties under the Local Government (Wales) Measure 2009, taking account of a range of audit, regulatory and inspection work reported during 2018-19.

3. Background

3.1 The Local Government (Wales) Measure 2009 requires the Auditor General to undertake a forward-looking annual improvement assessment and to publish an annual improvement report for each improvement authority in Wales.

3.2 For 2018-19, the Auditor General undertook improvement assessment work, an assurance and risk assessment project as well as work in relation to the Well-being of Future Generations (Wales) Act 2015 at all Councils. At some councils, they also supplemented this work with local risk-based audits, identified in the Audit Plan for 2018-19.

3.3 A summary of the work carried out, including that of the relevant regulators, along with conclusions and proposals for improvement arising from the work is set out in Exhibit 1 (pp. 6-21 of the attached report). The section is broken down into local risk based performance audits, improvement planning and reporting and reviews by inspection and regulation bodies.

3.4 The report also includes a summary of the national studies the WAO undertook during the year (Appendix 3, pp. 26-42), with recommendations that all local authorities are required to address.

4. Current Situation / Proposal

4.1 The overall conclusion of the AIR is positive, as follows:

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

4.2 Those areas in Exhibit 1 where proposals for improvement have been identified are summarised below:

Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations

Findings – "We can see some positive aspects in how the Council has taken account of the sustainable development principle in its approach to delivering the Porthcawl Resort Investment Focus (PRIF) programme, but further work is required to consistently embed the five ways of working".

The Auditor General did not make any proposals for improvement but did highlight some areas of development which the council plans to act on.

Service User Perspective of Disabled Facilities Grants

Finding – "Most service users we spoke to were happy with the housing adaptations service, but the Council is not maximising opportunities to improve the service and deliver value for money".

The Auditor General made a number of proposals for improvement as set out on pages 8-10 of Appendix 1.

Environmental Health

Finding – "The shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation."

However, the Auditor General concluded that there is scope for the Council to strengthen its scrutiny and oversight arrangements of environmental health services and work with SRS and other providers to explore the opportunities for future improvement, and included a number of proposals for improvement on pages 11-14.

Corporate Arrangements for the Safeguarding of Children

Finding – "The Council has met, or partially met, our previous recommendations and proposals for improvement, but we have identified some further proposals for improvement to strengthen aspects of the Council's corporate safeguarding arrangements".

The Auditor General made a number of proposals for improvement as set out on pages 15-18.

4.3 Exhibit 1 also includes the findings of work undertaken by Estyn on the inspection of education services in Bridgend County Borough Council and by HM Inspectorate of Probation on the inspection of Youth Offending services in Western Bay. It also includes the Annual Performance Review Letter 2018/19 from the Care Inspectorate Wales (CIW).

4.4 The report includes the Auditor General's Annual Audit Letter 2017-18 at Appendix 2 which summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. He concluded that:

"the quality of the draft accounts and associated records presented for audit had been prepared to a generally high standard, reflecting the Council's continued improvement over recent years".

The Auditor General did not make any formal recommendations nor proposals for improvement.

5. Effect upon Policy Framework & Procedure Rules

5.1 There is no effect upon the Policy Framework and the Procedure Rules.

6. Equality Impact Assessment

6.1 No equality impact assessment has been undertaken as the Auditor General's Annual Improvement Report is essentially a retrospective assessment of the Council's performance.

7. Wellbeing of Future Generations (Wales) Act 2015 Implications

7.1 As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

8. Financial Implications

8.1 There are no financial implications in this report.

9. Recommendation

9.1 It is recommended that the Audit Committee:

- Note the Annual Improvement Report 2018-19 produced by Wales Audit Office (**Appendix A**)

Gill Lewis CPFA
Interim Head of Finance and Section 151 Officer
November 2019

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Background Documents: None

APPENDIX A

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Bridgend County Borough Council

Issued: October 2019

Document reference: 1540A2019-20

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Samantha Clements and Sara-Jane Byrne under the direction of Huw Rees.

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

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

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

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

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

This document is also available in Welsh.

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Summary report

2018-19 performance audit work

1 To decide the range and nature of the work we would undertake during the year, we considered how much we already know from all previous audit and inspection work and from other sources of information including Bridgend County Borough Council's (the Council) own mechanisms for review and evaluation. For 2018-19, we undertook improvement assessment work; an assurance and risk assessment project and work in relation to the Wellbeing of Future Generations Act at all councils. At some councils, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2018-19.

2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in Exhibit 1.

The Council is meeting its statutory requirements in relation to continuous improvement

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

Recommendations and proposals for improvement

4 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:

- make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
- make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
- conduct a special inspection, publish a report and make recommendations; and
- recommend to ministers of the Welsh Government that they intervene in some way.

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

Audit, regulatory and inspection work reported during 2018-19

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

Description of the work carried out since the last AIR, including that of the relevant regulators, where relevant.

Issue date	Brief description	Conclusions	Proposals for improvement
March 2019	**Assurance and Risk Assessment** Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council: • putting in place proper arrangements to secure value for money in the use of resources; • putting in place arrangements to secure continuous improvement; and • acting in accordance with the sustainable development principle in setting wellbeing objectives and taking steps to meet them.	**Arising from this project we identified the following topics for inclusion in our audit programme at the council for 2019-20:** • Financial Sustainability – a project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges; • Transitioning to new Health Partnership – a project to assess the Council's progress in transitioning to a new Health Partnership; • Workforce Strategy – a project to review the Council's approach to workforce planning; and • Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations.	Not applicable

Issue date	Brief description	Conclusions	Proposals for improvement
October 2019	**Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations** Examination of the extent to which the Council has acted in accordance with the sustainable development principle in delivering the Porthcawl Resort Investment Focus Programme (PRIF). This step sits under the Council's Corporate Plan priorities of 'Supporting a successful economy' and 'Smarter use of resources'. A copy of the Auditor General's report can be found here.	We can see some positive aspects in how the Council has taken account of the sustainable development principle in its approach to delivering the Porthcawl Resort Investment Focus (PRIF) programme, but further work is required to consistently embed the five ways of working: • the Council has considered long-term data and aspirations for the town to successfully access funding but would benefit from developing a long-term and holistic vision for the town; • the Council has designed the step to prevent further decline in the town as a tourist destination. However, there is limited understanding of the root causes of this decline; • the Council has designed the step to integrate plans with partners to access EU funding, but having a clearer vision for the town would facilitate a more integrated approach with partners; • the Council has considered how to collaborate with partners to deliver the PRIF projects. However, its approach to collaboration could be more strategic; and	We did not make any proposals for improvement in the Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations report but did highlight some areas of development which the Council plans to act on.

Issue date	Brief description	Conclusions	Proposals for improvement
		• there is limited formal involvement and input to ensure that the full diversity of stakeholders is represented.	
November 2018	**Annual audit letter 2017-18** Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.	• The Council complied with its responsibilities relating to financial reporting and use of resources; • I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and • my work to date on certification of grant claims and returns has not identified significant issues that would impact on the annual accounts or key financial systems.	None
Local risk-based performance audit			
October 2018	**Service User Perspective of Disabled Facilities Grants** A review focussed primarily upon the service user experience of the housing adaptation/disabled facilities grant process, with consideration of the earlier assessment process before the building work commences. A copy of the report can be found here	**Most service users we spoke to were happy with the housing adaptations service, but the Council is not maximising opportunities to improve the service and deliver value for money:** • the Council has clear aims for the housing adaptations service recognising the difference it can make to people's lives, but the actions it has identified to improve the service are limited; • most service users we spoke to are happy with the housing adaptations service and feel	P1 The Council should consider more broadly how its housing adaptations service can contribute to meeting its strategic aim 'To ensure that Bridgend County is a place that people want to live, where there is a choice of good quality, affordable, and sustainable housing, appropriate to the needs of each household' and the medium and longer-term actions needed to do this. In doing so, it should consider how it can apply the five ways of working from the Well-

Issue date	Brief description	Conclusions	Proposals for improvement
		that the adaptations have helped them with their needs; • most service users found the application process easy, but the Council receives regular queries which it is not best placed to answer as other outside parties become involved as the project progresses; • the Council could do more to help service users make informed choices about which agent and builder to use and to strengthen its oversight of them, particularly ensuring that builders are safe to work in the homes of vulnerable people; • most service users we spoke to were satisfied with the time it took for the Council to approve their housing adaptation, but the overall time taken for the Council to deliver adaptations has increased in recent years; and • there is scope for the Council to strengthen its arrangements for evaluating the housing adaptations service to help it learn and improve the service.	being of Future Generations (Wales) Act to help it do this and the Social Services and Well-being Act. P2 The Council should strengthen its arrangements for evaluating the housing adaptations service to help the Council improve the service. This includes improving the design of the service user survey and extending it to include all service users and to increase awareness of the survey and the results across the organisation. P3 The Council should help service users understand the often-complicated process that involves multiple organisations by providing a clear and simple overview of the grant process from beginning to end. P4 The Council should fully implement the recommendations made by the Auditor General for Wales in his report in 2018 on housing adaptations, most notably Recommendation 6 to introduce formal systems for accrediting contractors to undertake adaptations including developing effective

Issue date	Brief description	Conclusions	Proposals for improvement
			systems to manage and evaluate contractor performance. • The Council should ensure it has arrangements in place to monitor and manage the performance of third parties involved in the DFG process. This performance information should be shared with service users to inform their decision upon which agent and builder to engage for their housing adaptation. • Formally accrediting contractors and continually monitoring user satisfaction will satisfy the Council that adequate safeguards are in place to protect vulnerable service users when builders are entering their homes. P5 The Council needs to assure itself that it has appropriate controls in place to provide effective oversight of the adaptations process, given it is ultimately responsible for the delivery of the adaptation.

Issue date	Brief description	Conclusions	Proposals for improvement
September 2019	**Environmental Health** Review of the arrangements the council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies. Our report is available on our website here	The shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. There is scope for the Council to strengthen its scrutiny and oversight arrangements of environmental health services and work with SRS and other providers to explore the opportunities for future improvement.	P1 We found some evidence of cost, benefit and impact analysis being performed to enable decision-making around savings and changes to services. However, whilst consideration was given to the impact of staffing restructuring over the period between 2018-2021, it was also acknowledged amongst officers and members that the real impact of this will be largely unknown until £498k of savings begin to take effect. The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts. P2 The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity if funding reduces in the future. P3 When considering how environmental health services may need to change in the future, the Council should ensure that the

Issue date	Brief description	Conclusions	Proposals for improvement
			distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services. P4 The Council should introduce greater challenge of the level and quality of environmental health services provided by third parties, including the SRS under the Joint Working Agreement. P5 The Council should strengthen its 'client' / contract management of its environmental health services by: • adopting a more proactive approach to managing the performance of contractors (including the SRS) to enable the Council to hold its partners to account for their performance; • reviewing the outsourced Mitie pest control contract, including the historical call out volume data, to seek to establish whether the current flat monthly fee payment structure represents value for

Issue date	Brief description	Conclusions	Proposals for improvement
			money to the Council. This can be subsequently used to inform the contract renegotiation on renewal in 2020. R6 The Council should work with SRS to undertake a review of business continuity and succession planning arrangements in relation to the SRS to mitigate the risk of overreliance on key individuals, such as the Head of SRS and operational managers. P7 The Council should strengthen elected member oversight of its environmental health services, for example through more regular Scrutiny of services provided by third parties including the SRS. P8 The Council should consider introducing more structured and targeted development and training opportunities for relevant members, which may be beneficial in the event of changes in personnel and in areas experiencing changes in legislation, eg air pollution/food safety/ infectious diseases. P9 The Council should more clearly link any future decisions on changes to service levels to an assessment of

Issue date	Brief description	Conclusions	Proposals for improvement
			impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate means of consulting should be decided on a case-by-case basis. However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on these decisions. P10 The Council needs to build on initiatives such as the SRS Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.
September 2019	**Saving Planning follow up report** Our report on savings planning, issued to the Council in March 2017, made a proposal for improvement for the Council to strengthen financial planning arrangements by: • ensuring that savings proposals are fully developed	The Council has strengthened arrangements to develop and achieve savings plans, but further work is needed to develop a deliverable medium term financial strategy. • The Council has identified some indicative savings proposals to cover the period of the medium term financial strategy, but more work is needed to fully develop proposals for 2020-21 and beyond;	None.

Issue date	Brief description	Conclusions	Proposals for improvement
	and include realistic delivery timescales prior to inclusion in the annual budget; and • identifying indicative savings proposals over the period of the Medium Term Financial Plan. Our review in summer 2019, assessed the Council's progress in addressing these proposals for improvement and considered the effectiveness of the Council's arrangements for achieving its savings proposals. Our report is available on our **website.**	• The Council has strengthened the arrangements for developing budget savings proposals, but further work is needed to ensure that timescales for delivery are as accurate as possible; and • In prior years, achievement of savings plans has been variable, but the Council achieved most of its 2018-19 savings plans and now needs to ensure that its strengthened arrangements continue this improved position.	
October 2019	**Follow-up review of corporate arrangements for the safeguarding of children** Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.	The Council has met, or partially met, our previous recommendations and proposals for improvement, but we have identified some further proposals for improvement to strengthen aspects of the Council's corporate safeguarding arrangements.	P1 The Council should strengthen awareness of the roles of the lead officer and lead member for safeguarding by: • including information about the roles of the lead member and lead officer for safeguarding on the Council's safeguarding intranet pages; and • ensuring safeguarding is included in the lead member's portfolio responsibilities on the Council website.

Issue date	Brief description	Conclusions	Proposals for improvement
			P2 The Council should strengthen the Corporate Safeguarding Policy in the following ways: • clarify the role and responsibilities of the lead member for safeguarding; • set out the role of scrutiny in the Council's safeguarding arrangements; • clarify the role of the operational corporate safeguarding board; and • remove obsolete reference to safeguarding champions. P3 The Council should strengthen its Recruitment and Selection Managers' Guidelines in relation to safeguarding and safe recruitment. For example: • the job descriptions section could refer to safeguarding for relevant posts; • specify that job adverts for posts that require a Disclosure and Barring Service (DBS) check will contain an explicit statement on safeguarding; and

Issue date	Brief description	Conclusions	Proposals for improvement
			• the Guidelines should cross refer to the DBS Policy and the Corporate Safeguarding Policy. P4 The Council should update its DBS Policy to ensure it makes reference to current legislation. P5 The Council should ensure the consistent use of safeguarding provisions in tenders and contracts across all Directorates and ensure appropriate monitoring of such contractual provisions. P6 The Council should improve its approach to safeguarding training in the following ways: • clarify when mandatory safeguarding training needs to be refreshed; • clarify how often safeguarding training should be offered to members; and • accelerate the rate of compliance with the completion of its mandatory safeguarding training. P7 The Council should develop a central system for recording and monitoring volunteer information, including any training records and DBS checks for

Issue date	Brief description	Conclusions	Proposals for improvement
			volunteers, and consider producing central guidance for the recruitment of volunteers. P8 The Council should consider producing further performance measures (for example in respect of DBS check compliance and mandatory safeguarding training) to enhance the performance information that goes to scrutiny and aid transparency. P9 The Council should consider the merits of the operational corporate safeguarding group having oversight of corporate safeguarding risks from across the Council.

Issue date	Brief description	Conclusions	Proposals for improvement
Improvement planning and reporting			
April 2018	**Wales Audit Office annual improvement plan audit** Review of the Council's published plans for delivering on improvement objectives.	The Council has complied with its statutory improvement planning duties.	None
November 2018	**Wales Audit Office annual assessment of performance audit** Review of the Council's published performance assessment.	The Council has complied with its statutory improvement reporting duties.	None
Reviews by inspection and regulation bodies			
Estyn March 2019	**A report on Bridgend County Borough Council March 2019** [A copy of the report can be found here]	Senior officers and elected members share a clear vision for education in Bridgend. The authority's approach of collaborative working across services areas and with schools, known as 'Team Bridgend', is effective, in particular in improving support for vulnerable learners. Schools are integral to decision-making processes about education. The local authority's allocation of resources to its education services and schools reflects the high priority given to education in the corporate plan. Overall, pupils in Bridgend make good progress between the statutory school ages of five and sixteen. Standards at key stage 4 in secondary schools over the last three years compare well	R1 Raise standards of literacy in primary schools R2 Improve outcomes for post-16 learners in sixth forms R3 Increase the pace of improvement in schools causing concern R4 Strengthen the role of the Welsh Education Strategic Forum to ensure timely progress in delivering the priorities identified in the Welsh in Education Strategic Plan

Issue date	Brief description	Conclusions	Proposals for improvement
		with those in similar local authorities. However, standards in sixth forms in schools compare less favourably with the national average. Outcomes for primary-aged pupils are not as strong as for those in secondary schools, particularly in literacy. Across the local authority, children and young people make a very positive contribution to influencing decisions that affect them. The local authority provides them with well-structured processes and activities and they engage well. School improvement officers in the local authority work well with officers and advisers from the regional consortium to support schools to improve. This support is generally effective, although the pace of progress in schools causing concern is too slow. The local authority has a strong commitment to meeting the needs of pupils with emotional, social and behavioural difficulties and provides a good range of services to support schools and pupils. The authority's self-evaluation process is well established across the directorate, and takes good account of contributions from its stakeholders, including school leaders and pupils. This enables managers to evaluate the quality of services, taking into account a wide range of perspectives.	

Issue date	Brief description	Conclusions	Proposals for improvement
HM Inspectorate of Probation (involving inspectors from HM Inspectorate of Constabulary, Fire and Rescue Service (HMICFRS), Care Inspectorate Wales (CIW), Healthcare Inspectorate Wales (HIW) and Estyn March 2019	**Inspection of Youth offending services in Western Bay** HMI Probation inspected and rated Western Bay Youth Justice and Early Intervention Service across three broad areas: the arrangements for organisational delivery, and the quality of both court disposal and out-of-court disposal work.	Western Bay Youth Justice and Early Intervention Service was rated as 'Inadequate' – the lowest rating.	HM Inspectorate of Probation made 14 recommendations, which are set out in its report available on its website here.
Care Inspectorate Wales (CIW) June 2019	**Annual performance review letter 2018/19** This letter summarises CIW's evaluation of performance of social services (adults and children's services) during 2018/19. It also sets out how CIW is planning to review performance over the coming year.	Copy of CIW's annual performance review letter	Not applicable

Appendix 1

Status of this report

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

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

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

Appendix 2

Annual Audit Letter

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Please contact us in Welsh or English.

Cysylltwch â ni'n Gymraeg neu'n Saesneg.

Councillor Huw David
The Leader
Bridgend County Borough Council
Civic Offices
Angel Street
Bridgend
CF31 4WB

Reference: 907A2018-19

Date issued: 19 November 2018

Dear Councillor David

Annual Audit Letter – Bridgend County Borough Council 2017-18

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

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

It is Bridgend County Borough Council's (the Council's) responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a statement of accounts in accordance with relevant requirements; and

- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

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

Local authorities in Wales prepare their statement of accounts in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is based on International Financial Reporting Standards.

On 12 September 2018 I issued an unqualified audit opinion on the statement of accounts confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the statement of accounts. The key matters arising from the audit were reported to members of the Audit Committee in my 'Audit of Financial Statements' report on the 6 September 2018. In this report I confirmed that the quality of the draft accounts and associated records presented for audit had been prepared to a generally high standard, reflecting the Council's continued improvement over recent years.

Local authorities in Wales face significant financial challenges

Austerity funding remains the most significant challenge facing all local government bodies in Wales and these financial pressures are likely to continue for the medium term. The recent provisional local government funding settlement for 2019-20 will see the Council settlement decrease by £1.22 million or 0.6%. This percentage decrease is larger than the all-Wales figure of 0.3%.

For 2017-18 the Council underspent its net revenue expenditure by £6.5 million (before transfers to earmarked reserves). As at the 31 March 2018 the Council had usable reserves of £77.9 million, being £2.8 million lower than the previous year. The useable reserves of £77.9 million consisted of earmarked reserves of £48.1 million, a capital receipts reserve of £21.2 million, a council-fund balance of £8.3 million, and a capital grants unapplied reserve of £0.3 million.

For the current 2018-19 financial year, the Council forecasts within its latest management accounts that it will deliver an operational underspend of £4.5 million (before the forecast transfer to earmarked reserves). The Council's 'Medium Term Financial Strategy 2018-19 to 2021-22'[1] sets out budget reduction proposals of £32.6 million. Within this figure £6.1 million of the reductions relate to 2018-19, for which the Council has identified proposals. For the remaining figure of £26.5 million for the three years to 31 March 2022, the Council

[1] Dated February 2018

has identified reductions of £7.1 million and is yet to identify reductions for the remaining £19.4 million.

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

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, although in September 2018 I set out in my 'Annual Improvement Report'[2] the areas where improvements could be made.

On 12 September 2018 I issued a certificate confirming that the audit of the 2017-18 accounts was completed.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the annual accounts or key financial systems

This audit work is ongoing with no significant issues thus far. In early 2019 I will issue my grant report on the audit of the Council's 2017-18 grant claims and returns. This report is considered each year by the Council's Audit Committee.

Financial audit fees

The financial audit fee for 2017-18 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan. The final fee for my audit of the Council's 2017-18 grant claims and returns will be set out in my grant report.

Yours sincerely

Derwyn Owen

For and on behalf of the Auditor General for Wales

Cc: Darren Mepham, Chief Executive Officer
Gill Lewis, Section 151 Officer

[2] Bridgend County Borough Council – Annual Improvement Report 2017-18

Appendix 3

National report recommendations 2018-19

Exhibit 3: national report recommendations 2018-19

Summary of proposals for improvement relevant to local government, included in national reports published by the Wales Audit Office, since publication of the last AIR.

Date of report	Title of review	Recommendation
October 2018	**Procuring Residual and Food Waste Treatment Capacity**	R1 The projections for the three residual waste projects in the Programme assume that, across the 14 councils involved, the overall amount of residual waste will increase through the lifetime of the contracts. If these projections are accurate then something significant would have to occur beyond 2040 to reach zero waste across these council areas by 2050. If the projections are not accurate then there is the risk that councils will pay for capacity they do not need. **We recommend that the Welsh Government:** • **in reviewing the Towards Zero Waste strategy, considers how its ambition of there being no residual waste by 2050 aligns with current projections for residual waste treatment; and** • **works with councils to consider the impact of changes in projections on the likely cost of residual waste projects and any mitigating action needed to manage these costs.**

Date of report	Title of review	Recommendation
		R2 The Welsh Government's programme support to date has mainly focused on project development and procurement. Now that most of the projects are operational, the focus has shifted to contract management. **We recommend that the Welsh Government continue its oversight of projects during the operational phase by:** • **building on its existing model of providing experienced individuals to assist with project development and procurement and making sure input is available to assist with contract management if required;** • **setting out its expectations of councils regarding contract management;** • **ensuring partnerships revisit their waste projections and associated risks periodically, for example to reflect updated population projections or economic forecasts; and** • **obtaining from partnerships basic management information on gate fees paid, amount of waste sent to facilities and quality of contractor service.**

Date of report	Title of review	Recommendation
November 2018	Local Government Services to Rural Communities	R1 Socio economic change, poor infrastructure and shifts in provision of key services and facilities has resulted in the residualisation of communities in rural Wales. **We recommend that Welsh Government support public bodies to deliver a more integrated approach to service delivery in rural areas by:** • **refreshing rural grant programmes to create sustainable financial structures, with multi-year allocations; and** • **helping people and businesses make the most of digital connectivity through targeted and more effective business and adult education support programmes.** R2 The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales (see paragraphs 2.2 to 2.9 and 2.28 to 2.31). **We recommend that PSB public services partners respond more effectively to the challenges faced by rural communities by:** • **assessing the strengths and weaknesses of their different rural communities using the Welsh Governments Rural Proofing Tool and identify and agree the local and strategic actions needed to support community sustainability; and** • **ensuring the Local Well-Being Plan sets out a more optimistic and ambitious vision for 'place'**

Date of report	Title of review	Recommendation
		with joint priorities co-produced by partners and with citizens to address agreed challenges. R3 To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). **We recommend councils provide a more effective response to the challenges faced by rural communities by:** • **ensuring service commissioners have cost data and qualitative information on the full range of service options available; and** • **using citizens' views on the availability, affordability, accessibility, adequacy and acceptability of council services to shape the delivery and integration of services.** R4 To help sustain rural communities, public services need to act differently in the future (see paragraphs 3.1 to 3.12). **We recommend councils do more to develop community resilience and self-help by:** • **working with relevant bodies such as the Wales Co-operative Centre to support social enterprise and more collaborative business models;** • **providing tailored community outreach for those who face multiple barriers to accessing public services and work;**

Date of report	Title of review	Recommendation
		• **enhancing and recognising the role of town and community councils by capitalising on their local knowledge and supporting them to do more;** • **encouraging a more integrated approach to service delivery in rural areas by establishing pan-public service community hubs, networks of expertise, and clusters of advice and prevention services;** • **enabling local action by supporting community asset transfer identifying which assets are suitable to transfer, and having the right systems in place to make things happen; and** • **improving community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.**
November 2018	**Waste Management in Wales: Municipal Recycling**	R1 Benchmarking work has found that the cost of certain waste management services show surprising variation (paragraphs 1.31-1.39). **The Welsh Government should work with councils to understand better the basis of the variation in spending on waste management services that are fundamentally the same and ensure that waste management costs are accounted for in a consistent way.** R2 The Welsh Government believes that, if applied optimally, its Collections Blueprint offers the most cost-effective overall means of collecting recyclable resources but is planning

Date of report	Title of review	Recommendation
		further analysis (paragraphs 1.40-1.51). **When undertaking its further analysis to understand better the reasons for differences in councils' reported costs, and the impact on costs where councils have adopted the Collections Blueprint, we recommend that the Welsh Government:** • **explores how the cost of collecting dry recyclables may affect the overall cost of providing kerbside waste management services to households; and** • **compares the actual costs with the costs modelled previously as part of the Welsh Government-commissioned review of the Collections Blueprint for councils that now operate the Collections Blueprint.** R3 The Welsh Government has undertaken to consider alternatives to the current weight-based recycling targets which can better demonstrate the delivery of its ecological footprint and carbon reduction goals (paragraphs 2.38-2.45). **We recommend that the Welsh Government replace or complement the current target to recycle, compost and reuse wastes with performance measures to refocus recycling on the waste resources that have the largest impact on carbon reduction, and/or are scarce. We recognise that the Welsh Government may need to consider the affordability of data collection for any alternative means of measurement.**

Date of report	Title of review	Recommendation
		R4 In refreshing Towards Zero Waste, the Welsh Government needs to show that wider sustainability benefits sought through municipal recycling offer value and cannot be more readily attained in other ways and at lower cost including, but not necessarily limited to, other waste management interventions (paragraphs 2.52-2.53). **The Welsh Government should demonstrate in the revised waste strategy that not only is it possible to recycle a greater proportion of municipal waste, but how doing so maximises its contribution to achieving its sustainable development objectives.**
November 2018	**Provision of Local Government Services to Rural Communities: Community Asset Transfer**	R1 Local authorities need to do more to make CATs (Community Asset Transfers) simpler and more appealing, help build the capacity of community and town councils, give them more guidance in raising finance, and look to support other community development models such as social enterprises that support social value and citizen involvement. **In addition, we recommend that local authorities monitor and publish CAT numbers and measure the social impact of CATs.** R2 Local authorities have significant scope to provide better and more visible help and support before, during, and after the community asset transfer process. **We conclude that there is considerable scope to improve the business planning, preparation, and aftercare for community asset transfer. We recommend that local authorities:**

Date of report	Title of review	Recommendation
		• **identify community assets transfer's role in establishing community hubs, networks of expertise and clusters of advice and prevention services;** • **work with town and community councils to develop their ability to take on more CATs;** • **identify which assets are suitable to transfer, and clarify what the authority needs to do to enable their transfer;** • **ensure their CAT policy adequately covers aftercare, long term support, post transfer support, signposting access to finance, and sharing the learning about works well; and** • **support community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.**
December 2018	**The maturity of local government in use of data**	**R1** **Part 1 of the report highlights the importance of creating a strong data culture and clear leadership to make better use of data.** We recommend that local authorities: • have a clear vision that treats data as a key resource; • establish corporate data standards and coding that all services use for their core data; • undertake an audit to determine what data is held by services and identify any duplicated records and information requests; and

Date of report	Title of review	Recommendation
		• create a central integrated customer account as a gateway to services. **R2** **Part 2 of the report notes that whilst it is important that authorities comply with relevant data protection legislation, they also need to share data with partners to ensure citizens receive efficient and effective services. Whilst these two things are not mutually exclusive, uncertainty on data protection responsibilities is resulting in some officers not sharing data, even where there is agreement to provide partners with information.** We recommend that authorities: • provide refresher training to service managers to ensure they know when and what data they can and cannot share; and • review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities. **R3** **In Part 3 of our report, we conclude that adequate resources and sufficient capacity are ongoing challenges. However, without upskilling staff to make better use of data, authorities are missing opportunities to improve their efficiency and effectiveness.** We recommend that authorities: • identify staff who have a role in analysing and managing data to remove duplication and free up

Date of report	Title of review	Recommendation
		resources to build and develop capacity in data usage; and • invest and support the development of staff data analytical, mining and segmentation skills. **R4** **Part 4 of our report highlights that authorities have more to do to create a data-driven decision-making culture and to unlock the potential of the data they hold.** We recommend that local authorities: • set data reporting standards to ensure minimum data standards underpin decision making; and • make more open data available.
March 2019	**Waste Management in Wales - Preventing waste**	**R1** **Increasing the focus on waste prevention to reflect the overall aims of Towards Zero Waste** Available data on the amount of waste produced suggests mixed progress to deliver the Welsh Government's waste prevention targets. We recommend that the Welsh Government: a) revisits the relative priority it gives to recycling and waste prevention as part of its review of Towards Zero Waste; b) sets out clearly the expectations on different organisations and sectors for waste prevention; and c) revisits its overall waste prevention targets and the approach it has taken to monitor them in light of progress to date, examples from other countries and

Date of report	Title of review	Recommendation
		in the context of current projections about waste arising through to 2050. **R2 Improving data on commercial, industrial, construction and demolition waste** The Welsh Government is a partner in initial work to assess the feasibility of developing a new digital solution to track all waste. If this preferred option does not succeed, we recommend that the Welsh Government works with Natural Resources Wales to explore the costs and benefits of other options to improve non-municipal waste data in Wales, including additional powers to require waste data from businesses. **R3 Enhancing producer responsibility and using more legal, financial and fiscal levers** The Welsh Government has opportunities to influence waste prevention through legislation and financial incentives. It can also influence changes at UK level where fiscal matters are not devolved. We recommend that the Welsh Government consider whether provisions to extend producer responsibility and the use of financial powers such as grant conditions, fiscal measures and customer charges and incentives, are needed to promote and to prioritise waste prevention.
June 2019	**The effectiveness of local planning authorities in Wales**	R1 Part 1 of the report sets out the complexities of the planning system showing how challenging it is for local planning authorities to effectively engage with and involve

Date of report	Title of review	Recommendation
		stakeholders in choices and decisions. To improve involvement with stakeholders and ownership of decisions we recommend that: • local planning authorities: – test current engagement and involvement practices and consider the full range of other options available to ensure involvement activities are fit for purpose; – use 'Place Plans' as a vehicle to engage and involve communities and citizens in planning choices and decision making; and – improve transparency and accountability by holding planning meetings at appropriate times, rotating meetings to take place in areas which are subject to proposed development, webcasting meetings and providing opportunities for stakeholders to address committee meetings. • Welsh Government: – review the Development Management Procedure Order 2012 and update the engagement and involvement standards for local planning authorities. R2 Part 2 of the report highlights that local planning authorities have been subject to significant reductions in funding and

Date of report	Title of review	Recommendation
		struggle to deliver their statutory responsibilities. To improve resilience, we recommend that local planning authorities: • review their building control fee regimes to ensure the levels set, better reflect the actual cost of providing these services and make the service self-funding; and • improve capacity by working regionally to: – integrate services to address specialism gaps; – develop joint supplementary planning guidance; and – develop future local development plans regionally and in partnership with other local planning authorities. R3 Part 2 of the report highlights that the cost of development control services is not reflected in the charges set for these services and progress in developing regional responses to strengthen resilience has been slow. We recommend that the Welsh Government: • reviews development control fees to ensure the levels set, better reflect the actual cost of providing these services; and • consider how to use the powers in the Planning (Wales) Act to support and improve local planning authority capacity and resilience. R4 Part 3 of the report summarises the effectiveness and impact of local planning authorities decision making and how well they are performing against national measures. We

Date of report	Title of review	Recommendation
		recommend that local planning authorities improve the effectiveness of planning committees by: • reviewing their scheme of delegation to ensure planning committees are focussed on the most important strategic issues relevant to their authority; • revising reporting templates to ensure they are clear and unambiguous to help guide decision making and reduce the level of officer recommendations overturned; and • enforcing the local planning authorities' standards of conduct for meetings. R5 Part 4 of the report identifies the central role of planning to delivering the ambitions of the Wellbeing of Future Generations Act. We recommend that local planning authorities: • set a clear ambitious vision that shows how planning contributes to improving wellbeing; • provide planning committee members with regular and appropriate wellbeing training and support to help deliver their wider responsibilities; • set appropriate measures for their administration of the planning system and the impact of their planning decisions on wellbeing; and • annually publish these performance measures to judge planning authorities impact on wellbeing.

Date of report	Title of review	Recommendation
September 2019	The 'front door' to adult social care	**Improving access to the front door** R1 Part 1 of the report sets out how authorities promote access to the 'front door' and provide information, advice and assistance to help people to improve their wellbeing and prevent their needs from deteriorating. To improve awareness of the front door we recommend that: • local authorities: – review their current approaches, consider their audience, and ensure that good-quality information is made available in a timely manner to avoid needs deteriorating and people presenting for assistance in 'crisis'; – work in partnership with public and third-sector partners to help ensure people accessing via partner referrals, or other avenues, are given the best information to help them; – ensure that advocacy services are commissioned and proactively offered to those who need them at first point of contact; and – to take local ownership and lead on the co-ordination and editing of local information published on Dewis Cymru locally. • The Welsh Government: – improve carers' awareness and understanding of their rights to be assessed for their own care and support needs, aimed at generating

Date of report	Title of review	Recommendation
		demand for local authorities' preventative services; and – undertake a full evaluation of the role of Dewis Cymru in the wider implementation of the Act and use the data gained to build on its potential as a national information sharing portal. **Investing in prevention and understanding impact** R2 Part 2 of the report highlights weaknesses in authorities' assurance of the availability and quality of third-sector, preventative, community based services that they signpost people to. We recommend that: • local authorities: – map the availability of preventative services in their area to better understand current levels of provision and identify gaps and duplication; – involve third-sector partners in co-producing preventative solutions to meet people's needs and ensure people have equitable access to these services; – work with third-sector partners to tailor and commission new services where gaps are identified; and – work with partners to improve data to evaluate the impact of preventative services on individuals and the population more generally. • Welsh Government:

Date of report	Title of review	Recommendation
		– improve the cost evaluation in relation to the impact of the Act in a national context, and support local authorities to ensure that the desired impact of prevention on overall social-care expenditure becomes a demonstratable reality. As part of our report, we also published an interactive data tool, short film and an infographic about carers' stories. These are available on our website **here.**

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

WALES AUDIT OFFICE FOLLOW-UP REVIEW OF CORPORATE ARRANGEMENTS FOR THE SAFEGUARDING OF CHILDREN

1. Purpose of this report

1.1 The purpose of this report is to submit the Follow-Up Review of Corporate Arrangements for the Safeguarding of Children, produced by Wales Audit Office (WAO), attached as **Appendix A,** for noting.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority:

- Helping people to be more self-reliant – taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.

3. Background

3.1 Wales Audit Office undertook this piece of work as a follow up to a review they had undertaken in Bridgend in 2014 on 'Local Authority Arrangements to Support Safeguarding of Children', and to enable them to consider the Council's progress in implementing the recommendations contained in the Auditor General's report, 'Review of Corporate Safeguarding Arrangements in Welsh Councils' in July 2015.

3.2 The review was undertaken between July and September 2019, and involved interviews with a selection of officers and members and review of documentation.

4. Current Situation / Proposal

4.1 The follow up review in 2019 sought to answer the question: Has the Council acted upon the recommendations and proposals for improvement contained in the national and local reports of the Auditor General published in 2014 and 2015?

4.2 Overall, WAO found that the Council has met, or partially met, their previous recommendations and proposals for improvement, but they have identified some further proposals for improvement to strengthen aspects of the Council's corporate safeguarding arrangements. There are nine proposals for improvement identified following this latest review which are set out on page 5 of the report.

4.3 WAO also assessed progress against the recommendations from the 2015 national and 2014 local report and provide an update against those. For the 2014

local report most proposals for improvement have been met, but one further proposal for improvement has been identified. In relation to the 2015 national report the Council has met, or partially met the previous recommendations and proposals for improvement, but WAO have identified some further proposals for improvement to strengthen aspects of the Council's corporate safeguarding arrangements.

5. Effect upon policy framework and procedural rules

5.1 The report does not have any impacts on policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications relating to the report.

9. Recommendation

9.1 It is recommended that Audit Committee:

- Note the WAO Follow-up Review of Corporate Arrangements for the Safeguarding of Children (**Appendix A**)

Gill Lewis CPFA
Interim Head of Finance and Section 151 Officer
November 2019

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Background documents:

Wales Audit Office: ‘Local Authority Arrangements to Support Safeguarding of Children”

Wales Audit Office: ‘Review of Corporate Safeguarding Arrangements in Welsh Councils’

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APPENDIX A

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Follow-up review of corporate arrangements for the safeguarding of children – **Bridgend County Borough Council**

Audit year: 2018-19

Date issued: October 2019

Document reference: 1505A2019-20

This document has been prepared as part of work performed in accordance with section 17 of the Public Audit (Wales) Act 2004 and section 18 of the Local Government (Wales) Measure 2009.

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

This document is also available in Welsh.

The team who delivered the work comprised Ian Phillips and Sara-Jane Byrne under the direction of Huw Rees.

Contents

The Council has met, or partially met, our previous recommendations and proposals for improvement, but we have identified some further proposals for improvement to strengthen aspects of the Council's corporate safeguarding arrangements.

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Summary

What we reviewed and why

1 We undertook this review to seek assurance that the Council has effective corporate arrangements in place for safeguarding. We considered the findings of our 2014 report into the Council's arrangements to support safeguarding of children[1]. We also considered the Council's progress in implementing the recommendations contained in the Auditor General's report, 'Review of Corporate Safeguarding Arrangements in Welsh Councils' (July 2015)[2]

2 We undertook the review between July and September 2019.

What we found

3 Our review sought to answer the question: Has the Council acted upon the recommendations and proposals for improvement contained in the national and local reports of the Auditor General published in 2014 and 2015?

4 Overall we found that: The Council has met, or partially met, our previous recommendations and proposals for improvement, but we have identified some further proposals for improvement to strengthen aspects of the Council's corporate safeguarding arrangements.

Proposals for Improvement

Exhibit 1: Proposals for Improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
P1	The Council should strengthen awareness of the roles of the lead officer and lead member for safeguarding by: • including information about the roles of the lead member and lead officer for safeguarding on the Council's safeguarding intranet pages; and • ensuring safeguarding is included in the lead member's portfolio responsibilities on the Council website.

[1] Auditor General for Wales, **Local Authority Arrangements to Support Safeguarding of Children – Bridgend County Borough Council,** October 2014

[2] **Auditor General for Wales, Review of Corporate Safeguarding Arrangements in Welsh Councils**, July 2015

Proposals for improvement	
P2	The Council should strengthen the Corporate Safeguarding Policy in the following ways: • clarify the role and responsibilities of the lead member for safeguarding; • set out the role of scrutiny in the Council's safeguarding arrangements; • clarify the role of the operational corporate safeguarding board; and • Remove obsolete reference to safeguarding champions.
P3	The Council should strengthen its Recruitment and Selection Managers' Guidelines in relation to safeguarding and safe recruitment. For example: • the job descriptions section could refer to safeguarding for relevant posts; • specify that job adverts for posts that require a Disclosure and Barring Service (DBS) check will contain an explicit statement on safeguarding; and • the guidelines should cross refer to the DBS Policy and the Corporate Safeguarding Policy
P4	The Council should update its DBS Policy to ensure it makes reference to current legislation.
P5	The Council should ensure the consistent use of safeguarding provisions in tenders and contracts across all Directorates and ensure appropriate monitoring of such contractual provisions.
P6	The Council should improve its approach to safeguarding training in the following ways: • clarify when mandatory safeguarding training needs to be refreshed; • clarify how often safeguarding training should be offered to members; and • accelerate the rate of compliance with the completion of its mandatory safeguarding training.
P7	The Council should develop a central system for recording and monitoring volunteer information, including any training records and DBS checks for volunteers, and consider producing central guidance for the recruitment of volunteers.
P8	The Council should consider producing further performance measures (for example in respect of DBS check compliance and mandatory safeguarding training) to enhance the performance information that goes to scrutiny and aid transparency.
P9	The Council should consider the merits of the operational corporate safeguarding group having oversight of corporate safeguarding risks from across the Council.

Assessment of progress against the recommendations from our 2015 report

The Council has met, or partially met our previous recommendations and proposals for improvement, but we have identified some further proposals for improvement to strengthen aspects of the Council's corporate safeguarding arrangements

Exhibit 2: recommendations from our 2015 report and our assessment of progress against them

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
R1 Improve corporate leadership and comply with the 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;	Met: This role is the responsibility of the Corporate Director for Social Services and Wellbeing.

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
• the appointment of a lead member for safeguarding; and	Met: This role is the responsibility of the Cabinet Member for Social Services and Early Help.
• regularly disseminating and updating information on these appointments to all staff and stakeholders.	Partially met with proposals for improvement identified: The Council has internal mechanisms for disseminating corporate information such as the 'Bridgenders' emails and newsletters. The Council stated that information about the respective roles of the lead member and lead officer for safeguarding has been disseminated via such internal mechanisms. The role of the Corporate Director for Social Services and Wellbeing is set out in the Corporate Safeguarding Policy, but the role of the lead member responsible for safeguarding is not in that policy. The portfolio information on the Council website for the Cabinet Member for Social Services does not include safeguarding as one of his responsibilities. The Council has produced corporate safeguarding intranet pages but they do not set out the respective roles of the lead officer and lead member for corporate safeguarding. The Council has an operational corporate safeguarding board with an officer from every Directorate on that board. We understand the role of the Board is to help to ensure everyone in the Council is aware of safeguarding matters. However, we feel there is scope to clarify the role of the Board and have included a related proposal for improvement (PFI 2). The Council recognise that it is more challenging to disseminate information to those staff who do not have access to a computer and there is an expectation that managers will be the conduit for such information to those staff. The Council may wish to consider opportunities to further the awareness of key safeguarding roles amongst staff who do not have access to a computer.

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
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	Met with proposals for improvement identified: The Council has a corporate safeguarding policy that is published on the Council website and it is clear on individuals' roles and responsibilities (apart from the aforementioned omission of information about the role of the relevant Cabinet Member). The policy is generally comprehensive and includes information on relevant safeguarding topics, such as modern slavery and human trafficking and child sexual exploitation. However, the policy is silent on the roles of the operational corporate safeguarding board and scrutiny in the Council's safeguarding arrangements. The policy also refers to safeguarding champions but those roles are now obsolete.
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;	Met but with a proposal for improvements identified: The Council has a DBS policy that applies to all staff and volunteers. However, the policy was last updated in March 2014 and needs to be updated as it contains an outdated reference to legislation (Data Protection Act 1998). The Council monitors compliance with DBS checks. The Council has a Recruitment and Selection Protocol and Recruitment and Selection Managers' Guidelines. However, those guidelines could be strengthened as set out in P3 above. Volunteers are recruited by

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
	Directorates and the Council does not have central guidance for the recruitment of volunteers and should consider producing such guidance in order to provide consistency of approach and increased corporate oversight. Although elected members are not required to have DBS checks per se, the Council offered members the opportunity to have a DBS check. Officers informed us that the majority of members took up this opportunity.
• creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and	Partially met with a proposal for improvement identified: The Council has a system, Trent, that captures DBS information for all staff who are required to be DBS checked. However, the Council does not have a central compliance record for volunteers' DBS check information.
• 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.	Met but with proposals for improvement identified: The Council has provided us with contractual examples that are clear on the need for DBS checks to be carried out. The Council also provided us with an example of a tender as part of our review(for the Provision of Transport Services for the Education and Family Support Directorate). We found some weaknesses in this tender document regarding safeguarding. For example, there is no specific reference to safeguarding in this document although it is clear on DBS check requirements. The document also refers to persons engaged by the supplier completing 'the required training' but it doesn't specify if that is referring to safeguarding training or not. The document does not refer to the provider needing to have their own safeguarding policy consistent with the Council's

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
	Corporate Safeguarding Policy or them having one of their own. The documentis silent on drivers or escorts raising safeguarding concerns (albeit there is a duty to protect pupils from abuse and bullying). Internal Audit carried out a safeguarding review in 2018-19 and found a similar issue. The Internal Audit review states 'The Auditor also obtained a copy of the tender for school transport (taxi's & minibuses). Whilst DBS checks and adequate training were incorporated into this document, there was no specific reference to safeguarding'. The review also states 'Safeguarding tends to only be incorporated into contracts such as Social Care, School Transport, live in carers etc.' The review recommended that 'Consideration should be given to incorporate Safeguarding into all documentation'. The Council needs to ensure the consistent use of safeguarding provisions, where appropriate, in contracts across all Directorates. Interviewees we spoke to clear were clear that the Council checks, whether safeguarding provisions of contracts relating to Social Care have been adhered to. However, similar assurance was not received for safeguarding provisions of contracts in other Directorates. While such contract monitoring needs to be proportionate, there is scope for a more consistent Council-wide approach to this matter. There may be a role for the operational corporate safeguarding board to check and monitor that there is consistent application of safeguarding provisions within tender documents and contracts across all Directorates.

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
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 on induction programmes;	Met but with proposals for improvement identified: Safeguarding training is mandatory for all staff and is available via e-learning or as a hardcopy workbook. It is included as part of the induction programme. However, the Council has not yet specified a period (for example two or three years) after which safeguarding refresher training should be completed. As at the end of July 2019, the completion rate of the mandatory safeguarding training was 65.3% of staff. Although the Council has various mechanisms in place to ensure mandatory training is completed, such as running quarterly compliance reports for managers and monitoring completion through the appraisals process, it is clear that further work is needed to obtain full compliance with this training. It is a Welsh Government requirement that Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV) training is mandatory for all staff. The latest figure is that 83% of staff have completed this training. Safeguarding training was offered to all members in September 2017 but officers we spoke to said take up was 'not high' although exact attendance figures were not given. The Council may wish to consider ways in which it can improve member take up of safeguarding training, albeit it is not mandatory training. The Council should also decide how often it should offer safeguarding training to members, either as a refresher for those members who have previously had the training, or otherwise to improve the number of members completing the training.

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
	The Council has proactively offered safeguarding training to taxi drivers and plans to run further sessions. The Council has also provided safeguarding information to those working in the night time economy. The Council provides non-mandatory safeguarding training to staff, for example on topics such as modern slavery and county lines. The Council's Vulnerable Groups Team provides safeguarding training within schools in addition to the mandatory safeguarding training.
• 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	Partially met with a proposal for improvement identified: The Council's corporate safeguarding policy states that 'All line managers are responsible for ensuring that their staff, volunteers and individuals undertaking work placements have appropriate safeguarding training'. The Council has a system, Trent, that captures the mandatory safeguarding training compliance information for all staff, including schools' staff and members. HR manage the work experience process and people undertaking work experience are expected to complete the mandatory e-learning safeguarding training. However, the Council does not have a central record of volunteers' compliance with safeguarding training. The Council may wish to consider making more consistent use of the Trent system to capture safeguarding training information (beyond the mandatory training) that Directorates have carried out.

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
	Governor training is not mandated at a national level, but the Council encourages governors to complete safeguarding training and provides various opportunities for them to do so. The Governor Support team retains records for all governor training.
• 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.	Partially met with a proposal for improvement identified: The Council provided us with contractual examples that specify the requirements for safeguarding training, although the narrative set out above in respect of the third bullet point of R3 is relevant to this recommendation.
R6[3] Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and council-wide set of performance information covering: • 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; • the performance of contractors and commissioned services on compliance	Partially met with a proposal for improvement identified: An annual safeguarding report does go to scrutiny. It is primarily focused on reporting on safeguarding matters in relation to Children's and Adults services although it does also cover wider corporate safeguarding issues, such as reporting compliance against the mandatory Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV) training. However, there is scope to develop the annual report to include further Council-wide performance information such as information in respect of mandatory safeguarding training or DBS checks and the key findings from any relevant internal or external audit reports that relate to corporate safeguarding.

[3] Welsh Government were responsible for responding to recommendation 5 so that is not included above

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
with council safeguarding responsibilities.	
R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the council's safeguarding practices.	Met: Internal Audit did a report on corporate safeguarding in 2016-17. They also did a Safeguarding Review in 2018-19 and a report on Safer Recruitment in 2018-19. Safeguarding features on Internal Audit's audit plan for 2019-20 and the review will include an annual assessment of the Council's overall operating model for safeguarding, including reviewing the adequacy of assurances obtained by the Council in respect of safeguarding arrangements in place for vulnerable adults and children.
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.	Partially met with a proposal for improvement identified: Safeguarding features as a risk on the Corporate Risk Register. Safeguarding features as a Directorate level risk in the Social Services and Wellbeing Directorate Business Plan 2019-20. Safeguarding does not feature as a Directorate level risk in any of the other Directorate Business Plans for 2019-20. This includes the Education and Family Support Business Plan, although we were informed that there are Group Plans and Team Plans sitting underneath the Directorate Business Plan. The Vulnerable Groups team was cited as an example of a team that would have a strong focus on safeguarding. In March 2019 Estyn reported that 'The local authority's arrangements for safeguarding in education provision are appropriate and do not raise any cause for concern'.

Recommendation from the 2015 report	Wales Audit Office assessment of Council's progress
	While it is not always strictly necessary or proportionate for safeguarding to feature on every Directorate Business Plan, the Council should consider using the mechanism of the operational corporate safeguarding board to ensure consistent oversight and robust consideration of corporate safeguarding risks across all Directorates and services.

Assessment of progress against the proposals for improvement from our 2014 local report

Exhibit 2: proposals for improvement from our local 2014 report and our assessment of progress against them

Proposal for improvement in our 2014 local report issued to the Council in October 2014.	Wales Audit Office assessment of Council's progress
P1 Develop a Corporate Safeguarding Policy that clearly specifies roles, responsibilities and procedures for safeguarding.	Met with proposals for improvement identified: See narrative against recommendation 2 on page 8 above.
P2 Complete the Social Care Strategic Improvement Board review of performance	Met:

Proposal for improvement in our 2014 local report issued to the Council in October 2014.	Wales Audit Office assessment of Council's progress
information and produce measures that provide adequate assurance that systems are working effectively.	It should be noted that the reference to the Social Care Strategic Improvement Board is obsolete as that Board no longer exists. However, a number of different mechanisms are currently in place to consider performance information within Social Care. These include the Corporate Performance Assessment process and various Managers' meeting groups within Social Care. The evidence suggests that these mechanisms and the measures considered at them relating to safeguarding are appropriate.
P3 Ensure that the corporate induction programme for all new staff includes training on safeguarding and child protection issues and the Council's corporate policy on safeguarding.	Met: The mandatory safeguarding e-learning training is part of the Council's induction framework and the training can also be accessed via hardcopy workbook. There is a link to the Council's corporate safeguarding policy as part of the e-learning and there is a note on the hardcopy workbook. Managers are responsible for providing access to a hard copy of the policy should that be required.
P4 Identify and agree an appropriate internal audit programme of work for safeguarding.	Met: See narrative against recommendation 7 on page 14 above.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

WALES AUDIT OFFICE (WAO) AUDIT COMMITTEE UPDATE

1. Purpose of this report

1.1 The purpose of this report is to submit an update on the Financial and Performance Audit work undertaken by the Wales Audit Office (WAO) during 2019-20.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 The Council's performance is an important element in determining the extent to which the Corporate Objectives can be delivered.

3. Background

3.1 This programme of work is undertaken to help the Auditor General discharge his duties under the Public Audit (Wales) Act 2004 (the 2004 Act) and the Local Government (Wales) Measure 2009. It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Well-being of Future Generations (Wales) Act 2015. The Local Government (Wales) Measure 2009 also requires the Auditor General to carry out an annual Improvement Assessment to determine whether Bridgend County Borough Council is likely to comply with the requirements of Part 1 of the Measure. This involves:-

- A review of the Council's arrangements to secure continuous improvement;
- Improvement studies of areas which may hinder improvement or transformation or give rise to inefficiencies;
- Bespoke pieces of work related to the Council's improvement objectives and arrangements; and

- An audit of the Council's published improvement plans and its self-assessment of performance.

4. Current Situation / Proposal

4.1 The WAO Audit Committee Update is attached as **APPENDIX A**. It outlines both financial and performance work undertaken in the Council by and on behalf of the Auditor General under the Local Government (Wales) Measure 2009 and the Public Audit (Wales) Act 2004.

5. Effect upon policy framework & procedural rules

5.1 There is no effect upon the Policy Framework and the Procedure Rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The well-being goals identified in the Act have been considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications regarding this report.

9. Recommendation

9.1 It is recommended that Audit Committee:-

- Note the WAO Audit Committee Update at Appendix A

Gill Lewis CPFA
Interim Head of Finance and Section 151 Officer
November 2019

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Background Documents: None

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Archwilydd Cyffredinol Cymru
Auditor General for Wales

Bridgend County Borough Council

Audit Committee Update – 14th November 2019

Financial audit

Annual Accounts and other financial-audit work
On 8 August 2019 the Audit Committee considered our Financial Statements Report on the audit of the Council's 2018-19 Statement of Accounts. The Audit Committee approved the Statement of Accounts and on 13 August the Auditor General for Wales certified them and closed that year's audit. This autumn we are: • Auditing the Council's 2018-19 grants and returns. While the grants and returns are certified individually, each year we also provide a short summary report that the Audit Committee considers. The report will be presented to the next meeting of the Audit Committee. • Undertaking some of the 'Financial Sustainability' work that is referred to at page 5. • Commencing our initial planning of the audit of the Council's 2019-20 Statement of Accounts. We have already held initial discussions with the Section 151 Officer and some of her team.

Performance audit

2018-19 performance audit work	Scope	Status
Improvement Plan audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.	Final Certificate issued 19th April 2018.

Performance audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to set improvement objectives.	Final Certificate issued 23rd November 2018
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'	Complete. Presentation Audit Committee 14th November 2019
Financial planning and transformation	We will follow up the proposals for improvement made in our savings planning report issued to the Council in April 2017 and undertake ongoing monitoring of the Council's transformation programme, providing real-time challenge during the year.	Complete. Issued as final 3rd September 2019
Assurance and risk assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.	Complete.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principles when taking steps to meet the following wellbeing objective: Deliver the Porthcawl Resort Investment Focus Programme (e.g. the Cosy Corner developments and the Rest Bay café development) to grow the value of tourism in the economy, increase employment and business opportunities, and support a range of cultural, sporting and business events.	Complete. Issued as final 23rd October 2019
Environmental health	Review of the arrangements the Council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.	Complete. Issued as final 18th September 2019
Corporate safeguarding arrangements	Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.	Complete. Issued as final 25th October 2019

2018-19 Local Government Studies	Scope	Status
First point of contact assessments under the Social Services and Well-being (Wales) Act 2014	The Welsh Government introduced the Social Services and Well-being (Wales) Act 2014 (the 2014 Act), which focuses on reforming and simplifying the law relating to social services. The 2014 Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review first point of contact and assessments for adult social care. Detailed fieldwork in five local authorities. We are planning to undertake fieldwork in Cardiff City Council, Denbighshire County Council, Merthyr Tydfil County Borough Council, Pembrokeshire County Council and Carmarthenshire County Council	Published 12th September 2019 Here
Tackling violence against women, domestic abuse and sexual violence	In 2015 the Welsh Government passed the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act (the 2015 Act). The overarching objective of the 2015 Act is to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventative, protective and supportive mechanisms in the delivery of services. The review will focus on determining whether local authorities and their partners are effectively working together to prevent gender-based violence and domestic abuse, and protecting all of the people involved. Our fieldwork sites are Swansea City and County Council, Conwy County Borough Council, Flintshire County Council, Rhondda Cynon Taff County Borough Council, South Wales Police and South Wales Fire and Rescue Authority	Due to be published November 2019
Planning Services: Improving the wellbeing of Wales	Planning services are an important part of the democratic jigsaw that allows the detailed consideration of proposals to improve the economic prospects of the nation. Good planning decisions can have a positive impact on the wellbeing of people and places.	Published 6th June 2019 LINK to Published report

	Poor planning decisions can have a detrimental impact on people's wellbeing and can stifle economic development. This study will provide independent assurance that planning authorities are supporting sustainable development and delivering for the future long-term wellbeing of their communities and for Wales We are planning to undertake fieldwork in Bridgend County Borough Council, Gwynedd County Council, Newport City Council, Torfaen County Borough Council and Ceredigion County Council.	
2019-20 Performance Audit Work	Scope	Status
Improvement Plan audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.	Final Certificate issued 11th April 2019
Performance audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to set improvement objectives.	Underway
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'	June/July 2020
Assurance and risk assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.	Underway
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when delivering the key programme 'Active Bridgend Plan 2017-21' to meet the Council's well-being objective: Helping people to be more self-reliant.	Underway

Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.	Underway
Transitioning to new Health and Social Care Partnership	A project to assess the Council's progress in transitioning to a new Health and Social Care Partnership with Cwm Taf Health Board.	Planning
2019-20 Local Government Studies	Scope	Status
Review of Public Service Boards and the effectiveness of partnership working	This review will provide assurance and insight on how well PSBs are delivering the expectations of the Well-being of Future Generations Act, and by working together in tackling complex hard to shift problems. This includes examining the practicalities of joint working, what resources are being used, whether current arrangements are fit for purpose, and what needs to change. This review will also allow us to identify how decisions are communicated to partners and the public and whether decisions are transparent to help build a picture of how relationships work in reality. We will undertake fieldwork looking at how partners recognise and deal with problems of rough sleeping including public and voluntary bodies in three areas – Cardiff, Swansea and Wrexham.	Report published 8 October 2019 Link to published report
The impact of austerity on discretionary services in local government	The focus of the study is to provide independent assurance by looking at councils approaches to sustaining discretionary services and identify if councils are ensuring changes in provision or cessation of activity do not adversely impact future generations or those with protected characteristics. The study will provide insight on an issue that is much talked about but not well evidenced and provides us with a good opportunity to comment on services which are much valued by citizens across Wales. The review will take a strong focus on risk management and consider how well councils manage the	Data tool being developed

	transition from direct service providers towards a different role based on what will be affordable in the future.	
Commercialisation in local government	Our review will focus on producing good practice case studies and support materials to help authorities develop their approaches to commercialisation. This will cover the key building blocks required to effectively manage commercialisation. The study will comment on long-term approaches to financial sustainability and how commercial activity supports organisations to deliver their wider wellbeing objectives and corporate priorities. Given commercialisation should have a strong ethical focus we are likely to touch on equality issues and we will provide a commentary on how public bodies collectively are responding to ensuring fairness and accountability for commercial ventures.	Fieldwork being set up

National Studies	Update and link to report
Integrated care fund	Published 18th July 2019 LINK
Reflecting on Year One – Well-being of Future Generations Act	Published 10th May 2018 LINK
Waste management	Recycling module (published Link); waste prevention (published Link) and waste treatment infrastructure modules (published Link)
Managing the Impact of Brexit on the Rural Development Programme	Published November 28th November 2018 Link
European Structural Funds Programme 2014-2020	Published August 2018 Link
Primary care services in Wales	Published Oct 2019 Link
Preparations in Wales for a no-deal Brexit – follow-up letter	Published Sept 2019 Link
Public spending trends in Wales 1999-00 to 2017-18	Published Oct 2019 Link

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

WALES AUDIT OFFICE SAVINGS PLANNING FOLLOW-UP REPORT

1. Purpose of this report

1.1 The purpose of this report is to submit the Savings Planning Follow Up report produced by Wales Audit Office (WAO), attached as **Appendix A,** for noting.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priorities:

1. Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.

2. Helping people to be more self-reliant – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.

3. Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 The delivery of the Medium Term Financial Strategy, and the savings proposals required to achieve that, in conjunction with the Council's Corporate Plan, ensures that the Council's resources are targeted at the Council's priority areas.

3. Background

3.1 Wales Audit Office undertook this piece of work as a follow up to a review that they had undertaken previously on savings planning. That work resulted in a report being issued to the Council in March 2017 with the

following proposals for improvement to strengthen financial planning arrangements:

- ensuring that savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget; and
- identifying indicative savings proposals over the period of the Medium Term Financial Plan.

3.2 In May and June 2019 the WAO assessed the Council's progress in addressing these proposals for improvement and considered the effectiveness of the Council's arrangements for achieving its savings proposals.

4. Current Situation / Proposal

4.1 The follow up review in 2019 sought to answer the question: Has the Council effectively addressed our proposals for improvement in the March 2017 Savings Planning report?

4.2 Overall, WAO found that the Council has strengthened arrangements to develop and achieve savings plans, but further work is needed to develop a deliverable medium term financial strategy, particularly for 2020-21 and beyond. Whilst the Council achieved most of its 2018-19 savings plans it now needs to ensure that its strengthened arrangements continue this improved position, and that timescales for delivery need to be as accurate as possible. No further proposals for improvement have been identified from this follow up.

4.3 In reaching their conclusions the WAO found that:

- the process for developing budget savings proposals is now started earlier, giving officers and members greater opportunity to develop and engage on proposals, with particular reference to the role of the Budget Research and Evaluation Panel (BREP);
- finance officers are becoming more involved in the development of proposals and are challenging accuracy and realism of timescales for delivery;
- where savings are partially met this is often due to insufficient time being allowed for public consultation or contract negotiations with partners.
- not all savings proposals are supported by fully costed business cases and delivery plans.

Officers will consider the specific comments and observations outlined in the report and will work to strengthen the processes in place.

4.4 As part of WAO performance audit work for 2019-20 they will be reviewing financial sustainability at all Welsh Councils. This will include medium and longer term financial strategies, budget management, management of

cost pressures, efficiency and savings plans and levels and use of reserves. The Council has recently completed and submitted a self-assessment as an integral part of this project. The findings from this follow up review into savings planning will feed into that work.

5. Effect upon policy framework and procedural rules

5.1 None

6. Equality Impact Assessment

6.1 There are no equality implications.

7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications regarding this report.

9. Recommendations

9.1 It is recommended that Audit Committee:

- Note the WAO Savings Planning Follow Up Report (**Appendix A**)

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November 2019

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Background documents: None

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APPENDIX A

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Savings Planning Follow Up – **Bridgend County Borough Council**

Audit year: 2018-19

Date issued: August 2019

Document reference: 1469A2019-20

This document has been prepared for the internal use of Bridgend County Borough Council as part of work performed/to be performed in accordance with section 17 and 41 of the Public Audit (Wales) Act 2004, section 18 of the Local Government Wales Measure 2009 and Section 15 of the Well-being of Future Generations Act (Wales) 2015.

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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.

The team who delivered the work comprised Katherine Simmons, Samantha Clements, Lisa Williams, Mark Jones and Sara-Jane Byrne under the direction of Huw Rees.

Contents

The Council has strengthened arrangements to develop and achieve savings plans, but further work is needed to develop a deliverable medium term financial strategy.

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The Council has strengthened arrangements to develop and achieve savings plans, but further work is needed to develop a deliverable medium term financial strategy 6

- The Council has identified some indicative savings proposals to cover the period of the medium term financial strategy, but more work is needed to fully develop proposals for 2020-21 and beyond 6
- The Council has strengthened the arrangements for developing budget savings proposals, but further work is needed to ensure that timescales for delivery are as accurate as possible 8
- In prior years, achievement of savings plans has been variable, but the Council achieved most of its 2018-19 savings plans and now needs to ensure that its strengthened arrangements continue this improved position 10

Summary report

Summary

What we reviewed and why

1 Our report on savings planning, issued to the Council in March 2017[1], made a proposal for improvement for the Council to strengthen financial planning arrangements by:

- ensuring that savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget; and
- identifying indicative savings proposals over the period of the Medium Term Financial Plan.

2 In May/June 2019 we assessed the Council's progress in addressing our proposals for improvement and considered the effectiveness of the Council's arrangements for achieving its savings proposals.

3 As part of our 2019-20 performance audit work programme, we will be reviewing financial sustainability at all Welsh councils. This work will examine medium and longer term financial strategy, budget management, cost pressures, efficiency and savings plans, and levels and use of reserves. The findings from this review will feed into that work.

What we found

4 Our review sought to answer the question: Has the Council effectively addressed our proposals for improvement in the March 2017 Savings Planning report?

5 Overall, we found that: **The Council has strengthened arrangements to develop and achieve savings plans, but further work is needed to develop a deliverable medium term financial strategy.**

6 We reached this conclusion because:

- The Council has identified some indicative savings proposals to cover the period of the medium term financial strategy, but more work is needed to fully develop proposals for 2020-21 and beyond;
- The Council has strengthened the arrangements for developing budget savings proposals, but further work is needed to ensure that timescales for delivery are as accurate as possible; and
- In prior years, achievement of savings plans has been variable, but the Council achieved most of its 2018-19 savings plans and now needs to ensure that its strengthened arrangements continue this improved position.

[1] Wales Audit Office, Savings Planning – Bridgend County Borough Council, March 2017

Proposals for improvement

7 We have not identified any further proposals for improvement from this follow up. As set out in paragraph 3 above, we will continue to explore the Council's progress in our financial sustainability review later in the year.

Detailed report

The Council has strengthened arrangements to develop and achieve savings plans, but further work is needed to develop a deliverable medium term financial strategy

The Council has identified some indicative savings proposals to cover the period of the medium term financial strategy, but more work is needed to fully develop proposals for 2020-21 and beyond

8 In reaching this conclusion we found that:

- The Council has updated the medium term financial strategy 2019-20 to 2022-23 (MTFS) and reported this to members as part of the 2019-20 budget setting process in February 2019.
- The MTFS update identified total budget reductions required for the best, most likely and worst case scenarios for the period 2019-20 to 2022-23 based on estimated funding available.
- A detailed analysis of the budget proposals identified at that time by risk categories (red, amber or green) highlighted that whilst budget reduction proposals covering all the savings required were identified for 2019-20, there is a shortfall in future years of some £21m. This equates to 61% of budget reduction proposals required over three years as shown in Exhibit 1 below. We recognise that the data in Exhibit 1 reflects a point in time and it is accepted that this will have moved on as part of a continuous MTFS planning cycle.

Exhibit 1: RAG status of budget savings for the duration of the 2019-2023 Medium Term Financial Strategy

Year	GREEN Proposal developed and deliverable	AMBER Proposal in development but includes delivery risk	RED Proposals not fully developed and include high delivery risk	Budget reductions identified so far	Budget reductions not yet developed	Total required
	£'000	£'000	£'000	£'000	£'000	£'000
2019-20	3,024	2,703	1,894	7,621	0	7,621
2020-21	37	1,040	2,603	3,680	7,072	10,732
2021-22	0	975	584	1,559	6,960	8,519
2022-23	0	900	0	900	7,409	8,309
Total	3,061	5,618	5,081	13,760	21,421	35,181
% of total required	9%	16%	14%	39%	61%	100%

Source: Extract from Medium Term Financial Strategy 2019-20 to 2022-23, reported to Council on 20 February 2019[2]

- The Council acknowledged in the MTFS update report that 'a number of the proposals for 2020-21 onwards require further information and analysis and so are not sufficiently well developed to be included at this point in time. Proposals currently under consideration include:
  - The wider digital transformation of Council services
  - Further development of efficiencies in the corporate landlord function
  - Income generation opportunities
  - Further reductions in employee numbers
  - Possible reconfiguration of post 16 education provision
  - Working with partners to protect sustainable community facilities'
- Cabinet and Corporate Management Board (CMB) has also given a commitment to try to find at least 50% of the budget reductions through smarter use of resources rather than by cutting the quality or level of services. Recognising this gets incrementally harder to achieve over time, the smarter use of resources aims to include:
  - Review of business support services
  - Efficiencies in collaborative services
  - Review of contractual arrangements
  - Changes in capital funding

[2] Bridgend County Borough Council, **Medium Term Financial Strategy 2019-20 to 2022-23**, February 2019, page 20

  - Staffing restructures and rigorous application of vacancy management
- Council officers were clear about the need to identify budget savings across the period of the MTFS but recognised that engagement with members on budget proposals is almost exclusively related to the next year's budget in order to meet the immediate financial requirements.
- The Council has begun to consider whether a two-year budget setting process could be developed. The Council has also started mapping the impact of the estimated budget reduction requirement on the Council workforce and service delivery as a whole. However, these plans are in their early stages.

The Council has strengthened the arrangements for developing budget savings proposals, but further work is needed to ensure that timescales for delivery are as accurate as possible

9 In reaching this conclusion we found:

- The process for developing budget savings proposals has been started earlier. The approach to setting directorate budgets and financial scenario planning for 2019-20 was presented to Cabinet and Corporate Management Board in April 2018. Directorates were required to submit proposals for 2019-20 by June 2018, some two months earlier than previous years.
- The additional time allocated to the process gives officers and members greater opportunity to develop and engage on proposals. For example, since 2019-20 budget setting, the Budget Research and Evaluation Panel (BREP) had earlier engagement in the process and were able to access the full range of information related to proposals in order to provide meaningful feedback.[3]
- A 'One Council' approach, whereby all directorate budgets have efficiency targets (currently 1% a year) was agreed very early on to reinforce collective ownership.
- After allowing for the 1% efficiency targets across the Council, the Council prioritised delivery of its three corporate priorities (supporting a successful economy, helping people to be more self-reliant and making smarter use of resources). The remaining budget shortfall was then allocated to those areas that did not support delivery of these priorities.
- The Council established a budget reduction contingency fund in 2016-17. Following agreement with the Section 151 officer, this contingency fund has been used to partly mitigate shortfalls on a number of budget reduction

[3] The Budget Research and Evaluation Panel (BREP) are a member led panel made up of members of the Corporate Overview and Scrutiny Committee (COSC) who assist the Council in developing the forthcoming year budget proposals through an assessment of the proposals, constructive challenge and recommendations to Cabinet.

proposals. The Council has used this contingency fund to meet specific budget reduction proposals on a one-off basis pending alternative measures. For example, the Council used it for the Materials Recovery and Energy Centre (MREC) budget reduction proposal in 2018-19.

- Finance officers are becoming more involved in the development of proposals, challenging both their accuracy and the realism of timescales for delivery. The Council uses this information to determine the RAG status of its savings plans within its budget setting reports. We found that both members and officers had a good knowledge and understanding of the RAG status classifications and their meaning.
- Members and officers recognise the challenges of achieving what can be complex budget proposals. If planned savings cannot be delivered as anticipated in the financial year, services are expected to find alternative savings to compensate. This was evident through our review of a small sample of budget reduction proposals for 2019-20. The Council's RAG status illustrated that the following proposals will be partially met within planned timescales:
  - SSW22 – Identify further savings from library and cultural facilities and related services including reviewing the numbers of facilities (libraries, community centres) and reductions in services or opening hours.
  - SSW24 – Staffing reconfiguration across Social Services and Well-being Directorate.
- We found that where savings are partially met this is often due to insufficient time being allowed for public consultation and contract negotiations with partners. Officers were clear, however, that they would be required to find alternative savings where planned savings were unlikely to be achieved.
- We also followed up on some of the savings proposals that we looked at in our 2017 review. Whilst these proposals were developed prior to some of the changes to the current budget setting processes, we found that none of the planned proposals were/will be achieved in full or within planned timescales.
- Our 2017 review identified that proposal/summary templates were submitted to the corporate finance team for each savings proposal but not all of the savings proposals were supported by fully costed business cases (where appropriate) and delivery plans when the annual budget was agreed. In our 2019 review whilst we found that all four budget reduction proposals reviewed contained a MTFS corporate template, two of these did not have documentation that fully explained how the savings would be achieved.

In prior years, achievement of savings plans has been variable, but the Council achieved most of its 2018-19 savings plans and now needs to ensure that its strengthened arrangements continue this improved position

10 In reaching this conclusion we found that:

- The Council's track record of achieving planned savings, as reflected in Exhibit 2 and Exhibit 3 has been variable.

Exhibit 2: value of budget reduction proposals achieved in part and in full, 2015-2019

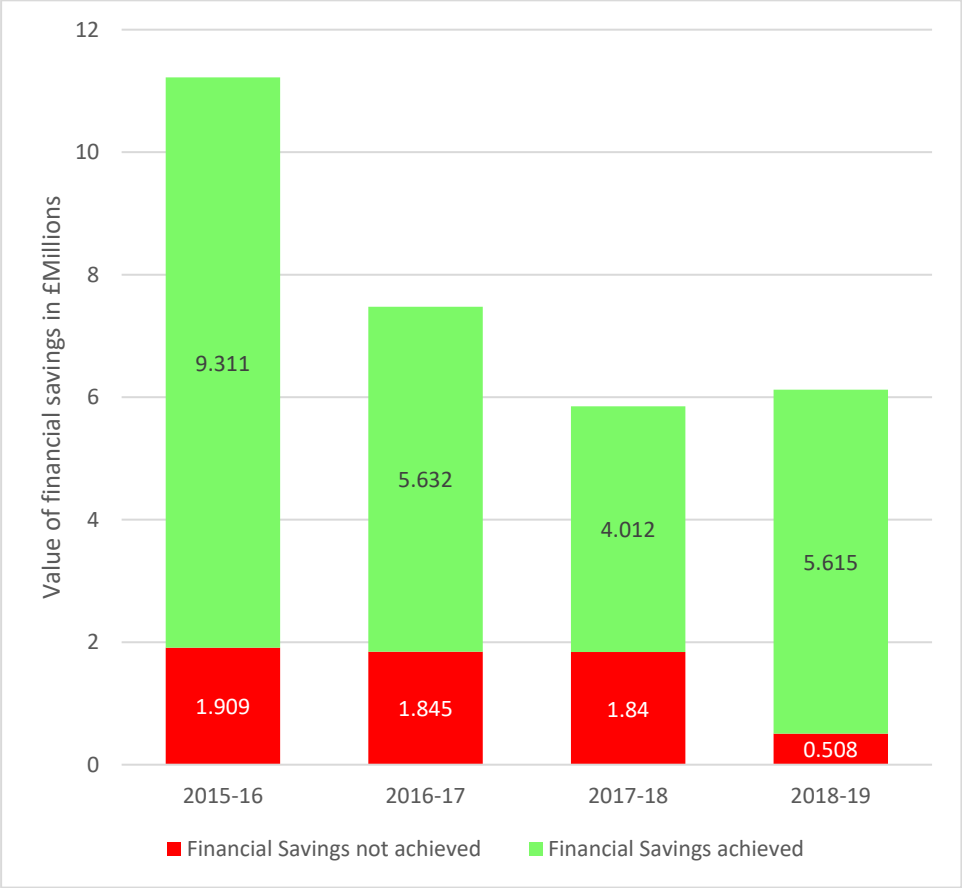
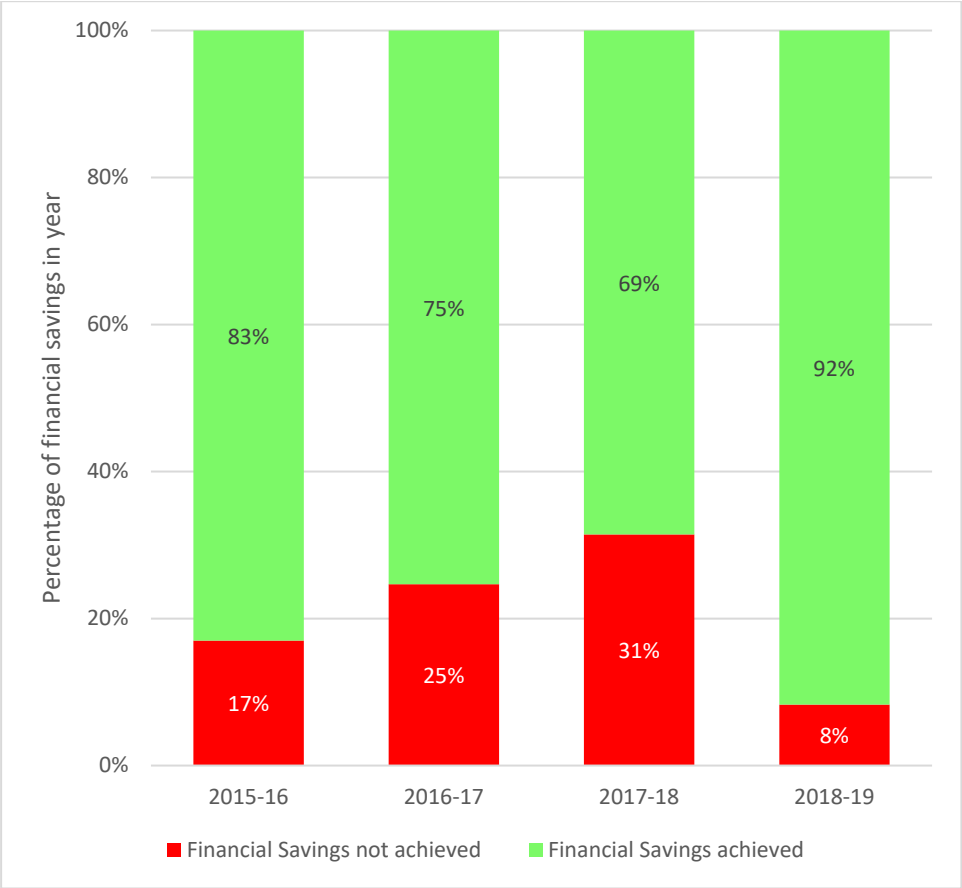


Exhibit 3: percentage of budget reduction proposals achieved in part and in full, 2015-2019



Source: The above figures have been extracted from Bridgend County Borough Council Cabinet reports, 5 July 2016, 27 June 2017, 19 June 2018 and 18 June 2019.

- Improvements to the arrangements for identifying budget reduction proposals highlighted in paragraph 9 above should help the Council to identify proposals earlier in future years. The onus is now on the Council to ensure that its improved arrangements have the desired impact and that the trajectory of improvement in the level of savings delivered continues in future years.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

ANNUAL AUDIT LETTER 2018-19

1. Purpose of this report

1.1 The purpose of this report is to submit the Appointed Auditor's Annual Audit Letter 2018-19, attached as **Appendix A,** for noting.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 The Appointed Auditor has a statutory responsibility under the Public Audit (Wales) Act 2004 to:

- Provide an audit opinion on the accounting statements;
- Review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- Issue a certificate confirming that the Appointed Auditor has completed the audit of the accounts.

4. Current Situation / Proposal

4.1 Attached to this report is the Annual Audit Letter 2018-19 which confirms that the Appointed Auditor issued an unqualified audit opinion on the accounting statements, confirming that they present a true and fair view of the Council's financial position and transactions.

4.2 The letter also confirms that the Appointed Auditor is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

4.3 The Appointed Auditor, in accordance with the Public Audit (Wales) 2004, issued a certificate confirming that the audit of the accounts has been completed.

5. Effect upon policy framework and procedural rules

5.1 There is no effect upon the Policy Framework and the Procedure Rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The well-being goals identified in the Act have been considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications regarding this report.

9. Recommendation

9.1 It is recommended that Audit Committee:

- Note the Annual Audit Letter 2018-19 (Appendix A)

Gill Lewis CPFA
Interim Head of Finance and Section 151 Officer
4 November 2019

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Raven's Court
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Background Documents: None

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APPENDIX A

WALES AUDIT OFFICE
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Councillor Huw David
The Leader
Bridgend County Borough Council
Civic Offices
Angel Street
Bridgend
CF31 4WB

Reference: 1523A2019-20
Date issued: 4 November 2019

Dear Councillor David

Annual Audit Letter Bridgend County Borough Council 2018-19

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

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

It is Bridgend County Borough Council's (the Council's) responsibility to:

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

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

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

Local authorities in Wales prepare their statement of accounts in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is based on International Financial Reporting Standards.

On 13 August 2019 I issued an unqualified audit opinion on the statement of accounts confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the statement of accounts. The key matters arising from the audit were reported to members of the Audit Committee on 8 August 2019, via my 'Audit of Financial Statements Report'[1]. In the audit report I confirmed that the Council had provided me with a good quality draft statement of accounts; and had done so some two and a half weeks ahead of the current statutory deadline of 15 June. This achievement bodes well for the Council's future compliance with the earlier statutory deadline of 31 May, which will take effect from 2020-21.

I received no electors' questions or objections in relation to the 2018-19 audit. I was able to certify that the audit was complete when I issued my audit opinion on the statement of accounts on 13 August 2019.

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

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, although in October 2019 I set out in my 'Annual Improvement Report'[2] the areas where improvements could be made. Notwithstanding the above conclusion, I wish to highlight that I am currently undertaking a review of the Council's financial sustainability, on which I expect to report to the Council by December 2019. My report will set out any specific areas where improvements could be made.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the annual accounts or key financial systems

This audit work is ongoing with no significant issues thus far. In early 2020 I will issue my grant report on the audit of the Council's 2018-19 grant claims and returns. This report is considered each year by the Council's Audit Committee.

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[1] https://democratic.bridgend.gov.uk/ieListDocuments.aspx?CId=132&MId=3303&Ver=4 (agenda item 7)

[2] http://www.audit.wales/publication/bridgend-county-borough-council-annual-improvement-report-2018-19

Financial audit fee

I expect the cost of auditing the statement of accounts to be as estimated in my 2019 Audit Plan. The final fee for my audit of the Council's 2018-19 grant claims and returns will be set out in the grant report that I will issue in early 2020.

Yours sincerely,

Derwyn Owen

For and on behalf of the Auditor General for Wales

cc. Mark Shephard, Chief Executive Officer
Gill Lewis, Section 151 Officer

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE & SECTION 151 OFFICER

TREASURY MANAGEMENT – HALF-YEAR REPORT 2019-20

1. Purpose of the Report

1.1 The purpose of the report is to update Audit Committee on the mid-year review and half-year outturn position for treasury management activities and treasury management indicators for 2019-20 and to highlight compliance with the Council's policies and practices which have been reported to Cabinet and Council.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 The work of the Audit Committee supports corporate governance and assists in the achievement of all corporate and service objectives. Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council contributes to smarter use of financial resources and hence assists in the achievement of Corporate Priorities.

3. Background

3.1 Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the Treasury Management Strategy (TMS) and policies. During the 2019-20 financial year to date, in addition to the regular treasury management reports to Cabinet and Council, Audit Committee received the Annual Treasury Management Outturn Report 2018-19 in June 2019.

3.2 The Council's treasury management activities are regulated by the Local Government Act 2003 which provides the powers to borrow and invest as well as providing controls and limits on this activity. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, develops the controls and powers within the Act. This requires the Council to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities

and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services (TM Code). The Council is required to operate the overall treasury function with regard to the TM Code and this was formally adopted by the Council in February 2012. This includes a requirement for the Council to approve a TMS before the start of each financial year which sets out the Council's and Chief Financial Officer's responsibilities, delegation, and reporting arrangements. Council approved the TMS 2019-20 on 20 February 2019.

3.3 In 2017 CIPFA published a new version of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The updated Prudential Code includes a new requirement for Local Authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The definition of investments in the revised 2017 CIPFA Code now covers all the financial assets of the Council as well as other non-financial assets that the Authority holds primarily for financial return. The Council's Capital Strategy 2019-20, complying with CIPFA's requirement, includes the Prudential Indicators which in previous years were included in the TMS, along with details regarding the Council's non-treasury investments.

3.4 The Welsh Government (WG) issued revised Guidance on Local Authority Investments in April 2010, which requires the Council to approve an Investment Strategy prior to the start of each financial year and this is included in the TMS.

3.5 In March 2018, the Welsh Government also published an amendment to the Local Authorities (Capital Finance and Accounting) (Wales) Regulations, which enables the Council to invest in certain instruments which were previously treated as capital expenditure (for example Money Market Funds (MMF)) without the potential revenue cost of Minimum Revenue Provision (MRP) and without the proceeds from sale being considered a capital receipt.

4. Current Situation/Proposal

4.1 The Council has complied with its legislative and regulatory requirements during the first half of 2019-20. The TMS 2019-20 and the Half Year Outturn were reported to Council on 20 February and 23 October 2019 respectively. In addition, a quarterly monitoring report was presented to Cabinet in July 2019.

4.2 A summary of the treasury management activities for the first half of 2019-20 is shown in **Appendix A**. The Council has not taken long-term borrowing since March 2012 and it is not expected that there will be a requirement for any new long term borrowing in 2019-20. Favourable cash flows have provided surplus funds for investment and the balance on investments at 30 September 2019 was £43.75 million with an average rate of interest of 0.85%. The first table in section 4 in **Appendix A** details the movement of the investments by counterparty types and shows the average balances, interest received, original duration and interest rates for the first half of 2019-20.

4.3 The TM Code requires the Council to set and report on a number of Treasury Management Indicators. The indicators either summarise the expected activity or introduce limits upon the activity. Details of the estimate for 2019-20 set out in the Council's TMS are shown in section 6 in **Appendix A** and these show that the Council is operating in line with the approved limits.

4.4 The Council defines high credit quality as organisations and securities having a credit rating of A- or higher and **Appendix B** shows the equivalence table for credit ratings for Fitch, Moody's and Standard & Poor's and explains the different investment grades.

4.5 CIPFA's Code of Practice for Treasury Management requires all local authorities to conduct a mid-year review of its treasury management policies, practices and activities. The outcome of this review is that no changes to the TMS 2019-20 are required at this time.

5. Effect upon Policy Framework & Procedure Rules

5.1 As required by Financial Procedure Rule 20.3 within the Council's Constitution, all investments and borrowing transactions have been undertaken in accordance with the TMS 2019-20 as approved by Council with due regard to the requirements of the CIPFA's Code of Practice on Treasury Management in the Public Services.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information only and is retrospective in nature it is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial Implications

8.1 The financial implications are reflected within the report.

9. Recommendation

9.1 It is recommended that the Committee:

- Note the treasury management activities for 2019-20 for the period 1 April 2019 to 30 September 2019 and the projected Treasury Management Indicators for 2019-20 which were all reported to Council on 23 October 2019.

Gill Lewis
Interim Head of Finance and Section 151 Officer
04 November 2019

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Group Manager – Chief Accountant

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Background documents:

Treasury Management Strategy 2019-20

SUMMARY OF TREASURY MANAGEMENT ACTIVITIES
1 APRIL 2019 TO 30 SEPTEMBER 2019

1. External Debt and Investment Position 1 April to 30 September 2019

1.1 The Council's external debt and investment position for 1 April to 30 September 2019 is shown below in table 1; more detail is provided in section 3 (Borrowing Strategy and Outturn) and section 4 (Investment Strategy and Outturn):

Council's external debt and investments 1 April to 30 September 2019

	Principal 01-04-19 £m	Average Rate 01-04-19 %	Principal 30-09-19 £m	Average Rate 30-09-19 %
External Long Term Borrowing:				
Public Works Loan Board	77.62	4.70	77.62	4.70
Lender's Option Borrower's Option	19.25	4.65	19.25	4.65
Total External Borrowing	**96.87**	**4.69**	**96.87**	**4.69**
Other Long Term Liabilities (LTL):				
Private Finance Initiative (PFI)*	17.00		16.83	
Other LTL	0.88		1.22	
Total Other Long Term Liabilities	**17.88**		**18.05**	
Total Gross External Debt	**114.75**		**114.92**	
Treasury Investments:				
Banks	5.40	0.86	4.10	1.03
Building Societies	1.00	0.90	2.00	0.92
Local Authorities	21.00	0.96	20.50	0.92
Money Market Fund**	-	-	17.15	0.72
Total Treasury Investments	**27.40**	**0.94**	**43.75**	**0.85**
Net Debt	**87.35**		**71.17**	

***** (PFI) arrangement for the provision of a Secondary School in Maesteg 14.75 years remaining term
****the fund provides instant access

1.2 Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the WG Guidance, the Council may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, or as equity investments and loans to the Council's subsidiaries. Such loans and investments will be subject to the Council's normal approval processes for revenue and capital expenditure and need not comply with the TMS. The Council's existing non-treasury investments relate to investment properties and the balance as at 31 March 2019 was £4.63 million.

1.3 It should be noted that the accounting practice required to be followed by the Council requires financial instruments in the accounts (debt and investments) to be measured in a method compliant with International Financial Reporting Standards (IFRS). The figures shown in the above table and throughout the

report are based on the actual amounts borrowed and invested and so may differ from those in the Statement of Accounts, which include accrued interest or are stated at fair value in different instances.

1.4 The Council's treasury management advisors are Arlingclose. The current services provided to the Council include:-

- advice and guidance on relevant policies, strategies and reports
- advice on investment decisions
- notification of credit ratings and changes
- other information on credit quality
- advice on debt management decisions
- accounting advice
- reports on treasury performance
- forecasts of interest rates
- training courses

2. External Context

2.1 The interest rate views incorporated in the Council's TMS 2019-20, were based upon officers' views supported by a selection of City forecasts provided by Arlingclose. When the TMS 2019-20 was prepared in January 2019 it was forecast that the Bank Rate would rise by 0.25% during 2019-20 to 1.00% by December 2019.

2.2 The Bank Rate started the financial year at 0.75% and the current forecast is that the Bank Rate will remain at this level beyond the end of the financial year. Arlingclose believe that policymakers are unlikely to raise the Bank Rate unless there is some certainty of a Brexit withdrawal agreement.

3. Borrowing Strategy and Outturn for 1 April to 30 September 2019

3.1 The Council's primary objective for the management of its debt is to ensure its long term affordability. The majority of its loans have therefore been borrowed from the Public Works Loan Board (PWLB) at long term fixed rates of interest.

3.2 With short-term interest rates lower than long term rates, it is likely to be more cost effective in the short term to either take out short term loans or use internal resources. Short term and variable rate loans expose the Council to the risk of short term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates as shown in the treasury management indicators in section 6. However, with long term rates forecast to rise in the coming years, any such short term savings will need to be balanced against the potential longer-term costs. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis.

3.3 The £19.25 million in table 1 above relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054, however these may be re-scheduled in advance of this maturity date. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points

and therefore the Council being given the option to accept the increase or to repay the loan without incurring a penalty. The lender did not exercise their option on 22 July 2019 and the next trigger point is 22 January 2020. Again the lender is unlikely to exercise their option in the current low interest rate environment, however, an element of refinancing risk remains. The Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future.

The current average interest rate for these LOBO's is 4.65% compared to the PWLB Loans average interest rate of 4.70%.

3.4 The last time the Council took out long term borrowing was £5 million from the PWLB in March 2012 and, as detailed above, the current forecast is that there will be no requirement for new long term borrowing in 2019-20. It is interesting to note, however, that in the middle of October the UK government raised the cost of borrowing from the PWLB by 1% with immediate effect. Whilst this Council has not needed to borrow for a number of years, with the reduction in capital receipts availability going forward, this may be the only option, so it is worth noting the potential increased revenue costs associated with this.

3.5 Alternatively, the Council may arrange forward starting loans during 2019-20 where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may take out short term loans (normally for up to one month) to cover unexpected cash flow shortages. Market conditions have meant that there has been no loan rescheduling so far this year however, in conjunction with Arlingclose, the loan portfolio will continue to be reviewed for any potential savings as a result of any loan rescheduling.

3.6 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This is known as Internal Borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

4. Investment Strategy and Outturn 1 April to 30 September 2019

4.1 Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, balancing the risk of incurring losses from defaults against receiving unsuitably low investment income.

The major objectives during 2019-20 are:-

- To maintain capital **security**
- To maintain **liquidity** so funds are available when expenditure is needed

- To achieve the **yield** on investments commensurate with the proper levels of security and liquidity

4.2 The Annual Investment Strategy incorporated in the Council's TMS 2019-20 includes the credit ratings defined for each category of investments and the liquidity of investments. The Council's investments have historically been placed in mainly short term bank and building society unsecured deposits and local and central government. However, investments may be made with any public or private sector organisations that meet the minimum credit criteria and investment limits specified in the Investment Strategy. The majority of the Council's surplus cash is currently invested in Money Market Funds and with other local authorities but the Council will continue to look at investment options in line with the limits detailed in the Investment Strategy.

4.3 Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's to ensure that this lies within our agreed minimum credit rating. **Appendix B** shows the equivalence table for these published ratings and explains the different investment grades. Where available the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. In the current climate, relying mainly on credit ratings is considered to be inappropriate and the Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard is therefore given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

4.4 On a day to day basis, the Council potentially has positive cash balances arising from the cash flow e.g. timing differences between grants being received and making various payments. These are invested on the market via brokers, direct with the institution or held in deposit accounts or a money market fund with instant access. The Council usually invests for a range of periods dependent on cash flow requirements and the interest rates on offer having regard to the Investment Strategy.

4.5 The Council's primary objective for the management of its investment portfolio is to give priority to the security and liquidity of its funds before seeking the best rate of return. As shown in the tables below, the majority of investments have been held as short term investments with UK Local Authorities and banks of high credit quality. This has therefore resulted in more of the investment portfolio being moved into investment instruments with lower rates of return but higher security and liquidity.

4.6 Occasionally, investments are placed with the UK Debt Management Office (DMO - Executive Agency of UK Government) but only for very short term deposits and after all other options have been explored. The interest rates offered by this facility are lower than most other counterparties but this is commensurate with the high level of security and reduced risk offered. It provides another option when examining potential investments and ensures

compliance with the Council's investment objective that security takes priority over yield. There were no deposits outstanding at 30 September 2019.

4.7 Favourable cash flows have provided positive cash balances for investment and the balance on investments at 30 September 2019 was £43.75 million as shown in Table 2 below which details these investments by counterparty type.

Investments Profile 1 April to 30 September 2019

Investment Counterparty Category	Balance 01 April 2019 (A) £m	Investments Raised (B) £m	Investments Repaid (C) £m	Balance 30 Sept 2019 (A+B-C) £m	Interest Received ** £'000	Average Original Duration of the Investment Days	Weighted Average Investment Balance Apr - Sept 2019 £m	Weighted Average Interest Rate Apr-Sept 2019 %
Government DMO	-	44.70	44.70	-	1.35	2	0.54	0.50
Local Authorities	21.00	25.50	26.00	**20.50**	50.06	339	24.04	0.96
Building Societies	1.00	4.00	3.00	**2.00**	2.07	115	3.16	0.92
Banks (Fixed Maturity)	4.00	2.00	4.00	**2.00**	23.43	213	2.86	0.99
Banks Instant Access/Notice Period *	1.40	36.87	36.17	**2.10**	13.95	n/a	4.97	0.96
Money Market Fund (Instant Access)*	-	75.15	58.00	**17.15**	42.34	n/a	14.00	0.74
Total/Average	**27.40**	**188.22**	**171.87**	**43.75**	**133.20**	**167**	**49.57**	**0.89**

* An average duration is not shown as there is no original duration as instant access or notice period and money is added and withdrawn to/from these accounts as required by cash-flow

** Received in the Council's bank account not interest earned

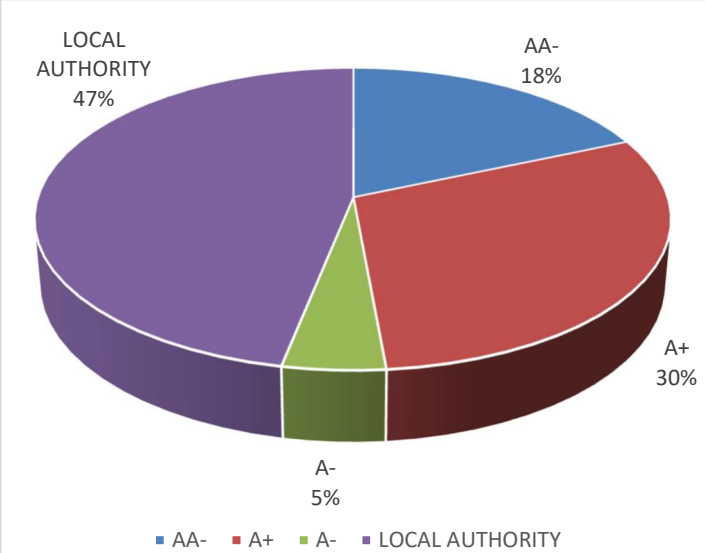
4.8 There were ten long-term investments (original duration of 12 months or more) outstanding at 30 September 2019 totalling £12 million with Local Authorities shown in table 3 below, maturing in 2020-21. All other investments at 30 September 2019 were short-term deposits (including instant access and notice accounts). Table 3 below details these investments by counterparty type based on the remaining maturity period as at 30 September 2019:

Investments Outstanding Maturity Profile 30 September 2019

Counterparty Category	Instant Access £m	Deposits Maturing Within 1 Month £m	Deposits Maturing Within 2-3 Months £m	Deposits Maturing Within 4-12 Months £m	Deposits Maturing Within 1-2 Years £m	Total £m
Local Authorities	-	4.00	4.50	-	12.00	20.50

Building Societies	-	-	2.00	-	-	2.00
Banks	0.10	2.00	-	2.00	-	4.10
Money Market Fund	17.15	-	-	-	-	17.15
Total	**17.25**	**6.00**	**6.50**	**2.00**	**12.00**	**43.75**

4.9 The Council defines high credit quality as organisations and securities having a credit rating of A- or higher. The pie chart below summarises the above table by credit ratings and shows the £43.75 million investments at 30 September 2019 by percentage outstanding. Most Local Authorities do not have credit ratings and the unrated building society (shown as 'BS NR' below) was approved by Arlingclose whilst the remainder of our investments all had a credit rating of A or above.



5. Review of the Treasury Management Strategy 2019-20

5.1 CIPFA's Code of Practice for Treasury Management requires all local authorities to conduct a mid-year review of its treasury management policies, practices and activities. As a result of this review it was not deemed necessary to make any changes to the TMS 2019-20.

6. Treasury Management Indicators 2019-20

Details of the estimate for 2019-20 set out in the Council's TMS and also the projected indicators for 2019-20 are shown below.

6.1 Treasury Management Indicators 2019-20

6.1.1 The following indicators (which are forward looking parameters) form part of the CIPFA Code of Practice on Treasury Management. They enable the Council to measure and manage its exposure to Treasury Management risks.

The Council needs to set the upper limits to its **Interest Rate Exposure** for the effects of changes in interest rates. There are two treasury management indicators that relate to both fixed interest rates and variable interest rates. These limits have been calculated with reference to the net outstanding principal sums and are set to control the Council's exposure to interest rate risk as shown in the table below. Fixed rate investments and borrowings for the purpose of this indicator are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or transaction date if later and all other instruments are classed as variable. The majority of the Council's investments are less than 12 months and even though interest rates may be fixed for the investment duration these would be classed as variable.

No.		TMS 2019-20 £m	Projection 31-03-2020 £m
	Total Projected Principal Outstanding on Borrowing 31 March 2020	96.87	**96.87**
	Total Projected Principal Outstanding on Investments 31 March 2020	20.00	**15.00**
	Net Principal Outstanding	**76.87**	**81.87**
1.	**Upper Limit on fixed interest rates (net principal) exposure**	135.00	**73.62**
2.	**Upper Limit on variable interest rates (net principal) exposure**	50.00	**13.25**

The Section 151 Officer will manage interest rate exposures between these limits in 2019-20.

The impact over one year on the revenue account of both a 1% rise and a 1% fall in all interest rates for borrowing net of treasury investments is shown below. This is calculated at a point in time on the assumption that maturing loans and investments would be replaced at rates 1% higher or lower than they would otherwise have been on their maturity dates, and that the treasury investment and borrowing portfolios remain unchanged over the coming year. Whilst interest rates can move by more than 1% over the course of a year, it is rare. The indicator below suggests that the Council would benefit by a greater reduction in interest should rates fall by 1% than set in the TMS, however rates are not expected to fall at present so this is an indication only.

Interest rate risk indicator	Indicator £'000	As at 30/09/19
One year revenue impact of a 1% rise in interest rates	(140)	(115)
One year revenue impact of a 1% fall in interest rates	315	344

6.1.2 A further indicator for Treasury Management measures the **Maturity Structure of Borrowing** and is the amount of projected borrowing that is fixed rate, maturing in each period as a percentage of total projected fixed rate borrowing.

This indicator is set to control the Council's exposure to refinancing risk and has been set to allow for the possible restructuring of long term debt where this is expected to lead to an overall saving or reduction in risk.

The 19.87% shown in the table below relates to £19.25 million Lender's Option Borrower's Option (LOBO) loans which may be re-scheduled in advance of their maturity date of 2054, as detailed in paragraph 3.3 of the main report. The Code requires the maturity of LOBO loans to be shown as the earliest date on which the lender can require payment, i.e. the call date of January 2019 so the maturity date is actually uncertain but is shown in the "Under 12 months" category as per the Code.

No	Maturity structure of fixed rate borrowing during 2019-20	TMS 19-20 Upper limit	TMS 19-20 Lower limit	Projection 31-03-20 %
3.	Under 12 months	50%	0%	**19.87%**
	12 months and within 24 months	25%	0%	**-**
	24 months and within 5 years	25%	0%	**-**
	5 years and within 10 years	40%	0%	**13.91%**
	10 years and within 20 years	50%	0%	**23.49%**
	20 years and above	60%	25%	**42.73%**

6.1.3 The **Upper Limit for Total Principal Sums invested longer than 1 year** indicator controls the amount of longer term investments which mature beyond the period end. This is set to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

No.		TMS 2019-20 (Limit) £m	Projection Principal Outstanding Over 1 year 31-03-20 £m
4.	**Upper Limit for Total Principal Sums Invested for more than 1 year**	15	**6**

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
INVESTMENT GRADE	Extremely strong	AAA	F1+	Aaa	P-1	AAA	A-1+
	Very strong	AA+		Aa1		AA+	
		AA		Aa2		AA	
		AA-		Aa3		AA-	
	Strong	A+	F1	A1		A+	A-1
		A		A2		A	
		A-		A3		A-	A-2
	Adequate	BBB+	F2	Baa1	P-2	BBB+	
		BBB		Baa2		BBB	
		BBB-	F3	Baa3	P-3	BBB-	A-3
SPECULATIVE GRADE	Speculative	BB+	B	Ba1	Not Prime (NP)	BB+	B
		BB		Ba2		BB	
		BB-		Ba3		BB-	
	Very speculative	B+		B1		B+	
		B		B2		B	
		B-		B3		B-	
	Vulnerable	CCC+	C	Caa1		CCC+	C
		CCC		Caa2		CCC	
		CCC-		Caa3		CCC-	
		CC		Ca		CC	
		C				C	
	Defaulting	D	D	C		D	D

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

COMPONENTISATION POLICY

1. Purpose of Report.

1.1 The purpose of this report is for Audit Committee to consider and endorse the Council's Component Accounting Policy for Property, Plant and Equipment, and its application for the 2019-20 Statement of Accounts onwards.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 Achievement of the corporate priorities and well-being objectives defined in the Corporate Plan is underpinned by ensuring that effective governance arrangements are in place.

3. Background.

3.1 The Council is required to present its accounts in accordance with International Financial Reporting Standards (IFRS). The Chartered Institute of Public Finance and Accountancy has developed the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) based on IFRS, to be applied to accounting periods on or after 1 April 2018.

3.2 Part of this code requires the componentisation of assets, where components form a significant element of the total cost of an asset and where they have significantly different asset lives to the overall asset.

4. Current situation / proposal.

4.1 The Council's auditors, the Wales Audit Office (WAO), have raised a number of points in relation to the Council's componentisation of assets in each of the last two years' audits. WAO commented that the Council had not applied its componentisation policy to a number of assets, and that the policy should be formally reviewed on an annual basis. This was reported to Audit Committee in August 2019. A formal review of the policy would normally be undertaken by the Section 151 or appropriate officer, however it is considered appropriate to present the proposed amended policy to Audit Committee for approval on this occasion following the recommendations of WAO.

4.2 Following the 2018-19 audit of the Statement of Accounts, and discussions with WAO, this report seeks to provide greater detail and clarification of the Council's methodology of asset componentisation.

4.3 The Code sets out the responsibility of the Chief Finance Officer (CFO) to establish appropriate de minimis levels of significance for the recognition of components based on assessments of potential material impacts on the financial statements. The CFO must make an assessment about individual items of property, plant and equipment or groups of similar assets that are below the de minimis levels and can be disregarded for componentisation. Individual items above the de minimis limit need to be analysed as to whether they have significant components with differing useful lives or patterns of depreciation. The Code also requires groups of assets with similar characteristics that are collectively above the de minimis limit to be analysed for significant common components.

4.4 The CFO must set the principles by which significant components of those assets are to be identified. This will involve setting thresholds for:

- The proportion of the cost of the overall item made up by the cost of individual components
- The degree of difference between the useful lives of the overall item and its components
- The degree of difference between the pattern of depreciation of the overall item and its components.

These thresholds will potentially interact with each other.

4.5 In determining an appropriate de minimis level below which componentisation will not be applied, consideration has been given to the level of materiality of the assets that need to be considered. Those assets that are not depreciated can be excluded. These are:

- Land
- Investment property
- Heritage assets
- Community assets
- Surplus assets
- Assets held for sale

In addition to the above assets, equipment is considered to be not sufficiently material and will not be componentised.

4.6 In considering a de minimis level for componentisation, regard has been made to the level of materiality of the assets to be considered and a level of 1% of the net book value of those assets that potentially would be subject to componentisation as at 31 March 2019 is proposed. Whilst the book value may change year-on-year, based on the 2018-19 balance sheet, the net book value of assets potentially subject to componentisation was £430.421 million. 1% of this would then equate to individual asset values above £4.3 million. Using this basis will take into account the relative movement in value of the assets concerned.

4.7 The nature of the components that will be considered are:

- Roofs, although potentially these themselves have sub-structures so may be of insignificant value to be componentised
- Internals - which will be the structure of the building
- Mechanical and electrical, where this consists of a single, significant component element. In the majority of cases mechanical and electrical elements consist of a multitude of components themselves and therefore would not in themselves be sufficiently material to require componentisation.
- Blocks forming part of an overall asset, such as schools.

4.8 All assets are revalued on a three-year rolling programme and the need for componentisation of assets will be considered at each revaluation point.

4.9 The proposed Component Accounting for Property, Plant and Equipment Policy is set out in **Appendix A**. The Background and Introduction has been simplified and the methodology for setting a deminimis has been clarified. The Code definition of a component has been included and clear policies around the cost and asset lives criteria set out. The policy also clarifies those assets that will not be considered for componentisation, and for the remaining assets the nature of the components that will be considered.

5. Effect upon Policy Framework & Procedure Rules.

5.1 None.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Wellbeing of Future Generations (Wales) Act 2015

7.1 The well-being goals identified in the Act have been considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial Implications.

8.1 There are no financial implications arising directly from this report

9. Recommendation.

9.1 It is recommended that Audit Committee consider and endorse the Componentisation Policy at **Appendix A** and its application for the 2019-20 Statement of Accounts onwards.

Gill Lewis
Interim Head of Finance
06 November 2019

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Background documents
None

BRIDGEND COUNTY BOROUGH COUNCIL

Component Accounting Policy for Property, Plant and Equipment

Background and Introduction

Many assets have components which have different useful lives: a roof is unlikely to have the same economic life as the structure of the building. In addition components can wear out, and others become obsolete. Where this can be applied to significant components it is more transparent to depreciate these over different timescales.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This is component accounting.

Components

The Code requires that..

"each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Where there is more than one significant part of the same asset which have the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and/or depreciation methods. The requirement for componentisation for depreciation purposes shall be applicable to enhancement and acquisition expenditure incurred, and revaluations carried out, from 1 April 2010".

The Code does not set out specific levels for determining appropriate criteria, this is for the Chief Finance Officer, in conjunction with relevant officers, to set these locally. Where an asset consists of multiple buildings which are valued on a depreciated replacement cost (DRC) basis, each building will be considered and valued in its own right.

For the Council the levels set to separately identify a component are as follows:

- have a cost of at least 20% of the cost of the overall asset and
- have a materially different useful life (at least 20% different)

A component can either be part of an individual structure, such as roofs, internals, or mechanical and electrical where the component is significant such as pool boiler plant.

Where components are identified, the component will be initially recognised at cost and then valued at Depreciated Replacement Cost on revaluation. When it is replaced the component will be de-recognised and a replacement component recognised. Components will be set up separately in the asset register and have individual values, useful lives and depreciation methods recorded.

Within the Council's asset portfolio there are a number of assets where componentisation will not be considered:

- Equipment – as this is considered to be not sufficiently material
- Asset classes which are not depreciated – such as land, investment property, heritage assets, community assets, surplus assets and assets held for sale

De Minimis Level

The de minimis threshold for the Council is currently set at £4.3 million. This is on the basis of 1% of the net book value of assets that potentially would have been subject to componentisation as at 31 March 2019. Whilst the book value may change year-on-year, it is reasonable to take a point in time at which to assess a reasonable level. This can be reviewed each year to ensure it remains reasonable, subject to any significant changes in the Council's asset values. This de minimis provides a reasonable level when considering the materiality of any potential impacts on depreciation arising from componentisation.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE

CORPORATE RISK ASSESSMENT

1. Purpose of Report.

1.1 The purpose of the report is to provide the Audit Committee with an update on the changes to the Corporate Risk Assessment which have been made following Audit Committee on 8 August 2019.

2. Connection to Corporate Plan / Other Corporate Priority.

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background.

3.1 Good governance requires the Council to develop effective risk management processes, including an assessment of corporate risks.

3.2 The Audit Committee's Terms of Reference requires the committee to review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements.

3.3 The Corporate Risk Assessment is considered and reviewed by the Corporate Management Board, Senior Management Team and Audit Committee, as part of the Council's quarterly Corporate Performance Assessment framework, and is used to inform the Overview and Scrutiny Committees' Forward Work Programme and the budget process.

3.4 The 2019-20 Corporate Risk Assessment is aligned with the Council's Medium Term Financial Strategy and Corporate Plan and was reported to Audit Committee on 17 January 2019.

3.5 The 2019-20 Corporate Risk Assessment was subsequently reviewed by Corporate Management Board and it agreed changes that were reported to Audit Committee on 8 August 2019. At this meeting the Audit Committee requested that the scores on two risks be reconsidered. These were:

- Risk 1: “There is a risk that the Council is unable to make robust medium to long term decisions requiring service change” for which the likelihood score was reduced from 3 to 2.

- Risk 8: “There is a risk that the Council is unable to attract or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services” for which the likelihood score was reduced from 3 to 2.

4. Current situation / proposal.

4.1 Corporate Management Board has reconsidered the scores for Risk 1 and Risk 8 as follows:

- **Risk 1 - There is a risk that the Council is unable to make robust medium to long term decisions requiring service change**

  It is proposed that the likelihood score be increased from 2 (unlikely to happen) to 3 (will possibly happen) with the revised risk score being 15. The reason for this is that future Welsh Government funding is uncertain with settlements being agreed on a year by year basis making forward planning more challenging.

- **Risk 8 - There is a risk that the Council is unable to attract or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services**

  It is proposed that the likelihood score be increased from 2 (unlikely to happen) to 3 (will possibly happen) with the revised risk score being 12. The reason for this is that the Council is continuing to have difficulty retaining and recruiting employees in certain types of professions including property, planning, legal and finance.

5. Effect upon Policy Framework & Procedure Rules.

5.1 There are no implications upon policy framework and procedural rules.

6. Equality Impact Assessment

6.1 Equality issues permeate many of the risks identified and where appropriate equality impact assessments are completed within the process of approving the mitigating actions.

7. Wellbeing of Future Generations (Wales) Act 2015 Implications.

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives because of this report.

8. Financial Implications.

8.1 There are no financial implications directly associated with the Corporate Risk Assessment. Implementation actions will be progressed within approved budgets.

9. Recommendation.

9.1 That Members consider the changes to the Corporate Risk Assessment and receive a further report in January 2020 concerning the 2020-21 Corporate Risk Assessment and review of the Corporate Risk Management Policy.

Gill Lewis
Interim Head of Finance
14 November 2019

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Background documents

None

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Appendix A
Corporate Risk Assessment 2019-20 November 2019

IDENTIFIED RISK						ACTION PLAN								
No.	**There is a risk that..**	**Consequences of risk**	**Raw risk score**			**Control method**	**How is the council addressing this risk**	**Key actions to be established - NB business as usual activity not reflected here**	**who**	**Reviewed by when**	**Action completed by when**	**Residual risk score**			**Corporate Priority**
			Li	**Im**	**Total**							**Li**	**Im**	**Total**	
1	The council is unable to make robust medium to long term decisions requiring service change	It is harder each year to make ongoing budget reductions as easier decisions have already been made. If more difficult decisions about cutting or reducing service levels against a background of declining budgets are not made, then the council will not deliver the changes necessary to achieve a balanced budget which will result in it being in breach of its legal responsibilities.	4	5	20	Treat	The council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from BREP, scrutiny and formal and informal briefings of members and political groupings.	Develop proposals for a stronger focus on future and multiple year financial planning including scrutiny and outline budget decisions by elected members for multiple years. Cabinet and Corporate Management Board have met regularly as part of the budget planning process for 2020-21 and beyond. This has focussed not only on the immediate requirement for an estimated £10 million savings for 2020-21 but also discussion to begin to shape a longer term strategy for the Council based on projected savings over the next 3-4 years.	CMB	Oct-2019	Feb-2019 Then ongoing quarterly review	3	5	15	Smarter use of resources

Appendix A
Corporate Risk Assessment 2019-20 November 2019

IDENTIFIED RISK						ACTION PLAN									
No.	**There is a risk that..**	**Consequences of risk**	**Raw risk score**			**Control method**	**How is the council addressing this risk**	**Key actions to be established - NB business as usual activity not reflected here**	**who**	**Reviewed by when**	**Action completed by when**	**Residual risk score**			**Corporate Priority**
			Li	**Im**	**Total**							**Li**	**Im**	**Total**	
2	The council is unable to deliver transformation including agreed financial savings	If the council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation which will lead to it not meeting its commitments within available budgets.	4	4	16	Treat	The council has a number of transformations in place that either directly support specific proposals for service improvement and /or financial savings. Further transformations have been identified that are intended to support a "One council culture" and support staff and managers through transformation.	Review and rationalisation of management activity. Further development of a 'One Council' culture and transformational change has progressed since the appointment of a new Chief Executive, initially on an interim basis in January 2019 and then on a permanent basis in May 2019. A review of Council processes has meant that some deemed unnecessary and bureaucratic have ceased but full compliance with those that remain is required. The Chief Executive's Directorate is being embedded to provide a coordinated and efficient corporate support service. The Human Resource/Occupational Development review will ensure, among other things, that managers are given the right training to meet current challenges and that a more balanced approach to promoting and enhancing the wellbeing of those staff in work is developed, as well as teaming with those who unfortunately are absent from work through sickness.	CMB	Oct-2019	Oct-2019 Ongoing	2	2	4	All corporate priorities

Appendix A
Corporate Risk Assessment 2019-20 November 2019

IDENTIFIED RISK						ACTION PLAN								
No.	**There is a risk that..**	**Consequences of risk**	**Raw risk score**			**Control method**	**How is the council addressing this risk**	**Key actions to be established - NB business as usual activity not reflected here**	**who**	**Reviewed by when**	**Action completed by when**	**Residual risk score**			**Corporate Priority**
			Li	**Im**	**Total**							**Li**	**Im**	**Total**	
3	The council is unable to respond to legislative change	If reducing budgets and a reducing workforce decreases the council's ability to ensure compliance with statutory requirements and to adapt successfully to an ever changing legislative landscape there is a risk that the council will be in breach of its legal responsibilities and may receive adverse regulatory reports, adverse publicity, fines and ultimately the threat of prosecution.	5	4	20	Treat or Transfer	The council manages this risk in a number of ways that are contingent on the particular service area affected. This might include reducing service quality or reprioritising a response to a legislative change over other activity or transferring risk - for example, where legally possible, by transferring responsibility to another provider. However, some service areas are subject to a non delegable duty of care. Examples of where the council has shared risk are Leisure and Waste.	No further actions to be commissioned at this stage.	CMB	Oct-2019		3	4	12	All corporate priorities
4	The council is unable to identify and deliver infrastructure required in the medium to longer term	If the council does not raise sufficient capital to maintain its infrastructure, including roads, street lights, buildings and technology then it may deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	4	5	20	Treat	The council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. However the council has identified scope to improve upon this to ensure that these needs are balanced with other demands for capital (such as new schools).	A revised capital strategy has been prepared and agreed by Council setting out capital spending plans and priorities for the next 10 years.	CMB	Oct-2019	Complete with ongoing review	2	5	10	Supporting a successful economy and smarter use of resources
5	The council is unable to manage the transitional year of Health Board and LGR boundary changes to ensure that the needs of the Bridgend community are fairly recognised in any changes	If the council is unable to successfully manage the transitional year with Health Board and local government partners, there is a risk that appropriate care to citizens through new service models and relationships will not be delivered resulting in citizens receiving a less satisfactory service or even no service at all.	4	4	16	Treat	The council has the ability to influence the transition programme through appropriate membership on the Transition Board. The council led the partnership work stream within the overall transition programme. Effective and good relationships have been established at political and senior managerial levels with the new Cwm Taf Morgannwg University Health Board.	Continue to work with Health Board and local government partners to ensure strong integration of services during the transition period.	CMB	Oct-2019	Apr-2020	2	4	8	Helping people be more self reliant and smarter use of resources

Appendix A
Corporate Risk Assessment 2019-20 November 2019

IDENTIFIED RISK						ACTION PLAN									
No.	**There is a risk that..**	**Consequences of risk**	**Raw risk score**			**Control method**	**How is the council addressing this risk**	**Key actions to be established - NB business as usual activity not reflected here**	**who**	**Reviewed by when**	**Action completed by when**	**Residual risk score**			**Corporate Priority**
			Li	**Im**	**Total**							**Li**	**Im**	**Total**	
6	The council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	If budgets and the workforce continue to decline there is a risk that the council will be unable to provide the necessary services to vulnerable people resulting in the possibility that vulnerable people will not be kept safe and be encouraged to greater safe self-reliance.	3	5	15	Treat	The council has well established mechanisms to ensure compliance with statutory responsibilities. This includes its own operational safeguarding board and active management of demand and caseloads. All meetings of CMB and of Cabinet/CMB have a standing item to consider safeguarding matters and allow for appropriate management actions to be taken quickly.	The review by internal audit identified gaps in completion of mandatory training through e learning. These gaps are identified, reported on and monitored by Human Resources Department. The full range of Safeguarding activities was reported to Overview and Scrutiny Committee on 3 July 2019.	CMB	Nov-2019	Completed with ongoing monitoring	2	5	10	Helping people be more self reliant and smarter use of resources
								The internal audit review and the inspection of Youth Offending has identified the need to ensure that all links between Youth Offending Services and other early help or social care services are effective and effectively documented. An action plan has been agreed by Cabinet and Corporate Management Board and rapid improvement will be made before an anticipated inspection in six months time.			Jan-2020				

Appendix A
Corporate Risk Assessment 2019-20 November 2019

IDENTIFIED RISK						ACTION PLAN								
No.	**There is a risk that..**	**Consequences of risk**	**Raw risk score**			**Control method**	**How is the council addressing this risk**	**Key actions to be established - NB business as usual activity not reflected here**	**who**	**Reviewed by when**	**Action completed by when**	**Residual risk score**			**Corporate Priority**
			Li	**Im**	**Total**							**Li**	**Im**	**Total**	
7	The council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and discontinuation of funding streams and major contracts	If the council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies and significant financial variations there is a risk that there may be a failure to deliver services and a balanced financial position which could harm citizens who rely on council services.	4	4	16	Treat	The council has anti virus installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that includes the installation of patches. Security awareness training is provided to all employees. The council has established emergency planning arrangements including a Major Incident Plan and contributes to the SWLRF and SWRT.	Cyber resilience training. The council responds appropriately to WLGA/WG/UK Government Brexit consultations and seeks to influence the development of any future regional investment programme, via informed discussions with WG/Wales Office. The situation is being monitored on an ongoing basis.	CMB	Oct-2019	TBC Ongoing	3	3	9	All corporate priorities
8	The council is unable to attract or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	If there is a continual decreasing number of suitably skilled and experienced staff then there may not be the expertise required to deliver services and protect the interests of the council. This could lead to the wellbeing of citizens suffering and a loss of moral amongst the remaining staff if they feel unsupported and are seeking to work elsewhere.	4	4	16	Treat	The council has workforce planning in place (through directorate level service planning) and is prioritising finite training budget to ensure that key skills and qualifications are targeted. In addition the council is using apprenticeships to actively bring in or develop key skills (such as Welsh language skills or ICT capability). In specific service areas the council is actively seeking opportunities to collaborate where this will enhance capacity or resilience.	The council will continue to monitor the profile of the workforce and identify challenges through the business planning process. Appropriate action plans will be developed. The staff survey has been completed and a range of actions implemented. These will improve engagement and feedback and shape the learning and development programme. The council will prioritise role specific training to enable staff to do what is expected of them, it will promote good practice examples of staff development and maximise access to funded learning and development programmes. e.g. WG and TUC.	CMB	Oct-2019	Ongoing Ongoing	3	4	12	All corporate priorities

Appendix A
Corporate Risk Assessment 2019-20 November 2019

IDENTIFIED RISK						ACTION PLAN								
No.	**There is a risk that..**	**Consequences of risk**	**Raw risk score**			**Control method**	**How is the council addressing this risk**	**Key actions to be established - NB business as usual activity not reflected here**	**who**	**Reviewed by when**	**Action completed by when**	**Residual risk score**			**Corporate Priority**
			Li	**Im**	**Total**							**Li**	**Im**	**Total**	
9	Important council services are compromised due to the failure of a key supplier	If the suppliers of council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the council, which will be impacted as it seeks to restore provision and suffers a loss of reputation.	3	4	12	Treat or Transfer	The council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care).	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality. Directorates to monitor the financial performance and stability of contractors on an ongoing basis. Dialogue with some major suppliers	CMB	Oct-2019	Ongoing Ongoing	3	3	9	Helping people be more self reliant and smarter use of resources

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE INTERIM HEAD OF FINANCE

REVIEW OF THE ANNUAL GOVERNANCE STATEMENT 2018-19

1. Purpose of Report

1.1 The purpose of this report is to provide an update on the Action Plan that accompanied the final Annual Governance Statement (AGS) 2018-19 in the Statement of Accounts 2018-19.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 Achievement of the corporate priorities and well-being objectives defined in the Corporate Plan is underpinned by ensuring that effective governance arrangements are in place.

3. Background

3.1 Regulation 5 (2) of the Accounts and Audit (Wales) Regulations 2014 requires an authority to undertake, as part of its arrangements for corporate governance, an annual review of governance and report on internal control.

3.2 The Annual Governance Statement 2018-19 was presented to Audit Committee on 13 June 2019 and was subsequently included within the Final Statement of Accounts 2018-19 that was approved by Audit committee on 8 August 2019.

4. Current situation / proposal

4.1 Good corporate governance requires the active participation of Members and Officers across the Council. These arrangements are reviewed on an annual basis and the findings used to update the AGS. This helps to ensure the continuous improvement of the Council's corporate governance culture.

4.2 The AGS provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made. Since the report was presented separately to Audit Committee in June 2019 it has been amended to

update on the outcome of the Estyn Inspection. The revised AGS 2018-19 is attached at **Appendix A** with the amendment on page 9.

4.3 In order to begin the process for producing the Annual Governance Statement 2019-20, it is necessary to review the Action Plan that was linked to the AGS 2018-19. **Appendix B** shows the Plan which has been updated with progress on each significant governance issue.

5. Effect upon Policy Framework& Procedure Rules

5.1 The report does not have any impacts on policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Wellbeing of Future Generations (Wales) Act 2015

7.1 The well-being goals identified in the Act have been considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial Implications

8.1 There are no financial implications arising from this report

9. Recommendations

9.1 It is recommended that Audit Committee:
- Note the amended Annual Governance Statement 2018-19 (Appendix A)
- Consider the Annual Governance Statement 2018-19 Action Plan (Appendix B).

Gill Lewis
Interim Head of Finance

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Background documents

Report to Audit Committee 13 June 2019: Annual Governance Statement 2018-19

Statement of Accounts 2018-19

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APPENDIX A

Annual Governance Statement

Foreword

"One Council working together to improve lives"

This is the Council's vision as stated in the Corporate Plan for 2018-2022 reviewed for 2019-20, which also sets out what our long-term Well-being objectives are so that amongst all of the complexity of increased demand and reduced resources we can keep a clear focus on what is really important for our communities.

We want to contribute to a place where people love to live, work, study and do business, where people are qualified with the skills they need to improve their life chances and enjoy good health and independence.

It is necessary to ensure that our communities and those that use and pay for our services, those who deliver our services and our partners and suppliers have confidence in our governance arrangements. They must be assured that the way we provide our services are effectively and efficiently delivered on a consistent basis, that public money is safeguarded and properly accounted for; and that decisions are taken transparently and lawfully.

The Council also has a duty to set well-being objectives under the Future Generations (Wales) Act and the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in delivering its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

Our governance arrangements operate effectively in supporting the Council in meeting its challenges and responsibilities. Improvements are continually being made and opportunities to do so have been identified. These are being monitored during 2019-20 to ensure that the necessary improvements are made.

Mark Shepherd
Chief Executive

Cllr Huw David
Leader of the Council

Pencoed Primary 2018

What is Corporate Governance?

Corporate governance comprises the systems, processes, culture and values by which the Council is directed and controlled, led and held to account, and how it engages with stakeholders. It is also about the way that Councillors and employees think and act.

The Governance Framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

What this Statement tells you

This Statement describes the extent to which the Council has complied with its Code of Corporate Governance and the requirements of the Accounts and Audit (Wales) Regulations 2014, for the year ended 31 March 2019.

It also sets out how the Council has responded to governance issues identified during 2017-18 and actions to be undertaken during 2019-20 following an annual review of the Governance Framework.

The Statement has been prepared in accordance with the 2016 guidance: '*Delivering Good Governance in Local Government Framework*' produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE)

The Council's Governance Responsibilities

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

It also has a duty to make arrangements to secure continuous improvement in the exercise of its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation[1].

The Council must consider the longer term impact of any decisions it makes, and should work collaboratively with other public bodies to improve wellbeing in Wales.[2]

As a public body the Council has to ensure it delivers sustainable economic, societal and environmental outcomes as a key focus of its governance process and structures. This is achieved by:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- ensuring openness and comprehensive stakeholder engagement

The Council's Code of Corporate Governance sets out its commitment to, and responsibility for, ensuring that there is a sound system of governance in place. The Code is on the Council's website or can be obtained from the Section 151 Officer.

The Council's Code of Corporate Governance sets out the seven principles in line with the CIPFA Code.

Bridgend County Borough Council Code of Governance (2017)	
The Council's Governance Principles are based on the following:	
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B	Ensuring openness and comprehensive stakeholder engagement
C	Defining outcomes in terms of sustainable economic, social and environmental benefits
D	Determining the interventions necessary to optimise the achievement of the intended outcomes
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practice in transparency, reporting, and audit to deliver effective accountability

[1] Local Government (Wales) Measure 2009
[2] Well-being of Future Generations (Wales) Act 2015

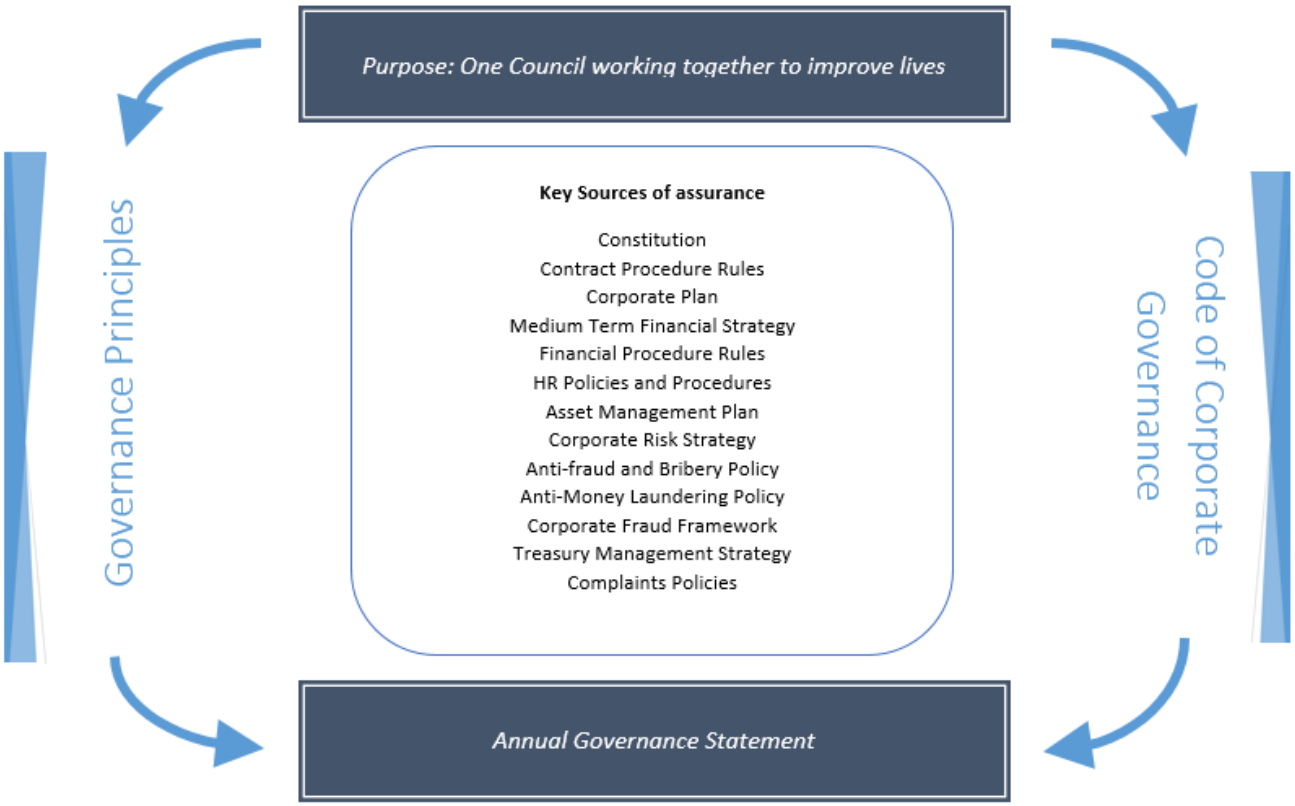
The Governance Framework

The Governance Framework comprises the systems, processes and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to make appropriate use and prevent loss of public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all the risk, the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and manage their impact.

In order to review the effectiveness of the governance framework, assurances are provided to, and challenged by, the Audit Committee, Scrutiny Committees, Council, Cabinet and Corporate Management Board as appropriate. In addition the Section 151 Officer promotes and delivers good financial management and the Monitoring Officer legal and ethical assurance.

Some of the key elements of the governance framework are highlighted below.



The Council is one of ten Councils jointly delivering the Cardiff Capital Region City Deal (CCRCD), which has in place joint Scrutiny and Cabinet to ensure governance in its implementation. The CCRCD aims to raise economic prosperity, job prospects and improve digital and transport connectivity and is a significant investment into the South Wales economy. The Council is committed to contributing to the delivery of these objectives across the region to ensure that the community and business within the Borough can benefit from this investment.

In March 2018 a Welsh Government consultation on health boundary changes for people in the area of Bridgend County Borough Council ended. The result of the consultation was that from 1st April 2019, local authority and Health Services in Bridgend and a number of local authority regional partnership arrangements would be moved from the Western Bay Region/Abertawe Bro Morgannwg University Health Board (ABMU) to the Cwm Taf Region.

During 2018-19 the Council has adopted a structured approach to the disaggregation of regional services, which has required close working with a range of partners to ensure that where regional funding supports integrated services, such services are accounted for between Western Bay, ABMU Health Board and Bridgend County Borough Council. In planning for the changes to regional boundaries a Transition Programme was established including, at various levels, officers from the two Health Boards, the Council and the third sector. The overarching Board and associated work streams set the governance structure that supported the Transition Programme. The Council's representation is as follows:

- Joint Transition Board: the Leader/Cabinet Member for Social Services and Wellbeing and the Chief Executive/Corporate Director, Social Services and Wellbeing
- Joint Transition Programme Group: Corporate Director, Social Services and Wellbeing
- Work Streams: all relevant service areas within Bridgend County Borough Council are linked in to their counterparts in the various work streams

From 1st April 2019 the governance structure for the new partnership arrangements will be through the Cwm Taf Morgannwg Regional Programme Board.

The Corporate Plan

The Corporate Plan 2018-22, agreed in February 2018, sets out the Council's vision: '**One Council working together to improve lives**'. The Plan defines the Council's three priorities – also known as our Well-being objectives – that sets out how the Council intends to deliver them. The Council defines its purpose to 'contribute to a place where people love to live, work, study and do business, where people are qualified with the skills they need to improve their life chances and enjoy good health and independence'.

Underpinning the Council's Corporate Plan and throughout its decisions-making process, the principles of the Well-being of Future Generations (Wales) Act 2015 are applied.

Long-term: thinking of future generations and of our natural resources.

Prevention: stop problems arising – don't create new problems.

Integration and collaboration: with colleagues and partners. Ensure decisions are joined up across services and work more closely with partners in the public, private and third sectors.

Involvement: consult and involved local people in planning and delivering services.

Welsh language – Wales has two official languages, Welsh and English, and services and information should be equally available in both. The Council's internal business language is English, but all the services and information we provide for local people will be equally available in either language.

The Corporate Plan identifies a number of key principles which underpin its Well-being objectives and has adopted a set of values that represent what the Council stands for and influences how it works.

Bridgend Council's Well-being objectives	
Supporting a successful economy **Helping** people to become more self-reliant **Smarter** use of resources	
Key Principles	**Values**
Where ever possible **the Council** will support communities and people to create their own solutions and reduce dependency on the Council **The Council** will focus diminishing resources on communities and individuals with the greatest need **The Council** will use good information from service users and communities to inform its decisions **The Council** will encourage and develop capacity amongst the third sector to identify and respond to local needs **The Council** will not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies **The Council** will work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches **The Council** will transform the organisation and many of its services and in so doing will deliver financial budget reductions as well as improvements	**Fair** – taking into account everyone's needs and situations **Ambitious** – always trying to improve what we do and aiming for excellence **Citizen-focused** – remembering that we are here to serve our local community **Efficient** – delivering services that are value for money

Assessing Performance

The Councils' performance is reported in its Annual Report, its annual self-evaluation of progress against the Council's Corporate Plan.

The Wales Audit Office, our External Auditor, assesses the Council's arrangements for delivering continuous improvement and subsequent performance, the results of which are published in their Annual Improvement Report. For 2017-18 they reported that 'the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2018-19'. Whilst there will always be areas where improvements can be made, the Auditor General made no formal recommendations, which demonstrates the commitment of the Council to continuous improvement.

External Assessments of Performance

The Council is also inspected by other organisations, including the Care Inspectorate Wales (CIW) and Estyn. Early in the year CIW reported on its review of the Joint Adoption Service, shard with Swansea and NeathPortTalbot Councils. Whilst some recommendations for improvement were made, and an action plan has been put in place to address these, the overall assessment of this review was that adopters and people receiving adoption support receive a good service.

In November 2018, Her Majesty's Inspectorate of Probation (HMIP) were joined by colleague inspectors from Police, Health, Social Care and Education and undertook a two-week inspection of Youth Offending Service (YOS) in Western Bay. The report has now been received and the overall rating of the Western Bay YOS was deemed inadequate. There are twelve domains within the inspection framework and nine of the twelve were rated as inadequate. One was rated as needing improvement, one was good with joint working rated as outstanding. Bridgend YOS was already planning to disaggregate from Western Bay before the inspection, due to the Council's migration to Cwm Taf Morgannwg University Health Board, which became effective on 1st April 2019. Bridgend has therefore produced an individual post-inspection action plan for improvement. This will be monitored on a fortnightly basis by the YOS Strategic Lead and Operational Manager, who will meet with the Youth Justice Board.

An Estyn inspection of the Council's Education Service took place at the end of March 2019, the outcome of which was reported to Council on 19 June 2019. Overall the report noted that pupils in Bridgend make good progress between the statutory school ages of five and sixteen, although at sixth form level perform less favourably with the national average. The Council will respond to the recommendations with a Post Inspection Action Plan, which will be monitored by the School Improvement Group.

Decision Making and Responsibilities

The Council consists of 54 elected Members, with an elected Leader and Cabinet who are supported and held to account by Scrutiny Committees. The Council's constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business, and sets out a list of functions and decisions exercisable by officers. It also contains the rules and protocols by which the Council, Members and officers operate.

Through the Constitution, along with the Member's Code of Conduct, Standards Committee and role of internal audit, the Council operates with **integrity**, **ethical values** and within its **legal** powers.

All Council and Committee meetings' agendas, papers and minutes can be viewed on-line and all meetings are open to the public unless exempt or confidential matters are being discussed. The Council's forward work programme contains information about all matters that are likely to be the subject of a decision taken by full Council or Cabinet during the forthcoming period. They also include information regarding Scrutiny Committees. To further enhance **openness** and **comprehensive stakeholder engagement** the Council has a Citizen's Panel, which takes part in surveys on a range of issues. The Council also uses social media to promote services and engage with the public and makes information available on a range of formats to maximise the opportunity for information sharing and residents communicating with the Council.

Managing Risk

The Council faces a range of risks as would be expected from the broad range of services it delivers and activities it is engaged with. On a day-to-day basis operational risk arises from the challenge of ensuring sufficient capacity and capability to advise on, and to deliver, the key policy objectives of the Council.

The Council has developed a robust approach to the management of risk. The Corporate Risk Management Policy is aligned with Directorate Plans and the Council's performance management framework. The Council defines risk as: 'Any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

- achieve its Well-being objectives
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.'

Risks are viewed from both a Service and Council-wide perspective which ensures the key risks are distilled in the Corporate Risk Assessment. The Risk Assessment sets out how the Council is addressing these risk and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and the Audit Committee. A strategic review of the management control framework, or 'health' of the Council, identified more than one risk scoring mechanism was being used, the Council has implemented a consistent risk matrix across all services.

It is not possible to eliminate all risk of failure to meet the targets in the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but one of reasonable assurance.

Financial Management

The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. The Council has in place Financial Procedure Rules and Contract Procedure Rules, and the scheme of delegation provides the framework for financial control. The Section 151 Officer is responsible for establishing a clear framework for the management of the Council's financial affairs and for ensuring that arrangements are made for their proper administration.

The Council's ability to deliver savings and contain its expenditure within its overall budget is well established. However, the Council faces significant challenges in the future in the face of further Government plans to cut public spending and significant uncertainty as a result of Brexit and the impacts this might have on Council services. The Council estimates that it will need to generate approximately £35 million of savings over the period 2019-20 to 2022-23. The Medium Term Financial Strategy has taken account of cost pressures and priority areas in line with the Corporate Plan, and involved extensive consultation to ensure a robust process. Given the single-year funding provided by the Welsh Government, the Council has developed detailed budgets for year on of the Strategy with indicative budgets thereafter based on a range of funding scenarios.

SHAPING BRIDGEND'S FUTURE

Consultation overview

Over the past four years, we have made budgetary savings of more than £30 million. Some of the ways we have done this include:

- cutting senior management and reducing our workforce by more than 400 employees
- transferring cultural services to Awen Cultural Trust
- reducing provision of some services like public conveniences and street cleaning

Also, we have made a wide range of investments including state-of-the-art new schools, new sea defences, and new highways improvements.

Despite the changes made to date, **we still have to make a further £35 million saving by 2023**, which is currently 13.5% of our net budget.

In this consultation, some of the areas we are asking you about include:

- council tax
- leisure and cultural services
- schools and education
- transport
- recycling and waste
- social services

The Council has in place robust arrangements for effective financial control through the Council's accounting procedures, key financial systems and the Financial Procedure Rules. This includes established budget planning procedures and regular budget monitoring reports to Cabinet and Scrutiny Committee, as well as detailed information to budget holders. The Council prepares its Annual Accounts as required by the Accounts and Audit (Wales) Regulations and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Council follows the CIPFA Code on Treasury Management and Welsh Government's Guidance on Local Authority Investments to ensure that funds invested are secure, accessible when necessary and attract an appropriate return and any borrowings needed are in line with the Council's Treasury Management Strategy, as approved by Council.

Audit and Audit Assurances

The Council is audited externally by the Auditor General for Wales, supported by the Wales Audit Office. The objectives of this are to obtain assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; that the accounts have been prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; and to issue an opinion thereon. They also assess our arrangements for securing economy, efficiency and effectiveness in the use of resources.

In 2018 the External Auditor gave an unqualified audit opinion on the financial statements 2017-18.

The Wales Audit Office also audit a number of grant claims and in the year completed 11 audits of grants and returns. The audit confirmed that there were generally sound working papers and all claims were certified ahead of the audit deadlines in place. One recommendation was made in relation to Housing Benefits, to continue to review the strength of the Council's arrangements for processing housing benefit claims, which the Council is in the process of doing.

In addition the Wales Audit Office undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to Audit Committee.

The Internal Audit Service is a key means of assurance. During 2018-19 Bridgend had a joint service with the Vale of Glamorgan Council and the service operated to the Public Sector Internal Audit Standards (PSIAS). The Audit Committee approved the Internal Audit Charter for Bridgend and the Vale Audit Shared Service in April 2018. The Audit Committee also approve the Internal Audit Annual Plan and receives progress updates at every Audit Committee. The Head of Internal Audit's annual opinion as to the effectiveness of the Council's internal control environment for 2018-19 is of:

'"Reasonable Assurance" on the adequacy and effectives of the Council's framework of governance, risk management and control.'

The opinion states that, based on the work completed by the Internal Audit Shared Service for the financial year and the contribution to the Audit Plan made by the South West Audit Partnership, no significant cross-cutting control issues have been identified (other than that reported in the outturn report) that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.

The recommendations made to improve the overall control environment have been accepted and are being/will be implemented.

The **Audit Committee** provides independent assurance on the Council's internal control environment. It is a statutory requirement and consists of 12 Councillors and 1 Lay Member. Its main functions are:

- Review & scrutinise reports and recommendations in relation to the Council's Financial Affairs
- Review & scrutinise reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements
- Oversee the Council's internal and external audit arrangements
- To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies
- To monitor the Council's Anti-Fraud and Bribery Strategy, Whistleblowing Policy and Anti-Money Laundering Policy
- To Review and approve the Council's Annual Governance Statement and the Annual Statement of Accounts
- To review and consider reports from the External Auditor and Inspectors

Of significant issue for the Internal Audit Shared Service is the continuing lack of resources and the impact this has had on delivering the 2018-19 Audit Risk Based Plan. During the whole of the year, the Shared Service has carried a high level of vacancies and as a consequence the services of the South West Audit Partnership were commissioned to help address the shortfall. 2018-19 has continued to be a challenging year for the Shared Service and as predicted, South West Audit Partnership have once again assisted with the delivery of the 2018-19 Risk Based Plan. From 1st April 2019 a new Regional Audit Shared Service was established with two more Councils joining the partnership – Rhondda Cynon Taff County Borough Council and Merthyr Tydfil County Borough Council. There will still need to be some latitude required during 2019-20 to facilitate this transitional period from all parties concerned.

During the year there were interim arrangements in place in relation to two of the key statutory officers of the Council and members of the Corporate Management Board. However, in May 2019 the Chief Executive, as Head of Paid Service, has been confirmed in post following a competitive process. This is the former Corporate Director – Communities who had been appointed on an interim basis as Chief Executive in December 2018. Also during the year there have been continued interim arrangements in place to cover the statutory position of the Council's Section 151 Officer/Head of Finance, which does cause some concern from a continuity and capacity perspective. Whilst there is little or no risk in the short term as the Statutory Officer is extremely experienced and more than capable to fulfil the role, it is important that the interim position is permanently addressed as soon as possible to ensure that the Council's corporate governance arrangements are not affected in the medium- to long-term. To help strengthen the resilience of the Finance function, a temporary Deputy Head of Finance and Section 151 Officer post was appointed in May 2019.

A strategic review of the Council was undertaken by the South West Audit Partnership with a final report issued in April 2018, which can be accessed here. Five themes were reviewed:

- Governance
- Risk Management
- Commissioning and Procurement
- Programme & Project Management
- Information Management

For each of the corporate themes the strength of the management control framework in place was assessed against a benchmark model by identifying the presence or otherwise of key controls. This included the use of assurance from other sources, such as external audit, as well as internal audit reports. The overall assurance received from the strategic review with the exception of its Information Management indicated an overall **High Assurance** opinion. A follow-up audit on Information Management identified a number of areas for improvement which the Council has addressed, and provided a **Medium** assurance.

Improving Governance

The progress made on the significant issues identified in the Council's 2017-18 Annual Governance Statement is shown below:

The Council should resolve how it will embed the sustainable development principle into decision-making	Whilst elected Members undertook an interactive workshop in November 2017 they have requested further training to be arranged in relation to the Well-being of Future Generations (Wales) Act 2015 to ensure they apply sustainable development principles in all decisions they make. An e-learning package has also been developed so that officers can undertake training to support the decision-making process
The Council should clearly set out how the impact of service changes will be monitored at the point of decision, with a clear set of criteria and a detailed options appraisal process considered when producing Council's decision reports	The Council has put in place a 'Well-being of Future Generations Assessment Form' that ensures the five ways of working and the seven Well-being goals of the Well-being of Future Generations (Wales) Act 2015 are considered as part of any decision making process. Use of the form will ensure that potential impacts of service changed are identified and proposals to maximise any positive impacts, or minimise any negative impacts, are provided as appropriate
The Scrutiny Forward Work Programme is not easily accessible on the website and that the website search function for officer and member decisions was not working properly. There were no links to items pre-2014. This limits transparency and access arrangements	The Council's web-pages have been redesigned and were launched in April 2018. The website is much more focussed and easy to navigate and search. The Forward Work Programme for the Scrutiny Committees can be found under the Scrutiny Committee pages accessible from the Council's website
Concern at the vacancy rate of 50% within the Internal Audit service. Audit Committee to consider a review of resources in internal audit at a future meeting as part of setting the Internal Audit Plan	2018-19 has continued to be a challenging year for the Shared Service and as predicted, South West Audit Partnership have once again assisted with the delivery of the 2018-19 Risk Based Plan. From 1st April 2019 a new Regional Internal Audit Shared Service was established with two more councils joining the partnership – Rhondda Cynon Taff County Borough Council and Merthyr Tydfil County Borough Council. There will still need to be some latitude required during 2019-20 to facilitate this transitional period from all parties concerned.
Concern of the ability of Internal Audit to deliver on its Audit Plan due to the lack of resources	As noted above, the Audit Plan has been substantially completed. Areas of work not undertaken during the year included: Asset Management and Youth Offending Service (which is undergoing an external inspection). The Asset Management review will be rolled forward into 2019-20
Corporate website has received 1 star rating. Work needed to upgrade and redesign website	The Corporate website has been redeveloped and was relaunched in April 2018. The development is ongoing including reviewing of 'micro-sites' that link from the Corporate website, and ensuring that all information is available bilingually to comply with the Welsh Language Act
Need to ensure that key policies and procedures are subject to a regular review process and/or in line with statutory timescales	Key policies and documents are reviewed and updated on at least an annual basis, including the Constitution, Corporate Plan, Annual Governance Statement, Treasury Management Strategy and Medium Term Financial Strategy. A number have been updated during the year including the Anti-Fraud and Bribery Policy and the Anti Money-Laundering Policy. A number of other key documents are updated on cyclical basis including the Strategic Equality Plan and Corporate Health & Safety Policy (4-yearly). However there are a number of policies that need updating in order to ensure that they are effective and relevant. These will be reviewed over the forthcoming period

Based on a review of the governance framework, the following significant issues identified in 2018-19 which will be addressed in 2019-20:

Medium Term Financial Strategy – the economic uncertainty and increasing public expectations and demands facing public sector organisations continue to challenge and place pressures on the Council, impacting on its ability to deliver the required efficiencies.	The Council will continue to monitor external economic and fiscal information to ensure that it can respond quickly to unexpected events. This is particularly important in the post-Brexit era. Alongside this the Council will continue to transform how services are delivered and manage public expectations. All savings proposals will be closely monitored and mitigating action put in place to address any shortfalls
The findings from the HMIP report on Western Bay Youth Offending Service concluded that the overall rating was inadequate and that '*The governance and leadership of the service are ineffective. There is no vision, understanding of purpose or the strategy to provide a high-quality personalised responsive service to children and young people.*'	The Western Bay Youth Offending Service has been disaggregated and a Bridgend Youth Justice Management Board set up with senior multi-agency representation, including the Cabinet Member – Communities and the Cabinet Member – Social Services and Early Help to take forward services within Bridgend. The Council has produced a Post Inspection Action Plan in response to the full joint inspection by HM Inspectorate of Probation. This further builds upon the list of priorities that were developed on receipt of the minutes from the Ratings Panel, which was held on 18th December 2018. The Action Plan will be monitored on a fortnightly basis by the YOS Strategic Lead and Operational Manager, and the Youth Justice Board (YJB)
Outcome of the Estyn Inspection on Education Services	The report was reported to Council on 19 June 2019. The recommendations made will be incorporated within a Post Inspection Action Plan which will be monitored by the School Improvement Group
The role of the s.151 Officer is filled on an interim basis pending decisions on way forward with the post in light of the appointment of the Chief Executive	The Chief Executive post was appointed in May 2019 and the appointment of the s151 Officer will be sought to be filled on a permanent basis at the earliest opportunity. A temporary Deputy Head of Finance and Deputy s151 Officer has been appointed to strengthen resilience within the Finance function
The impact of the Health Boundary change from the Western Bay Region to the Cwm Taf Region	The Council has endeavoured to minimise the potential impact of the transition to the new Health Authority during 2018-19 and will continue to monitor arrangements during 2019-20 to ensure that all processes are bedded in.
The impact of Brexit on services and finances could place increased pressures on Council resources	The Council will develop a strategy and action plan to identify potential impacts to the communities it supports, and have in place preparations for any financial consequences. The Council has established an internal cross-Directorate Brexit Forum, chaired by the Chief Executive, to explore the potential impact of Brexit on service delivery along with actions to mitigate against risks. The Forum will also explore any potential opportunities that might arise from Brexit. A report was presented to Cabinet in March setting out a Brexit risk register, which will be actively monitored and updated as necessary.

The Council's scrutiny functions should seek ways to improve its focus and scrutiny activity to ensure that the Council makes the most effective use of the resources available and improve the impact of scrutiny activity[3]	Scrutiny Officers will maintain a record of the impact of scrutiny activity in order to both strengthen and learn from this in order to shape the future work of the scrutiny function. Following a recent 'Scrutiny Fit for Future?' review a report is being compiled detailing proposals to implement best practice and innovation used elsewhere. To ensure the Council's scrutiny function is as effective and comprehensive as possible the Scrutiny Chairs will meet quarterly to share learning and intelligence, identify areas of cross-over and discuss where there may be gaps in focus. Consideration is also being given to the skills and training that scrutiny members need to better prepare them for current and future challenges and to developing an appropriate training programme. Scrutiny continue to work effectively with external bodies such as WLGA, neighbouring authorities and third sectors to optimise the resources available to provide good scrutiny of council services
Digital Transformation and channel shift – the Council needs to continue to develop its online platforms to enable residents and businesses to interact with the Council digitally	The new responsive "Website" and the "Digital Platform" was launched in April 2018 and continues to mature and develop through the addition of new digital channels providing the Citizen the option to engage with the Council digitally alongside the traditional channels such as "face to face" and "telephony". The progress and success of the "Digital Platform" is dependent on the adoption of digital by the Council which will require cultural change to support transformation and efficiencies savings

These issues will be monitored via a detailed action plan during 2019-20, with the responsible officer and deadline for implementation identified for each action, and reported to Cabinet/Corporate Management Board and to the Audit Committee.

Assurance

Subject to the above issues being resolved, we can provide an overall reasonable assurance that Bridgend County Borough Council's governance arrangements remain fit for purpose.

Steps to address the matters referred to above will be taken to further enhance our governance arrangements.

Signed: _____ Date: 24/7/19

(Chief Executive)

Signed: _____ Date: 24/7/19

(Leader)

[3] Wales Audit Office Annual Improvement Report 2017-18 – September 2018

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ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE

Issue	Action	Responsible Officer	Timescale	Current Position
Medium Term Financial Strategy – the economic uncertainty and increasing public expectations and demands facing public sector organisations continue to challenge and place pressures on the Council, impacting on its ability to deliver the required efficiencies.	The Council will continue to monitor external economic and fiscal information to ensure that it can respond quickly to unexpected events. This is particularly important in the post-Brexit era. Alongside this the Council will continue to transform how services are delivered and manage public expectations. All savings proposals will be closely monitored and mitigating action put in place to address any shortfalls	S151/Head of Finance	Ongoing	The external fiscal climate is kept under continuous review, with regular information on the economic climate, including interest rates and inflation predictions received from our Treasury Management advisors. Assumptions built into the MTFS are adjusted accordingly. All current and proposed budget reductions are monitored closely to ensure that they remain deliverable. Any deviation from plans are highlighted through quarterly monitoring reports to Cabinet, and more regular reports to Directors, to ensure plans are put in place to mitigate these. A budget reduction contingency reserve is also available to draw on for one-off delays to proposals that are outside of officers' control.
The findings from the HMIP report on Western Bay Youth Offending Service concluded that the overall rating was inadequate and that '*The governance and leadership of the service are ineffective. There is no vision, understanding of purpose or the strategy to provide a high-quality personalised responsive service to children and young people*.'	The Western Bay Youth Offending Service has been disaggregated and a Bridgend Youth Justice Management Board set up with senior multi-agency representation, including the Cabinet Member – Communities and the Cabinet Member – Social Services and Early Help to take forward services within Bridgend. The Council has produced a Post Inspection Action Plan in response to the full joint inspection by HM Inspectorate of Probation. This further builds upon the list of priorities that were	Group Manager, Integrated Working and Family Support	31 March 2020	Staff restructure of the service has recently concluded. Currently out to advertisement for two operational leads (existing operational manager still in post). An additional social worker has been appointed to the service to strengthen the existing arrangements. Cwm Taf Morgannwg UHB have agreed to recruit a full time equivalent health visitor post to sit with the new service. This post holder will act as the conduit for all health issues in the service.

ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE

Issue	Action	Responsible Officer	Timescale	Current Position
	developed on receipt of the minutes from the Ratings Panel, which was held on 18th December 2018. The Action Plan will be monitored on a fortnightly basis by the YOS Strategic Lead and Operational Manager, and the Youth Justice Board (YJB)			Task and finish groups (x4) are being formed to progress key priorities. Membership will be drawn from the management board and YJS staff team. Management board – jointly chaired by the Chief Executive (BCBC) and Cabinet Member for Communities will hold its next meeting of the Board on 7 October 2019. A joint management board and staff development day is scheduled for the 18 November 2019.
Outcome of the Estyn Inspection on Education Services	The report was reported to Council on 19 June 2019. The recommendations made will be incorporated within a post-inspection action plan which will be monitored by the School Improvement Group	Corporate Director – Education and Family Support	31 March 2020	The post-inspection action plan has been submitted to Estyn following discussion at full Council and Scrutiny. Progress against targets within the local authority's post-inspection action plan has been presented to School Improvement Group and Scrutiny. Updates have been provided to key stakeholders via 'Team Bridgend' (cross-phase, headteachers' group), Bridgend Association of Secondary Headteachers and Primary Federation. Two termly progress review meetings have been held with Central South Consortium to report on progress against the first three recommendations in the Estyn report. The local authority will be meeting with Estyn Local Authority Link Inspectors on 8 November 2019 to

ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE

Issue	Action	Responsible Officer	Timescale	Current Position
				report on progress against the targets and agree next steps.
The role of the s.151 Officer is filled on an interim basis pending decisions on way forward with the post in light of the appointment of the Chief Executive	The Chief Executive post was appointed in May 2019 and the appointment of the s151 Officer will be sought to be filled on a permanent basis at the earliest opportunity. A temporary Deputy Head of Finance and Deputy s151 Officer has been appointed to strengthen resilience within the Finance function	Chief Executive	31 March 2020	A re-designation and regrading of the current post of Head of Finance and Performance and s151 Officer to Chief Officer Finance, Performance and Change and s151 officer was approved by full Council on October 23rd 2019. The new post will be advertised nationally once the normal staff and trade union consultation processes have been completed.
The impact of the Health Boundary change from the Western Bay Region to the Cwm Taf Region	The Council has endeavoured to minimise the potential impact of the transition to the new Health Authority during 2018-19 and will continue to monitor arrangements during 2019-20 to ensure that all processes are bedded in.	Corporate Director – Social Services and Wellbeing	31 January 2020	The Council has now formally joined the Cwm Taf Morgannwg Regional Partnership Board and the associated groups. The Council has contributed to the planning and review of the current partnership to ensure that the new arrangements reflect the changes as a result of Bridgend joining. This will continue to be monitored during the transitional year.
The impact of Brexit on services and finances could place increased pressures on Council resources	The Council will develop a strategy and action plan to identify potential impacts to the communities it supports, and have in place preparations for any financial consequences. The Council has established an internal cross-Directorate Brexit Forum, chaired by the Chief Executive, to explore the potential impact of Brexit on service	Chief Executive	Ongoing – 31 March 2020	The cross Directorate Brexit forum has continued to meet on a regular basis and has also included 3 Cabinet members to ensure political awareness and involvement. The risk register has been updated regularly to take account of ongoing changes and the effect of mitigating actions that have been put in place. The Council continues to work closely with Welsh Government and the WLGA to ensure that it is as prepared as possible for any eventuality. The main difficulty remains that it is still unclear exactly when

ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE

Issue	Action	Responsible Officer	Timescale	Current Position
	delivery along with actions to mitigate against risks. The Forum will also explore any potential opportunities that might arise from Brexit. A report was presented to Cabinet in March setting out a Brexit risk register, which will be actively monitored and updated as necessary.			and if any Brexit will happen and specifically what the nature of that Brexit will mean in terms of a deal or no deal. In these circumstances it is very difficult at this stage to consider whether there may be any potential opportunities arising from Brexit.

ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE

Issue	Action	Responsible Officer	Timescale	Current Position
The Council's scrutiny functions should seek ways to improve its focus and scrutiny activity to ensure that the Council makes the most effective use of the resources available and improve the impact of scrutiny activity[1]	Scrutiny Officers will maintain a record of the impact of scrutiny activity in order to both strengthen and learn from this in order to shape the future work of the scrutiny function. Following a recent 'Scrutiny Fit for Future?' review a report is being compiled detailing proposals to implement best practice and innovation used elsewhere. To ensure the Council's scrutiny function is as effective and comprehensive as possible the Scrutiny Chairs will meet quarterly to share learning and intelligence, identify areas of cross-over and discuss where there may be gaps in focus. Consideration is also being given to the skills and training that scrutiny members need to better prepare them for current and future challenges and to developing an appropriate training programme. Scrutiny continue to work effectively with external bodies such as WLGA, neighbouring authorities and third sectors to optimise the resources available to provide good scrutiny of council services	Head of Legal and Regulatory Services	31 March 2020	Refresher training on Scrutiny Questioning Techniques and Scrutiny Chairing Skills is in the process of being arranged to be delivered by the WLGA. The Scrutiny Team keeps a record of conclusions, recommendations and requests for additional information from meetings and a report is presented to the next meeting to ensure they have received a response. Each Committee is requested to review the feedback and allocate a Red, Amber and Green status to each recommendation. The RAG statuses are monitored on an ongoing basis and actioned as the Committee sees appropriate. This process has been highlighted by Scrutiny Officers at a national training event where it was cited as an effective tool for monitoring the impact of Scrutiny. The methodology used by Bridgend has been shared with other authorities as an example of best practice. The Scrutiny Team is an active participant in two Scrutiny Networks, the WLGA Local Government Scrutiny Network and the South East Wales Scrutiny Officers' Network.

[1] Wales Audit Office Annual Improvement Report 2017-18 – September 2018

ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE

Issue	Action	Responsible Officer	Timescale	Current Position
Digital Transformation and channel shift – the Council needs to continue to develop its online platforms to enable residents and businesses to interact with the Council digitally	The new responsive "Website" and the "Digital Platform" was launched in April 2018 and continues to mature and develop through the addition of new digital channels providing the Citizen the option to engage with the Council digitally alongside the traditional channels such as "face to face" and "telephony". The progress and success of the "Digital Platform" is dependent on the adoption of digital by the Council which will require cultural change to support transformation and efficiencies savings	Head of Performance and Partnerships	31 March 2020	Since My Account and the new responsive website was launched in April 2018, the following services have been made available online via the My Account self-serve portal: 1. Council Tax, 2. Housing Benefits, 3. School Admissions, 4. Blue Badges 5. Residential Parking Permissions Key online statistics in terms of transaction activity as of 8th August 2019 is as follows: • 24,738 My Account registrations • 22,187 council tax payments totalling £3,230,948.62 • 11,862 council tax registrations • 8,647 council tax registrations subscribing to e-billing • 1,610 new direct debits created

ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE

Issue	Action	Responsible Officer	Timescale	Current Position
				Alongside the development of the digital channel the Customer Contact Service has been focused on the customer resolution at the "first point of contact". "Oggie" the Bridgend ChatBot has been launched which has added to the digital front door offering. In June 2019, SocITM (Society of Information Technology Management) rated Bridgend Council's website 11th out of 350 local authority websites that participated in the assessment, it scored 9/10 for accessibility. In the second quarter of 2019, it was the UK's second most improved website.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

PRESENTATION ON THE ROLE OF INTERNAL AUDIT & UPDATE ON THE REGIONAL INTERNAL AUDIT SERVICE

1. Purpose of report

1.1 To give Members a presentation on the role of Internal Audit & to give an update on the Regional Internal Audit Service.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 It is good practice to inform and remind Members of the Audit Committee of the role of Internal Audit and this presentation aims to do this.

3.2 Members will be aware that the expanded Regional Internal Audit service was set up on the 1st April 2019. This presentation aims to give an update on the Regional Service.

4. Current situation/proposal

4.1 The presentation is attached as Appendix A.

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 Effective Audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

9.1 That Members note the content of the presentation.

Mark Thomas
Head of Audit
28 October 2019

Contact Officer: Mark Thomas – Head of Regional Internal Audit Service.

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Background Documents

None

Role of Internal Audit & Update on the Shared Service

Mark Thomas CPFA, MAAT, MStJ
Head of Regional Internal Audit Service

14th November 2019

REGIONAL INTERNAL AUDIT SERVICE /
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL

Introduction
Personal Background & Experience

- Mid Glamorgan County Council – 5 years
- Gwent County Council - 3 years
- Merthyr Tydfil BC & CBC – 25 years
- NHS Capital & PFI Audit – 6 months
- Fully Qualified CIPFA Accountant, Accounting Technician & Programme Manager
- 22 years experience as Internal Auditor/Manager
- 9 years Corporate Management Team experience including leading IA Service alongside a range of other services
- 2 years private sector Director experience

Background to the Service

- Initially established as a Shared Service for Bridgend & Vale of Glamorgan in 2013 (hosted by VofG)
- Discussions started in 2017 over the expansion of service to include RCT and Merthyr Tydfil.
- Decisions made join up to the expanded Shared Service in summer 2018 by the respective Councils.
- Service established on 1st April 2019 with staff transferred to VofG employment.
- Staff still based in each of the 4 Councils
- Oversight of the Service is in the form of a Joint Partnership Board and comprising of Section 151 Officers from each Council as well as each Audit Committee.

Objectives Identified

- The service is affordable and is delivering efficiencies and economies of scale;
- The service enhances the professionalism and quality of audit services provided to each Council through shared knowledge and best practice;
- The service is flexible and can respond to changing service requirements and priorities;
- The service can extend access to specialist audit services and other related disciplines to each Council;
- The service conforms with the Public Sector Internal Audit Standards, with no significant deviations noted.

Opportunities/Benefits

- To further improve the resilience of the service by creating a larger team of staff.
- To develop in-house specialist audit skills not currently in place, such as contract and computer auditing, that will add value to key areas of the Council's business and provide development opportunities for team members;
- To further modernise the service by applying consistent working practices and optimising the use of information technology and agile working; and
- To take advantage of the economies of scale and in-house specialist audit skills to develop a more commercial approach whilst ensuring the Service's core business is maintained.

Immediate priorities & achievements for the service

- Ensure a seamless transition from previous arrangements
- Ensure IA plans for each Council have been developed, consulted on and are deliverable within the likely resources available
- Production of Annual Internal Audit Reports for each Council
- Continue to support all four Audit Committees
- Continue to deliver the planned Audits for each Council

Priorities for the first 12 months

- Develop Structure taking into account TUPE requirements and SWOT analysis (using South West Audit Partnership - SWAP to fill the gap in the short term)
- Confirm ICT Solution & Arrangements
- Identify & evaluate different approaches/ methodologies of each IA team and identify most appropriate to adopt

Ensuring longer term success of the service

- Development of Commercial Approach
  - Analysis of potential public sector market

Neighbouring Councils	Colleges/Universities
Police	Registered Social Landlords
Town & Community Councils	Leisure Trusts
Fire Service	Welsh Government & Agencies

Role of Internal Audit

- Statutory Service - All local authorities in Wales have a legal duty to maintain appropriate and effective internal audit arrangements as set out in the Accounts and Audit (Wales) Regulations 2018

- Audit Charter - Defines the purpose, authority and responsibilities of the Regional Internal Audit Shared Service.

- Definition - 'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes' – Public Sector Internal Audit Standards – March 2017

- Our main role is to check that Policies & Procedures are being complied with and to give an opinion on the arrangements in place.

Role of Internal Audit(cont)

The Public Sector Internal Audit Standards provide the following definitions for assurance and consultancy work:

- Assurance Services - An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.
- Consulting Services - Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the Internal Auditor assuming management responsibility.
- Provided to the 4 Councils in the Shared Service as well as external parties e.g. Amgen and the Central South Consortium Joint Education Service.

Role of Service(cont)

- It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance;
- Support the Chief Finance Officers to discharge their s151 duties;
- Contribute to and support Directorates with the objective of ensuring the provision of, and promoting the need for, sound financial systems;
- Investigate allegations of fraud or irregularity to help safeguard public funds in consultation with other Council Services;
- Support the work of the relevant Audit Committees; and
- Provide an annual audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

Internal Audit Plan for BCBC 2019/20

A total of 1,101 audit days covering a range of audits e.g.

- Safeguarding,
- Schools (CRSA, Control Risk Self Assessment),
- Major Financial Systems, Direct Payments, BACS System, Data Analytics, Home to School Transport, Insurance
- Healthy Organisation Review follow up (Governance, Procurement, Risk Management, Project Management)
- Procurement
- Capital Programme
- Project & Contract Management
- Fraud & Irregularity

Our Reports – The Opinion

AUDIT OPINIONS

Based on an assessment of the strengths and weakness of the areas examined, and through testing it has been concluded that the effectiveness of the internal control environment is considered to be sound and therefore **substantial assurance** can be placed upon the management of risks. This overall opinion is supported by the identification of a well-controlled system where only minor recommendations may have been made where it is considered that the action required is desirable and should result in enhanced control or improved value for money.	**Substantial Assurance**
Based on an assessment of the strengths and weaknesses of the areas examined, and through testing, it has been concluded that the effectiveness of the internal control environment is **reasonable.** This overall opinion is supported by the identification of risks in some areas of the system, which although not substantial in nature could compromise the overall control environment. Action is considered necessary to avoid potential exposure to significant risks.	**Reasonable Assurance**
Based on an assessment of the strengths and weaknesses of the areas examined, and through testing, it has been concluded that the effectiveness of the internal control environment is unsatisfactory and therefore only **limited assurance** can be placed upon the systems of internal control. This overall opinion is supported by the identification of a combination of fundamental and/or significant weaknesses where action is considered imperative to ensure that the Council is not exposed to high risks.	**Limited Assurance**
Based on an assessment of the strengths and weaknesses of the areas examined, and through testing, it has been concluded that the effectiveness of the internal control environment is unsound and therefore **no assurance** can be given at this time. This overall opinion is supported by the identification of fundamental weaknesses where action is imperative to ensure that the Council is not exposed to high risks.	**No Assurance**

Our Recommendations

Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results.

The criticality of each recommendation is as follows:

Fundamental:	*Action that is considered imperative to ensure that the organisation is not exposed to high risks*
Significant:	*Action that is considered necessary to avoid exposure to significant risks*
Merits Attention:	*Action that is considered desirable and should result in enhanced control*

Reports that you will receive from Internal Audit

- Progress Against Plan
- Updates on NFI
- Head of Internal Audit Annual Report
- Draft Annual Audit Plan

How we want to be regarded

- Professional
- Approachable
- Flexible
- Independent but Internal to the organisation
- Here to help and advise, to assist management & staff and councillors - critical friend
- We can share best practice based on our knowledge and experience over 4 Councils
- We report to the organisation
- Better for us to work together to identify areas for improvement to prevent things going wrong rather reacting to things that have already gone wrong

Key contacts

Name	Title		Phone number		Email address	Base
Mark Thomas	Head of Regional Audit Service		01446 709572		cmthomas@valeofglamorgan.gov.uk	Vale
Joan Davies	Audit Client Manager	Int No 883794	01446 709794	01656 754904	jdavies@valeofglamorgan.gov.uk	Vale
Nathan Smith	Senior Auditor	Int No 883863	01446 709863	01656 754903	nsmith@valeofglamorgan.gov.uk;	Bridgend
Filippa Daniels	Auditor	Int No 883773	01446 709773	01656 754968	fdaniels@valeofglamorgan.gov.uk	Bridgend
Vicky Macey	Auditor	Int No 883724	01446 709773	01656 754918	vamacey@valeofglamorgan.gov.uk	Vale
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Lisa Cumpston	Group Audit Manager		01443 680762		lisa.j.cumpston@rctcbc.gov.uk	Porth, RCT

Thank you / Diolch

Questions

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

PROGRESS AGAINST THE AUDIT RISK BASED PLAN (1st April 2019 to 30th September 2019)

1. Purpose of report

1.1 To provide Members with a position statement on progress being made against the audit work that was included and approved within the 2019-20 Internal Audit Annual Risk Based Plan.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which takes into account the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

3.2 The 2019/20 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on 18th April 2019. The Plan outlined the assignments to be carried out and their respective priorities.

4. Current situation/proposal

4.1 The Plan provided for a total of 1,101 audit days to cover the period April 2019 to March 2020. These days were split into those reviews considered to be Priority One and those considered to be Priority Two with the aim of completing the whole plan by the end of the financial year. As noted when the Plan was approved, 2019/20 is a transitional year for the newly extended service so some flexibility is needed to deal with additional demands in terms of setting up this new service.

4.2 Actual progress against quarter 1 and quarter 2 of the 2019/20 Risk Based Plan is attached at **Appendix A** which details the status of each planned review, the audit opinion and the number of any high or medium recommendations made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance and Audit Committee and CMB reporting. This is because the audit work carried out in respect of these items is planned but the nature of the work does not lead to testing and the formation of an audit opinion.

4.3 Appendix A illustrates that as at 30th September 2019, 10 audit reviews have been completed. A further 4 reviews have been carried out and draft reports issued that are awaiting feedback from Service Departments. Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 1 review and an opinion of reasonable to 9 reviews.

4.4 Appendix A illustrates that a total of 11 medium recommendations have been made to improve the control environment of the areas reviewed. The implementation of these recommendations will be monitored to ensure that improvements are being made.

4.5 The plan was based on a fully staffed structure but, as previously reported, the Section continues to carry vacant posts whilst the structure of the Regional Service is being developed. Therefore the South West Audit Partnership (SWAP) have been commissioned in order to address in part some of the shortfall in days necessary to complete the plan.

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 Effective Audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

9.1 That Members note the content of the report and the progress made

Mark Thomas
Head of Audit
28 October 2019

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Internal Audit
Ravens Court
Brewery Lane
Bridgend
CF31 4AP

Background Documents

None

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Bridgend County Borough Council - Activity Against Audit Plan 1st April 2019 to 30th September 2019

Area	Audit	Status	Opinion			Recommendations	
Priority One	**Scope / Risk**		**Substantial**	**Reasonable**	**Limited**	**High**	**Medium**
Good Governance	To provide assurance that key Corporate Governance processes are in place within the Council and that these are operating effectively to enable the Council to be provided with sufficient information to enable them to discharge their responsibilities. Assist in the AGS	Completed					
Safeguarding	safeguarding incidents are dealt with in accordance with the Council's safeguarding policies and procedures. Annual assessment of the Council's overall operating model for safeguarding vulnerable adults and children.	to be allocated					
CRSA	To undertake the annual controlled risk self – assessment for schools to enable Head Teachers to review their internal controls and to ensure that they undertake and comply with the requirements of current legislation and the Financial Procedure Rules.	CRSA's issued to all schools, responses due 6th December 2019					
Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.						
	Coychurch Crematorium	Completed		√			0
	Porthcawl Harbour	Completed		√			0
	Supporting People Outcomes	Completed		√			0
	Bus Services Support Grant (BSSG)	Completed		√			0
	Education Improvement Grant 2018-19	Completed		√			0
	Supporting People Grant	draft issued					
Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year may differ, with each audit having varying amounts of system review, testing or a combination of the two.	to be allocated					
Direct Payments Follow Up	To follow up on the recommendations made during 2018/19 to ensure action has been taken to implement these.	draft issued					
Data Analytics	To align with this objective, Internal Audit is currently developing a data analytics strategy to be implemented during 2019/20. Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples	on-going analysis of supplier data used to inform the contract audit work.					
Property Compliance	Further work following on from 2018/19. To provide assurance that satisfactory progress is being made in respect of Property Compliance.	deferred as previous review completed and issued in qtr 4 2018/19					
Home to School Transport	This review will focus on the application of eligibility criteria to determine whether children receive the right level of assistance It will also include the processes in place in relation to the provision of home to school transport, the risks associated with non-transparent procurement processes (and non-compliance with Procurement rules), inadequate service provider checks putting the safety of children at risk, budget overspends and inappropriate / invalid payments.	SWAP - work on-going					
Healthy Organisation Review – follow up	To follow up on the areas for attention as outlined in the Healthy Organisation Review 2017/18 including Governance, Procurement and Commissioning, Risk Management, Programme & Project Management and Information Management.	completed by SWAP	√				4

Area	Audit	Status	Opinion			Recommendations	
Priority One	**Scope / Risk**		**Substantial**	**Reasonable**	**Limited**	**High**	**Medium**
DOLS	To review the systems in place to ensure compliance with legislation	SWAP - work on-going					
Carry Forward from 2018/19	Provision for those assignments which are still ongoing at the end of 2018/19.						
	C/F Debtors	Completed		√			2
	C/F Security & Information Transfer	Completed		√			1
	C/F Arbed	draft issued					
2018/19 Closure of Reports	To finalise all draft reports outstanding at the end of 2018/19.	Completed					
Follow up of recs. For Limited Reports	To ensure that all outstanding recommendations made during 2018/19 have been actioned.						
	Pcard Review- Early Intervention & Prevention Programmes	on-going					
Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations. During the year, Internal Audit will review the process to ensure recommendations are followed up and reported upon to Audit Committee in a timely, efficient and effective manner.	on-going					
Annual Opinion Report 2018/19	To prepare and issue the Head of Audit's Annual Opinion Report for 2018/19.	completed					
Audit Planning – 2019/20	To prepare and present the annual risk based audit plan for 2019/20.	completed					
Audit Committee /Members and CMB Reporting	This allocation covers Member reporting procedures, mainly to the Audit Committee. Regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Board and the IASS Board.						
Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority, including maintained school based staff.						
Quality Assurance & Improvement / Effectiveness of Internal Audit	To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).	on-going					
Emerging Risks / unplanned	To enable Audit Services to respond to provide assurance activity as required.						
	Taxi Licensing	completed		√			4
External Audit Liaison	To ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.						
Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.	none to date					
Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.	on-going					
Fraud / Error / Irregularity	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.	ongoing and subject to a separate report					
	Sub Totals Priority One		**1**	**8**	**0**	**0**	**11**
Priority Two							

Area	Audit	Status	Opinion			Recommendations	
Priority One	**Scope / Risk**		**Substantial**	**Reasonable**	**Limited**	**High**	**Medium**
Procurement	This audit will review the procurement framework and a sample of individual procurement activities across the Council in order to evaluate the level of compliance with legislation and the Council's Constitution.	to be allocated					
Capital Programme	A review of this area will be undertaken to provide assurance that the Capital Programme remains on track and that slippage is accounted for, reported and regularly monitored.	to be allocated					
Additional Learning Needs Bill	To follow up on the recommendations made during 2018/19 to ensure action has been taken to address the weaknesses identified.	Position Statement SWAP 18/19 no recs made					
Schools	To undertake a number of school based reviews in accordance with the Internal Audit risk based assessment.	to be allocated					
Schools	To undertake cross cutting projects to ensure compliance across all schools.	to be allocated					
Banks Automated Clearing System (BACS)	This review will provide assurance on the adequacy and effectiveness of the control environment surrounding both Direct Debits and Credits.	on-going					
Insurance	This review will seek to determine whether the Council has an effective control framework in place for the management/monitoring of incidents that have led to claims being upheld; and that any further mitigating actions/controls are considered/implemented as part of the Council's wider risk management programme.	on-going					
General Data Protection Regulations	This audit will review whether the Council has an effective control framework in place for ensuring that personal information that is gathered is only used for the purpose for which it was originally intended.	SWAP - draft version 2 issued					
IR35	This review will seek to determine whether the Council has effective arrangements in place to ensure that it conforms to these regulatory requirements.	on-going					
Supply Chain Management	To undertake a review of key areas of risk, including levels of supply and demand, sustainability and pricing across supply chains, where we are reliant on other organisations for the provision of services. We shall also look at ethical procurement.	to be allocated					
Contract and Project Management	To undertake a review of the procedures and processes associated with a number of Contracts / Projects / Programme. Particular emphasis will be placed on compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts.	SWAP - work on-going					
Social Services Follow up work.	Provision has been made to follow up on recommendations made to ensure action has been taken to address any weaknesses identified	to be allocated					
Budget Savings	This review will seek to establish whether there are effective budget monitoring and reporting arrangements in place to track the progress of the identified savings targets.	to be allocated					
ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively.						
	ICT Network Management	on-going					
	ICT Business Continuity Review	on-going					
Retrospective Orders	This review will identify the extent to which retrospective orders are occurring and establishing the approximate value and thereby determining the impact this has on the overall control environment.	draft issued					

Area	Audit	Status	Opinion			Recommendations	
Priority One	Scope / Risk		Substantial	Reasonable	Limited	High	Medium
Standing Data inc. PO Box Addresses	This is a bespoke piece of work which will look at:-reviwing validty of PO Boxes, identify irregularities and rec checks to be carried out.	completed		√			0
	Sub Total Priority Two		**0**	**1**	**0**	**0**	**0**
OVERALL TOTALS			**1**	**9**	**0**	**0**	**11**

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

NATIONAL FRAUD INITIATIVE UPDATE

1. Purpose of report

1.1 To present to Members a status report on the progress made to date on the National Fraud Initiative.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 The National Fraud Initiative (NFI) has run every 2 years since 1996. The exercise is coordinated in Wales by the Wales Audit Office in collaboration with equivalent bodies in England, Scotland and Northern Ireland. Participating organisations, such as other Local Authorities, DWP, NHS & Trusts, Police and Housing Associations submit data to the NFI where it is matched against other data sets using specific criteria. The submitted information is wide ranging and includes data sets relating to housing benefits, council tax, payroll, creditors, licensing, disabled blue badges, concessionary travel, insurance claims, care homes and personal budgets.

3.2 Reports containing potential matches are released to each organisation to investigate. It is important to note that where a match is found it is not in itself evidence of a fraud and may be an error or an inconsistency that requires further investigation or an explanation for a data match prompts the organisation to update their records and/or improve their systems.

3.3 The most recent data extraction and matching exercise was undertaken in September 2018 and the matches were released in January 2019. A total of 8,466 matches have been provided.

4. Current situation/proposal

4.1 A training session has recently been delivered to staff responsible for reviewing the matches to ensure a consistent approach is taken across the Council. This session provided an opportunity for Officers to gain a better understanding of the data matches provided, how to correctly record the findings and also gave an opportunity

to network with other service areas to discuss any data matches which were cross cutting.

4.2 A breakdown of the current position is attached at **Appendix A**. To date 4,705 of the 8,466 matches (55.6%) have been processed and work is still on-going on the remaining matches. It is illustrated that a total value of £59,706 has been identified as potential fraud or error with £28,804 being recoverable.

4.3 It should be noted that a Cabinet Office estimated savings figure is also listed on Appendix A which amounts to £268,328. This is a notional figure that the Cabinet Office uses to count savings nationally. As an example, the Cabinet Office projected savings for the blue badge permits to Benefits Agency deceased person records match is stated at Appendix A as £228,275. The Cabinet Office advise that £575 per permit can be recorded to reflect the lost parking and congestion charge revenue. After review, 397 of the 402 permits within the match were deemed as no longer valid and were cancelled, hence the notional figure has been applied.

4.4 The greatest number of matches are Creditor matches. Creditor matches identify potential duplicates against creditor name, reference, address, and invoice reference or amount. When the matches were initially reviewed it was identified that many of the payments were genuine and this initial sift enabled approximately 50% to be closed. Internal Audit undertook an exercise to review the creditor to employee matches where an employee is linked to a creditor with the same bank account or address. It was soon identified that most of these matches were petty cash reimbursements to school staff. Internal Audit also reviewed the matches whereby an employee or Member is listed as a director to a company with which the Council traded. It was identified that many of these matches were generated through Councillors holding director positions within companies with many of these companies being community based. These matches have been closed following confirmation that a declaration of personal interest has been made by the relevant Member.

4.5 Single person discount to electoral register match provided 1,250 potential matches. After an initial check 114 were highlighted for further investigation and letters were issued. To date 44 errors have been identified whereby recovery of £16,224 is being undertaken. To date 35 have not responded and the next stage will be to remove the discount from those accounts; however this may not result in additional income as the majority of these are in receipt of full council tax reduction.

4.6 Housing Benefit and Council Tax Reduction matches are ongoing. 20% have been processed and to date 7 investigations are on-going. Appendix A illustrates that £6,477 has been identified as recoverable.

4.7 Personal budget and private residential care home matches have been completed and no fraud or error has been identified as the teams were already aware of the information due to timing delays between extracting the data and updating records. It is thought that due to current processes in place to identify movements within care homes very few matches have been provided. Therefore this service area is an example of robust systems and processes being in place which ensures that data is accurate, hence reducing the number of NFI matches being received.

4.8 Some NFI matches require liaison between various internal departments or with other organisations. For example some payroll matches identify that employees are being

paid by more than one organisation. Payroll Officers from each relevant organisation then share information to determine if there is any potential fraud or error. It is recognised that there are genuine cases whereby employment can be in more than one organisation and work is on-going with these matches to determine this. Currently there is one match identified whereby a Bridgend Council employee appears to have a 37 hour contract at the same time as having a 40 hour per week contract elsewhere.

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 Effective Audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

9.1 That Members give due consideration to the NFI update report

Mark Thomas
Head of Audit
28th October 2019

Contact Officer: Mark Thomas – Head of Regional Internal Audit Service.

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Background Documents
None

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BRIDGEND COUNTY BOROUGH COUNCIL - NFI MATCHES - POSITION as at 25th OCTOBER 2019

Report Group	Total Matches	Processed	% of Total Matches Processed	Frauds/ Errors	Fraud/ Error Amount	Recoverable 2019	NFI / Cabinet Office Projected Savings
Blue Badge Parking Permit	402	402	100.0%	397	£0.00	£0.00	£228,275.00
Council Tax - Rising 18s	59	52	88.1%	26	£16,986.93	£3,497.77	£24,011.38
Council Tax Reduction Scheme	1203	160	13.3%	3	£6,477.45	£6,477.45	£0.00
Council Tax SPD to Electoral Register	1250	1213	97.0%	44	£33,444.59	£16,224.02	£14,023.68
Creditor Reports	4867	2589	53.2%	17	£2,605.20	£2,605.20	£0.00
Housing Benefits	541	195	36.0%	1	£192.20	£0.00	£2,018.10
Payroll	104	54	51.9%	0	-	-	-
Personal Budgets	9	9	100.0%	0	-	-	-
Private Residential Care Homes	28	28	100.0%	0	-	-	-
Resident Parking Permit	3	3	100.0%	0	-	-	-
TOTAL	**8,466**	**4,705**	**55.6%**	**488**	**£59,706.37**	**£28,804.44**	**£268,328.16**

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

14 NOVEMBER 2019

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

UDATED FORWARD WORK PROGRAMME 2019/20

1. Purpose of report

1.1 The purpose of this report is to provide Members with an update on the Forward Work Programme for 2019/20.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 The Core functions of an effective Audit Committee are:-

- To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- Be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
- Oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the annual report of the Head of Audit.
- Consider the reports of external audit and inspection agencies, where applicable.
- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- Review and approve the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.

3.2 Effective Audit Committees help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. They enhance public trust and confidence in the financial governance of an authority.

4. Current situation/proposal

4.1 In order to assist the Audit Committee in ensuring that due consideration is given to all aspects of their core functions the updated Forward Work Programme for 2019/20 is attached **at Appendix A.**

4.2 Shown below are the items scheduled to be presented at the Committee's next meeting on 30th January 2020. Please note that a fraud update was scheduled for both January 2020 and April 2020 meetings. The proposed item for January has therefore been removed as it is felt that it would be more timely for Committee to receive one report providing the full years results of Council Tax Reduction fraud investigations in April. Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item (if appropriate), and indicate whether any additional information or research is required.

Provisional Date of Meeting	Agenda Items
30th January	Updated Forward Work Programme
	Internal Audit Progress Report April – December 2019
	Audit Committee Self-Assessment
	Corporate Risk Assessment, Corporate Risk Management Policy and Near Miss Procedure 2020-21
	Corporate Fraud Framework
	Treasury Management Strategy 2020-21
	External Auditor / Inspection Reports (where applicable)

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications arising from this report.

9. Recommendation

9.1 That Members consider and note the updated Forward Work Programme for 2019/20.

Mark Thomas
Head of Audit
29th October 2019

Contact Officer: Mark Thomas – Head of Regional Audit Service

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Bridgend County Borough Council
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CF31 4AP

Background Documents

None

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APPENDIX A

AUDIT COMMITTEE
PROPOSED SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME 2019 - 2020

PROVISIONAL DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2019			
13th June	**Election of Chair & Vice-Chair**	**Democratic Services Officer**	
	Draft Annual Governance Statement 2018-19	**Head of Finance**	**Submitted**
	Pre-audited Statement of Accounts 2018/19.	**Head of Finance**	**Submitted**
	Treasury Management Outturn 2018/19	**Head of Finance**	**Submitted**
	Council Tax Reduction fraud investigations: April 2018 to March 2019	**Head of Finance / Benefit's Manager.**	**Submitted**
	Housing Benefit Claim action plan	**Head of Finance / Benefit's Manager.**	**Submitted**
	Corporate Fraud Report 2018/19	**HOA / Audit Client Manager**	**Combined with NFI report to be presented in August 2019**
	External Auditors / Inspection Reports (where applicable).	**Head of Finance / WAO**	**Submitted**
	IASS Outturn Report April and May 2019. Together with progress against Plan.	**HOA**	**Submitted**
	Updated Forward Work Programme 2019/20.	**Head of Audit (HOA)**	**Submitted**
8th August	**Updated Forward Work Programme**	**HOA**	**Submitted**
	Final Statement of Accounts 2018-19 and External Audit Report	**Head of Finance**	**Submitted**
	Corporate Risk Register Update	**Head of Finance**	**Submitted**
	Counter Fraud Report 2018/19 Including an NFI Update	**HOA / Audit Client Manager**	**Submitted**
	External Auditors / Inspection Reports (where applicable).	**Head of Finance / WAO**	**Submitted**
14th November	**Updated Forward Work Programme**	**HOA**	**Submitted**
	Compliance with the Public Sector Internal Audit Standards	**HOA**	**To be covered in the Head of Internal Audit Annual Report.**
	Progress report on the Regional Internal Audit Service	**HOA**	**Presentation Submitted**
	Audit Committee Terms of Reference	**HOA**	**Deferred pending Local Govt Bill due to be published by WG in Nov**
	NFI update	**HOA**	**Additional item**
	Treasury Management Half Year monitoring report 2018-19	**Head of Finance**	**Submitted**
	Update Report on Wales Audit Office Recommendations On The Service User Perspective Of Disabled Facilities Grant.	**Group Manager Housing**	**Additional item**

	Corporate Risk Assessment	**Head of Finance**	**Additional item**
	Review of the Annual Governance Statement 2018-19 Action Plan	**Head of Finance**	**Submitted**
	Approval of Council's Asset Componentisation Policy	**Head of Finance**	**Submitted**
	Internal Audit Progress Half Year Outturn Report – April 2019 to September 2019.	**HOA**	**Submitted**
	External Auditors / Inspection Reports (where applicable).	**Head of Finance / WAO**	**Submitted**
2020			
30th January	**Updated Forward Work Programme**	**HOA**	
	Internal Audit Progress Report April – December 2019	**HOA**	
	Audit Committee Self-Assessment	**HOA**	
	Corporate Risk Assessment, Corporate Risk Management Policy and Near Miss Procedure 2020-21	**Head of Finance**	
	Fraud Update	**Head of Finance / Benefits Manager.**	**Removed - Duplication of item in April**
	Corporate Fraud Framework	**HOA**	
	Whistleblowing Policy	**tbc**	**To be reported to Standards Cttee**
	Treasury Management Strategy 2020-21	**Head of Finance**	
	External Auditors / Inspection Reports (where applicable).	**Head of Finance / WAO**	
16th April	**Updated Forward Work Programme and proposed programme for-2020-21**	**HOA**	
	Internal Audit proposed Annual Strategy and Audit Plan 2020-21	**HOA**	
	Internal Audit Shared Service Charter 2020-21	**HOA**	
	Draft Head of Audit's Annual Opinion Report and outturn for the Year 2019-20	**HOA**	
	Fraud Update	**Head of Finance / Benefits Manager**	
	External Auditors / Inspection Reports (if applicable): -	**Head of Finance / WAO**	