

Assurance and Risk Assessment Review – Bridgend County Borough Council

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What we reviewed and why

- 1 We undertook this project to find 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. This project also helped us to assess the extent to which the Council is applying the sustainable development principle in taking steps to meet its well-being objectives.
- 2 This report summarises our findings in the areas where we have undertaken more detailed Assurance and Risk Assessment work. We will also produce an Annual Audit Summary in the autumn of 2022 that will summarise all our audit work undertaken since our last Annual Audit Summary in January 2022.
- 3 We focused on the following areas at the Council:
 - Financial position
 - Implications of the Local Government and Elections (Wales) Act 2021
 - Carbon reduction plan
 - Disabled Facility Grants
 - Statutory Building Compliance
- 4 Our evidence bases for this work included conversations with officers and reviewing relevant documents.
- 5 The Assurance and Risk Assessment project has been ongoing throughout the year. We fed back emerging findings to officers as we undertook this work and held a workshop with Corporate Management Board in February 2022 at which we shared emerging findings in relation to some aspects of this work. We also used the workshop to gather the perspectives of senior managers on the key audit risks in relation to the Council and to inform our forward planning.

Financial position

The Council continues to be well placed to maintain its financial resilience. However, this will be tested by challenges being posed by the current economic climate

- 6 We reviewed the Council's financial position during April and June 2022. This included consideration of the Council's financial reserves position, the delivery of planned savings and performance against the planned budget for the year.
- 7 In recent years, the Council has consistently underspent its annual budget and increased its useable reserves. In 2021-22, the Council underspent its budget by £331,000 and subsequently increased its useable reserves by about £20 million. It continues to have a comparatively high level of useable reserves at just under £104 million, equating to about 30% of the net cost of services. The latest increase in useable reserves in 2021-22 is due in part to late receipt of grant funding from the Welsh Government. However, this masks financial pressures in Social Services and Wellbeing, and reduced draw down of capital funds due to restricted activity during the pandemic. Financial pressures remain in the service areas of Homelessness, Waste and Home to School Transport. The Council is managing these by increasing budget allocations to meet increased demand/costs.
- 8 The Welsh Government's indicative funding settlements on an all-Wales basis of 3.4% and 2.5% respectively for 2023-24 and 2024-25 provide a degree of funding certainty over the medium term. However, medium-term financial planning will continue to rely on a range of assumptions, and when coupled with the changing socio-economic landscape in this period of significant economic uncertainty, planning for financial resilience and future budget rounds will continue to be challenging for councils.
- 9 The Council's financial strategy effectively illustrates the strategic financial direction for the Council over the next four years. The strategy has remained largely unchanged except for recognising future uncertainties due to the pandemic in terms of hardship funding and increases in demand for some services. The Council has a history of delivering its planned savings. The Council delivered 96% of its 2021-22 targeted savings at £1.7 million. The level is quite low due to more recent positive settlements.
- 10 The Council has estimated a budget gap of £27.9 million for 2022-23 to 2025-26. It has begun to develop savings plans for 2022-23 but has not yet fully decided how it is going to meet the budget gap in future years. The Council will need to do this as it develops its medium-term financial strategy to contend with the significant economic uncertainty.
- 11 We also published a [Local Government Financial Sustainability Data Tool](#) in February 2022 which includes a range of financial data for councils, national parks and fire and rescue authorities in Wales.

Implications of the Local Government and Elections (Wales) Act 2021

The Council is developing and implementing aspects of the Local Government and Elections (Wales) Act

- 12 We reviewed the Council's response to the Local Government and Elections (Wales) Act 2021 in the period May 2021 to August 2022. We reached this conclusion because the Council:
- fully reconstituted its Governance and Audit Committee to meet the requirements of the Act.
 - appointed, in April 2022, a Policy and Public Affairs Officer to focus on developing its first self-assessment under the Act and to further improve its arrangements.
 - plans to integrate its first annual self-assessment within its annual performance report to be published in October 2022.
 - has not yet developed a Participation Strategy as required by the Act. It plans to discharge its consultation duty under the 2021 Act through existing mechanisms of engagement with trade unions, businesses in the local area, residents, and council staff.
 - in common with other Welsh councils, is engaging with the Welsh Local Government Association to help develop the arrangements and resources needed to undertake Panel Assessments.

Carbon Reduction Plans

The Council has a draft carbon reduction strategy but has not yet fully determined the resources needed to deliver it nor how others will contribute to its delivery

Context

- 13 In July 2022, the Auditor General published Public Sector Readiness for Net Zero Carbon by 2030, which looked at decarbonisation actions in 48 public bodies, including all councils. This report found uncertainty that the collective public sector ambition to meet net zero by 2030 will be met. Our work found significant, common barriers to progress that public bodies must collectively address to meet the collective ambition. We found that while public bodies are showing commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions.

- 14 In the report, the Auditor General makes the following five calls for action from public bodies:
- strengthen your leadership and show your collective responsibility through effective collaboration.
 - clarify your strategic direction and increase your pace of implementation.
 - get to grips with the finances you need.
 - know your skills gaps and increase your capacity; and
 - improve data quality and monitoring to support your decision making.
- 15 The following paragraphs set out the findings of our local audit work on the Council's decarbonisation action plan. These findings sit within the wider context of the Auditor General's July 2022 report that calls for increased pace and stronger leadership across Wales in reducing carbon emissions.

What we looked at

- 16 We undertook an assessment of the Council's arrangements to develop and deliver its Decarbonisation Plan between April and June 2022. We gathered evidence through interviews, document reviews and the Council's returned Call for Evidence on the Decarbonisation Baseline Review.

What we found

- 17 We found that the Council has a draft carbon reduction strategy but has not yet fully determined the resources needed to deliver it nor how others will contribute to its delivery.
- 18 At the time of our fieldwork, the Council was consulting the public on its draft strategy, 'Bridgend 2030 – Net Zero Carbon Strategy' (the draft strategy). The draft strategy sets out the Council's ambition to become a carbon neutral council by 2030 as well as the long and short-term risks and opportunities.
- 19 The Council also sets out its carbon baseline figure, and how it hopes to reduce its carbon footprint, although some plans are more well developed than others.
- 20 The Council will need to establish how its forthcoming net zero delivery plan can contribute to the seven national well-being goals. It will also need to determine how delivery will affect its other well-being objectives, and impact on other public bodies' well-being objectives.
- 21 The Council has involved officers, members, other organisations, such as the Bridgend Public Services Board (PSB) and the Carbon Trust, and the public in the development of the draft strategy. It understands that delivering its strategy will require the involvement of a range of organisations and communities. The draft strategy does not set out how public sector partners can contribute to the carbon reduction goal. However, on a regional level, the Council will contribute to the development of a wider plan covering the PSB footprint that will set out how

partners can help reduce carbon emissions. At the time of our fieldwork, this wider work was at a developmental stage.

- 22 The Council has put some resources in place to facilitate the development and delivery of the strategy. This includes £50,000 to support the development of the strategy and action plan. It has also created posts of Decarbonisation Programme Manager and Decarbonisation Project Officer. At the time of our fieldwork, the Council had not been able to recruit a Decarbonisation Project Officer, which could slow down the Council's progress in delivering its strategy. Although the Council can articulate the costs of specific and current projects, it is aware that delivering the strategy in its entirety will have significant resource implications that it has yet to quantify fully. The Council also intends to contribute to the development of a wider strategy covering the PSB footprint.
- 23 The Council is putting governance arrangements in place to oversee the delivery of the strategy once it is finalised. It has set up a Decarbonisation 2030 programme board which will oversee and track progress against the strategy. The Council has also developed a series of action plans to deliver the commitments in the strategy, with a corporate manager allocated as Senior Responsible Officer to each plan. These officers will report progress to the programme board annually.

Recommendation

- R1 To meet its net zero ambition, the Council needs to fully cost its action plan and ensure that the action plan aligns with its Medium Term Financial Plan.

Disabled Facility Grants

Background

- 24 In August 2019, we published our report Service User Perspective of Disabled Facilities Grants (DFGs). This report concluded that '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'.
- 25 As part of our 2021-22 programme of work, we assessed the Council's progress in meeting the proposals for improvement contained in our 2019 report. The Council has reported progress towards meeting our proposals for improvement to the Corporate Management Board, and Governance and Audit Committee. This progress has been slower than planned. It entered a collaboration with Neath Port Talbot County Borough Council for a period of up to two years to provide support whilst developing its internal model. This arrangement is tapering off and will end in

March 2023. During this time, the Council has explored different approaches to delivering DFGs adopted by neighbouring authorities to inform its learning.

What we found

- 26 The Council has been slow to respond to our proposals for improvement and performance remains poor, worsened by the pandemic. It is developing a new operating model for 2023-24 which is intended to be simpler, better co-ordinated and more responsive to service user needs.
- 27 We reached this conclusion because:
- since 2016-17, the average number of calendar days taken to deliver a DFG has increased and Bridgend remains in the bottom quartile of performance. We recognise that the pandemic has negatively affected the pace of change with increased costs, lack of continuity of contractors, access issues to property and recruitment and retention issues.
 - the service is starting to see improvement in performance/time taken to deliver adaptations. These improvements are not yet apparent in performance data overall because they are concealed by a persistent backlog of overrunning, more complex projects that will affect the overall average figure. The Council intends to develop local performance indicators which will break down this data by size of project enabling a more granular understanding of performance. The Council is also investing in a new digital platform to streamline the referral process, simplify engagement for the service user and produce better data to manage performance.
 - the Council is expecting that its new service delivery model will be in place for the next financial year, 2023-24. It is intended to be simpler, and more person centred whereby officers will manage the process from start to finish forming a single point of contact for service users.
 - the Council has not yet filled its new DFG team staffing structure. It has experienced difficulties recruiting surveyors. Officers are collaborating with the Corporate Landlord Department to explore a proposal of joint working to appoint a trainee surveyor in the future. The service has also procured some surveyor support to ensure it has the technical skills needed to deliver the service. Once resolved the new operating model will include joint working with a Housing Occupational Therapist (funded by Social Services), Surveyor and Contractor. This multi-disciplined team should help in the delivery of applications and better manage service user expectations in a more co-ordinated way.
 - the Council has recognised the future potential to run a shared service on a Cwm Taf Morgannwg Regional Partnership Board footprint and informal sharing of information has taken place.

28 However, these arrangements are still in their infancy and not yet impacting on service delivery. We will be keen to understand the impact of these new arrangements.

Statutory Building Compliance

The Council has improved its statutory building compliance targets in asbestos surveys and fire risk assessments where compliance remains at higher levels. However, it is not meeting its targets for gas servicing and legionella testing and therefore not mitigating all the significant risks associated with non-compliance

29 We reviewed the Council's compliance with statutory building regulations in the period between July 2021 and January 2022. Our work included interviews with officers and a review of documentation relating to the statutory building compliance performance for the 'Big Five' requirements of:

- Asbestos Survey
- Fire Risk Assessment
- Fixed Electrical Test
- Gas Servicing
- Legionella Risk Assessment

30 At the time of our work, we found mixed performance across the Big Five building compliance areas. We base our findings on December 2021 data from the Corporate Landlord Health and Safety Compliance Board. We asked the Council for more up to date information but they were unable to provide this until September as part of clearing this report. Our findings are, therefore, based on the December 2021 position.

31 It is positive that the Council has improved performance in the following areas:

- compliance with the Asbestos Survey programme has remained high at 100%.
- compliance with the Fire Risk Assessment programme has seen significant improvement over the timeframe covered by the board papers (September 2018 – December 2021) at 93.8%.
- compliance with the Fixed Electrical Test Programme has also seen improvement over the same timeframe between September 2018 – December 2021 at 78.6%. This is one of the highest levels since September 2018. However, this still means that more than 21% of properties are not compliant.

- 32 Areas where performance needs to improve include:
- performance against the Gas Servicing programme. Compliance in December 2021 stood at 56.8%, meaning that just over 43% of the properties had not been checked.
 - performance against the Legionella Risk Assessment programme compliance stood at 62.5% in December 2021. We note that this relates to the assessment rather than actual compliance, which will be lower. Although performance has improved since September 2018, over 37% of properties are not meeting their statutory requirements.
- 33 We note that the properties that have gas servicing and water hygiene monitoring overdue include schools and care homes. The Council has a duty of care towards all its vulnerable citizens which it cannot currently demonstrate when these buildings are not compliant with statutory regulations. This puts the Council in clear breach of its statutory duties. It also poses a significant risk to the members of the public who use those buildings as well as reputational and financial risk to the Council should an accident or injury occur.
- 34 Whilst we know the Council is aware of the issues and is working towards improvement, we are concerned about the pace of progress. We are particularly concerned about gas servicing where compliance is low and has not been consistently improving. We recognise that the Corporate Landlord department was focused on managing health and safety arrangements during the pandemic and has ongoing issues with recruitment and retention. However, it is evident that the Council should take a longer-term view on how it can improve and keep compliance with the statutory requirements.
- 35 In clearing this report, the Council told us that it has recently improved its performance in four of the five compliance areas. This includes improvement with gas servicing. However, performance in doing legionella risk assessments has worsened. As this information was provided to us in September as part of the clearance of this report, we have not yet been able to confirm this position. We will explore this as part of our 2022-23 work.



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