

Audit Committee

Meeting Venue
**Committee Room A - County Hall,
Llandrindod Wells, Powys**

Meeting Date
Friday, 4 November 2016

Meeting Time
10.00 am

For further information please contact
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County Hall
Llandrindod Wells
Powys
LD1 5LG

28 October 2016

AGENDA

1.	APOLOGIES	A69-2016
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To receive apologies for absence.

2.	DECLARATIONS OF INTEREST	A70-2016
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To receive declarations of interest from Members.

3.	DISCLOSURE OF PARTY WHIPS	A71-2016
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To receive disclosures of prohibited party whips which a Member has been given in relation to the meeting in accordance with Section 78(3) of the Local Government Measure 2011.

(NB: Members are reminded that under Section 78 Members having been given a prohibited party whip cannot vote on a matter before the Committee.)

4.	MINUTES	A72-2016
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To authorise the Chair to sign the minutes of the previous meeting.

(Pages 5 - 12)

5.	RISK MANAGEMENT	A73-2016
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To consider the report of the Business Continuity and Risk Manager.

(Pages 13 - 16)

6.	CORPORATE ASSESSMENT	A74-2016
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To receive an oral update on the Corporate Assessment.

7.	CLOSURE OF ACCOUNTS	A75-2016
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To consider the report of the Acting Head of Financial Services.

(Pages 17 - 20)

8.	TREASURY MANAGEMENT	A76-2016
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To consider the report of the Portfolio Holder for Finance together with a confidential appendix.

(Pages 21 - 40)

9.	DOMICILIARY CARE	A77-2016
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To consider the updated Adult Social Care Action Plan arising from the Wales Audit Office Report into the Domiciliary Contract Letting

10.	ANNUAL IMPROVEMENT REPORT - DATA ANALYSIS	A78-2016
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To receive performance information used in preparation of the Annual Improvement Report.

(Pages 41 - 80)

11.	PENSION POOLING	A79-2016
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To consider the report of the Portfolio Holder for Finance.

(Pages 81 - 82)

12.	FINANCE SCRUTINY PANEL	A80-2016
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To receive a scrutiny summary report.

(Pages 83 - 84)

13.	INTERNAL AUDIT WORKING GROUP	A81-2016
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To consider a scrutiny summary report.

(Pages 85 - 86)

14.	WORK PROGRAMME	A82-2016
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To consider the forward work programme and whether any additional items should be included.

(Pages 87 - 90)

15.	JOINT CHAIRS AND VICE CHAIRS STEERING GROUP	A83-2016
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To receive the draft notes of the Joint Chairs and Vice Chairs Steering Group held on 18 October 2016.

(Pages 91 - 96)

16.	CORRESPONDENCE	A84-2016
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To consider any items of correspondence which, in the opinion of the Chair, are of sufficient urgency to warrant consideration.

17.	EXEMPT INFORMATION	A85-2016
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The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 11.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information).

These factors in his view outweigh the public interest in disclosing this information. Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

18.	INTERNAL AUDIT	A86-2016
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To consider the report of the Portfolio Holder for Finance.

(Pages 97 - 104)

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE
ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 30
SEPTEMBER 2016**

PRESENT

County Councillor JG Morris (Chair)

County Councillors A W Davies, E R Davies, L R E Davies, M J Jones, WD Powell,
T J Van-Rees and Mr J Brautigam

Apologies for absence were received from County Councillors D E Davies, G Hopkins,
P J Medlicott, D G Thomas, R G Thomas and S L Williams

1.	APOLOGIES	A1-2016
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Apologies for absence were received from County Councillors

2.	DECLARATIONS OF INTEREST	A2-2016
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There were no declarations of interest.

3.	DISCLOSURE OF PARTY WHIPS	A3-2016
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There were no disclosures of party whips.

4.	MINUTES	A4-2016
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The Chair was authorised to sign the minutes of the previous meeting, held on 5
July 2016, as a correct record.

5.	STATEMENT OF ACCOUNTS	A5-2016
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5.1. Closure of accounts and statement of accounts

Documents:

- Report of the Professional Lead for Finance

Discussion:

- A Member Workshop had been held on 28 September to enable detailed consideration of the Statement of Accounts
- Some minor amendments had been made but the balance sheet remained unchanged
- Improvements had been recognised within the ISA260s but further improvements could be made
- The level of internal review had been disappointing due to staff absence and capacity and the support for this function will be assessed
- Recommendations made will be taken forward by the Project Group
- Future closure of accounts will be impacted by transformation and new models of working
- The Professional Lead, Finance was asked when revised timelines were to be introduced for closing the accounts – this was likely to be brought forward by one month in 2017/18 and again in 2020/21
- The Section 151 Officer was asked whether there were sufficient resources in place to enable the revised timelines to be met – the section was heavily reliant on key members of staff. Whilst this was to be reviewed, at the current time there was insufficient resource to meet the new deadlines
- The Professional Lead, Finance was in discussion with other local authorities which had already reduced their closing date
- The WAO advised the Committee that there was to be a conference, facilitated by them, on 10 November 2016 regarding the early closure of accounts. A post project meeting would be held with officers to discuss the closure of accounts and begin to look forward to the challenges ahead.
- The WAO were asked what were the advantages of early closure – rigorous monthly control would be introduced, facilitating a smoother closure of accounts. This would enable an earlier commencement of the budget process for the following year and provide greater resilience. The concept was based on partnership working.

Outcome:

- **Noted**

5.2. Audit of Financial Statement Reports

Documents:

- Audit of Financial Statements Report – Powys County Council
- Audit of Financial Statements Report – Powys Pension Fund

Discussion:

- A materiality concept is adopted as it is impossible to examine every item of income and expenditure
- Material is defined as anything greater than £4 million or an item which qualifies by context or nature. This figure is £5M for the Pension Fund accounts – based on 1% of the Pension Fund
- Draft accounts had been received by 24 June for the Powys account and 29 June for the Pension Fund

- There was one uncorrected misstatement which exceeded the trivial level (£100K) but was less than the material level – the WAO ask that the Audit Committee agree to this. A more detailed explanation was given surrounding the misstatement which related to costs which had been capitalised and could not be linked to specific assets.
- The overall quality had improved and the Authority had acted positively with regard to previous suggestions
- There were opportunities for further improvements particularly in relation to internal review
- The WAO thanked the Finance team, particularly the Financial Reporting and Policy Accountant
- Members had considered the issues surrounding a long standing contract at their Workshop – the WAO had sought clarification on the way in which variations had been awarded and that this was in compliance with procurement law. The Vice Chair read out a statement from the Monitoring Officer confirming that the letting of contracts had been compliant.
- The Commissioning and Procurement Board, a non-decision making group comprising members of the Cabinet, considers issues regarding contract and spend. The Joint Chairs and Vice Chairs Steering Group were considering the role of the Commissioning and Procurement Board, although it was noted that the minutes of those meetings were not publicly available.
- With regard to the Pension Fund, there was one recommendation that a formal agreement should be put in place between the Authority and Pension Fund outlining the rationale and methodology for recharges of administration costs and that this should be reviewed on a regular basis
- Members asked for clarification of the basis of transfers in and out of the Pension Fund and were advised that this was determined by the Actuary
- A query was raised regarding the level of Reserves which, whilst within guidelines, could be considered to be too low – the WAO reported that Financial Resilience work was being undertaken and this would consider how authorities are managing their reserves. No specific issues had been raised to date but it was noted that scrutiny should be kept regularly informed. The Professional Lead, Finance reported that monthly monitoring reports were submitted to Cabinet and this level of detail was also contained with budget proposals.
- Members were informed of one change to the accounts – a figure had been incorrectly noted in an opening balance and a revised sheet was circulated
- It was expected that unqualified opinions would be provided on both sets of accounts

Outcome:

- **The uncorrected misstatement was accepted.**

5.3. Letters of Representation

Documents:

- Representations regarding the 2015-16 financial statements

- Representations regarding the 2015-16 financial statements – Pension Fund

Outcome:

- **Noted**

5.4. Statement of Accounts

Documents:

- Statement of Accounts 2015/16

Outcome:

- **The Statement of Accounts for Powys County Council and the Powys Pension Fund were approved and the Chair authorised to sign the accounts.**

6.	AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT	A6-2016
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Documents:

- Audit enquiries to those charged with governance and management

Outcome:

- **Approved**

7.	ANNUAL IMPROVEMENT REPORT	A7-2016
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Documents:

- Annual Improvement Report 2015-16

Discussion:

- No formal recommendations had been made
- There were some proposals for improvement
 - Better alignment of financial and service performance –proposals were to be put to the Strategic Overview Board shortly
 - Improved governance arrangements – this issue was raised regarding the domiciliary care commissioning issue which was being report to Audit Committee on a regular basis
 - Regulatory recommendations – ensure control and visibility in working towards recommendations. To this end a Regulatory Tracker has been prepared for consideration by the Strategic Overview Board
- Members challenged the data within the report as some measures were dated 2014. The timing of the report could not be changed to wait for

newer, annual data to be released. The Authority could compare the report to current figures as part of its improvement process.

- Some data implied an improvement in performance yet the Authority was ranked 21 out of 22. The Committee asked whether the decline in performance was clustered in certain areas. Whilst this was accepted, it must be considered against the current financial environment and against peers in the same situation. Further analysis of the report was needed.

Outcome:

- **Further performance data would be circulated and the Professional Lead, Corporate Insight invited to the next meeting**

8.	INTERNAL AUDIT - FUTURE SERVICE PROVISION	A8-2016
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Documents:

- Report of the Head of Professional Services and Commissioning

Discussion:

- Options are being considered to strengthen the Internal Audit Service as the Council transforms
- The Internal Audit service has been subject to an external review which shows that the service complies with standards
- The Internal Audit service has to develop to support transformational work
- A soft market test was undertaken which has led to alternative options being presented
- The Committee asked the WAO representatives for their opinion regarding the issue – whilst it was a decision for the Authority, local government was moving into new territory with more complex and detailed relationships. It would be essential to have the relevant technical support going forward. The current provision was a traditional model. All authorities were subject to the same challenges and a robust, flexible Internal Audit service was required going forward. Some authorities have trialled joint working and in England some authorities are partnered with financial institutions for one off, technical expertise. Within Wales, the majority have a traditional model of internal audit. Government predominantly uses external auditors due to capacity issues.
- There was a lack of capacity within the current team and difficulties had been experienced in recruitment. Resilience and development would be key.
- Members asked that Audit Committee be consulted on the options prior to submission to Cabinet

Outcome:

- **The Audit Committee would be consulted on the proposals for the Internal Audit Service**

County Councillor E R Davies left the meeting at 15.35

9.	PENSION FUND POOLING ARRANGEMENTS	A9-2016
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- There were eight pension funds across Wales
- Each pension fund has been directed to come together in groups with assets of over £25billion
- A special case was put for the Welsh Pension Funds to form one group despite not having the minimum asset base
- Each Pension Fund will remain as a sovereign body making their own investment decisions. These will be made through one body resulting in considerable savings.
- The Welsh group is considerably more advanced than others
- Expected to go live on 2017
- A governance structure overseeing the current eight pension funds will be put in place
- The Pensions Manager was commended for his work in the pooling arrangements

Outcome:

- **Noted**

10.	FINANCE SCRUTINY PANEL	A10-2016
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Documents:

- Scrutiny Summary Report

Discussion:

- The overspend in Adult Social Care was subject to a joint working group comprising the Chairs and Vice Chairs of Audit and People Scrutiny Committee and one other Member from each
- The Chief Executive had been charged with producing a Recovery Plan
- The Strategic Director, Resources informed the Committee that a recovery plan for Place Directorate was already available but that data was being cleansed which has resulted in a delay for the plan for People Directorate
- The Strategic Director, Resources, was asked if savings identified would start immediately – savings had been identified for the current year but that it was not yet possible to give assurance that this was sufficient to balance the books

Outcome:

- **Noted**

County Councillor T J Van Rees left the meeting at 3.35

11.	WORK PROGRAMME	A11-2016
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Documents:

- Work Programme

Discussion:

- It was noted that the date for 2017 Audit Committee to approve the Statement of Accounts was on Friday 29 September – WAO suggested that consideration could be given to bringing the date forward

Outcome:

- Noted

12.	JOINT CHAIRS STEERING GROUP	A12-2016
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Documents:

- Notes of meetings – 5 July and 13 September 2016

Outcome:

- Noted

13.	CORRESPONDENCE	A13-2016
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There were no items of correspondence.

County Councillor JG Morris (Chair)

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CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

4th November 2016

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

SUBJECT: Update Report on Risk Management

REPORT FOR: Information

1.0 Summary

- 1.1** An update has been requested by the Audit Committee on Risk Management within the Council, following a report to the previous Committee on 7th July 2016.
- 1.2** This report outlines the position statement for Risk Management within the Council, and progress made since the last committee.

2.0 Background

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

3.0 Progress

- 3.1** The Cabinet continues to view the corporate risk register on a quarterly basis, and the Leader is updated on the progress of risk management on a monthly basis, as part of his role as Portfolio Holder for Risk Management.
- 3.2** The Corporate risk register has been aligned to the Council's Vision Statement. Each of the risks has been categorised against the corporate priorities which underpin the Vision Statement. This will enable reporting of risks to the achievement of the Council's corporate priorities. It is also the first step towards more integrated reporting.

- 3.3** Following the pilot of the Impact Assessment (IA) on the 2016/17 budget process, Cabinet has approved mandatory use of the IA for all policies, change objectives and budget saving proposals going forward. The IA has been developed to facilitate better decision making, based on evidence, which considers the wider implications for the service, the Council and communities of Powys.
- 3.4** Training has been designed and developed for officers who are identified to complete the IAs, and also Heads of Service who are involved in the sign-off process. The training provides users with an understanding of the IA process, and outlines the importance that a full and honest assessment is made, and to ensure that due regard has been fully undertaken when completing them. To date, twelve Impact Assessment training sessions have been delivered to officers. IA training is currently being developed for Cabinet and Scrutiny Committees (including Finance Scrutiny Panel).
- 3.5** The process of gathering IAs for the 2017-18 budget saving proposals has commenced. The IAs will be signed off by Cabinet, and will also be presented to Council as part of the budget papers.
- 3.6** Work is ongoing to prepare for the Council's impending Corporate Assessment (CA). A self-assessment was previously undertaken, which was based on WAO's CA question hierarchy. The assessment, which was undertaken by Thematic Leads who were identified to lead the approach, was shared with WAO.
- 3.7** Following receipt of the completed self-assessment, WAO has indicated key lines of enquiry for the CA. This work will be undertaken in addition to the three thematic reviews which will also be undertaken (1. Financial Resilience, 2. Governance, 3. Transformational Change).
- 3.8** Earlier this year a review was undertaken of the Council's Risk Management system, as previously identified in the 2015-16 Audit Plan. The review included discussions with Senior Management as well as a desktop review of documentation including Risk Registers, Policies and other documentation. Whilst the report acknowledges the journey which the Council has made in implementing a Risk Management system over the last two years, a number of areas for improvement have been identified. An action plan has been developed in response to the improvements identified, and progress of delivery of the action plan will be monitored through the Internal Audit Working Group.
- 4.0** **Further Work**
- 4.1** Engagement with SMTs and DMTs will continue, to further embed the risk management process throughout the Council. Services will review their risks ongoing on a quarterly basis, and will report this information at the Quarterly Performance Review meetings, as well as to Strategic Overview Board.
- 4.2** The Business Continuity & Risk Management Officer will continue to meet with the Leader on a monthly basis to ensure that the corporate risk register remains up-to-date with the appropriate mitigating controls identified.
- 4.3** Co-ordination of the budget saving proposals will continue. IAs will be completed by the services for each of the 2017/18 budget savings, and these will be included within the 2017-20 budget pack and reported to Cabinet and Council for sign-off.

- 4.4** Actions identified in the Risk Management action plan will be delivered, and progress against delivery of the action plan will be reported through the Internal Audit Work Group.

5.0 Business Continuity Management (BCM)

- 5.1** Attendance at the Dyfed Powys Local Resilience Forum (DPLRF) continues. This work has helped to form good working relationships and a peer support network with colleagues within the DPLRF which will allow the sharing of information and approaches taken in other areas of work including Risk Management.
- 5.2** The BCM Group continues to meet on a quarterly basis. The Group is a forum which enables BCM Champions to interact and share knowledge, as well as identifying any inter-dependencies.
- 5.3** Internal audit is currently undertaking an audit of BCM arrangements within the Council, and this is now nearing completion. The audit is a crosscutting exercise that has been concentrating on the arrangements in place to ensure systems are satisfactorily in place in the event that service delivery is threatened. The audit is also covering compliance by individual services. The results of the audit will be shared and discussed by the BCM Group, and any necessary responding actions will be addressed.

6.0 Statutory Officers

- 6.1** The Strategic Director, Resources (S151 Officer) has made the following comment:
- “The report brings committee up to date with progress being made delivering risk management across the council. The requirement for effective risk management has a direct link with longer term financial sustainability.”
- 6.2** The Solicitor to the Council (Monitoring Officer) has made the following comment:
- “Monitoring Officer comments to follow”.

7.0 Future Status of the Report

- 7.1** Not applicable

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

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

Relevant Local Member(s):	Not Applicable
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Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

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

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

4th November 2016

REPORT AUTHOR: Acting Head of Financial Services

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

REPORT FOR: Information

1. Introduction

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

2. Project Update

- 2.1 The Project Team remains in place and the Project Plan for 2016/17 is being developed. A review of last years project delivery will highlight the lessons learnt, the benefits gained, and the areas for further improvement this year. The actions identified will be incorporated into the Plan.
- 2.2 The Wales Audit Office Statement of Accounts Memorandum, which will be received shortly, will also provide details of any issues and make recommendations for changes arising from this year's audit, actions identified from this report will also be incorporated into our plan.
- 2.3 Officers are considering changes across the Council where services are considering alternative delivery models such as Joint ventures or Local Authority

Trading Companies. These models will require changes in our Financial Reporting Statements, the requirements and exchange of data need to be understood and developed within any contractual arrangements as well as incorporated within the Statement of Accounts. A specific workstream will also be included in our project plan.

- 2.4 Other changes are also being introduced for the 2016/17 accounts. The introduction of new measurement requirements within the CIPFA Code of Practice on the Highways Network Asset will have a significant impact. Further information on these changes will be provided for the Committee at its next meeting. Officers are working with other South Wales authorities in preparing for these changes.
- 2.5 Officers are attending seminars and training events to better understand the changes and requirements.
- 2.6 The Acting Head of Financial Services will report progress and identify issues with the Strategic Director of Resources (Section 151 Officer), and regular updates are provided under a standard item at the Resources Management Team. Regular update reports will be submitted to Audit Committee.
- 2.7 Discussions will take place with officers from the Wales Audit Office during the next few months to prepare for next year's audit, we will explore what work can be undertaken throughout the year to assist in the audit and how future workshops can be utilised to further improve the process. A clear Audit Plan will be requested that outlines the audit approach, the audit deliverables and timescales.
- 2.8 The earlier publication and audit of the Accounts will be required for the 31st July by 2020/21, with a phased approach imposing the 31st August deadline for 2018/19. These changes will be considered as part of our annual planning with improvements focused on meeting these revised timelines. Some Welsh Authorities piloted shorter closing periods this year and a seminar is being held by the Wales Audit Office on the 10th November 2016. The event "Making a reality of earlier closure" will draw on the experience of the pilot Authorities and a series of workshops will enable delegates to share and learn from each other. We will also engage with colleagues from the pilot authorities on an ongoing basis to further share ideas, plans and good practice.

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

Contact Officer Name:	Tel:	Email:
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A76-2016

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE
4th November 2016

CABINET
22nd November 2016

REPORT AUTHOR: County Councillor Wynne Jones
Portfolio Holder for Finance

SUBJECT: Treasury Management Qtr 2 Report

REPORT FOR: Information

1. Summary

1.1 CIPFA's Treasury Management Bulletin issued in March 2009 suggested:

"In order to enshrine best practice it is suggested that authorities report formally on treasury management activities at least twice a year and preferably quarterly."

The CIPFA Code of Practice on Treasury Management emphasises a number of key areas including the following:-

xi. Treasury management performance and policy setting should be subject to scrutiny prior to implementation.

1.2 In line with the above this report is providing information on the activities for the quarter ending 30th September 2016.

2. Economic Background and Forecasts

2.1 The economic background is attached at Appendix B.

2.2 The most recent forecast of interest rates by the Authority's advisor is as follows:

	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%
5yr PWLB	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%
10yr PWLB	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%
25yr PWLB	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%
50yr PWLB	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%

3. Treasury Management Strategy

- 3.1 The Treasury Management Strategy approved by Full Council on 9th March 2016 is at Appendix A.
- 3.2 The Authority's investment priorities within the Strategy are: -
- (a) the security of capital and
 - (b) the liquidity of its investments.
- 3.3 The Authority aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite has been low in order to give priority to security of investments.

4. Current Investments

- 4.1 The current investment market is difficult in respect of earning the level of interest rates commonly seen in previous years as rates are very low and in line with the 0.25% Bank Rate.
- 4.2 The Authority's investment position as at 30th Sept 2016 is as shown below:-

Invested with:	Principal £000's	Interest Rate	Start Date	Maturity Date
Santander	2,745	0.15%	N/A	Deposit A/c
BOS	14,430	0.15%	N/A	Deposit A/c
HSBC	70	0.00%	N/A	Deposit A/c
Total	17,245	0.15%		
Lloyds TSB - LAMS	1,000	3.20%	13.08.12	14.08.17

- 4.3 Interest rates on the deposit accounts decreased, as expected, following the bank rate cut in August. Although the HSBC account returns Nil interest, the account is still utilised in order to report on the investments position correctly; to ensure emergency funds are available as withdrawals from other accounts have an earlier cut-off point; and to manage costs where relevant as there is no CHAPS fee in respect of transfers to the HSBC account as it is an internal transaction.
- 4.4 Higher return rates are difficult to achieve as the Authority is not in a position to invest its cash for more than a short period of time.
- 4.5 There have been no credit rating changes in the last few months in respect of the banks that the Authority utilises for deposits. However, following the Brexit vote, there were some changes to the Ratings Outlooks for these banks. This was due to the uncertainty around the Brexit process.

UK Sovereign Rating Action:

The following took place following Brexit:

Fitch:

- Sovereign rating downgraded by one notch, from AA+ to AA
- Outlook lowered to Negative, from Stable

Moody's:

- Sovereign rating affirmed, at Aa1 (equivalent to AA+ from Fitch / S&P)
- Outlook lowered to Negative, from Stable

Standard & Poor's (S&P):

- Sovereign rating downgraded by two notches, from AAA to AA
- Remains on Negative Outlook

4.6 Local Authority Mortgage Scheme:

In August 2012, following a Cabinet report, the Authority entered the Local Authority Mortgage Scheme with an allocation to Lloyds TSB of £1M. Under the scheme this was deemed as Capital Expenditure. However, the Wales Audit Office (WAO) opinion differed from this in that they suggested it should be treated as an investment. Unfortunately, despite meetings and extensive correspondence by Capita Treasury with the Welsh Government, Welsh Local Government Association and the Wales Audit Office, agreement on the accounting treatment for Welsh authorities has not been reached despite the provision of 3 separate legal opinions supporting the Capital Expenditure position. As such, Capita have said that they are not sure there is much more they can do in Wales. This Authority has concurred with WAO's requirement to treat this as an investment and, as such, the amount is included in the table above and is being accounted for as an investment. Council approved this investment following a retrospective report on 16th May 2013.

4.7 Glitnir:

The Glitnir situation concluded in September. A final report in respect of the Icelandic situation was submitted to Cabinet on 4th October.

4.8 Redemption Penalties:

There are no current fixed investments to redeem.

4.9 Investment returns in future years:

Our advisors' current suggested earning rates for investments for budgeting purposes are as follows:-

	Suggested Rate
2016/17	0.25%
2017/18	0.10%
2018/19	0.25%

These are based on investments for up to three months duration.

5. **Credit Rating Changes**

5.1 There have been no credit rating changes relevant to this Authority's position during the last quarter.

5.2 The credit rating list for end of Sept is attached as a separate file to this report.

6. Borrowing / Re-scheduling

6.1 Effective management of the Authority's debt is essential to ensure that the impact of interest payable is minimised against our revenue accounts whilst maintaining prudent borrowing policies.

6.2 The Authority's Capital Position:

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the current year's unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through external borrowing or utilising temporary cash resources within the Council.

Net external borrowing (borrowings less investments) should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current year and next two financial years. This allows some flexibility for limited early borrowing for future years.

CFR Position:

	As at 31.03.16 Actual	2016/17 Original Estimate	2017/18 Original Estimate	2018/19 Original Estimate
	£M	£M	£M	£M
Capital Financing Requirement	302,363	307,313	326,288	354,093

6.3 The Authority had outstanding long-term external debt of £226.4M at 31st March 2016. In relation to the CFR figure for 31st March 2016, this equated to the Authority being under borrowed by £76M. This is a prudent and cost effective approach in the current economic climate. However, internal borrowing is only a temporary situation and, based on capital estimates, it will be necessary for the Authority to borrow at stages over the next few years. As such, the Authority needs to be mindful that it may be prudent to borrow whilst interest rates are at their low levels and carry the cost of this borrowing as opposed to borrowing at a future date at increased rates.

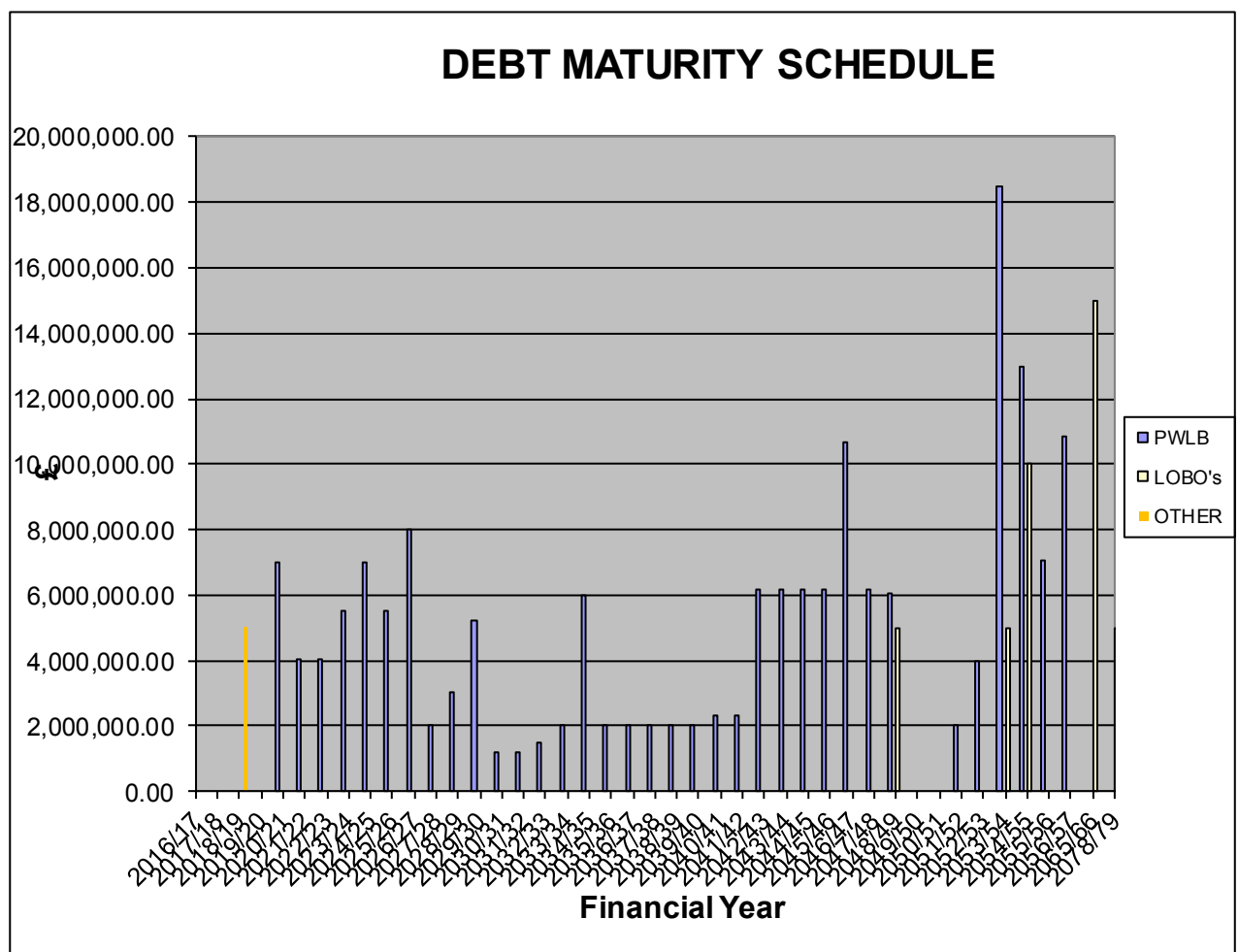
6.4 Capital Budget/Spend per efinancials:

Capital:	Approved Budget	Working budget	Actual Capital Spend (not including commitments)	%age spend
	45,069,066			
June		52,381,477	3,087,768	5.89%
Sept		55,298,113	9,782,827	17.69%
Dec				
March				

The financing of the approved capital budget included £20.4M of Prudential borrowing in total.

6.5 Debt Maturity Profile as at 30.09.16:

(please click on the graph below and increase the percentage in the toolbar above for an enhanced view)



6.6 Rescheduling:

The Public Works Loans Board released a circular regarding rates on 20th October 2010. As a result of this, rates immediately increased by 0.87-0.88 basis points

across the board. The overall impact of this circular was that it is far more difficult for authorities to reschedule debt

Members are aware that officers continue to look for interest savings on a daily basis by monitoring rates that may mean the Authority can re-schedule some of its debt or prematurely repay debt if applicable. However, PWLB interest rates have not been conducive towards rescheduling.

7. Prudential Indicators

- 7.1 All TM Prudential Indicators were complied with in the quarter ending 30th Sept 2016.

Proposal

It is proposed that the Treasury Management quarterly report is received.

Statutory Officers

The Strategic Director – Resources (s151 officer) notes the content of the report and supports the recommendation. It is important that Cabinet continues to be informed about this key activity.

The Solicitor to the Council (Monitoring Officer) has made the following comment: “I have nothing to add to the report”.

Future Status of the Report

Not applicable

Recommendation:		Reason for Recommendation:	
That the Treasury Management Quarterly Report be received		To ensure Cabinet remains informed about current Treasury Management performance	
Relevant Policy (ies):		Treasury Management Policy	
Within Policy:	Y	Within Budget:	N/A
Person(s) To Implement Decision:		N/A	
Date By When Decision To Be Implemented:		N/A	
Contact Officer Name:	Tel:	Fax:	Email:
Ann Owen	01597 826327	01597 826290	ann.owen@powys.gov.uk

Background Papers used to prepare Report:

CIPFA Code of Practice on Treasury Management and Cross Sectoral Guidance Notes
Treasury Management Policy Statement
Advisors' Information
WAG Guidance on Local Government Investments 2010
PWLB circulars

Appendix A:

Approved Treasury Management Strategy 2016/17:

7.5 “High” credit quality:

- 7.5.1 It is proposed that the Authority continue with the following in respect of defining a “high” credit quality. If a rating is not available from any of the rating agencies then the available ratings will be used. Members will note that this proposal excludes investments with some banks off the advisors’ suggested list:-

Long Term Ratings (in respect of long-term investments):

Permitted Fitch Ratings	Permitted Moody's Ratings	Permitted S&P Ratings
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-

Short Term Ratings (in respect of short-term investments):

Permitted Fitch Ratings	Permitted Moody's Ratings	Permitted S&P Ratings
F1+	N/A	A-1+
F1	P-1	A-1

7.6 Country limits:

- 7.6.1 It is proposed that the Authority will use approved counterparties from the UK and approved counterparties from other countries with the following sovereign credit ratings:-

Permitted Fitch Ratings	Permitted Moody's Ratings	Permitted S&P Ratings
AAA	Aaa	AAA

Country	Maximum Investment per Country	Credit Rating/Other Assessment of Risk
AAA countries	£20M (held in call accounts)	As per rating list
UK	No Maximum Investment	As per rating list

7.7 *Group/Institutions - Counterparty Criteria/Limits:*

Specified Investments:

Institution	Maximum Investment per Group/Institution £M	Maximum Length	Credit Rating/Other Assessment of Risk
UK Banks	20 (a maximum £10M to be held in fixed term investments)	Up to 364 days	As per Capita's matrices and the Authority's definition of a high credit rating
Foreign Banks	5	Up to 364 days	As per Capita's matrices and the Authority's definition of a high credit rating
Other Local Authorities	25	Up to 364 days	N/A

Non-Specified Investments:

Institution	Maximum Investment per Group/Institution £M	Maximum Length	Credit Rating/Other Assessment of Risk
UK Banks	10 (£2M limit with any one institution)	Up to 2 years	As per Capita's matrices and the Authority's definition of a high credit rating
Lloyds Bank (as a mortgage lender in the LAMS scheme)	5	Up to 5 years	N/A
Foreign Banks	2	Up to 2 years	As per Sector's matrices and the Authority's definition of a high credit rating
Money Market Funds (max. of 5)	10	N/A	All are AAA rated plus the parents/owners must meet the Authority's short term investment criteria
Other Local Authorities	10	Up to 2 years	N/A
European Investment Bank Bonds	3	2-3 years	N/A

Note: Limits for Specified and Non-Specified are combined limits. The maximum limit will also apply to a banking group as a whole.

Appendix B

Economic Background

The UK GDP growth rate of 1.8% for 2015 was disappointing although it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced difficulties for exporters from the appreciation during the year of sterling against the Euro; weak growth in the EU; China and emerging markets; plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that, although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.

The Bank of England meeting on August 4th addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access (i.e. without tariffs) to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23rd.

The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the MPC is expected to look through a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Federal Bank embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 of 2016 (1.7% y/y) but slowed to +0.3% in quarter 2.

(+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in their economies and economic growth.

Japan is still bogged down in weak growth and making little progress on fundamental reform of the economy while Chinese economic growth has been weakening and medium term risks have been increasing.

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CYNGOR SIR POWYS COUNTY COUNCIL.

Strategic Overview Board
20th September 2016

REPORT AUTHOR: County Councillor Wynne Jones
Portfolio Holder for Performance

SUBJECT: LGDU Local Government Performance Bulletin 201516

REPORT FOR: Information

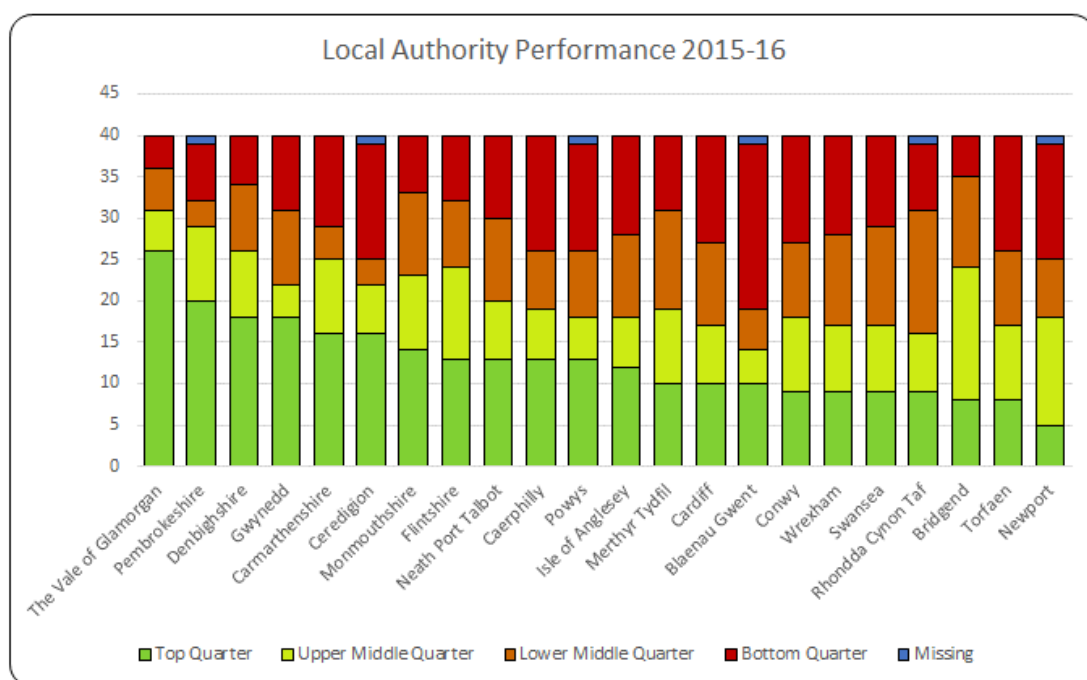
1. Summary

1.1 The 11th Local Government Performance Bulletin was published on 7th September 2016, covering the period 2015/16. The bulletin is based on a national set of 46 indicators. Overall performance in Wales is summarised as follows:

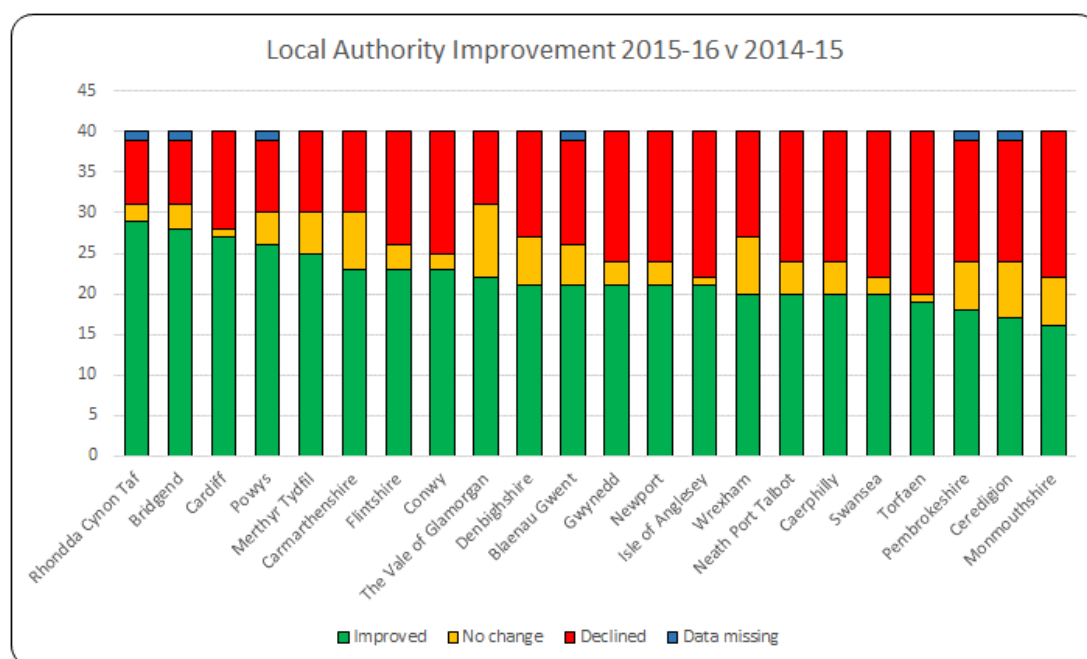
- At a Wales level, 65% (26) of the 40 indicators which are comparable between 2014-15 and 2015-16 show improvement.
- The gap in performance (between the best and worst performing authorities) narrowed in 59% (23) of the indicators.
- For 41% (16) of the indicators, performance improved and the gap between the best and worst performing authorities narrowed.

1.2 Powys performance in relation to all wales;

- Powys were ranked 11th out of 22 Authorities in relation to the ranking given based on their quartile positions for the above indicators;



- It is important to note that in relation to improvement year on year Powys were the 4th best authority in Wales where measures had shown improvement from 2014-15 to 2015-16.



1.3 The bulletin is based on the full set of 46 indicators although only 24 are specifically mentioned in the document. The following table details the full set of indicators and is lifted from the draft Annual Performance Report 2015/16 currently in development;

Measure	NSI/ PAM	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Trend between 2014/15 to 2015/16	Welsh Average	All Wales Rank and quartile
Adults – Social Care						5 Improved 0 Stayed the same 1 declined		0 Upper 2 Upper middle 1 Lower Middle 3 Lower
(SCA/18a) The percentage of carers of adults who were offered an assessment or review of their needs in their own right during the year	PAM	87.4	79.7	93	86.9	↑	91.4	17th Lower
(SCA/007) The percentage of clients with a care plan at 31 March whose care plans should have been reviewed that were reviewed during the year	PAM	67.2	73.6	80	85.6	↑	83	10th Upper Middle
(SCA/019) The percentage of adult protection referrals completed where the risk has been managed	NSI & PAM	93.5	92.66	90	92.41	↓	97	21st Lower
(SCA 002a) The rate of older people (aged 65 or over) supported in the community per 1,000	NSI	71.16	67.24	67.5	67.5	↑	64.12	7th Upper Middle
(SCA/001) The rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over	NSI	9.17	14.84	5.5	10.77	↑	4.87	21st Lower
(SCA002b) The rate of older people (aged 65 or over) whom the authority supports in care homes per 1,000 population aged 65 or over at 31 March	NSI	20.95	19.62	19.5	18.92	↑	18.02	14th Lower Middle
Children – Social Care						7 Improved 1 Stayed the same 2 declined		4 Upper 3 Upper middle 1 Lower Middle 2 Lower

Measure	NSI/ PAM	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Trend between 2014/15 to 2015/16	Welsh Average	All Wales Rank and quartile
(SCC/045) The percentage of reviews of looked after children, children on the Child Protection Register and children in need carried out in line with the statutory timetable	PAM	84.5	78.9	92	83.3	↑	90.3	20th Lower
(SCC/025) Percentage of statutory visits to looked after children due in the year that took place in accordance with regulations	PAM	94.6	94.8	95	91.1	↓	88.1	9th Upper Middle
(SCC/004) The percentage of children looked after on 31 March who have had three or more placements during the year	NSI & PAM	4.0	8.8	6	8.8	→	9.8	8th Upper Middle
(SCC/033d) The percentage of young people formerly looked after with whom the authority is in contact at the age of 19	NSI	100.0	92.9	100	100.0	↑	93.2	1st Upper
(SCC/033e) The percentage of young people formerly looked after with whom the authority is in contact, who are known to be in suitable, non-emergency accommodation at the age of 19	NSI	100.0	92.3	90	100.0	↑	93.5	1st Upper
(SCC/033f) The percentage of young people formerly looked after with whom the authority is in contact, who are known to be engaged in education, training or employment at the age of 19	NSI	64.3	76.9	80	83.3	↑	60.7	3rd Upper
(SCC/041a) The percentage of eligible, relevant and former relevant children that have pathway plans as required	NSI	98.8	97.6	95	98.6	↑	93.5	13th Lower Middle

Measure	NSI/ PAM	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Trend between 2014/15 to 2015/16	Welsh Average	All Wales Rank and quartile
(SCC/037) The average external qualifications point score for 16 year old looked after children in any local authority maintained learning setting	NSI	290	277	230	284	↑	269	8th Upper Middle
(SCC/011b) The percentage of initial assessments that were completed during the year where there is evidence that the child has been seen alone by the Social Worker	NSI	57.0	56.0	55	61.1	↑	49.5	5th Upper
(SCC/002) The percentage of children looked after at 31 March who have experienced one or more changes of school, during a period or periods of being looked after, which were not due to transitional arrangements, in the 12 months to 31 March	NSI	17.6	13.3	15	16.4	↓	11.9	17th Lower
Housing / Homelessness / Planning						1 Improved 0 Stayed the same 2 declined		1 Upper 0 Upper middle 0 Lower Middle 2 Lower
(PSR/002) The average number of calendar days taken to deliver a Disabled Facilities Grant	NSI & PAM	268	170	180	152	↑	241	2nd Upper
(PSR/004) The percentage of private sector dwellings that had been vacant for more than 6 months at 1 April that were returned to occupation during the year through direct action by the local authority	NSI	6.72	1.83	-	1.58	↓	11.08	22nd Lower
(PLA/006) The number of additional affordable housing units provided during the year as a percentage of all additional housing units provided during the year	NSI & PAM	38	53	-	21	↓	36	19th Lower
Leisure / Libraries						1 Improved 0 Stayed the		1 Upper 0 Upper middle

Measure	NSI/ PAM	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Trend between 2014/15 to 2015/16	Welsh Average	All Wales Rank and quartile
						same 1 declined		0 Lower Middle 1 Lower
(LCL/001) The number of visits to Public Libraries during the year, per 1,000 population	NSI	6399	6,002	5489	6,193	↑	5,374	4th Upper
(LCS/002) The number of visits to local authority sport and leisure facilities during the year per 1,000 population where the visitor will be participating in physical activity	NSI	7885	7.348	8642	7,075	↓	8,409	19th Lower
Education						9 Improved or stayed at 100% / 0 1 Stayed the same 1 declined		7 Upper 1 Upper middle 3 Lower Middle 0 Lower
(EDU/16a) Percentage of pupil attendance in primary schools	PAM	94.2	95.6	95.5	95.7	↑	95	3rd Upper
(EDU/16b) Percentage of pupil attendance in secondary schools	PAM	93.3	94.4	94	94.7	↑	93.9	2nd Upper
(EDU/003) The percentage of pupils assessed at the end of Key Stage 2, in schools maintained by the local authority, achieving the Core Subject Indicator, as determined by Teacher Assessment	NSI & PAM	86.4	88.3	88	90.4	↑	88.1	4th Upper

Measure	NSI/ PAM	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Trend between 2014/15 to 2015/16	Welsh Average	All Wales Rank and quartile
(EDU/002i) The percentage of all pupils (including those in LA care) in any local authority maintained school, aged 15 as at the preceding 31 August that leave compulsory education, training or work based learning without an approved external qualification	NSI	0.0	0.1	0.2	0.1	⇒	0.2	13th Lower Middle
(EDU/002ii) The percentage of pupils in local authority care in any local authority maintained school, aged 15 as at the preceding 31 August who leave compulsory education, training or work based learning without an approved external qualification	NSI & PAM	0.0	0.0	0	0.0	⇒	0.5	1st Upper
(EDU/006ii) The percentage of pupils assessed, in schools maintained by the local authority, receiving a Teacher Assessment in Welsh (first language) at the end of Key Stage 3	NSI	12.7	10.5	13	12.5	↑	17.8	9th Upper Middle
(EDU/011) The average point score for pupils aged 15 at the preceding 31 August, in schools maintained by the local authority	NSI & PAM	510.8	531	540	541.0	↑	538.6	12th Lower Middle
(EDU/015a) The percentage of final statements of special education need issued within 26 weeks (including exceptions)	NSI	91.8	77.1	89	55.0	↓	68.1	16th Lower Middle
(EDU/015b) The percentage of final statements of special education need issued within 26 weeks (excluding exceptions)	NSI	100	100	100	100.0	⇒	94.5	1st Upper
(EDU/017) The percentage of pupils aged 15 at the preceding 31 August, in schools maintained by the local	NSI	58.1	59.6	64	64	↑	58.3	4th Upper

Measure	NSI/ PAM	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Trend between 2014/15 to 2015/16	Welsh Average	All Wales Rank and quartile
authority who achieved the Level 2 threshold including a GCSE grade A*-C in English or Welsh first language and mathematics								
(EDU/004) The percentage of pupils assessed at the end of Key Stage 3, in schools maintained by the local authority, achieving the Core Subject Indicator, as determined by Teacher Assessment	PAM	83.0	86.5	85	89.3	↑	84.1	4th Upper
Waste Management						2 Improved 0 Stayed the same 0 declined		0 Upper 0 Upper middle 1 Lower Middle 1 Lower
(WMT/004) The percentage of municipal waste collected by local authorities sent to landfill	NSI & PAM	37.56	35.62	-	25.79	↑	18.14	18th Lower
(WMT/009) The percentage of municipal waste collected by local authorities and prepared for reuse and/or recycled, including source segregated biowastes that are composted or treated biologically in another way	NSI & PAM	52.52	52.07	58	59.13	↑	60.19	14th Lower Middle
Street Scene						1 Improved 0 Stayed the same 0 declined 1 N/A		0 Upper 0 Upper middle 0 Lower Middle 1 Lower 1 N/A
(STS/005b) The percentage of highways inspected of a high or acceptable standard of cleanliness	PAM	99.6	97.8	N/A	N/A	N/A	96.5	-
(STS/006) The percentage of reported fly tipping incidents cleared within 5 working days	NSI	91.81	90.09	90	91.56	↑	95.26	19th Lower

Measure	NSI/ PAM	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Trend between 2014/15 to 2015/16	Welsh Average	All Wales Rank and quartile
Transport and Highways						2 Improved 0 Stayed the same 0 declined		0 Upper 0 Upper middle 0 Lower Middle 2 Lower
(THS/007) The percentage of adults aged 60 or over who hold a concessionary bus pass	NSI	66.1	67.2	67	68.6	↑	85.6	22nd Lower
(THS/012) The percentage of principal (A) roads, non-principal (B) roads and non-principal (C) roads that are in overall poor condition	PAM	20.4	19.7	21.6	19.0	↑	11.2	22nd Lower
Public protection						0 Improved 0 Stayed the same 1 declined		0 Upper 0 Upper middle 0 Lower Middle 1 Lower
(PPN/009) The percentage of food establishments which are 'broadly compliant' with food hygiene standards	PAM	90.28	94.69	-	90.93	↓	94.22	19th Lower
Human Resources						0 Improved 0 Stayed the same 1 declined		0 Upper 0 Upper middle 1 Lower Middle 0 Lower
(CHR/002): The number of working days/shifts per full-time equivalent (FTE) local authority employee lost due to sickness absence	PAM	N/A	7.4	-	10.6	↓	10.2	13th Lower Middle
Energy Management						0 Improved 0 Stayed the same 0 declined 1 N/A		0 Upper 0 Upper middle 1 Lower Middle 0 Lower

Measure	NSI/ PAM	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Trend between 2014/15 to 2015/16	Welsh Average	All Wales Rank and quartile
CAM/037 The percentage change in the average Display Energy Certificate (DEC) score within local authority public buildings over 1,000 square metres		-	-	-	3	N/A	2.0	12th Lower Middle

** Indicators highlighted in yellow are those 24 specifically mentioned in the Bulletin.*

1.4 In agreeing the Corporate Improvement Plan 2016-19, cabinet agreed that 4 of the national indicator set being co-ordinated by WLGA for 2016/17 did not directly support the priorities of the CIP. These 4 included:

- (CAM/037) The percentage change in average Display Energy Certificate (DEC) score within local authority public buildings over 1,000 square metres (PAM)
- (CHR/002) The number of working days/shifts per full-time equivalent (FTE) local authority employee lost due to sickness absence (PAM)
- (THS/007) The percentage of adults aged 60 or over who hold a concessionary bus pass (NS)
- (LCS/002b) The number of visits to local authority sport and leisure facilities during the year per 1,000 population where the visitor will be participating in physical activity (NS)

2. Useful Links

2.1 The best tools for looking at the Data for the year 2015-16 for the National Strategic and Public Accountability Measures in relation to performance, trends and wales standing are the following;

- Infobase Cymru
<http://www.infobasecymru.net/IAS/themes/communities,equalitiesandlocalgovernment/localauthorityperformance>
- My Local Council
http://www.myllocalcouncil.info/Data.aspx?id=_00NN&lang=en-GB
- Stats Wales - National Strategic Indicators by indicator and year
<https://statswales.wales.gov.uk/Catalogue/Local-Government/National-Strategic-Indicators-of-Local-Authority-Perfomance/nationalstrategicindicators-by-indicator-year>

3. Appendices

3.1 LGDU Local Government Performance Bulletin 2015-16

Recommendation:		Reason for Recommendation:	
Recommendation 1: That Strategic Overview Board receive the LGDU Local Government Performance Bulletin 201516 for information.		Supporting good practice and simple governance as required in the Local Government (Wales) Measure 2009.	
Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y
Relevant Local			

Member(s):			
Person(s) To Implement Decision:			
Date By When Decision To Be Implemented:			
Contact Officer Name:	Tel:	Fax:	Email:
Garry Hudson	01597 826109		garry.hudson@powys.gov.uk

Local Government Performance 2015-16

We are pleased to present this, the eleventh annual bulletin on local authority performance. This bulletin contains information on a range of local authority services. We have used the data to highlight the overall level and range of performance across Wales. The full data set is available on our website.

We have also updated our interactive tool which allows the public, councillors, officers and partners to easily compare councils' performance across Wales and over time. "MyLocalCouncil" (www.mylowalcouncil.info) has been designed to be intuitive and user-friendly in order to make the latest key performance information for Wales' 22 councils more accessible.

Overall performance

At a Wales level, 65% (26) of the 40 indicators which are comparable between 2014-15 and 2015-16 show improvement.

The gap in performance (between the best and worst performing authorities) narrowed in 59% (23) of the indicators.

For 41% (16) of the indicators, performance improved and the gap between the best and worst performing authorities narrowed.

Service improvement

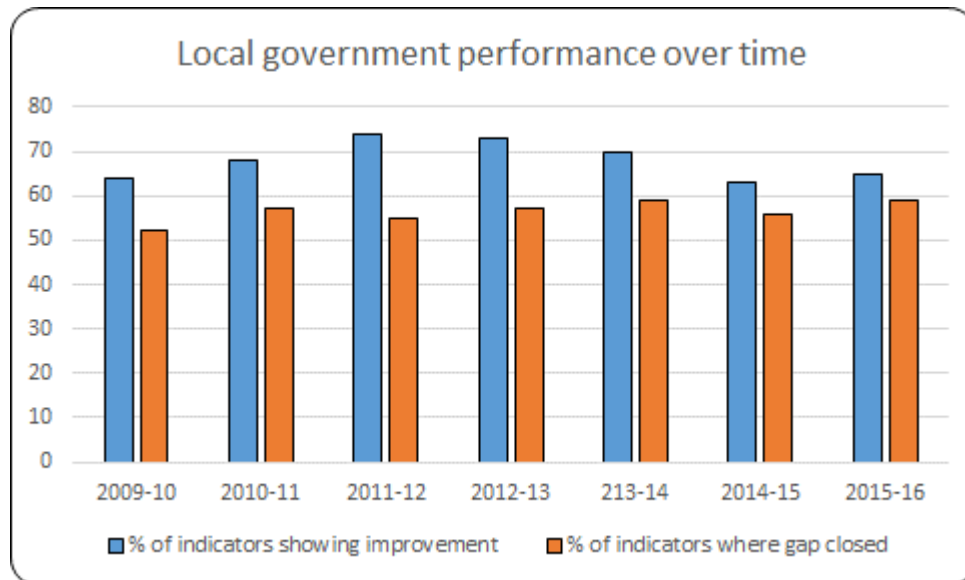
Local authorities are often one of the largest employers in an area and provide a range of services for the communities they serve. The table below shows how these services performed in 2015-16 compared to 2014-15.

Service Area	No of comparable indicators	% of indicators where performance improved	% of indicators where the gap narrowed	% of indicators where performance improved <u>and</u> the gap narrowed
Education	11	91%	64%	55%
Social Care	16 (15)	69%	73%*	50%*
Housing	2	0%	50%	0%
Environment & Transport	6	67%	67%	33%
Planning & Regulatory Services	2	50%	0%	0%
Leisure & Culture	2	0%	0%	0%
Corporate Health	1	0%	0%	0%
Overall	40 (39)*	65%	59%*	41%*

* Once indicator (SCA/002a) was not comparable between authorities, so the number of comparable indicators was adjusted accordingly.

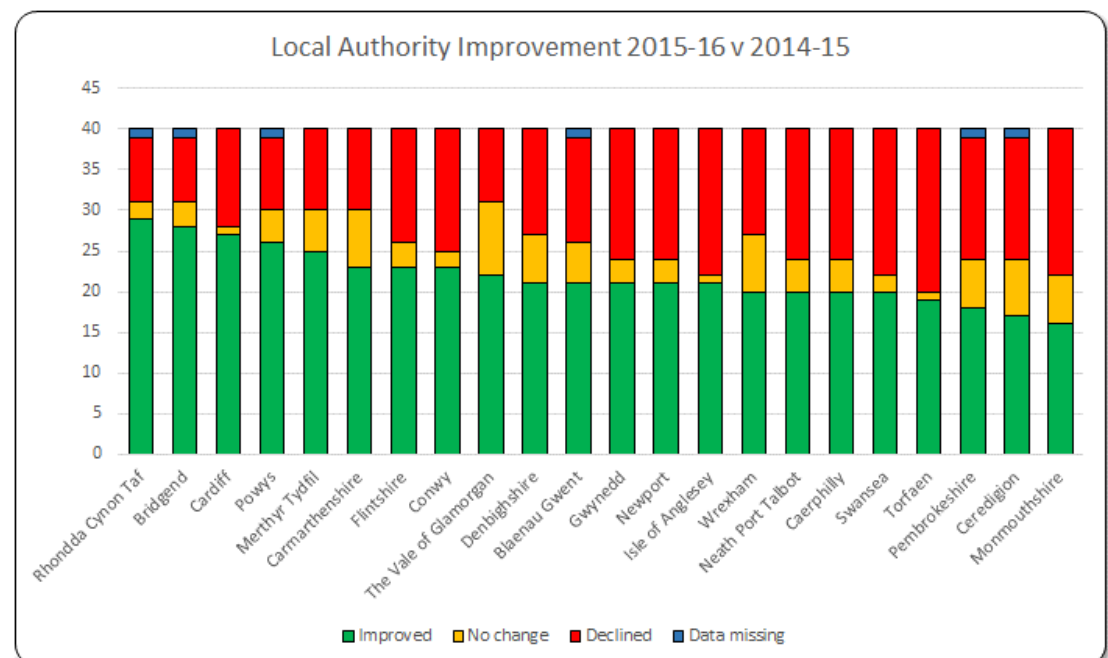
Improvement over time

The performance of local authorities across Wales has improved consistently over recent years.



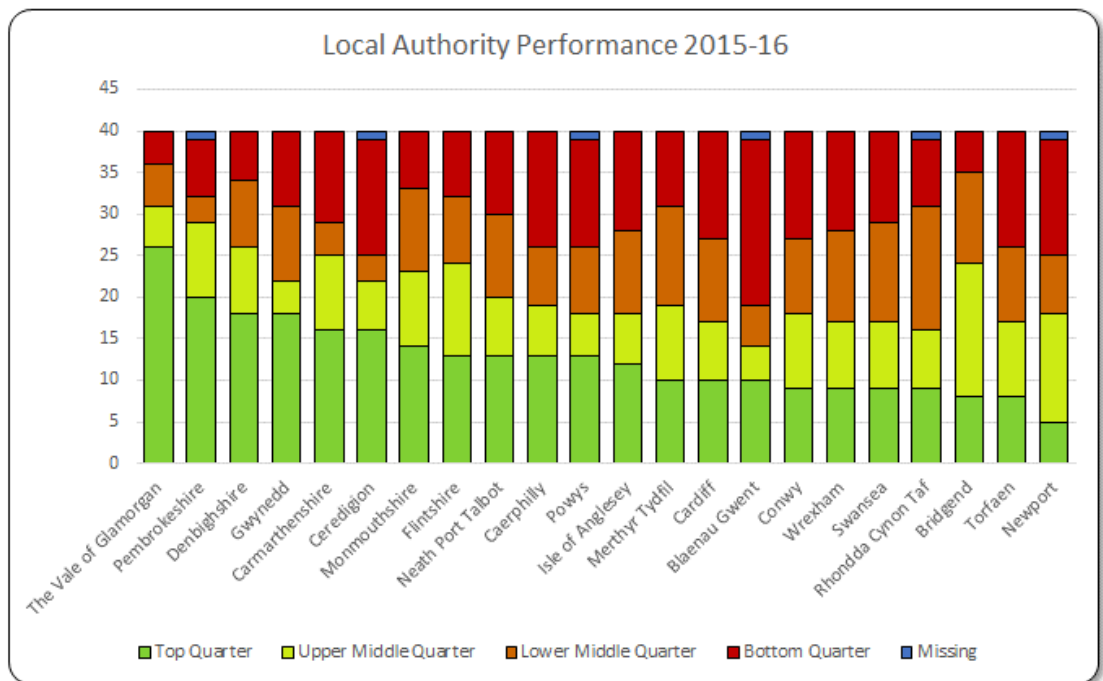
Last year we reported that 63% of comparable performance indicators showed an improvement over that period, and that every authority improved or maintained its performance in over half of the indicators. In 2015-16, 65% of the comparable indicators show improved performance at a Wales level.

At a local level, of the 40 indicators that were comparable between 2014-15 and 2015-16, Rhondda Cynon Taf improved in 29 (73%), whilst Monmouthshire improved in 16 (40%).



Relative performance across Wales

Whilst absolute improvement is important, citizens will be interested in how their authority compares with others. Overall, in 2015-16, The Vale of Glamorgan had the most indicators in the top quarter of Welsh local authorities, whilst Newport had the least.



On the following pages you will find detailed information on the performance of local authorities as they deliver important outcomes for our communities.

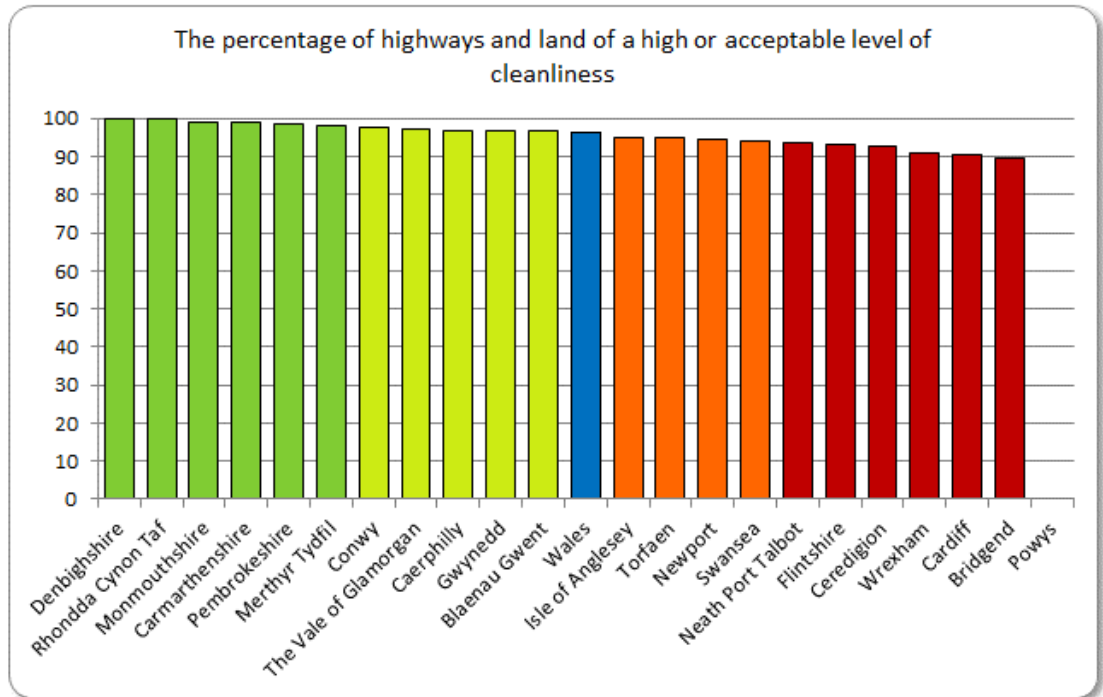
Note

- Performance indicator titles have been simplified to aid understanding.
- We have rounded the data where this makes comparison easier.

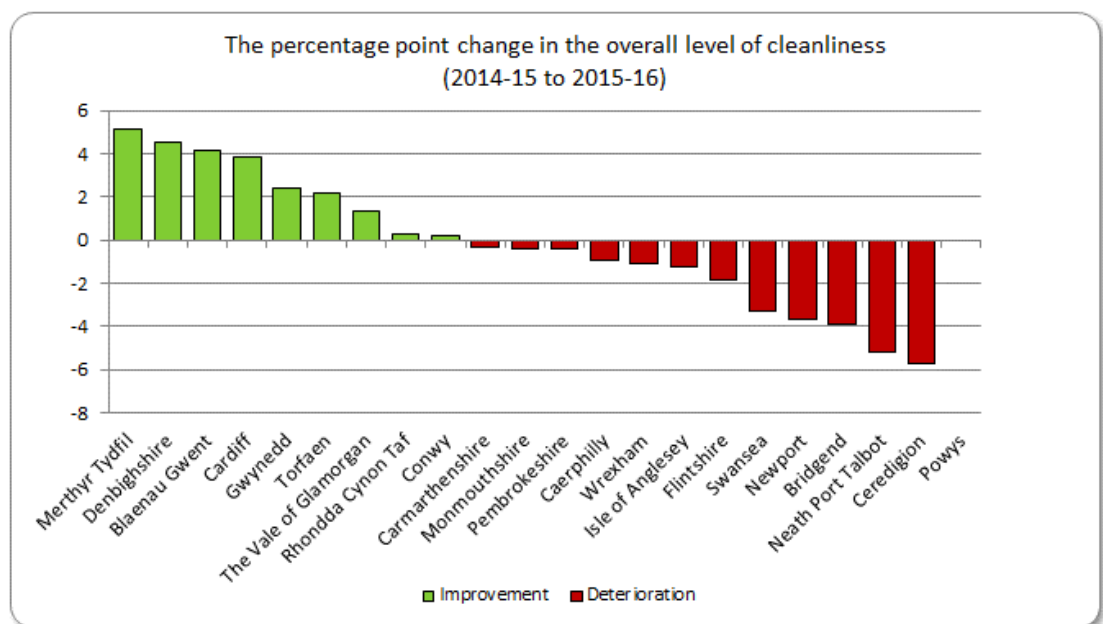
Providing a clean and safe environment...

Local authorities ensure that the places where we live and work are clean and safe.

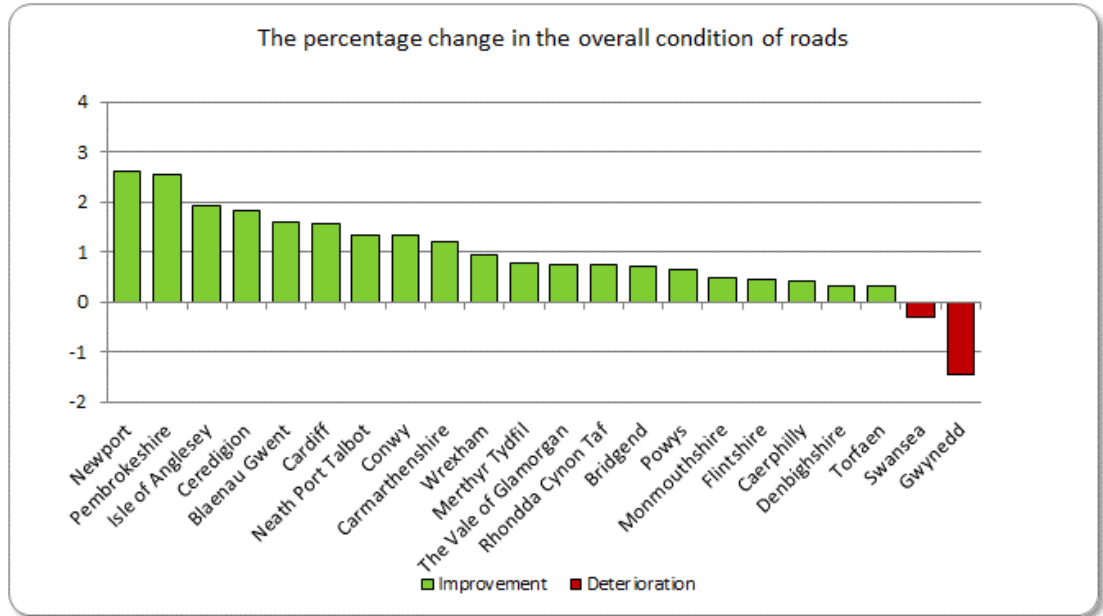
Across Wales, 96.5% of highways and relevant land inspected was of a high or acceptable quality in 2015-16 (compared to 96.9% in 2014-15). This ranged from 100.0% in Denbighshire and Rhondda Cynon Taf to 89.6% in Bridgend.



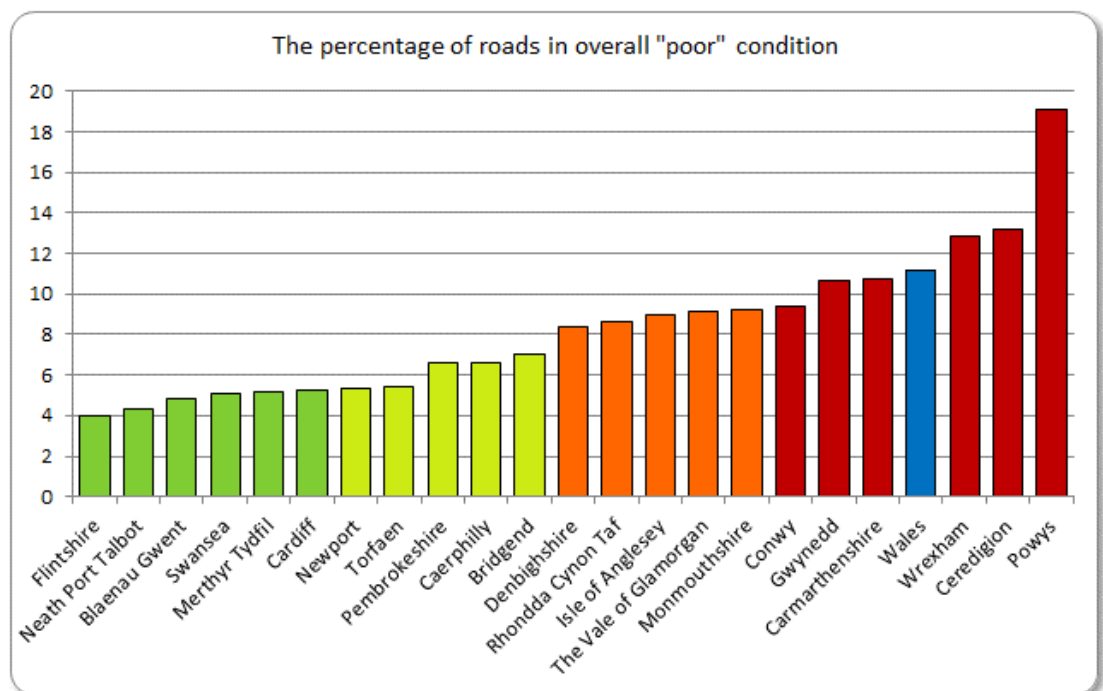
The level of cleanliness rose in Merthyr Tydfil by 5.1 percentage points, and fell in Ceredigion by 5.7 percentage points.



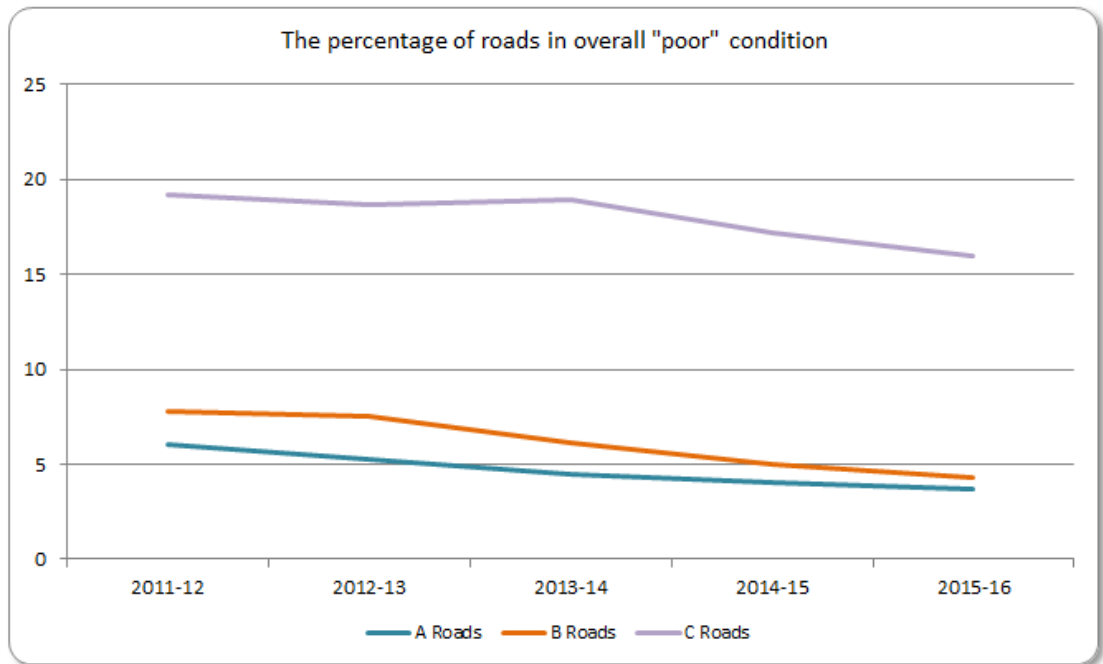
In 2015-16, 11.2% of all roads were in an overall "poor" condition compared to 11.9% in 2014-15.



The percentage of all roads in an overall "poor" condition ranged from 4% in Flintshire to 19% in Powys.



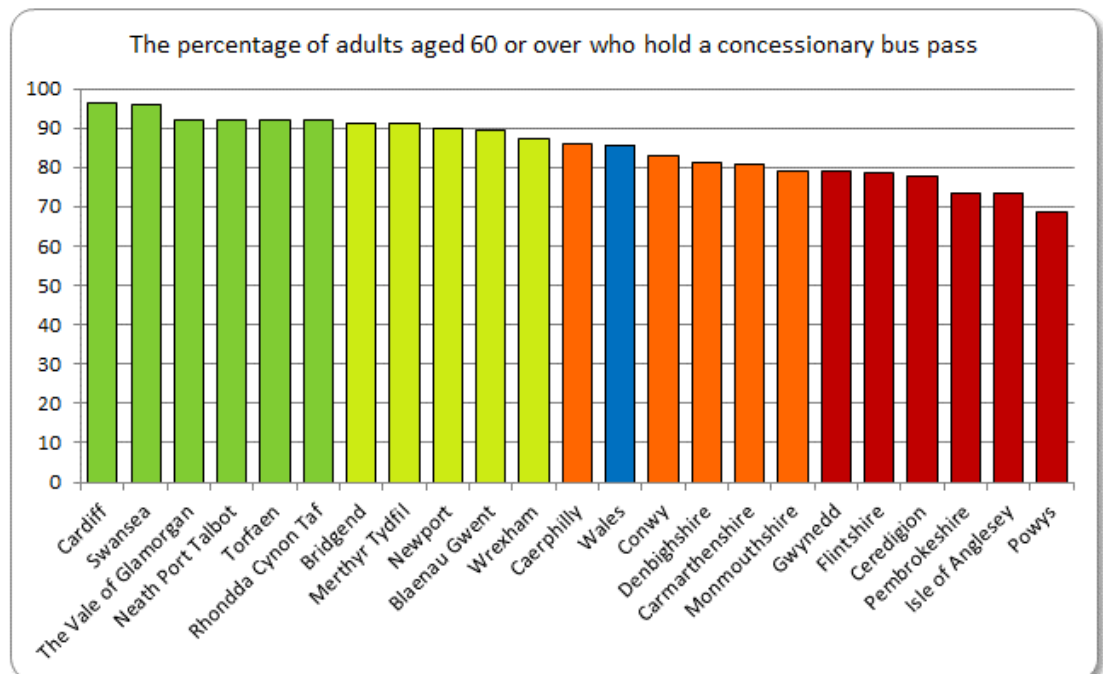
Road conditions have improved annually since 2011-12.



3.7% of A roads were in "poor" condition in 2015-16 compared to 4.1% in 2014-15, and ranged from 1.4% in Torfaen to 7.2% in Rhondda Cynon Taf.

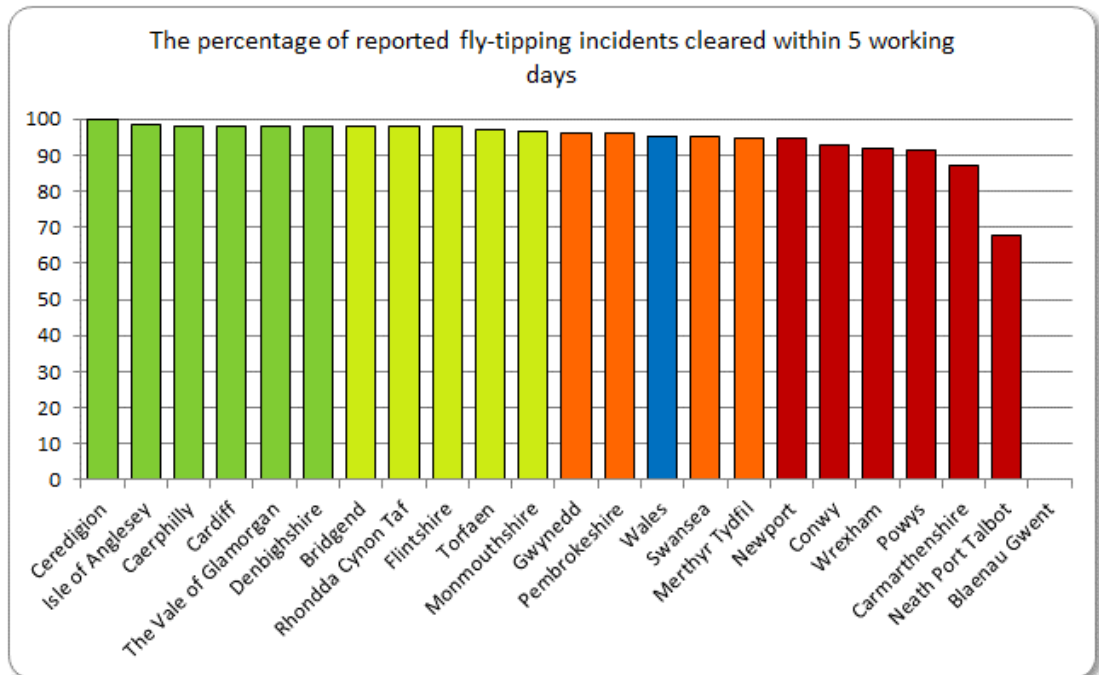
For B roads, 4.3% were in "poor" condition in 2015-16 compared to 5.0% in 2014-15, ranging from 1.5% in Flintshire to 8.8% in Merthyr Tydfil, and for C roads 15.9% were in "poor" condition compared to 17.2% in 2014-15, ranging from 5.2% in Merthyr Tydfil to 25.1% in Powys.

85.6% of adults aged 60 or over hold a concessionary bus pass (compared to 85.8% in 2014-15). This ranged from 96.5% in Cardiff to 68.6% in Powys.



Fly-tipping is a serious environmental crime which can cause long lasting contamination, pollution and put human health at risk. Local authorities are required to clean up small scale fly-tipping incidents on public land within five days of them being reported. In 2015-16, 95.3% of fly-tipping incidents reported to local authorities were cleared within five working days (compared

to 93.1% in 2014-15). This ranged from 99.8% in Ceredigion to 67.7% in Neath Port Talbot.



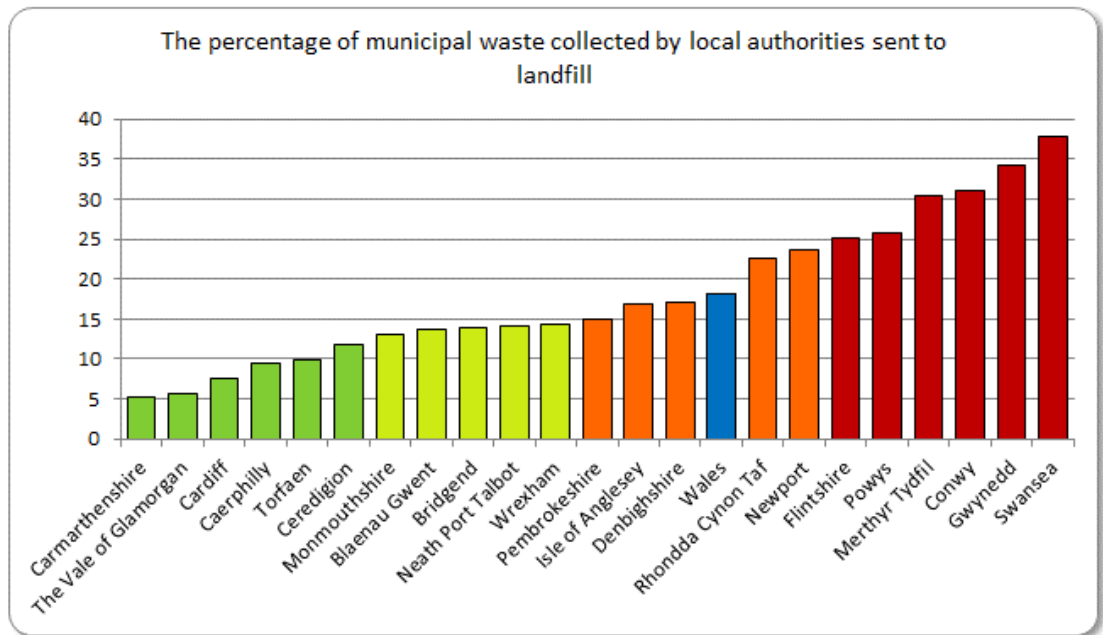
Note: A premises which is "broadly compliant" is one where there are no significant issues in terms of food hygiene. The term "broadly compliant" is defined fully in the performance indicator guidance on our website.

Authorities maintained their performance in safeguarding the food we eat, with 94.2% of food establishments continuing to be "broadly compliant" with food hygiene standards in 2015-16. This ranged from 90.2% in Torfaen to 98.7% on the Isle of Anglesey.

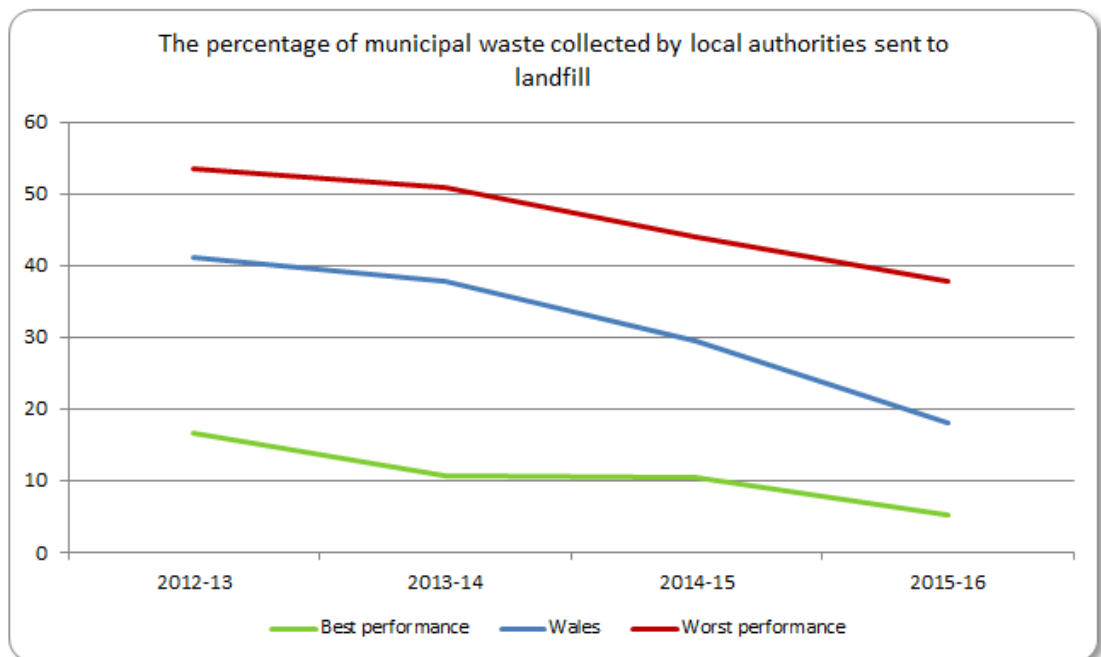
From promoting energy efficiency, to ensuring that resources are reused and recycled, local authorities play a big part in helping secure the future for the next generation.

Local authorities collect and process our waste. The amount of landfill space left in Wales is running out fast and landfill taxes mean we cannot afford to keep sending waste to landfill. Landfill can cause air, soil and water pollution. Developing ways of preventing waste, reducing waste going to landfill and increasing recycling, composting and anaerobic digestion will have a significant impact on our ability to combat climate change.

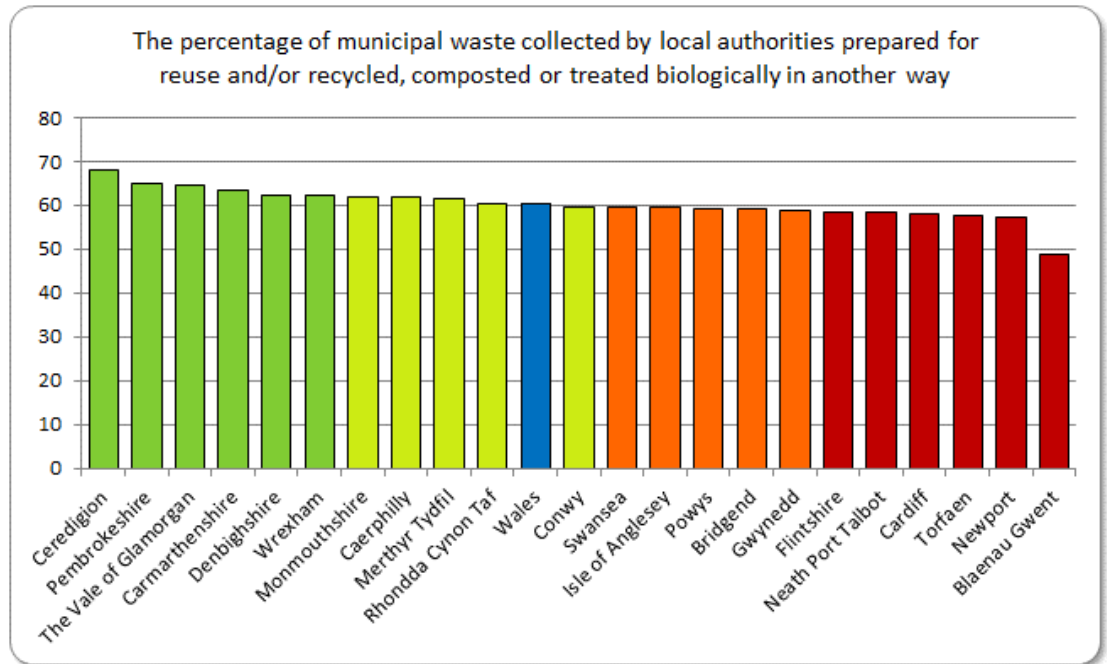
In 2015-16, 18.1% of municipal waste collected by local authorities was sent to landfill, compared to 29.4% in 2014-15. This ranged from 5.3% in Carmarthenshire to 37.8% in Swansea.



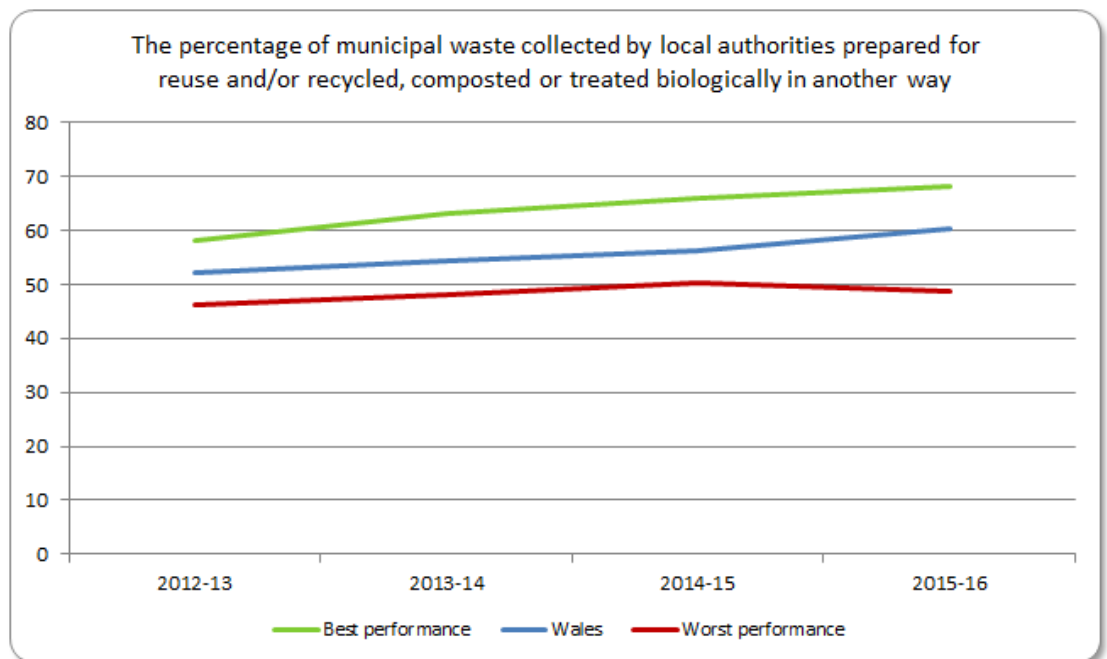
The percentage of waste sent to landfill has continued to reduce steadily since 2012.



60.2% of the municipal waste collected was reused or recycled in 2015-16 compared to 56.2% in 2014-15. This ranged from 68.1% in Ceredigion to 48.7% in Blaenau Gwent.



The percentage of waste recycled, reused or composted across Wales has continued to increase over recent years.



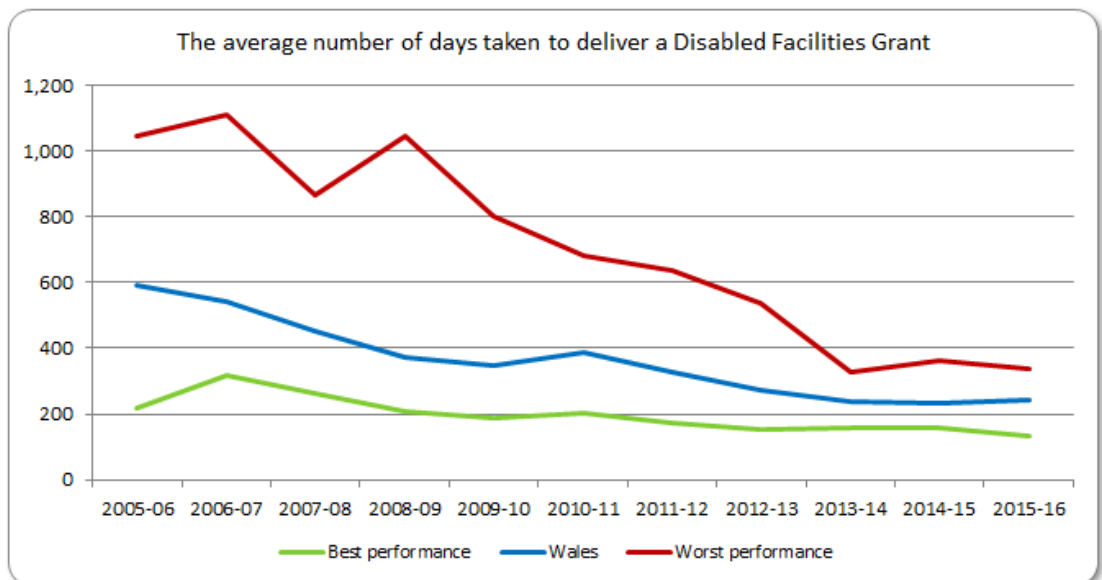
Providing affordable and appropriate housing...

Note: The concept of "affordability" is defined as the ability of households to purchase property that meets their need without subsidy.

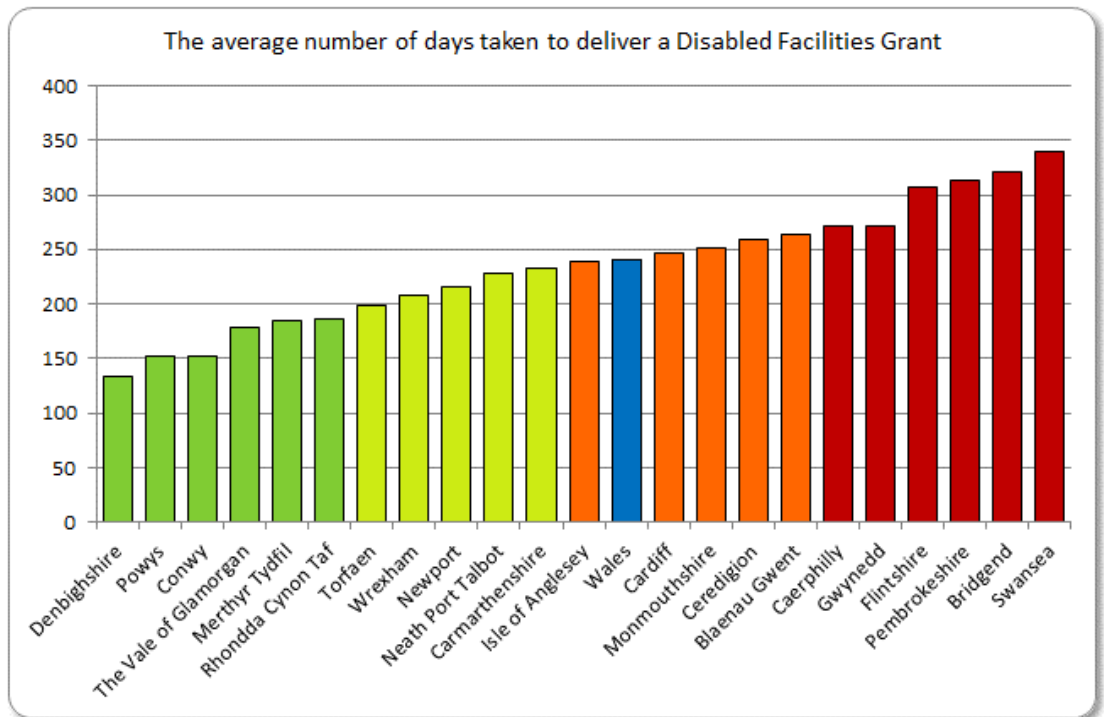
Local authorities have a key role to play in ensuring that there is a sufficient supply of affordable housing to meet identified need. 36% of all additional housing units provided during 2015-16 were affordable housing (compared to 41% in 2014-15).

For disabled people of all ages, housing is a key enabler of independent living. Adapted housing enables people to maintain their independence, remain in their communities and exercise choice in the way they live their lives. Disabled Facilities Grants (DFGs) can help towards the cost of adapting a disabled person's home.

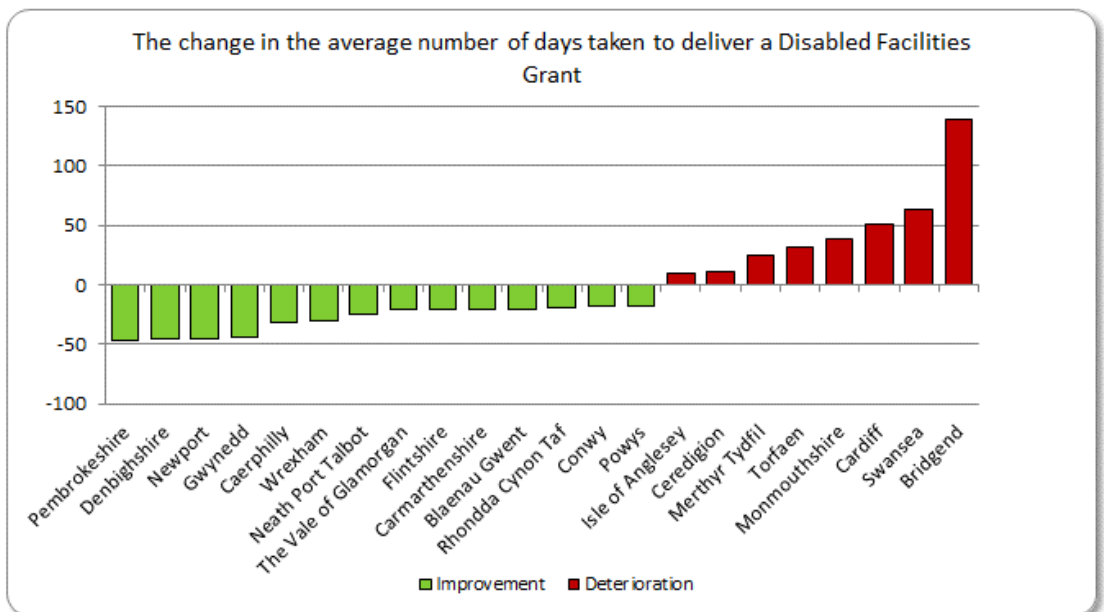
Local authorities took an average of 241 days to deliver a Disabled Facilities Grant in 2015-16 (compared to 231 days in 2014-15); the first increase for this indicator since 2010-11.



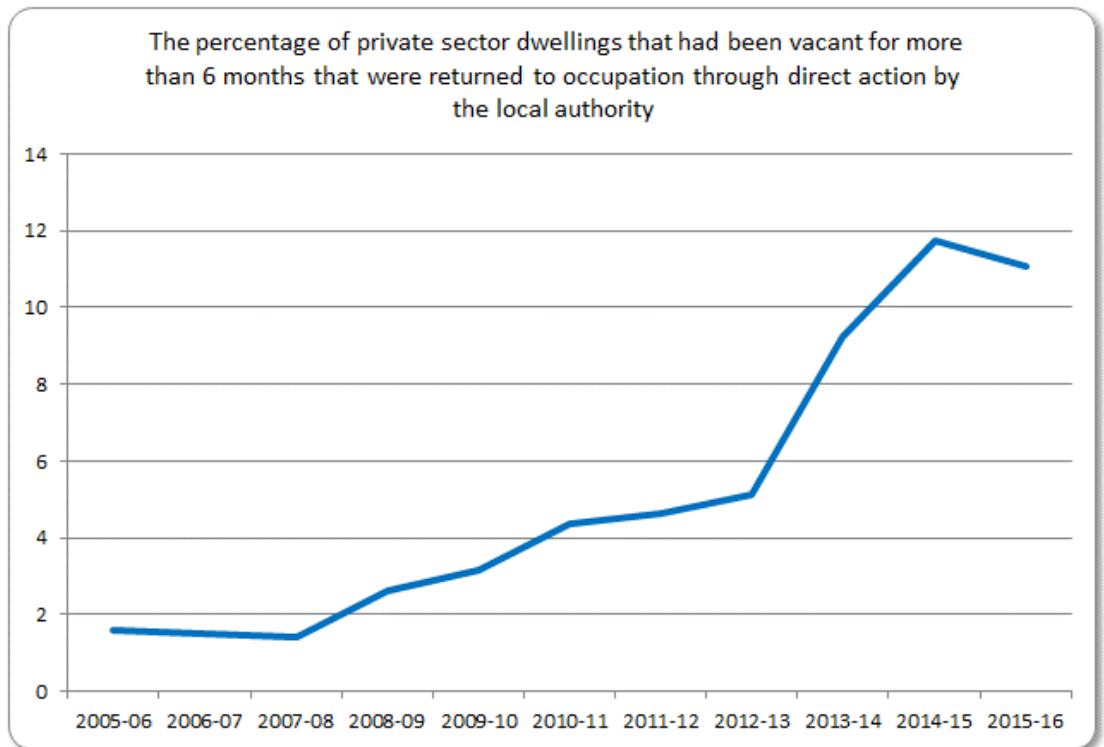
In 2015-16, the average number of days taken to deliver a Disabled Facilities Grant ranged from 133 days in Denbighshire to 340 days in Swansea.



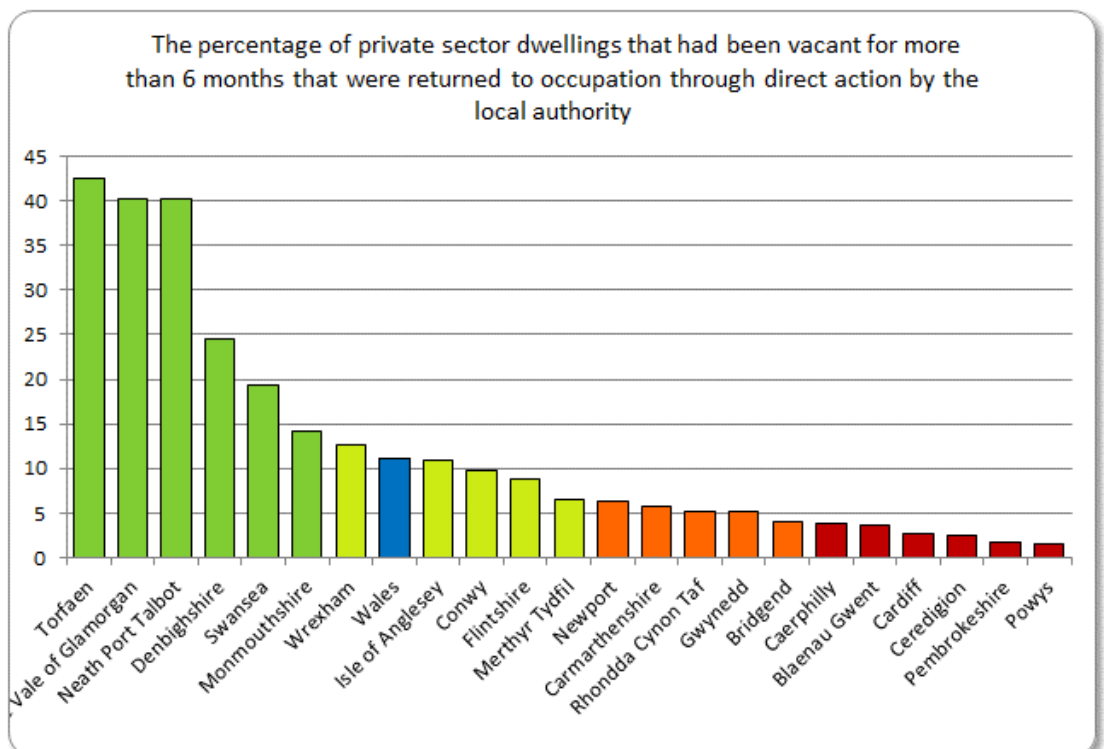
During the period, 14 of the 22 local authorities reduced the number of days they took to deliver a Disabled Facilities Grant.



Empty homes represent a potential housing resource that may be currently underutilised. Empty homes can be a focus for increased levels of crime, vandalism, anti-social behaviour and drug-abuse. 11.1% of long-term vacant private sector dwellings were returned to occupation through direct action by local authorities in 2015-16 (compared to 11.8% in 2014-15); the first reduction in this indicator since 2005-06.



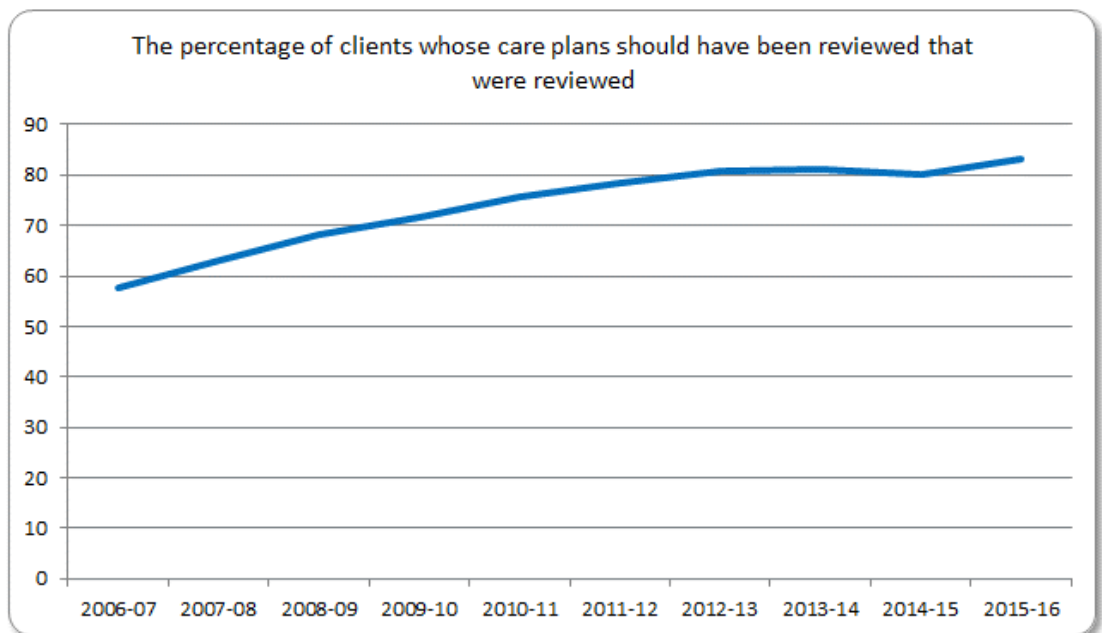
This ranged from 42.5% in Torfaen to 1.6% in Powys.



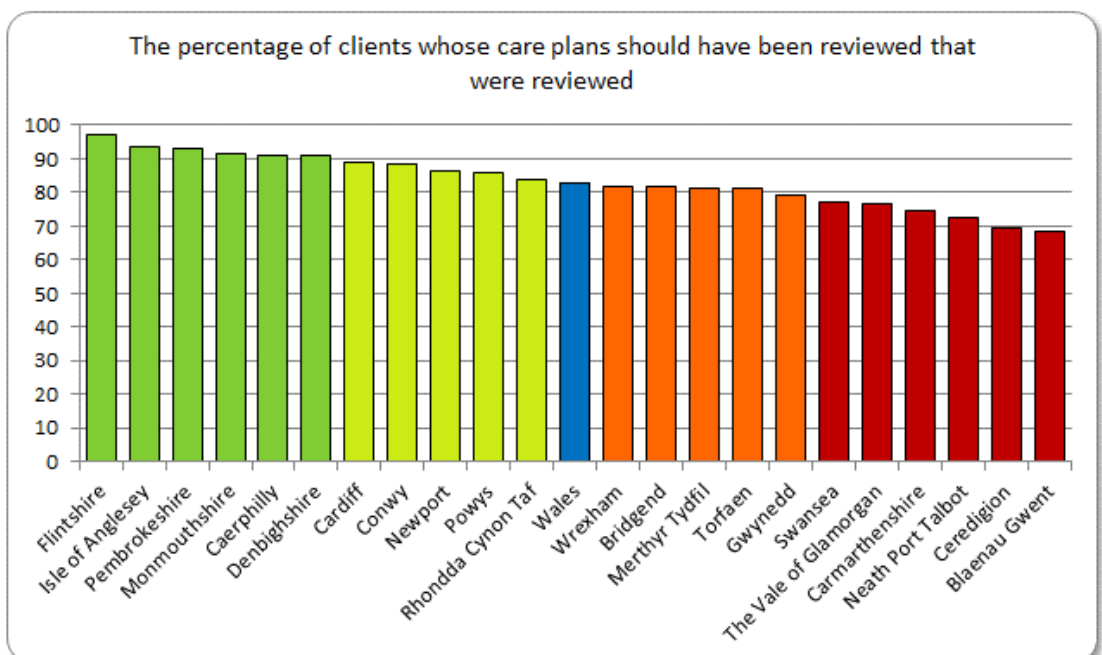
Supporting safe and independent lives...

Local authorities' social services provide support to some of the most vulnerable people in our communities. Local authorities provide support to over 100 thousand people in the community or in residential homes each year.

A 'care plan' describes the range of services which are put in place to meet individual's care needs. These should be reviewed regularly to make sure that the services being provided continue to be appropriate. 83% of care plans that should have been reviewed during the year were reviewed compared to 80% in 2014-15.



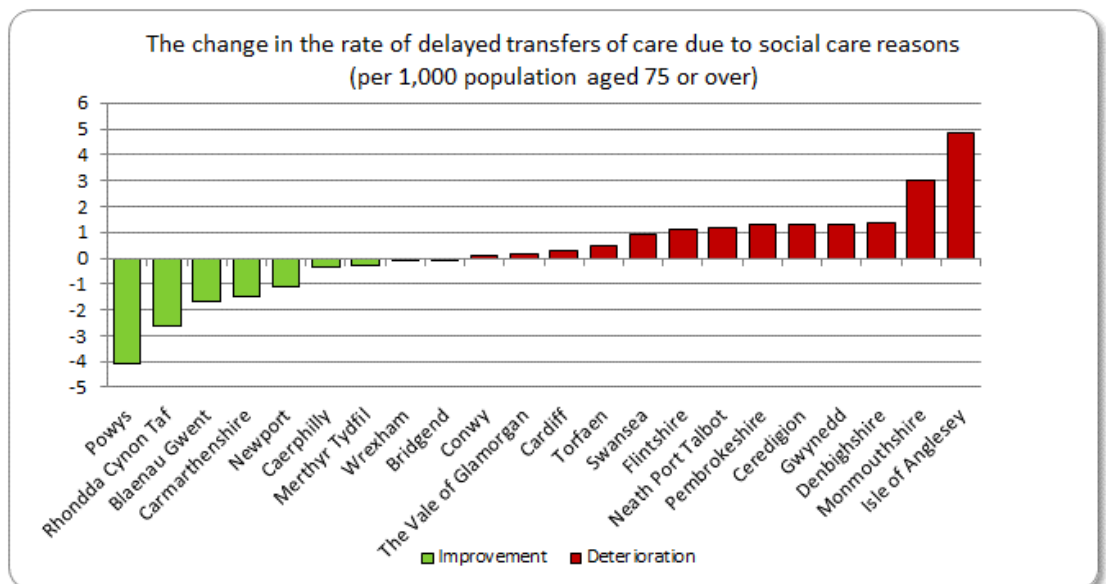
The percentage of care plan reviews ranged from 97.2% in Flintshire to 68.3% in Blaenau Gwent.



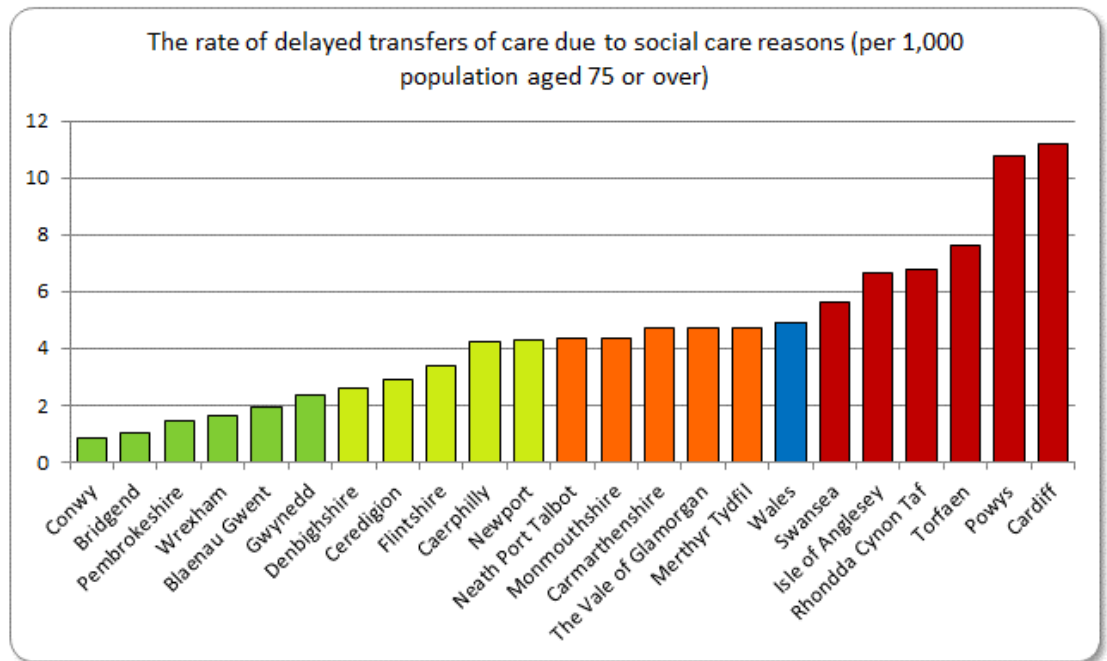
Local authorities play a vital role in ensuring that the most vulnerable people in our communities are protected from harm. The risk to the individual was managed in 97% of adult protection referrals received by local authorities during 2015-16 (compared to 96% in 2014-15) – the fifth consecutive year-on-year improvement for this indicator. This ranged from 100.0% in Conwy, Denbighshire, Flintshire, Ceredigion, Pembrokeshire, Neath Port Talbot, The Vale of Glamorgan, Rhondda Cynon Taf and Torfaen to 91.1% in Blaenau Gwent.

A delayed transfer of care – also known as “bed blocking” – arises when a person who no longer needs hospital treatment is unable to leave hospital and return to their own home or to a social care setting such as a residential home. In 2015-16 the rate of delayed transfers of care due to social care reasons was reported at 4.87 per 1,000 population aged 75 or over – a further rise on the figure reported in 2014-15.

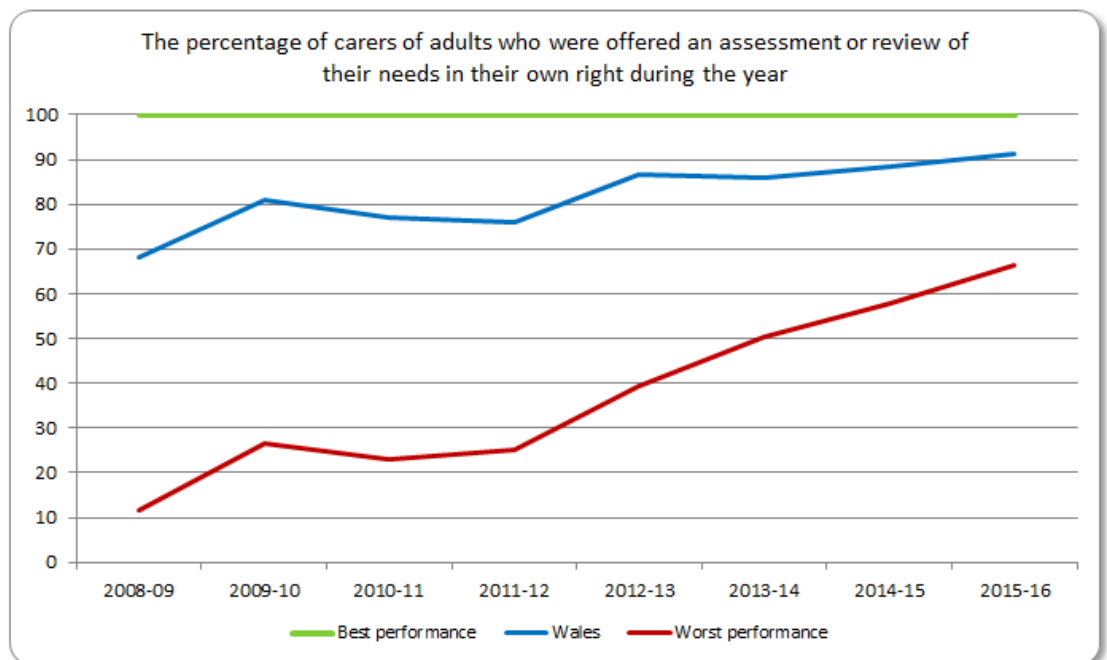
The rate of delayed transfers of care improved in 9 of the 22 local authorities across Wales.



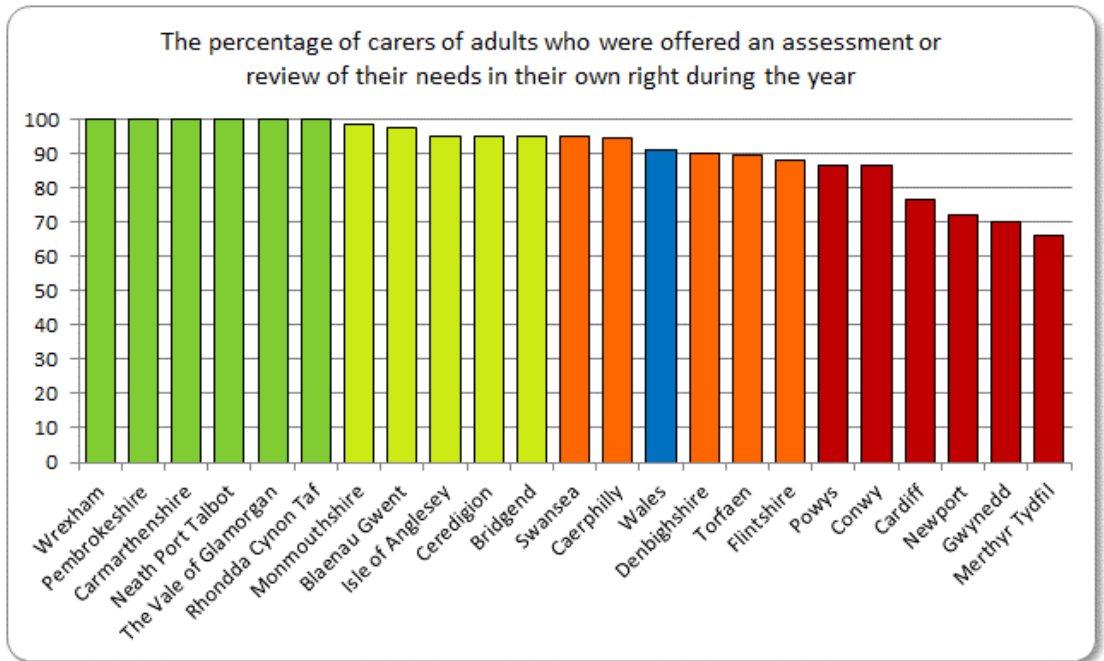
The rate of delayed transfers of care ranged from 0.82 per 1,000 population aged 75 or over in Conwy to 11.18 per 1,000 in Cardiff.



91.4% of carers of adults known to social services were offered an assessment or review of their needs in 2015-16 (compared to 88.3% in 2014-15).



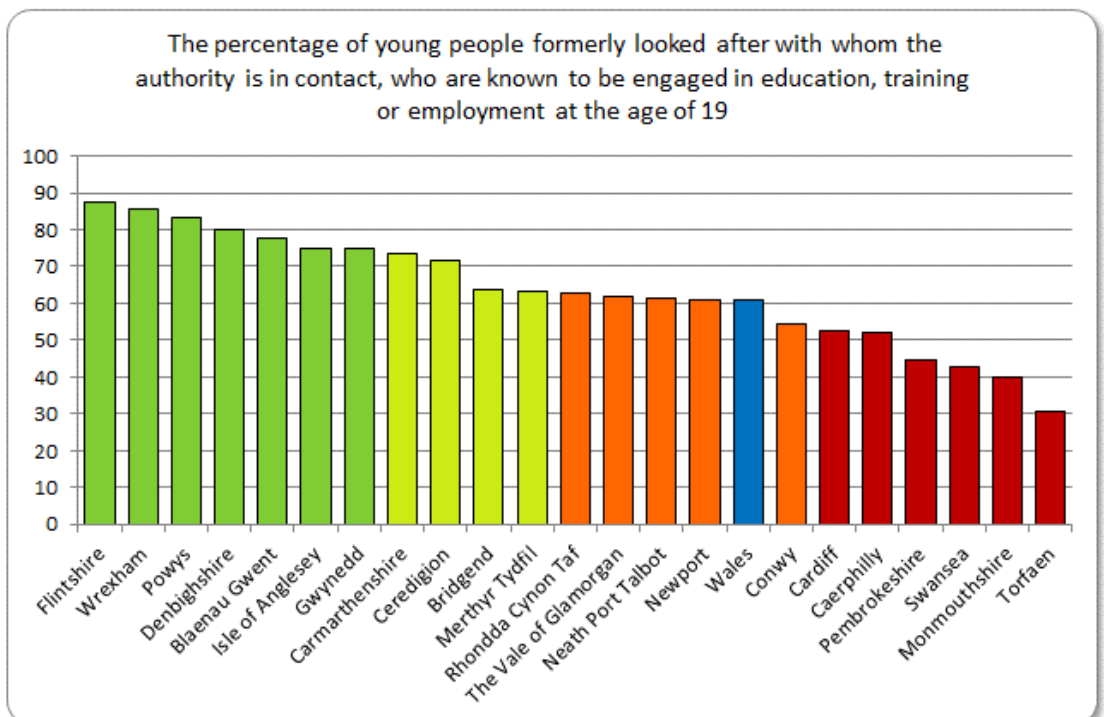
The percentage of carers offered an assessment or review of their needs ranged from 100.0% in Wrexham, Pembrokeshire, Carmarthenshire, Neath Port Talbot, The Vale of Glamorgan and Rhondda Cynon Taf to 66.2% in Merthyr Tydfil.



Local authorities across Wales remained in contact with 93.2% of young people aged 19 who were formerly looked after. In 2015-16, 93.5% of young people aged 19 who were formerly looked after with whom the authority were in contact, were known to be in suitable, non-emergency accommodation compared to 93.1% in 2014-15.

This ranged from 100.0% on the Isle of Anglesey, Denbighshire, Flintshire, Powys, Ceredigion, The Vale of Glamorgan, Caerphilly and Blaenau Gwent to 80.0% in Monmouthshire.

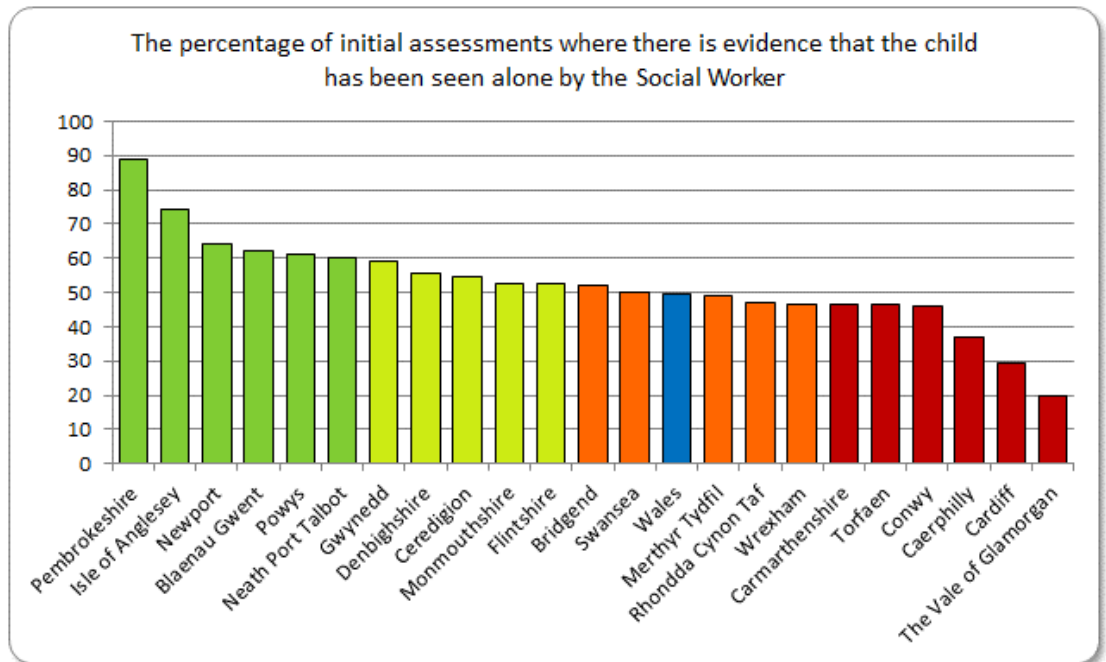
In 2015-16, 60.7% of these young people were known to be engaged in education, training or employment, compared to 59.5% in 2014-15. This ranged from 87.5% in Flintshire to 30.8% in Torfaen.



Safeguarding children...

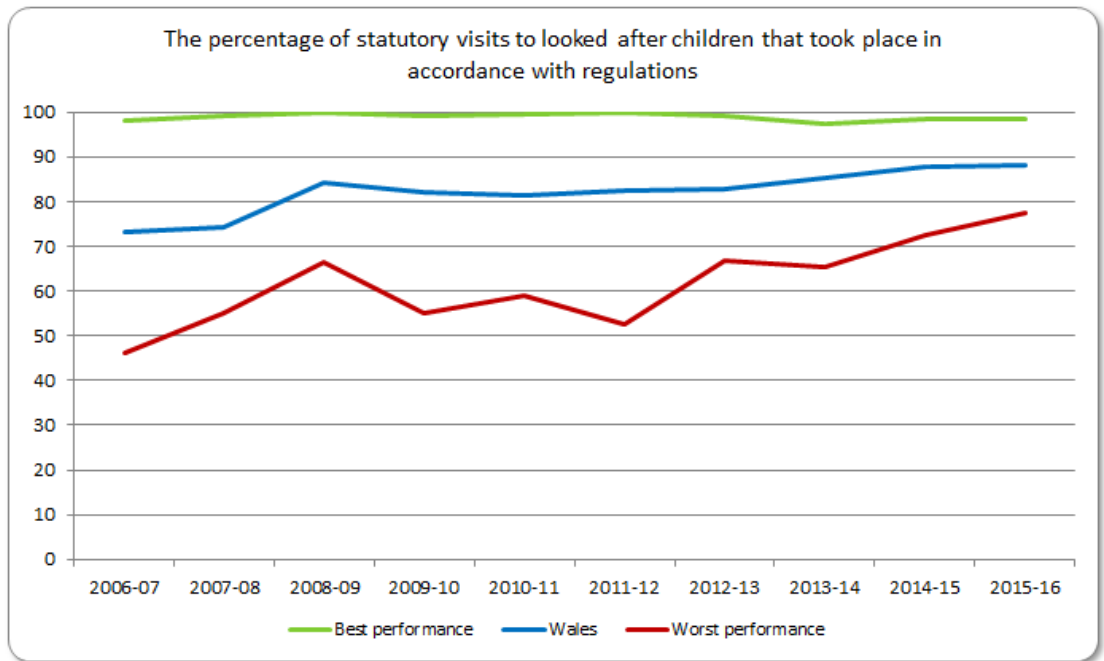
Local authorities received around 35 thousand referrals relating to children annually. They provide a range of support to ensure that children remain safe and are supported in order to achieve the best they can in life.

It is important that children's views are taken into account when planning for their care. There is evidence that the child was seen alone in 49.5% of initial assessments compared to 44.8% in 2014-15. This ranged from 88.8% in Pembrokeshire to 19.8% in The Vale of Glamorgan.

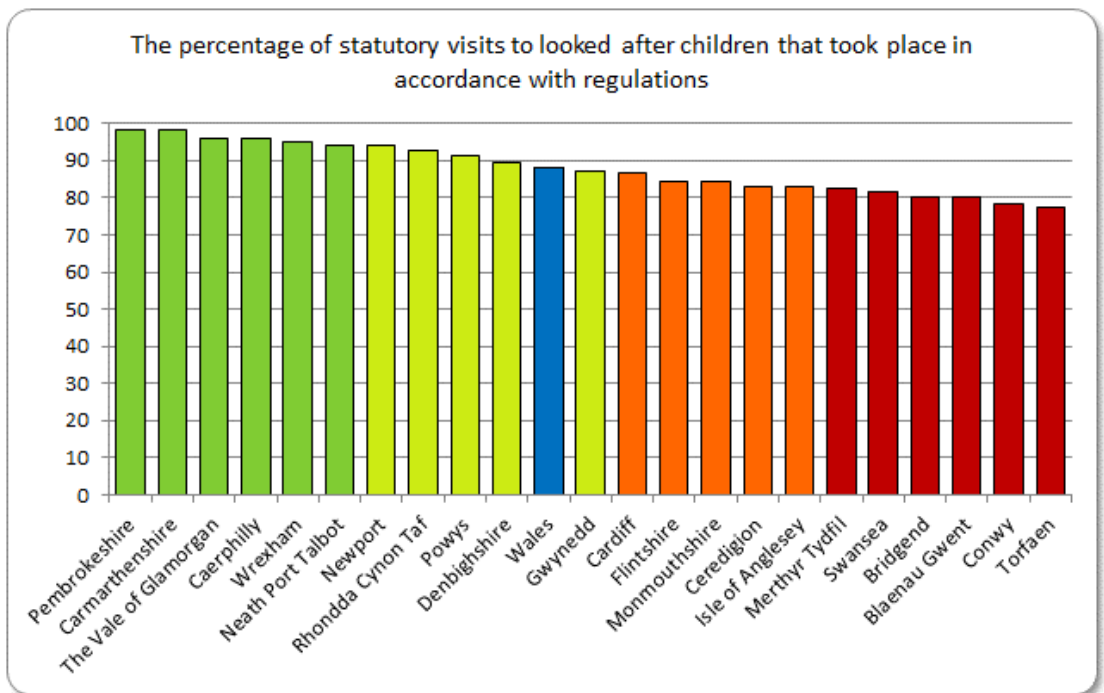


As corporate parents, local authorities are required to ensure the safety and wellbeing of looked after children, and to ensure that they are given the same opportunities as their peers.

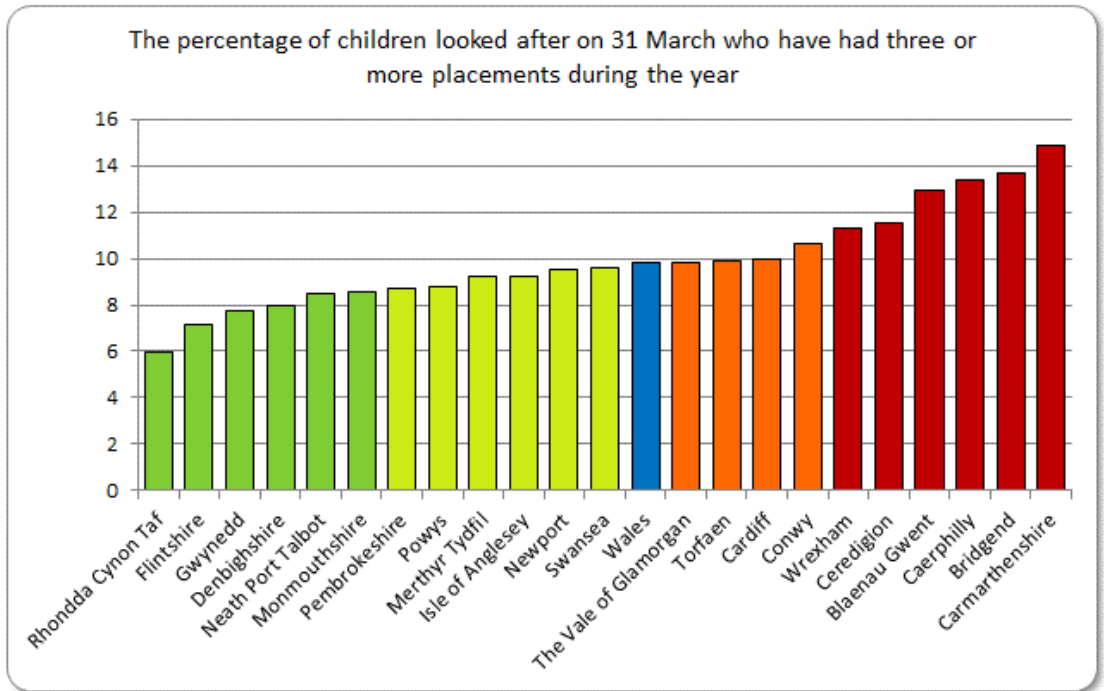
In 2015-16, 88.1% of statutory visits to looked after children took place in accordance with regulations (compared to 87.7% in 2014-15).



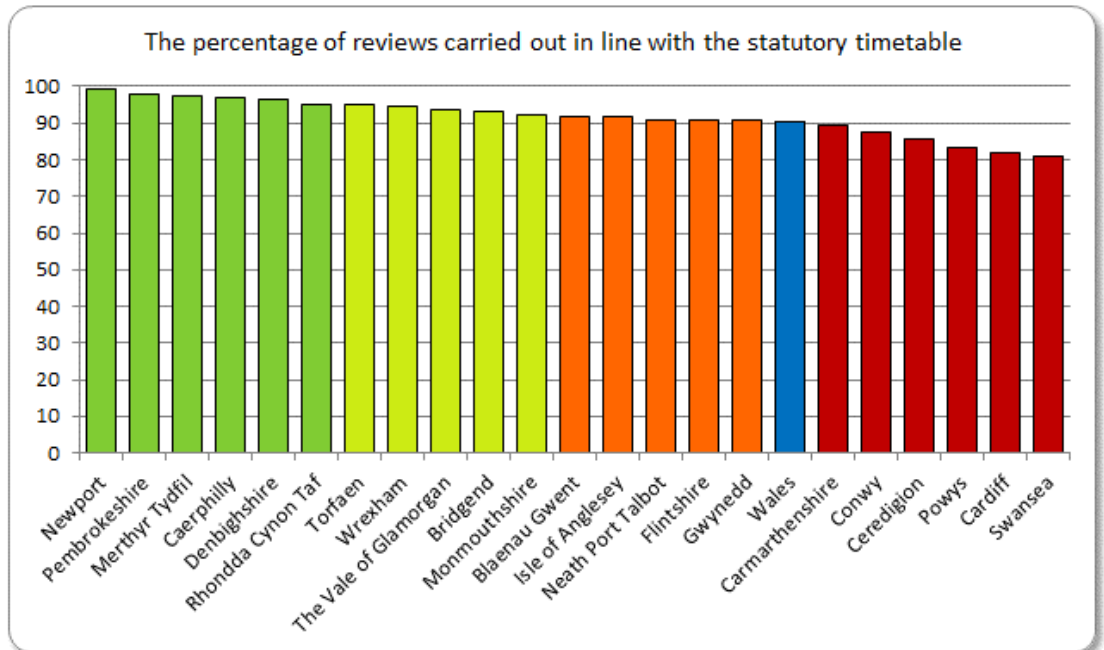
The percentage of statutory visits to looked after children taking place in accordance with regulations ranged from 98.4% in Pembrokeshire to 77.6% in Torfaen.



Stability is recognised as important for the wellbeing of children in care. 9.8% of children looked after experienced three or more placements during 2015-16 (compared to 9.0% in 2014-15). This ranged from 5.9% in Rhondda Cynon Taf to 14.9% in Carmarthenshire.



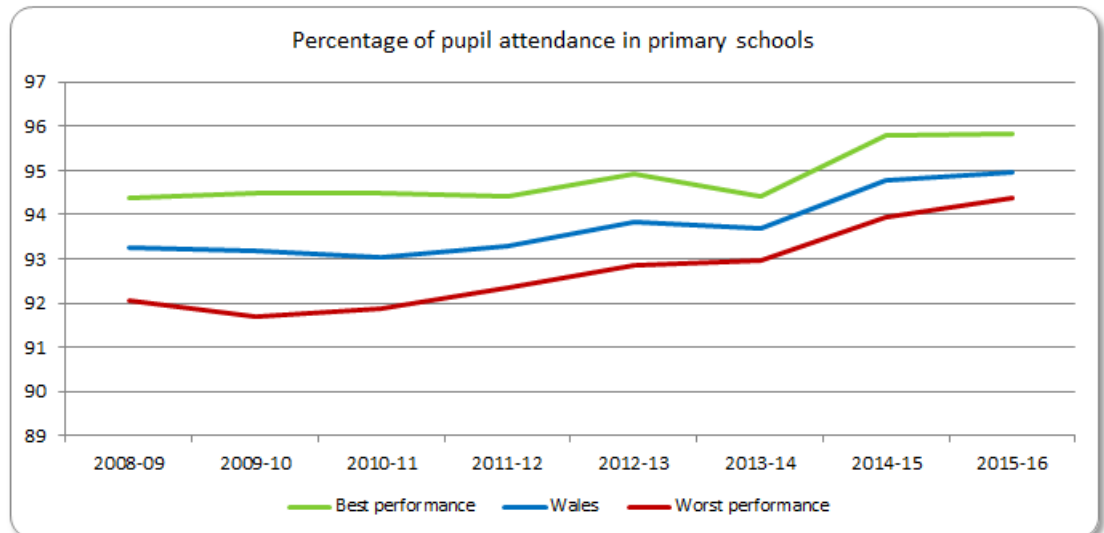
In 2015-16, 90.3% of children reviews were carried out within statutory timescales (compared to 88.9% in 2014-15). This ranged from 99.2% in Newport to 81.0% in Swansea.



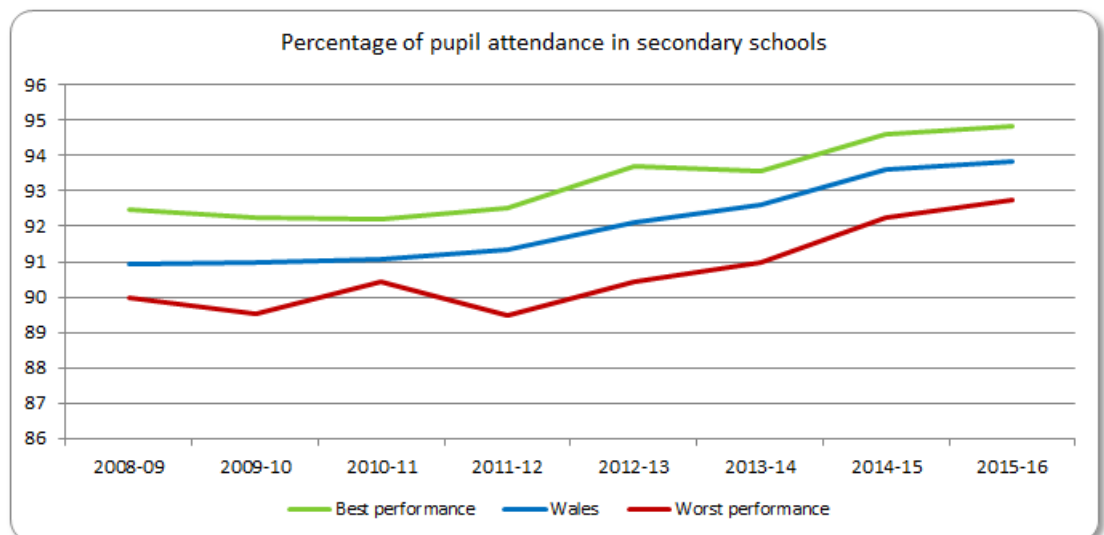
Educating children...

Local authority maintained schools educate around 460 thousand children each year.

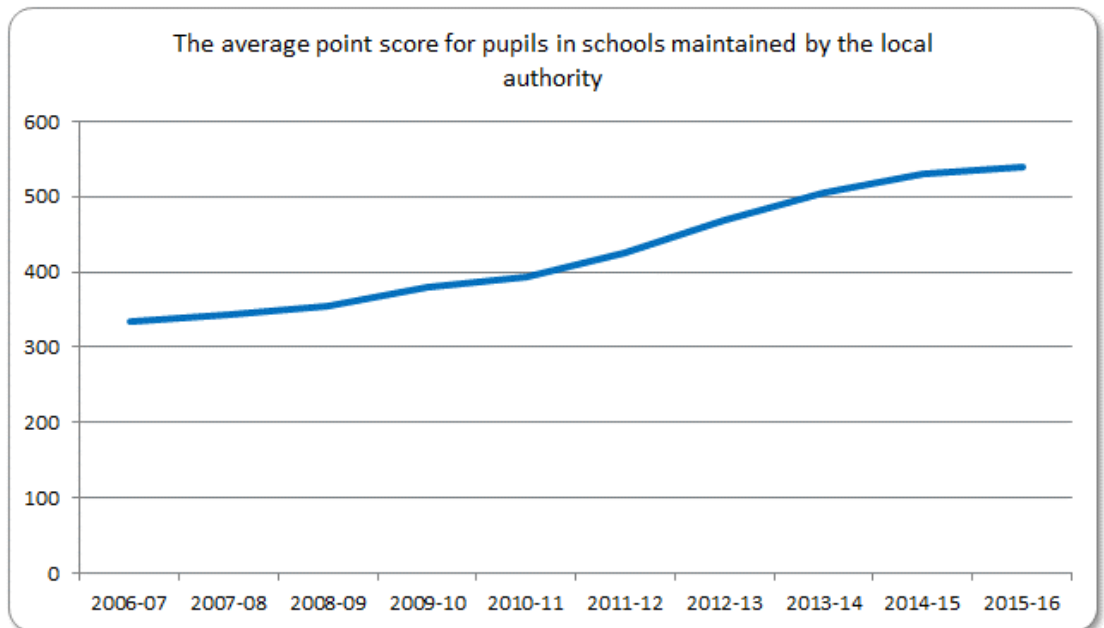
Good attendance is important if children are to learn. In 2015-16, pupil attendance at primary schools across Wales increased from 94.8% to 95.0%.



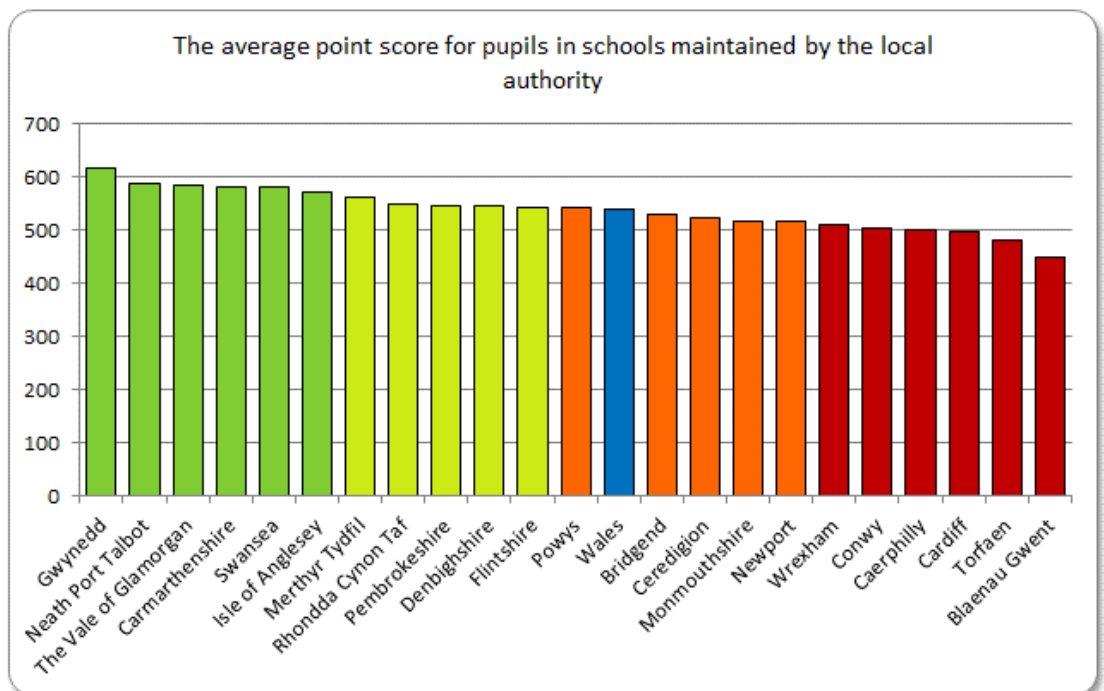
During the same period attendance at secondary schools increased from 93.6% to 93.9%.



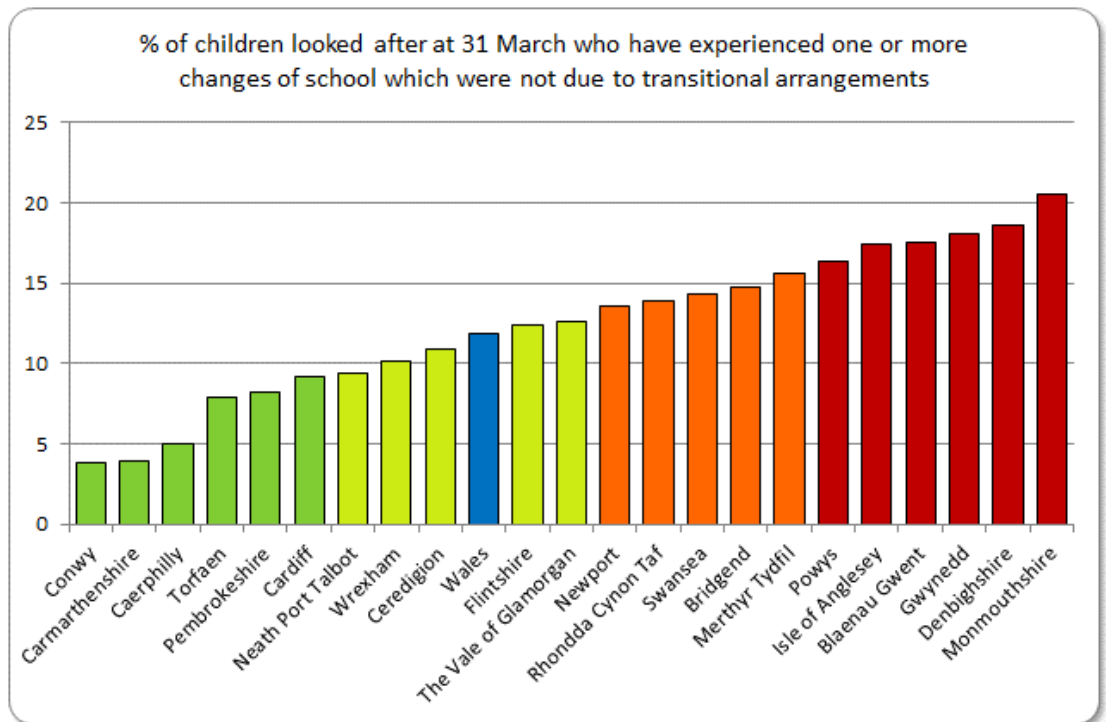
The average point score for pupils aged 15 in local authority maintained schools continued to rise (for the ninth successive year) to 539 points.



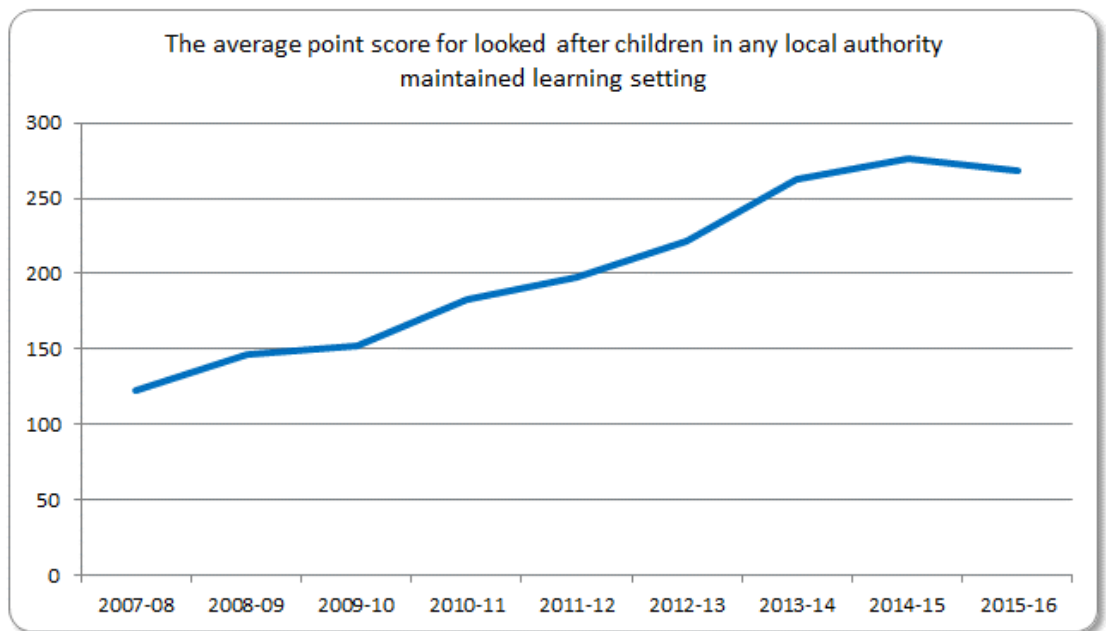
The average point score ranged from 617 points in Gwynedd to 449 points in Blaenau Gwent.



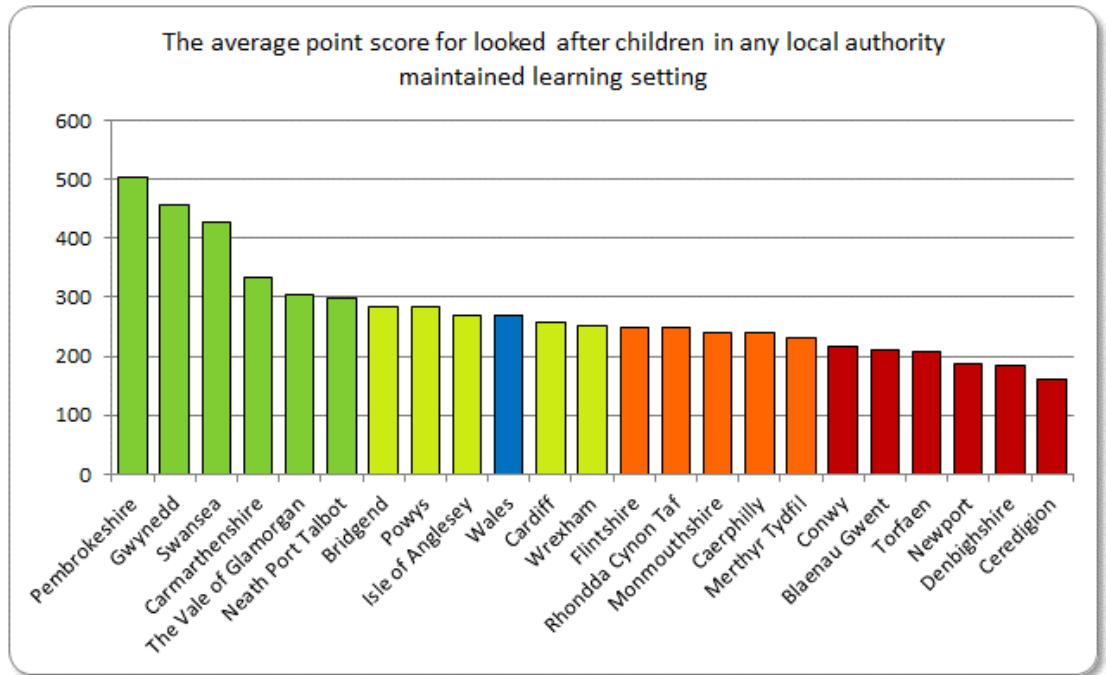
11.9% of children looked after experienced one or more changes of school in the last 12 months (compared to 13.5% in 2014-15). This ranged from 3.8% in Conwy to 20.6% in Monmouthshire.



The average point score for children in care fell from 276 points in 2014-15 to 269 points in 2015-16; the first decrease for this indicator since 2007-08.

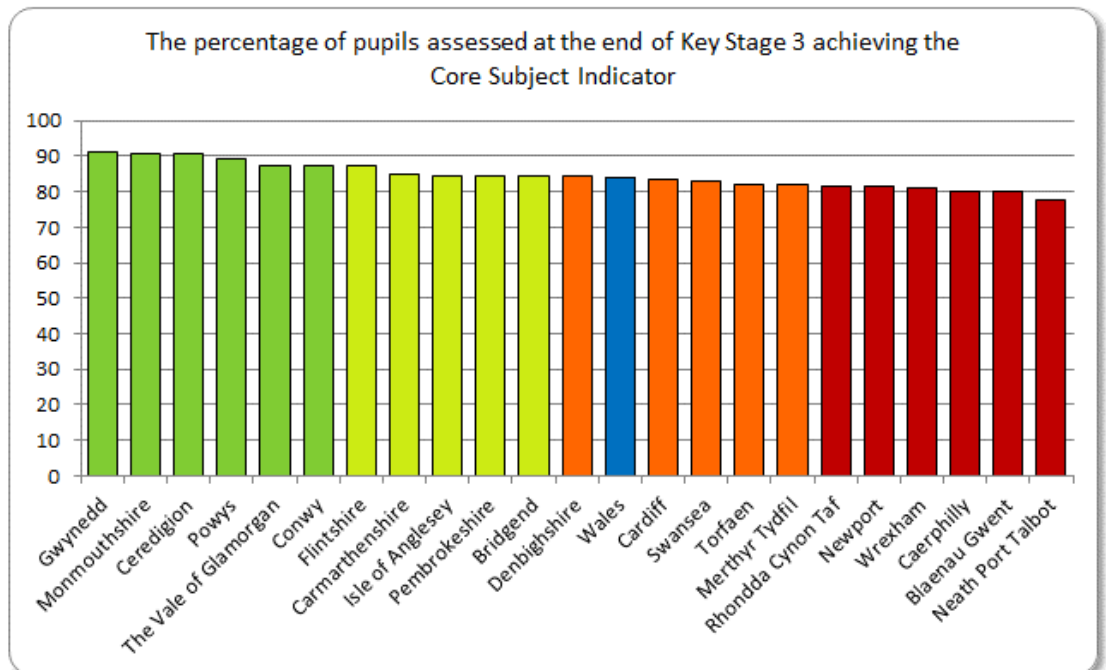


In 2015-16, it ranged from 504 points in Pembrokeshire to 161 points in Ceredigion.



The percentage of pupils assessed at the end of Key Stage 2, in schools maintained by the local authority, achieving the Core Subject Indicator increased again from 86.4% in 2014-15 to 88.1% in 2015-16. This ranged from 92.5% in Monmouthshire to 83.3% in Neath Port Talbot.

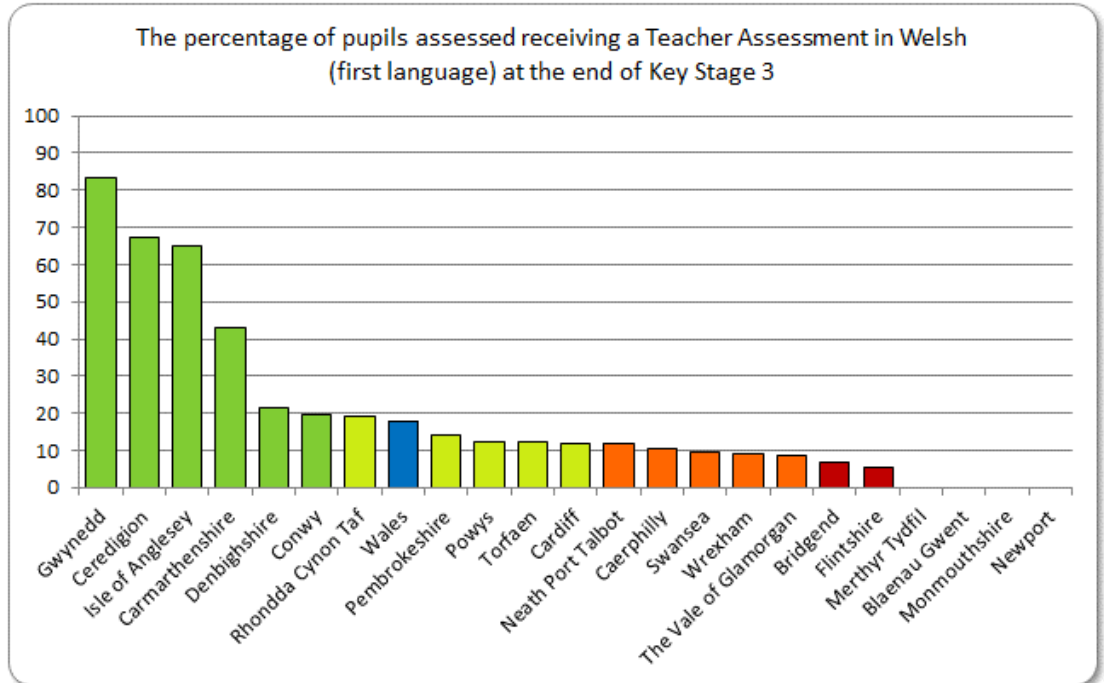
Over the same period, the percentage of pupils assessed at the end of Key Stage 3, in schools maintained by the local authority, achieving the Core Subject Indicator also increased from 81.2% to 84.1%. This ranged from 91.3% in Gwynedd to 77.8% in Neath Port Talbot.



In 2015-16, 58.3% of pupils achieved the level 2 threshold, including a GCSE grade A*-C in English or Welsh first language and Mathematics (compared to 55.5% in 2014-15). This ranged from 66.9% in Monmouthshire to 47.7% in Blaenau Gwent.

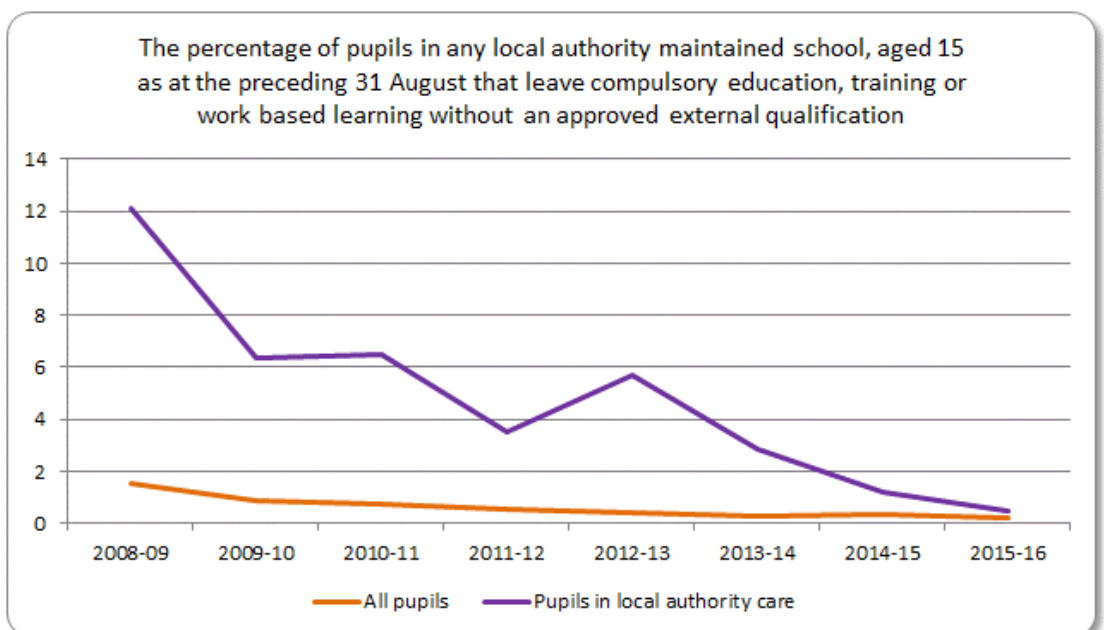
Note: There are no Welsh Language Secondary Schools in Merthyr Tydfil, Blaenau Gwent, Monmouthshire or Newport.

Across Wales, 17.8% of pupils assessed received a Teacher Assessment in Welsh (first language) at the end of Key Stage 3 (compared to 17.2% in 2014-15). This ranged from 83.2% in Gwynedd to 0.0% in Merthyr Tydfil, Blaenau Gwent, Monmouthshire and Newport.



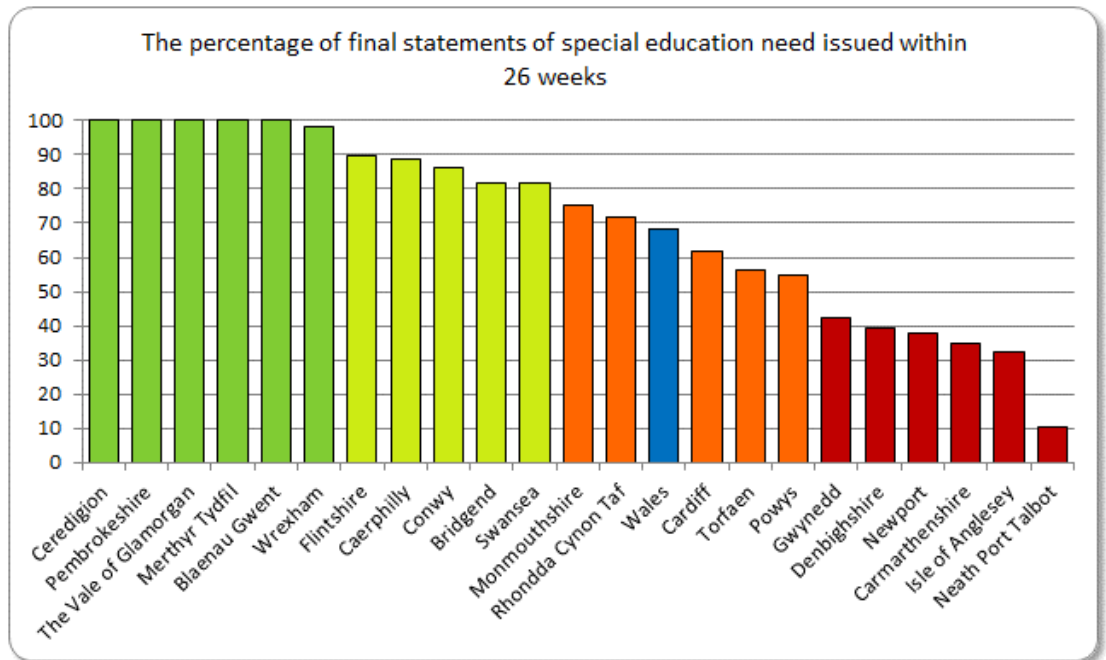
In 2015-16, 0.2% of all children leaving compulsory education aged 15 or 16 (who did not go on to full time education, training or work based learning) did so without a recognised qualification (compared to 0.3% in 2014-15).

For children in care, 0.5% of children left without a recognised qualification (compared to 1.2% in 2014-15) – the best performance for this indicator.



Local authorities have statutory obligations in terms of assessment and statementing, to ensure that children and young people with Special Educational Needs (SEN) have appropriate support in place to enable them to reach their potential. SEN statements should usually be in place within 26 weeks of the request for an assessment (in some exceptional cases, this can take longer).

68.1% of all statements issued were issued within 26 weeks in 2015-16 (compared to 64.5% in 2014-15). This ranged from 100.0% in Ceredigion, Pembrokeshire, The Vale of Glamorgan, Merthyr Tydfil and Blaenau Gwent to 10.5% in Neath Port Talbot.



Over the same period, 94.5% of statements (excluding exceptions) were issued within 26 weeks (compared to 95.6% in 2014-15).

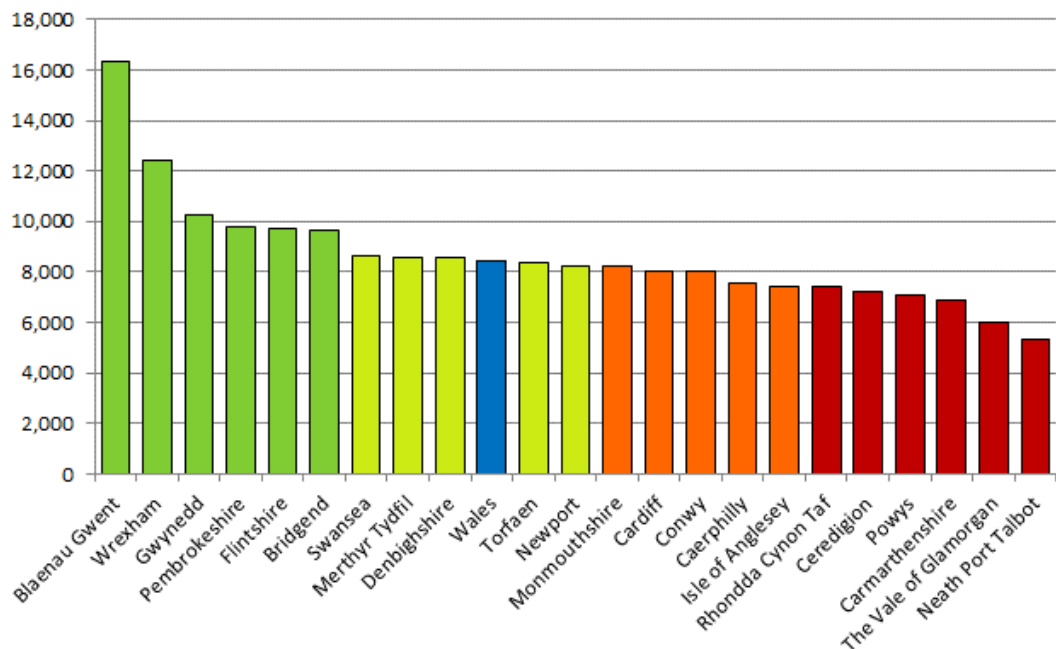
Supporting Leisure & Culture...

Local authorities across Wales provide a range of services which provide leisure and cultural opportunities for the people in their communities.

In 2015-16, there were 8,409 visits to local authority sport and leisure facilities during the year per 1,000 population where the visitor will be participating in physical activity. This compares to 8,657 per 1,000 population in 2014-15.

Visits to sport and leisure facilities ranged from 16,306 per 1,000 population in Blaenau Gwent to 5,331 per 1,000 population in Neath Port Talbot.

The number of visits to local authority sport and leisure facilities during the year per 1,000 population where the visitor will be participating in physical activity



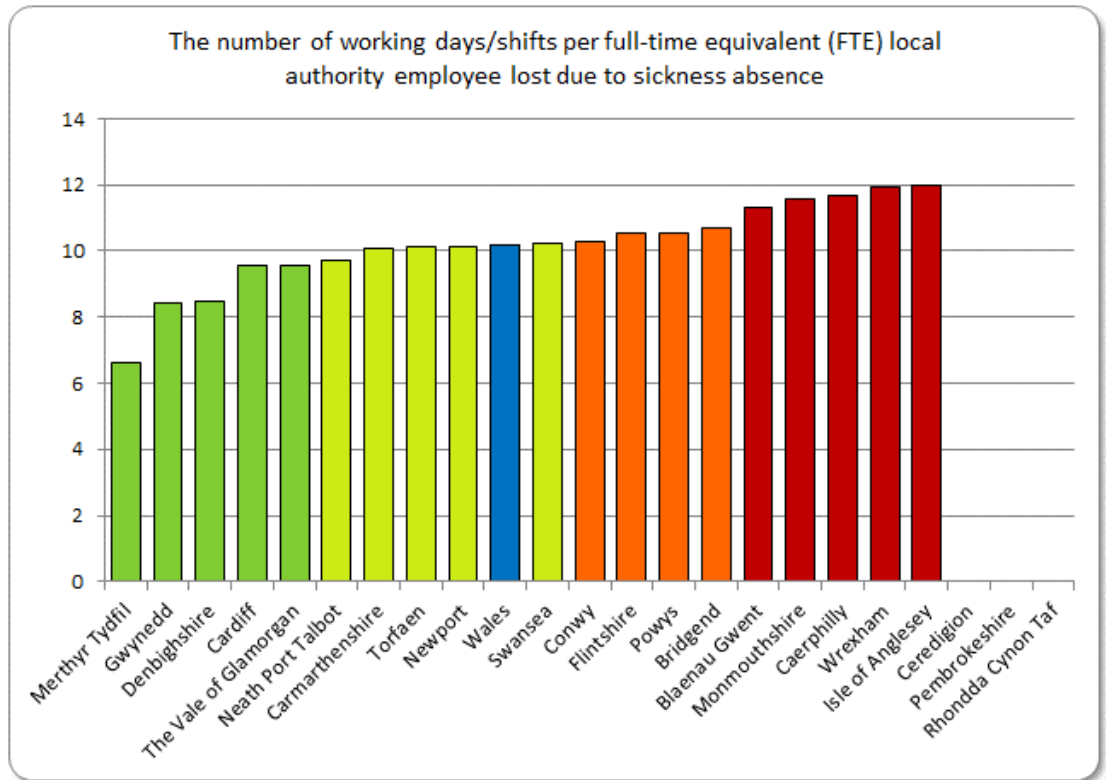
Note: "public libraries" exclude those owned and run by community councils

There were 5,374 visits to public libraries during the year, per 1,000 population in 2015-16 compared to 5,526 per 1,000 population in 2014-15. This ranged from 8,660 per 1,000 in Cardiff to 3,249 per 1,000 in Newport.

Corporate Health

Local authorities across Wales employ around 130 thousand people.

During 2015-16, an average of 10.2 days/shifts per full time employee were lost due to sickness. This ranged from 6.6 days in Merthyr Tydfil to 12.0 days on the Isle of Anglesey.



Contact details

If you require any further information regarding this bulletin please contact:

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Assistant Director

Local Government Data Unit ~ Wales



029 2090 9500



enquiries@dataunitwales.gov.uk

The full performance indicator data set is published on our website (www.dataunitwales.gov.uk).

Notes

One of the key functions of the Local Government Data Unit ~ Wales is to collect, process, interpret and disseminate statistical data on local government services and activities in support of local government improvement.

The indicators quoted here are part of the Performance Improvement Framework for local authorities in Wales. The indicators reflect key priorities identified by the Welsh Government and local government in Wales.

The National Strategic Indicator data, which is a sub-set of the data used here, was collected and published by the Welsh Government.





Wales values are based on the base data submitted by the authorities. Where authorities have not supplied their base data, their figures do not contribute to Wales values.

Where appropriate, data has been rounded for the purposes of this bulletin. The complete data set is available on our website www.dataunitwales.gov.uk.

You'll find MyLocalCouncil at www.MyLocalCouncil.info where you'll have a choice of language.

Guidance documents relating to the 2015-16 indicator sets are also available on our website (Public Accountability Measures) and on the Welsh Government website (National Strategic Indicators). These provide a detailed definition for each of the indicators along with their classification i.e. National Strategic Indicator or Public Accountability Measure.

The colours used in the performance ranking charts are based on the range of PI values. The colours show how the authority's performance compares with others:

-  - Performance in the top quarter of authorities
-  - Performance in the upper middle quarter of authorities
-  - Performance in the lower middle quarter of authorities
-  - Performance in the bottom quarter of authorities

In performance range charts, blue represents the Wales PI value, green shows the PI value for the best local authority performance, and red shows the PI value for the worst local authority performance.

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

4th November 2016

REPORT AUTHOR: County Councillor Wynne Jones
Portfolio Holder for Finance

SUBJECT: Pension Fund Pooling - Update

REPORT FOR: Information

1. Summary

This report provides Committee with an update on investment pooling developments in Wales since the Committee's last meeting on 30th September.

2. Progress Update

2.1 Since the last Audit Committee work has continued on each of the two workstreams:

2.2 Governance

- a) Memorandum of Understanding agreed by each participating Fund and signed off 31st October;
- b) Inter Authority Agreement considered and amended by the Monitoring Officers of each of the participating fund authorities, to be considered by Joint Chairs in early December;
- c) Joint Chairs' Group established in 'shadow' form (pending formal adoption of Inter Authority Agreement), first formal meeting scheduled for 11th November.

2.3 Procurement of FCA Approved Pool 'Operator'

- a) Drafting of procurement specification ongoing;
- b) Procurement scoring criteria and weighting evaluation underway;
- c) Formal OJEU notice scheduled for issue early December.

2.4 Communications

- a) Further progress update and proposed future actions reported to DCLG and HMT under aegis of Society of Welsh Treasurers.

3. Status of this Update

The content of this update will be reported to the Powys Pension Board on 11th November and form the basis of the update report to Pensions & Investment Committee, scheduled for 16th December.

Recommendation:	Reason for Recommendation:
That the Committee note the contents of the report	To ensure that Audit Committee

of the report on Pension Fund Pooling.		remains informed about developments in Pension Fund Pooling.	
Relevant Policy (ies):		N/A	
Within Policy:	N/A	Within Budget:	N/A
Person(s) To Implement Decision:		N/A	
Date By When Decision To Be Implemented:		N/A	
Contact Officer Name:	Tel:	Fax:	Email:
Joe Rollin	01597 827641	01597 826290	joe.rollin@powys.gov.uk

Background Papers used to prepare Report:

Audit Committee

4 November 2016

Finance Scrutiny Panel

Purpose of Report: Progress report

The Panel has met twice in the period since the last Audit Committee.

A self-assessment has been undertaken to measure the effectiveness of the Panel. The Panel has been highlighted externally for its work and it is essential to build on this going forward. The findings of the self-assessment will help inform the Member Development Programme.

Performance management monitoring has been a cause of concern for some time with the Panel and the former Finance and Performance Working Group. Proposals where scrutiny were to be involved in a corporate Performance Management Panel had been suggested. The Panel were disappointed that this did not come to fruition as they believed the draft proposals has been exciting and proactive. The new, agreed arrangements represent little change.

The Panel have been briefed on school pupil projections given the long term variances that have been noted between projections and actual numbers. The Portfolio Holder has been contacted regarding the accuracy of Plasc figures.

A Joint Audit and Adult Social Care Working Group has been established to address an overspend in Adult Social Services. The Panel have been briefed on the findings of a Forensic Accountant. This work will continue over the next few weeks and will include scrutiny of a Recovery Plan once it is available.

At its most recent meeting, the Panel were briefed on the provisional settlement and initial findings of the Actuary's report. Further information will be provided as it becomes available.

Future meetings will assess service area budgets and efficiency savings from 2017/18 onwards with Portfolio Holders and Strategic Directors.

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

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

Sources: Notes of meetings – 25 July and 20 September 2016

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

Audit Committee

4 November 2016

Internal Audit Working Group

Purpose of Report: Progress report

The Group has met once since it last reported to Audit Committee:

Direct Payments	<p>The Working Group were updated on progress made in addressing the backlog of audits of direct payments. The service is looking to recruit additional temporary staff to address the backlog of nearly 200 audits. To date funds of £87K have been identified to be repaid.</p> <p>Further negotiations regarding a longer term solution to auditing direct payments are in hand.</p>
Software Licensing	An update was provided to the meeting regarding the current position relating to software licensing.
IT Business Continuity	<p>Progress is being made in producing a skills matrix to inform workforce development. Some training has already been completed. An external partner has been engaged to assist with development of the Business Continuity Plan. A number of IT systems are to be reviewed and rationalised. Further work is being undertaken on multiple single points of failure and this will form a register. The replacement for the Draig server will not go ahead but will be replaced by an All Wales Social Care system which will go live on 30 November 2016.</p>
School budget over-delegation	<p>An over delegation of funds to schools had been made in 2015/16. An Internal Audit was carried out to ensure that procedures were in place to prevent a recurrence. The difficulties of recruiting to the post of Head of Schools, finance were noted. Members were satisfied that appropriate procedures were now in place to ensure that an over delegation would not be repeated.</p>
Fraud Update	The Group were briefed on current fraud activity

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

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

Sources: Notes of meeting – 11 October 2016
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Group Membership: County Councillors J G Morris (Lead Member), E R Davies, W D Powell, D G Thomas, S L Williams and Mr J Brautigam

AUDIT COMMITTEE

Work Programme 16-17

Chair Cllr John G Morris
Vice Chair Mr John Brautigam

4 November 2016		
Standard Items <ul style="list-style-type: none"> Minutes Joint Chairs Notes Work Programme 	30 September 2016 18 October 2016	Lisa Richards “ “
WAO		
Risk Management	Progress Report	Caroline Evans
Closure of Accounts	Progress Report	Jane Thomas
Treasury Management	Q2	Ann Owen
Working Groups <ul style="list-style-type: none"> Internal Audit 	Summary report	Lisa Richards
Other <ul style="list-style-type: none"> Corporate Assessment Internal Audit Pension Pooling Domiciliary care Annual Improvement Report 	Data analysis	Caroline Evans Jason Lewis Joe Rollin Jason Lewis Peter Jones

3 February 2017		
Standard Items <ul style="list-style-type: none"> Minutes Joint Chairs Notes Work Programme 	4 November 2016 22 November 2016 & January 2017	Lisa Richards “ “
WAO: <ul style="list-style-type: none"> Audit Plan - Financial statements Audit Plan – Pension Fund 		Phil Pugh
Risk Management	Progress Report	Caroline Evans
Internal Audit	Performance Report	Ian Halstead
Closure of Accounts	Progress Report	Jane Thomas
Treasury Management	Q3	Ann Owen
Working Groups <ul style="list-style-type: none"> Internal Audit 	Summary report	Lisa Richards
Other		

<ul style="list-style-type: none"> • Commercial Services • Review of Commissioning 	Half yearly review ?	Jason Lewis
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5 April 2017

Standard Items <ul style="list-style-type: none"> • Minutes • Joint Chairs Notes • Work Programme 		Lisa Richards “ “
WAO: <ul style="list-style-type: none"> • Audit Plan - Financial statements • Audit Plan – Pension Fund • 		Phil Pugh
Risk Management	Progress Report	Caroline Evans
Internal Audit	Performance Report IA Plan 2017/18	Ian Halstead
Closure of Accounts	Progress Report	Jane Thomas
Treasury Management	Q4	Ann Owen
Working Groups <ul style="list-style-type: none"> • Internal Audit 	Summary report	Lisa Richards
Other <ul style="list-style-type: none"> • 		

18 May 2017 - AGM

Election of Chair and Vice		
Appointments to Working Groups		

6 July 2017

Standard Items <ul style="list-style-type: none"> • Minutes • Joint Chairs Steering Group • Work Programme 	18 May 2017	Lisa Richards “
WAO		
Risk Management	Progress Report	Caroline Evans
Internal Audit	Audit Plan Annual Audit Review	Ian Halstead
Closure of Accounts	Progress Report	Jane Thomas
Treasury Management	Q4	Ann Owen

Working Groups • Internal Audit	Summary report	Lisa Richards
Finance Scrutiny Panel	Summary report	Lisa Richards
Other •		

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

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

Working Groups

Internal Audit:

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

MINUTES OF A MEETING OF THE JOINT CHAIRS AND VICE-CHAIRS STEERING GROUP HELD AT PEN Y FAN ROOM - COUNTY HALL ON TUESDAY, 18 OCTOBER 2016

PRESENT: County Councillor D R Jones (Chair), M J Dorrance, D R Jones, JG Morris and Mr J Brautigam

Officers: Clive Pinney, Solicitor to the Council, Wyn Richards, Scrutiny Manager, Liz Patterson and Lisa Richards, Scrutiny Officers

1.	APOLOGIES	JCSG49 - 2016
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Members: County Councillors L V Corfield, K W Curry, S C Davies and M C McKenzie

Officers: J Patterson, D Powell and P Griffiths

2.	DRAFT NOTES - FOR CONSIDERATION	JCSG50 - 2016
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Documents Considered:

- Notes of Meeting held on 13 September 2016

Issues Discussed:

- School Transport – potential overspend of £0.5M. A separate meeting had been held with the Chief Executive regarding the outcomes of the Walters report. This could lead to scrutiny on school transport, schools modernisation and the fair funding formula but a further meeting would need to be held to scope those reviews. It was noted that there were a number of historical anomalies within the current arrangements for school transport. Individual arrangements for SEN pupils were also in place and these would not be affected by a general review of the Policy. It was suggested that a report be requested for further consideration regarding the reasons for the overspend and actions being taken to address the overspend.
- Commissioning and Procurement Board – a response was circulated to the Joint Chair's report in May 2016. A Commissioning Procurement Review had been undertaken by the LGA and an Action Plan was reported to be in place. However, the Portfolio Holder had not seen the review. Joint Chairs queried why the LGA and not the WLGA had been used to undertake the review, given the diverging policies between England and Wales. The emerging Resource Plan was also key to future developments.

Outcomes:

Action	Completion Date	Action By
The Education and Highways services be asked to prepare a report detailing the extent of the overspend in school transport, actions being taken to address the overspend, whether the home to school transport policy is to be reviewed and, if so,	22 November 2016	WR

when this can be expected		
The Chair write to the Leader to ask why the LGA had been used rather than the WLGA and to request a copy of the review	22 November 2016	Chair/LR
The Chair of the Commissioning and Procurement Board to be invited to the next meeting	22 November 2016	LR

3.	DISCUSSION WITH THE CHIEF EXECUTIVE, STRATEGIC DIRECTORS REGARDING POTENTIAL SCRUTINY ITEMS	JCSG51 - 2016
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No senior managers were present due to a Strategic Overview Board having been called at the same time as the Joint Chairs meeting. Every endeavour would be taken to ensure future meetings did not clash.

4.	DISCUSSIONS WITH LEADER REGARDING PRE-DECISION SCRUTINY	JCSG52 - 2016
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The Chairs of Audit and People Committees had met the Leader to discuss items for pre-decision scrutiny. The Cabinet forward work programme was inadequate to enable planning to be undertaken into the new year.

Outcomes:

Action	Completion Date	Action By
People Scrutiny Committee – Ysgol Cedewain budget	November	LP
Audit Committee – Brecon High School budget		LR
Place Scrutiny Committee – bulky waste or leisure service savings		LR
People Scrutiny Committee - Daytime Activities, Older People	December	LP
Place Scrutiny Committee – HAMP		LR

5.	ROLES OF SCRUTINY COMMITTEES	JCSG53 - 2016
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Documents Considered:

- Scrutiny committee roles

Issues Discussed:

- The proportion of co-opted members on People Scrutiny Committee was greater following the decrease in the membership of committees – this was acknowledged but the number of co-optees was at the minimum requirement. Only the Church and Roman Catholic Church were invited to be represented – other faiths were not represented, as set out in the regulations
- The Group asked if membership of committees should be reviewed. The reduction of members on committees had been designed to increase productivity – Members would have less workload and be committed to one area. This does not seem to have happened, with attendances being sporadic in some cases.
- It was proposed that the Committees be renamed Scrutiny Committee 1 and Scrutiny Committee 2 with their remits being linked to Portfolio Holders' functions

Outcomes:

Action	Completion Date	Action By
Revised remits be drafted for the two scrutiny committees to be implemented from May 2017.	22 November 2016	WR

6.	SPEAKING AT CABINET MEETINGS	JCSG54 - 2016
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Issues:

- Current arrangements for scrutiny chairs speaking at Cabinet were not effective and causing controversy at Cabinet meetings
- Cabinet must act more strategically
- If Cabinet becomes more strategic then the role of scrutiny chair becomes clearer
- The Constitution allows scrutiny chairs and group leaders to speak at Cabinet meetings – this should not include asking questions
- Scrutiny chairs should be able to present scrutiny reviews to Cabinet
- Consideration could be given to written questions being submitted beforehand
- If scrutiny work had been completed beforehand based on an adequate Cabinet work programme, then there would no longer be a need for scrutiny chairs to speak at Cabinet
- The benefits of scrutiny attendance at Cabinet were questionable
- Cabinet was acknowledged to be 'political theatre'
- There were too many information items or decisions to go out to consultation
- A further misconception was that scrutiny was opposition
- Consideration could be given to allowing group leaders to challenge Cabinet at County Council
- The differentiation between scrutiny chairs and group leaders must be clear
- Any changes agreed should not be brought in before the new Council in May 2017

Outcomes:

Action	Completion Date	Action By
Draft proposals to be prepared for discussion with the Joint Chairs Steering Group, Cabinet and Group Leaders in the first instance and eventual consideration by Democratic Services Committee	March 2017	WR

7.	WORK PROGRAMME	JCSG55 - 2016
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Documents Considered:

- Work Programme

Issues Discussed:

- Youth Service redesign – it was noted that this was currently out to consultation but no scrutiny had been undertaken. The topic was not included on the Cabinet work programme
- Savings plans must be scrutinised for effectiveness

Outcomes:

Action	Completion Date	Action By
Youth Service redesign to be rescored 5 and included as a high priority	December/January	LP
Depot Strategy (category 4) to be removed from list	18 October 2016	WR
Emerging Regeneration Strategy to be amended to category 3	18 October 2016	WR
JVC to be included for review in 2018	18 October 2016	WR

8.	PUBLIC SERVICE BOARD	JCSG56 - 2016
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56.1. Draft Notes of Previous Meeting(s)

The draft notes of 5 June 2016 were not yet available.

56.2. PSB Dates - For Information

- 20 October 2016
- 1 December 2016

9.	DATES OF NEXT MEETINGS - FOR INFORMATION	JCSG57 - 2016
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22 November 2016
17 January 2017
28 February 2017
21 March 2017
11 April 2017
20 June 2017
11 July 2017
19 September 2017
10 October 2017
7 November 2017
5 December 2017

County Councillor D R Jones

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