

## Audit Committee

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

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Meeting Date  
**Friday, 3 February 2017**

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Meeting Time  
**10.00 am**

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County Hall  
Llandrindod Wells  
Powys  
LD1 5LG

For further information please contact  
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27 January 2017

### AGENDA

<b>1.</b>	<b>APOLOGIES</b>	<b>A1-2017</b>
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To receive apologies for absence.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>A2-2017</b>
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To receive declarations of interest from Members.

<b>3.</b>	<b>DISCLOSURE OF PARTY WHIPS</b>	<b>A3-2017</b>
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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.)

<b>4.</b>	<b>MINUTES</b>	<b>A4-2017</b>
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To authorise the Chair to sign the minutes of the last meeting held on 4 November 2016.

(Pages 5 - 12)

<b>5.</b>	<b>COMMUNITY SAFETY IN WALES</b>	<b>A5-2017</b>
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To consider the WAO report.

(Pages 13 - 92)

<b>6.</b>	<b>CHARGING FOR SERVICES AND GENERATING INCOME BY LOCAL AUTHORITIES</b>	<b>A6-2017</b>
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To consider the WAO report.

(Pages 93 - 164)

<b>7.</b>	<b>RISK MANAGEMENT</b>	<b>A7-2017</b>
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To consider the report of the Business Continuity and Risk Management Officer.

(Pages 165 - 182)

<b>8.</b>	<b>CLOSURE OF ACCOUNTS</b>	<b>A8-2017</b>
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To consider the report of the Acting Head of Finance.

(Pages 183 - 186)

<b>9.</b>	<b>REGULATORY TRACKER</b>	<b>A9-2017</b>
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To consider the report of the Portfolio Holder for Finance.

(Pages 187 - 194)

<b>10.</b>	<b>INDEPENDENT LAY MEMBER</b>	<b>A10-2017</b>
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To consider the report of the Solicitor to the Council.

(Pages 195 - 198)

<b>11.</b>	<b>TREASURY MANAGEMENT</b>	<b>A11-2017</b>
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To consider the report of the Portfolio Holder for Finance.

(Pages 199 - 220)

<b>12.</b>	<b>WORKING GROUPS</b>	<b>A12-2017</b>
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**12.1. Joint Audit/ASC Working Group**

To consider a scrutiny summary report.

(Pages 221 - 222)

**12.2. Finance Scrutiny Panel**

To consider a scrutiny summary report.

(Pages 223 - 224)

**12.3. Internal Audit**

To consider a scrutiny summary report.

(Pages 225 - 226)

**12.4. Appointment to Joint Working Group**

To appoint three Members to a joint working group with Place Scrutiny Committee which will scrutinize the Highways, Transport and Recycling Service proposals regarding a Local Authority Trading Company.

<b>13.</b>	<b>WORK PROGRAMME</b>	<b>A13-2017</b>
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To consider the forward work programme and whether any additional items should be included.

(Pages 227 - 230)

<b>14.</b>	<b>JOINT CHAIRS AND VICE CHAIRS STEERING GROUP</b>	<b>A14-2017</b>
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To receive the notes of meetings held on 22 November 2016 and 17 January 2017.

(Pages 231 - 238)

<b>15.</b>	<b>CORRESPONDENCE</b>	<b>A15-2017</b>
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To consider any items of correspondence which, in the opinion of the Chair, are of sufficient urgency to warrant consideration.

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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 4 NOVEMBER 2016**

PRESENT

County Councillor

County Councillors D E Davies, E R Davies, L R E Davies, G Hopkins, M J Jones, P J Medicott, D G Thomas, S L Williams and Mr J Brautigam

Apologies for absence were received from County Councillors JG Morris (Chair), A W Davies, WD Powell, R G Thomas and T J Van-Rees

<b>1.</b>	<b>APOLOGIES</b>	<b>A73-2016</b>
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Apologies for absence were received from County Councillors

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>A74-2016</b>
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There were no declarations of interest.

<b>3.</b>	<b>DISCLOSURE OF PARTY WHIPS</b>	<b>A75-2016</b>
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There were no disclosures of party whips.

<b>4.</b>	<b>MINUTES</b>	<b>A76-2016</b>
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The Chair was authorised to sign the minutes of the previous meeting, held on 30 September 2016, as a correct record.

<b>5.</b>	<b>RISK MANAGEMENT</b>	<b>A77-2016</b>
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**Documents:**

- Report of the Business Continuity and Risk Management Officer
- Members had been advised that the current Corporate Risk Register and associated documents were available on the intranet, page 2131

**Discussion:**

- Quarter 2 data will be provided to the Strategic Overview Board in December
- The Strategic Overview Board will concentrate its efforts on the four corporate priorities
- The Cabinet have agreed that all decisions, changes and budget savings will be subject to an impact assessment. Training of officers is in hand and positive feedback has been given by those who have been trained. Training will continue to run on a quarterly basis.
- Two new risks have been included – the impact of Brexit upon the Council and an incident at a leisure centre which may result in the Authority being fined. Members asked whether any fine would be covered by insurance and they were advised that it would not and would be met centrally.
- The Business Continuity and Risk Management Officer was asked if meetings with Portfolio Holders and the Leader were progressing satisfactorily and whether many amendments were made as a result of those meetings. It was confirmed that meetings took place with service managers not portfolio holders and the Leader was informed of any issues.
- The Committee had previously noted that not all Portfolio Holders were fully aware of the contents of impact assessments within their portfolios. Impact assessments are completed by service managers and it is that officer's responsibility to ensure the impact assessment is signed off by the Head of Service, Strategic Director and Portfolio Holder. Training for Portfolio Holders will be carried out on 6 December 2016.
- The Committee was aware of the difficulties in recruiting to professional posts and noted that only recruitment in Adult Social Care was contained within the Register. Whilst this was first highlighted by Adult Social Care, the issue has become more widespread – this would be explored within the Q2 update. The Committee were informed that the WLGA Co-ordinating Committee had noted that there appeared to be a stigma regarding working for public bodies, a situation that was likely to worsen. The Committee wished to see this issue addressed.

**Outcome:**

- **Noted**

<b>6.</b>	<b>CORPORATE ASSESSMENT</b>	<b>A78-2016</b>
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Members were aware that the Authority had been expecting a Corporate Assessment and had formed a Corporate Assessment Steering Group (CAST) earlier in the year to prepare. Other authorities which had already undertaken Corporate Assessments were visited to enable officers to understand the lessons learned.

The Authority was then advised that a 'traditional' Corporate Assessment would not take place but that three themed reviews would be undertaken. As Committee has previously been informed, these were Financial Resilience, Governance and Transformational Change.

The WAO have undertaken risk based assurance work with the Authority during this week. A presentation was made by the Strategic Director, Resources and Leader showcasing Powys. A series of focus groups with staff and Members have been held – one such group was with the Finance Scrutiny Panel. The WAO have also observed Cabinet and Management Team meetings and will observe the Joint Partnership Board via video link.

Their findings will feed into the Annual Improvement Report and the three themed reviews will be published, with Powys benchmarked against other Welsh authorities.

As a result of preparatory work undertaken, the Authority has introduced a central register of key policies and strategies and reintroduced a regulatory tracker.

The Committee acknowledged the work undertaken by the Business Continuity and Risk Management Officer throughout the year and questioned whether the issue had been sufficiently resourced. The officer had had the support of other officers throughout the process.

The Chair reported that the WAO had questioned the FSP on the level of assurance regarding commissioning of projects in the light of the issue surrounding the letting of a domiciliary care contract. Although the Panel had been given verbal assurances that commissioning projects were more rigorous, it was thought more evidence was required.

<b>7.</b>	<b>CLOSURE OF ACCOUNTS</b>	<b>A79-2016</b>
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**Documents:**

- Report of the Acting Head of Financial Services

**Discussion:**

- Preparation is in hand for next year's closure of accounts
- A draft management letter has been received and the recommendations contained within it will be incorporated into the planning process
- A significant change will be in relation to how the highways asset is to be valued. This would affect all local authorities. In response to a query the Acting Head of Financial Services advised Members that the Capital Accountant was involved in the process and options to introduce additional systems were being considered. Resourcing would also be considered within the restructure of the Finance team.
- Further work will need to be undertaken as new models of delivery, such as JVCs etc are introduced
- Early closing is another issue to be dealt with. Officers are liaising with those authorities which have piloted early closing. A WAO Seminar on the topic is to be held shortly. The Chair noted that offices seemed to be very quiet during August and queried whether earlier closing was achievable? All directorates have been involved in planning for earlier closure and are aware of the position. The WAO were asked if they were ready for early

closing – planning for next year will commence in the next few weeks. Income and expenditure testing will start in the first three months of the year, but auditing of certain aspects cannot be undertaken until the balance sheet is complete. Recruitment is also a difficulty in the WAO and succession plans are in place.

**Outcome:**

- **Noted**

<b>8.</b>	<b>TREASURY MANAGEMENT</b>	<b>A80-2016</b>
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**Documents:**

- Report of the Portfolio Holder for Finance
- Credit Rating List (confidential)

**Discussion:**

- Interest rates remain low
- Twelve months ago the forecast for interest in December 2016 was 1% and it is 0.1%
- Low returns on investments but are continually monitored
- The authority is under borrowed as cash is used whilst interest rates are so low. This too, is kept under constant review.
- The Chair queried the Authority's position regarding LOBOs. The Strategic Director advised that the Powys was not as exposed to LOBOs as some other authorities and it would be monitored. The aim is to keep the debt maturity schedule smooth over a number of years and this was demonstrated in the report. This may become more difficult to achieve in the longer term.

**Outcome:**

- **Noted**

<b>9.</b>	<b>DOMICILIARY CARE</b>	<b>A81-2016</b>
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**Documents:**

- Updated Action Plan – WAO review into the letting of a Domiciliary Care Contract

**Discussion:**

- Actions relate to many procurement functions not just domiciliary care
- Most actions are complete
- Remaining actions have been incorporated into other action plans
- Officers were confident that the Authority was progressing appropriately



- The Chair noted that training was being undertaken and sought assurance that the trainers were appropriately trained.
- In 2013 only 1 ½ fte were involved in procurement – investment has been made into a commercial services team of 10. There had been varying degrees of skill, but, in the light of recruitment difficulties, a decision had been taken to grow from within. The team continues to be developed and is led by an experienced, but interim Professional Lead
- It was noted that one action was being monitored by a board which no longer existed – the Committee sought assurance that the replacement body was aware of its role in respect of the action plan. An update would be provided.
- The Committee thought that some of the statistical data could be completed within the plan

**Outcome:**

- **Noted**

<b>10.</b>	<b>ANNUAL IMPROVEMENT REPORT - DATA ANALYSIS</b>	<b>A82-2016</b>
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**Documents:**

- Report of the Portfolio Holder for Performance
- Local Government Performance Bulletin 2015/16

**Discussion:**

- Members had been concerned that data used within the Annual Improvement Report was out of date
- Additional performance data had been circulated showing that Powys was the fourth best improving Council
- 3 website links were provided which offered the most up to date information. Members were offered training on using those sites if they wished
- There was reasonable confidence that services were using the best data
- Members noted the anomalies between differing providers of data
- The Business Intelligence Unit was working on automating data and it was suggested that a presentation on this work may be useful for Members

**Outcome:**

- **Noted**

<b>11.</b>	<b>PENSION POOLING</b>	<b>A83-2016</b>
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**Documents:**

- Report of the Portfolio Holder for Finance

**Discussion:**

- Members had previously been informed of the requirement to pool pension funds
- A further meeting with the Treasury had been arranged to discuss the size of the All Wales pool which Powys was intending to join. Although the intended pool was smaller than recommended, there was significant support for the proposals. Plans were well advanced.
- The proposals would drive down the cost of advisors but each Pension Fund would still make its own decisions
- The Strategic Director, Resources was asked if each Fund would still have sufficient flexibility to maintain its own risk profile and he confirmed that it would and that it would still have its own annually agreed investment policy
- The Committee noted that up to three experienced Members currently sitting on the Pension Board would not be standing for re-election in May 2017 and the Committee challenged how continuity would be managed. The Strategic Director has asked to be kept informed of the skill set of new Members after the election. Members suggested that this risk should be incorporated within the Corporate Risk Register.

**Outcome:**

- **The issue of continuity and effective management of the Pension Board be included within the Corporate Risk Register**

12.	FINANCE SCRUTINY PANEL	A84-2016
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**Documents:**

- Scrutiny summary report

**Discussion:**

- The Committee was informed that a self-assessment had been carried out to ensure continual improvement of the Panel
- A Joint Adult Social Care and Audit Working Group had been established to address the overspend in Adult Social Care
- The Panel had also been briefed on the provisional settlement and the initial findings of the Actuary following the triennial valuation. There was the potential for additional costs on the Pension Fund but the Actuary was considering re-profiling data and his response was awaited.

**Outcome:**

- **Noted**

13.	INTERNAL AUDIT WORKING GROUP	A85-2016
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**Documents:**

- Scrutiny summary report

**Discussion:**

- The Committee was briefed on the topics covered by the Internal Audit Working Group at its last meeting:
  - Schools over delegation
  - Direct Payments
  - Software Licensing
  - IT Business Continuity
- Members noted that one of the items within the recovery measures for Adult Social Care was the recovery of direct debit overpayments - a system to monitor real time expenditure was being considered and it was essential that this was properly managed. It was thought that significant sums were being held in accounts that should be reimbursed.

**Outcome:**

- **Noted**

<b>14.</b>	<b>WORK PROGRAMME</b>	<b>A86-2016</b>
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**Documents:**

- Work Programme

**Outcome:**

- **Noted**

<b>15.</b>	<b>JOINT CHAIRS AND VICE CHAIRS STEERING GROUP</b>	<b>A87-2016</b>
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**Documents:**

- Draft notes of meeting held on 18 October 2016

**Discussion:**

- Members were advised that information regarding the Portfolio Holder for Commissioning was not correct and that the review had been presented to the Commissioning and Procurement Board
- The LGA had been used on the recommendation of the WLGA but the WLGA's lead officer on procurement had participated in the review

**Outcome:**

- **Noted**

<b>16.</b>	<b>CORRESPONDENCE</b>	<b>A88-2016</b>
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There were no items of correspondence.

<b>17.</b>	<b>EXEMPT INFORMATION</b>	<b>A89-2016</b>
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**RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 1 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).**

<b>18.</b>	<b>INTERNAL AUDIT</b>	<b>A90-2016</b>
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**Documents:**

- Report of the Portfolio Holder for Finance

**Discussion:**

- Members noted that the Audit Committee was a consultee in the consideration of options

**Outcome:**

- **The Committee's comments would be forwarded to the Cabinet for consideration**

**County Councillor**

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Community safety in Wales



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU





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

The Wales Audit Office study team Project Manager was Nick Selwyn and comprised Steve Frank, Gareth Jones, Andy Bruce, Martin Gibson and Duncan Mackenzie under the direction of Jane Holownia.

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	The suspension of the all-Wales community safety advisory board is viewed by some public bodies as having inhibited cooperation and minimised opportunities to promote new ways of working	17
	Arrangements to deliver community safety are complex, have changed over time and are not always joined-up which has created difficulties for partnership working	19
	The developing approaches to regional working could address current weaknesses but progress has been slow and further work is needed to ensure accountability arrangements are fit for purpose	21
	Citizens who responded to our survey are not clear on who is responsible for community safety in Wales	26
2	National, regional and local priorities differ greatly and are not aligned, which risks confusion and unco-ordinated action. There is limited evidence of public engagement to inform the plans	28
	There is wide variation in the robustness of community-safety plans, and the lack of alignment between UK, Welsh, regional and citizens' priorities undermines partnership working and opportunities for improvement	29
	Police and Crime Commissioners generally draw on a wide range of evidence to determine their priorities for action but the approach taken varies and is not always robust	34
	Most local authorities have adopted priorities for community safety but these are not always clearly set out	35
	We found limited evidence of effective engagement with citizens and local communities to inform priorities	40



3	<p>Whilst Welsh Government grants have increased significantly, the complex and short-term nature of funding and real-terms reductions in police and local authority community-safety management budgets impact upon partnership working and delivery of value for money</p>	42
	<p>The availability and use of grants to fund community-safety activity is intricate and changing but it is not always clear what benefits or positive impact grants are having</p>	43
	<p>Real-terms spending on policing has fallen and there has been a three per cent reduction in frontline police numbers</p>	50
	<p>Local-authority real-terms expenditure on management of community safety has fallen by 32.7 per cent in the last five years and the reduced capacity is inhibiting activity and improvement</p>	51
4	<p>Because of difficulties in defining community safety and weaknesses in data, scrutiny and evaluation, it is challenging for public bodies to demonstrate the impact of their activity</p>	55
	<p>Police records and survey findings suggest that crime in Wales has fallen significantly in recent years but recent reviews have raised issues of concern about the integrity of the data, which makes measurement of community safety difficult</p>	56
	<p>Citizens have mixed views on their quality of life and how safe they feel</p>	60
	<p>Judging performance and impact in delivering plans is difficult because of wide variations in the quality and range of measures, targets and actions that public bodies use</p>	63
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	<p>Appendix 1 – The statutory basis for management of community safety in England and Wales</p>	70
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# Summary report

## Background

- 1 Community safety relates to people's sense of personal security and their feelings of safety in relation to where they live, work and spend their leisure time. Feeling safe influences how people value their community, and is important to people's quality of life often making the difference between people wanting to live and stay in their neighbourhood or not.
- 2 Because community safety covers so many different aspects of life, there is no agreed definition of what community safety is or the services and activities that contribute to delivering it. Commentators have offered a number of broad characterisations that suggest that it is concerned with those activities that prevent, eradicate, or at least contain not just crime, but the things that are disruptive to the quality of life and wellbeing of people. In its broadest sense, therefore, community safety can cover anything that adversely affects people's lives such as poorly lit streets, graffiti or the cleanliness of an area through to services focussed on crime, victims of crime or those living in fear of crime. Community safety can also be subjective with citizens' views on community safety often influenced by the personal circumstances. For example, the challenges of community safety can be very different in an urban or city environment with a concentrated population in comparison to rural communities where the population is dispersed.
- 3 The involvement of local government in addressing community safety was first actively promoted through a joint central government circular issued in 1984<sup>1</sup>. Subsequently, the **1991 Morgan Report**<sup>2</sup>, recommended that there should be a clear statutory responsibility on local government for the development and encouragement of community-safety activities. The Morgan Report was built upon by the **1998 Crime and Disorder Act** (the '1998 Act'), which created statutory local community-safety partnerships. The 1998 Act defined the core group of agencies – local authorities, the Police, Fire and Rescue authorities and health boards – involved in these partnerships as well as their functions and role at the local level. The provisions of the 1998 Act placed a duty on local agencies to work together to achieve their goals, and highlighted that local authorities, the police and health authorities together are responsible for achieving community safety. In 2007<sup>3</sup> the UK Government introduced a Statutory Instrument that further strengthened arrangements and requires the prescribed authorities set out in the 1998 Act to work together to develop a strategic assessment. The assessment should underpin local strategies and activities and, if done well, will allow for partners to align their work to deliver the greatest impact.

1 Home Office, Department of Education and Science, Department of Environment, Department of Health and Social Security and Welsh Office, **Crime Prevention (Home Office Circular 8/1984)**, Home Office, 1984.

2 Home Office, **Safer Communities: The Local Delivery of Crime Prevention through the Partnership Approach**, Home Office, 1991 ('The Morgan report').

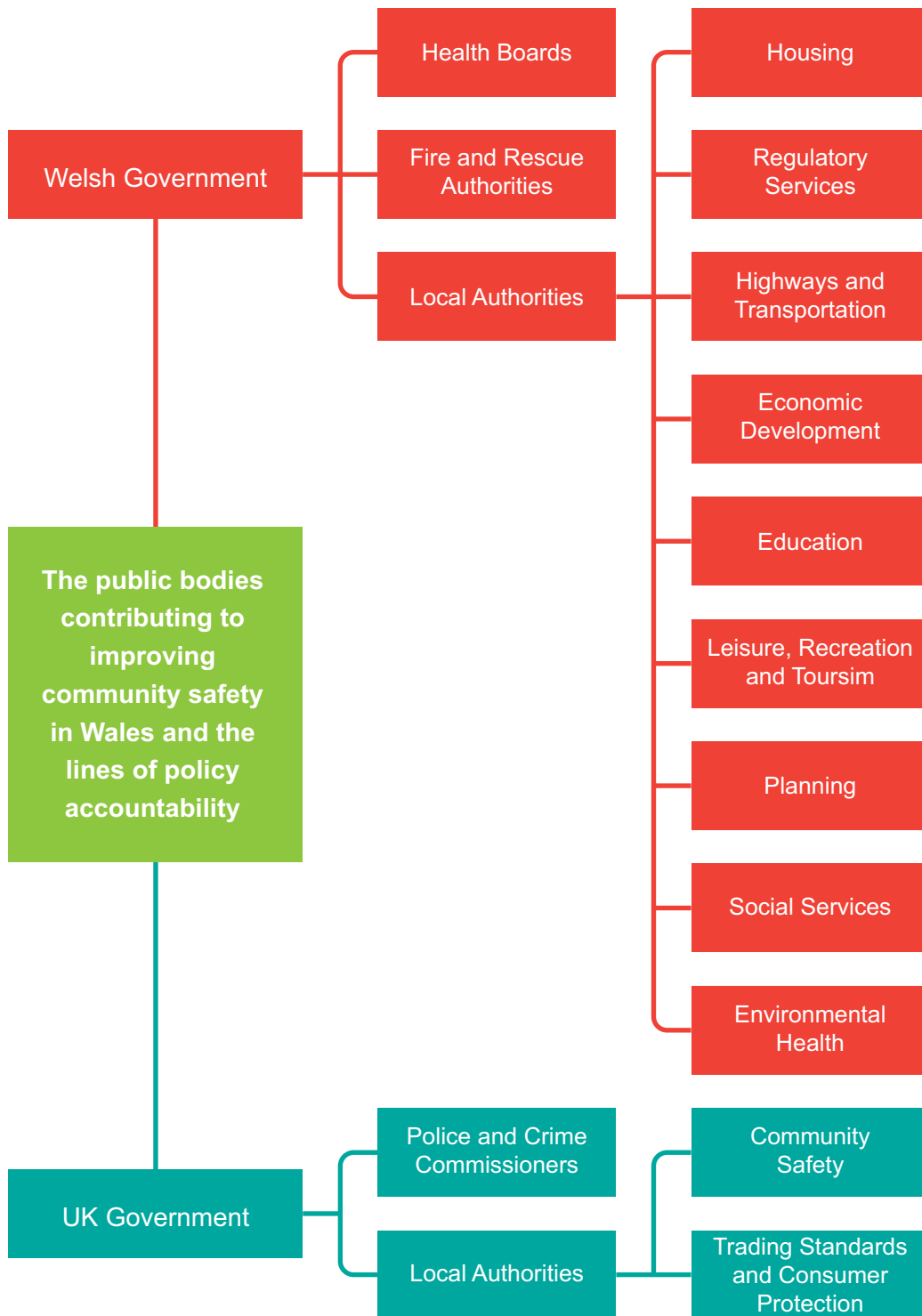
3 Home Office, **Statutory Instrument No. 1831: The Crime and Disorder (Prescribed Information) Regulations 2007**, Home Office, June 2007.

- 4 The most recent major legislative change to the community-safety landscape in England and Wales is the **Police Reform and Social Responsibility Act 2011** (the '2011 Act'). The 2011 Act transferred the control of police forces from police authorities to elected Police and Crime Commissioners and the first police commissioner elections were held in November 2012 and the second elections in May 2016<sup>4</sup>. A key duty of Police and Crime Commissioners is the production of the Police and Crime Plan. Whilst Police and Crime Commissioners are not specifically members of community-safety partnerships they do have community-safety-related powers and duties – including a reciprocal duty to co-operate with community-safety partnerships – and also have powers to directly commission work on addressing community safety.
- 5 Responsibility for the development of policy that contributes to addressing community safety in Wales is split between many different agencies and is complex. The UK Government through the Home Office legislates and provides direction for Police and Crime Commissioners and sets policy in relation to the function of 'community safety' for local government in England and Wales. Responsibilities for community safety are also influenced by the Welsh Government which is accountable for setting the policy for key public agencies such as health boards, Fire and Rescue Authorities and for the major areas of operation of Welsh local authorities. In addition, whilst a wide range of agencies contribute to addressing community safety, the prime responsibilities for setting policy priorities that contribute to addressing community safety in Wales rest with the Welsh Government nationally; Police and Crime Commissioners at a regional level; and local authorities at a local level. **Appendices 1 and 2** set out in more detail the legislative basis and organisational arrangements for community safety in Wales.
- 6 **Figure 1** summarises the line of accountability for the major public bodies and shows that policy and funding decisions are split between the UK and Welsh Governments whilst delivery of the services that impact upon community safety at a regional and local level falls to Police Forces, Police and Crime Commissioners, health bodies and local authorities, amongst others. The approach of the Welsh and UK Governments to addressing community safety are markedly different. The two Governments have different priorities for action which influences how regional and local public bodies operate and work in respect of devolved and non-devolved matters. Arrangements are also subject to change which can offer opportunities to improve how partners work together to deliver services but can also create further complications. Going forward, the introduction of Public Service Boards<sup>5</sup> is seen by the Welsh Government as playing the key role at local level in focussing public bodies on the agreed priorities of an area, including community safety.

<sup>4</sup> Elections were held in 40 police-force areas in England and Wales on 5 May 2016 and three of the four Commissioners for Wales changed – Dyfed-Powys, Gwent and North Wales. Our fieldwork with Police Forces and Commissioners was undertaken in 2015-16 prior to the May 2016 elections.

<sup>5</sup> The Well-being of Future Generations (Wales) Act 2015 establishes statutory Public Service Boards in each local-authority area. The purpose of Public Services Boards is to improve the economic, social, environmental and cultural wellbeing in their area by strengthening joint working across all public services in Wales.

Figure 1 – The public bodies which contribute to addressing community safety in Wales



## About this report

- 7 During 2015-16, staff of the Wales Audit Office, on behalf of the Auditor General, examined whether the Welsh Government, Police and Crime Commissioners and local authorities are working together effectively to tackle crime and other public-safety issues that have a negative effect on people's wellbeing. Our study methods are set out in [Appendix 3](#). These included an online survey for citizens to tell us about their views on community safety and how well organisations work to address their needs, and audit fieldwork at the four Police and Crime Commissioners and seven of the 22 local authorities in Wales. Our methodology also included an analysis of reported crime data, budgets and a review of key plans and strategies. Our report also includes examples of good practice in delivering community safety in Wales and we have also published specific reports summarising performance on community safety by each Police Force and Police and Crime Commissioner.
  
- 8 For the purposes of our review we have judged the effectiveness of delivering community safety against the following criteria – empowered and effective leadership; intelligence-led business processes; engaged communities; partnership working with effective and responsive delivery structures; visible and constructive accountability; and appropriate skills and knowledge. Using this criteria we judge an effective approach to community safety to be one where partners have agreed the actions that prevent and reduce crime, and where responsible public bodies work well together, and with citizens, to support wellbeing and safety in local communities. The approach to community safety should be underpinned by effective visible leadership with partners delivering agreed actions within clear, appropriate and aligned strategies that make the best use of resources and focus on the things that matter.

## Main conclusions

- 9 Based on the findings of this audit, the Auditor General has concluded that **complex responsibilities make it difficult for public bodies to co-ordinate a strategic approach to community safety, which weakens collective leadership and accountability and undermines the potential to help people stay safe.**
- 10 Policy responsibilities across the range of community safety activities are split between the UK Government – which is accountable for policing matters, youth justice and counter extremism among other policy areas – and the Welsh Government which is answerable for the bulk of local authority services in Wales, as well as the Fire and Rescue authorities and Health Boards. As a result of devolution the Welsh and UK Government’s policy approach to the various elements of community safety are however developing in different ways and may therefore diverge in practice and approach.
- 11 Local policing in Wales is not devolved and is delivered via four police forces and four Police and Crime Commissioners. They take their lead from the Home Office. To be truly effective the Police need to work with local authorities because local government is responsible for managing the local community safety partnerships. However, community safety partnerships operate at a local authority, not police force, level. The guidance for partnerships is produced by the Home Office to whom they are accountable. However the bulk of public funding to local authorities comes from Welsh Government.
- 12 The complexities of the lines of accountability means that no single body either leads on or takes responsibility for all aspects of community safety within Wales. Some new regional partnership approaches are being established but these are in their early stages of development. The suspension of the all-Wales community-safety advisory board and the diminishing role of the Wales Association for Community Safety Officers (WACSO) are seen by some partners as having reduced opportunities for joint working on community safety. The complexities of delivery and accountability arrangements are reflected in the findings of our citizens’ survey where many respondents are not clear on who is responsible for community safety in Wales.
- 13 The Welsh Government has no single strategy for community safety and has focussed its activity on delivering the **Programme for Government**<sup>6</sup>. Whilst all local authorities and the four Police and Crime Commissioners have plans, these are not consistently aligned to ensure the best use of resources and maximise impact and there are no areas where national, regional and local bodies have the same priority. Disjointed planning and poor co-ordination can create a risk of organisations either duplicating activity or no one focussing on the most important issues.

<sup>6</sup> The **Programme for Government** is the Welsh Government’s plan for action setting out the key priorities to be delivered during the National Assembly Term 2011-2016.

- 14 Some community-safety plans are not underpinned by good-quality information and have not been updated to reflect changing patterns and trends in community safety, whilst others remain too ambitious and undeliverable. Only 23 per cent of citizens who responded to our public survey stated that they know where to access plans for community safety in their area and only 18 per cent felt that the plans focussed on addressing the most important community-safety issues in their area.
- 15 Funding of community safety has changed significantly in the last six years. Authorities used to receive grants from the Home Office but these are now part of the Police Main Grant. Whilst funding for Police and Crime Commissioners and police forces in Wales has remained stable, in real terms their spending on policing and community safety has fallen. Decisions on where to fund community-safety-partnership activity have mostly followed historical patterns of investment and have not been consistently challenged to ensure grants are used to address the most important issues. The amount of grant monies provided by the Welsh Government to support public bodies in tackling community safety is growing. The complexities of the overall funding regime for community safety, and its short-term nature, are reducing opportunities to improve value for money. Spreading money widely reduces the benefits that can be realised from pooling and targeting funding.
- 16 Cuts to local-authority budgets have resulted in a real terms funding reduction of 32.7 per cent for the management and co-ordination of community safety. Community-safety partnerships recognise that they need to secure alternative sources of funding to sustain their existence but to date little work has been undertaken to access new finance streams. With resources continuing to fall, it is questionable if the current structures for community safety are sustainable or able to deliver what is needed.
- 17 Judging how organisations are improving community safety is difficult. There are no statutory indicators or measures for community safety and no single agency has overall responsibility. Performance is primarily based on Police records and survey findings. Whilst these suggest that crime is now starting to rise after a long period of reported crime falling, historically, crime data has not been reliable. Citizens who responded to our survey feel less safe in their area than they did last year and only 10 per cent are confident that those responsible for community safety are doing a good job.
- 18 Processes for overseeing and challenging performance are not aligned and wide variations in the quality and range of measures, targets and actions make it difficult to demonstrate impact. These conclusions on the effectiveness of performance management arrangements is consistent with the findings of our most recent reviews, and highlights the continuing difficulty public bodies face in collating and evaluating data. Improving data analytics needs addressing if public bodies are to make the right choices on where to invest scarce resources and focus their activity to make the biggest impact.

## Recommendations

Recommendations		
R1	Improve strategic planning to better co-ordinate activity for community safety by replacing the existing planning framework with a national strategy supported by regional and local plans that are focused on delivering the agreed national community-safety priorities.	Welsh Government, Home Office Wales Team, Police and Crime Commissioners and local authorities
R2	Improve strategic partnership working by formally creating effective community-safety boards that replace existing community-safety structures that formalise and draw together the work of Welsh Government, police forces, local authorities, health boards, fire and rescue authorities, WACSO and other key stakeholders.	Welsh Government, Police and Crime Commissioners and local authorities
R3	Improve planning through the creation of comprehensive action plans that cover the work of all partners and clearly identify the regional and local contribution in meeting the national priorities for community safety.	Welsh Government, Police and Crime Commissioners and local authorities
R4	Review current grant-funding arrangements and move to pooled budgets with longer-term funding commitments to support delivery bodies to improve project and workforce planning that focusses on delivering the priorities of the national community-safety strategy.	Welsh Government, Police and Crime Commissioners and local authorities
R5	Ensure effective management of performance of community safety by: <ul style="list-style-type: none"> <li>• setting appropriate measures at each level to enable members, officers and the public to judge progress in delivering actions for community-safety services;</li> <li>• ensuring performance information covers the work of all relevant agencies; and</li> <li>• establishing measures to judge inputs, outputs and impact to be able to understand the effect of investment decisions and support oversight and scrutiny.</li> </ul>	Welsh Government, Police and Crime Commissioners and local authorities
R6	Revise the systems for managing community-safety risks and introduce monitoring and review arrangements that focus on assuring the public that money spent on community safety is resulting in better outcomes for people in Wales.	Police and Crime Commissioners and local authorities
R7	Improve engagement and communication with citizens through Public Service Boards in: <ul style="list-style-type: none"> <li>• developing plans and priorities for community safety;</li> <li>• agreeing priorities for action; and</li> <li>• reporting performance and evaluating impact.</li> </ul>	Public Service Board members



## Part 1

Public bodies have overlapping responsibilities for community safety, which creates barriers to effective delivery



1.1 Fundamental to effective partnership working is having good and clear leadership. In this part of the report, we consider the different responsibilities and roles of partners and how effective the various bodies are at working together on community safety. We also examine leadership and accountabilities for delivery. Finally, we consider the findings of our survey of citizens to gauge their awareness and understanding of who is accountable for community safety in Wales and, from their perspective, how well these current arrangements work.

## The complex accountabilities for community safety make it difficult for public bodies to provide clear and consistent leadership and direction

- 1.2 Legislation and guidance promote a partnership approach as the best way to address the problems of unsafe communities. The benefits of partnership working and effective leadership are numerous and partnerships are potentially powerful tools for tackling difficult policy and operational problems that local agencies face:
- partnerships are better than individual agencies at identifying and defining problems of the greatest community concern and can draw on wider information to prioritise the right things for action;
  - partnerships are better able to develop inventive and targeted actions by drawing together a diverse group of agencies with different responsibilities, skills and approaches;
  - effective partnership can provide clarity of leadership and purpose for co-ordinated action and delivery;
  - collective action is usually more effective than a single agency intervention and potentially will have a greater impact;
  - partnerships allow for resources to be brought together and aligned to focus more effectively on addressing common problems; and
  - multiple interventions are likely to maximise the impact on an issue.
- 1.3 Partnership working as a method of delivering community-safety outcomes is well established and has been promoted as far back as Home Office Circulars<sup>7</sup> from the 1960s onwards. Since the 1990s, successive national-government policies have given a greater focus to the importance of agencies working together to address community safety including the most recent guidance on serious and organised crime published in October 2013<sup>8</sup>.

<sup>7</sup> Home Office, **Report of the committee on the Prevention and Detection of crime (Cornish Committee)**, 1965.

<sup>8</sup> Home Office, **Serious and Organised Crime Strategy**, October 2013.

- 1.4 Because responsibility for community safety is shared by a wide range of public bodies and framed by the priorities of the Welsh Government on devolved matters and the UK Government on non-devolved issues, leadership on community safety can be challenging. The style and approach of the two Governments can influence how regional and local organisations operate and work, in particular in respect of devolved and non-devolved activity, which can make some partnership working difficult for public bodies.
- 1.5 This is further complicated by the differing priorities of the Welsh Government and UK Government for addressing community safety. The Welsh Government is concentrating on agreed priorities within the **Programme for Government**, rather than on community safety as a standalone area of activity, which allows the Welsh Government and public bodies to focus on delivering these priorities. For example, the recent work undertaken by the Welsh Government on domestic abuse which has seen:
- new legislation introduced through the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 (the ‘2015 Act’)<sup>9</sup>;
  - a national advisor appointed to work with public bodies and victims to drive improvements in the way services are planned, commissioned and delivered;
  - the creation of a national training framework to support delivery of the 2015 Act<sup>10</sup>;
  - the creation of an Advisory Group drawing membership from a range of key partners and stakeholders to advise and guide the work of the Welsh Government in this area; and
  - funding set aside to support public bodies to implement the new legislation.
- 1.6 The change of emphasis does, however, mean that community safety as an area of activity is becoming less relevant, particularly at a local-authority level. And, because the Home Office is primarily focussing on strengthening the role of Police and Crime Commissioners, who are promoted as being responsible for co-ordinating and overseeing delivery of community safety at a police-force level, the local-authority co-ordination role via community-safety partnerships is diminishing.
- 1.7 Through our surveys, we found that only 59 per cent of community-safety partnership members that responded to our survey felt that the Welsh Government provides visible and effective leadership on community safety in Wales. The result is lower than the responses for their Police and Crime Commissioner, where 66 per cent felt there was effective leadership, and much lower than the 94 per cent who felt their local community-safety partnership was providing the most effective leadership. However, 27.5 per cent of survey respondents also recognised that their community-safety partnership did not have a high profile and needed to do more to promote its activity.

<sup>9</sup> Welsh Government, [Violence against women and domestic abuse webpage](#)

<sup>10</sup> Welsh Government, [The National Training Framework on violence against women, domestic abuse and sexual violence: Statutory guidance under section 15 of the Violence against Women, Domestic Abuse and Sexual Violence \(Wales\) Act 2015 and section 60 of the Government of Wales Act 2006](#), January 2016.

- 1.8 One of the biggest barriers to delivering better community safety is the complex relationship between the various agencies, and the disjointed nature of responsibilities and leadership for community safety, as highlighted in responses to our survey. One commentator stated that ‘The community safety agenda is set by the local authority, Welsh Government, Home Office and Police and Crime Commissioner. Governance.....it is complex and difficult to manage effectively.’ Others noted that ‘there will remain areas of duplication and potential confusion re primary accountability [there is a] risk of increased gap between ambition and ability to deliver’; and another that ‘the leadership from each agency to get things done is good, but much of that is down to the individuals who have long standing working relationships. The community safety partnership does bring it together but I think much of it would happen anyway. There is tension between the community safety partnerships and the Police and Crime Commissioner’s office and I cannot comment on its relationship with Welsh Government.’
- 1.9 The extent to which government, local authorities, the police and other partners work together to deliver community safety is fundamental to improvement and is not insurmountable where there is a shared vision and a clear willingness to change. At present, however, the complexities of responsibilities and accountabilities for community safety mean that agencies in Wales do not share ‘ownership’ of community safety and leadership can often be fragmented because it is difficult to align.
- 1.10 Building trust between partners is a key component of success whilst poor leadership can be a barrier to improvement. Because so many agencies can be engaged in activity, there is also a risk that responsibility for leading and prioritising action can become unclear. To create the right interventions and make the best use of their resources, organisations therefore need to sign up to work together and have clear and effective leadership to overcome any structural difficulties.
- 1.11 However, from our fieldwork we found that partnership arrangements between public bodies are not always working effectively. In addition, a number of community-safety partnership co-ordinators highlighted concerns on the changing relationship resulting from the recent creation of Police and Crime Commissioners and the impact these structural changes are having on community-safety partnerships. For example, the growing focus on regionalisation is reducing the focus on local issues, and in some cases opportunities for improved strategic working were being lost, which is ultimately reducing opportunities to improve services for the public.

## The suspension of the all-Wales community-safety advisory board is viewed by some public bodies as having inhibited co-operation and minimised opportunities to promote new ways of working

- 1.12 To support delivery of its strategic aims, the Welsh Government established in October 2012 the All Wales Community Safety Advisory Board. The Board was seen as the single strategic all-Wales group and its purpose to work in partnership to support delivery of the **Programme for Government** commitments in respect of community safety.
- 1.13 The Board was established to replace the previous All-Wales Community Safety Forum. The Forum was seen by the Welsh Government as needing to be refocused on the priorities of the Welsh Government's Programme for Government. Chairmanship and secretariat support for the new Board moved to the Welsh Government and a draft terms of reference was produced. The Welsh Government in revising these arrangements saw the Board as having a more strategic role, with one of its key aims being the members' ability to unblock issues preventing or slowing down delivery, and was keen to focus activity on delivering the Programme for Government.
- 1.14 Specifically, the **Terms of Reference**<sup>11</sup> for the Board identified the following priorities:
- work together to support and enable effective delivery of the commitments outlined in the **Programme for Government**;
  - maintain a strategic oversight ensuring delivery is effectively joined up, with appropriate regional collaboration and, in doing so, the group will try to identify opportunities to maximise the outcomes of activity that is delivered;
  - play a key role in identifying and unblocking issues that are preventing or threatening to slow down delivery;
  - influence national, regional and local policy direction and implementation and raise issues of concern;
  - provide key policy updates/activities to other members of the group;
  - consider and discuss community-safety issues on a strategic and national basis;
  - aid collaboration in Wales; and
  - disseminate good practice.

<sup>11</sup> Welsh Government, **All Wales Community Safety Advisory Board, Draft Terms of Reference**

- 1.15 The Board met three times between October 2012 and June 2013 following its establishment. Members of the Board felt there was some duplication of the Board with other meetings, such as the Wales Youth Justice Advisory Panel and the All Wales Criminal Justice Board. Members were informed by letter in August 2013 that the group going forward would hold ad hoc meetings for specific issues should members request to do so, however, no requests were received<sup>12</sup>. The Welsh Local Government Association, local authorities and Police and Crime Commissioners expressed concerns to us that the suspension of the Board has created a leadership vacuum on community safety in Wales and the absence of a national group representing all interested parties hinders opportunities for improvement.
- 1.16 Partners recognise that the Welsh Government has an important leadership and policy role in supporting community safety in Wales. Yet many do not consider that the Welsh Government is facilitating partnership working. For example, one survey respondent noted that the Welsh Government leads well on areas such as 'Substance Misuse, Community Cohesion, however other significant parts of the agenda are not so clear such as on Crime (accepting the devolved aspect), Anti-Social Behaviour and Preventing Extremism. The regionalisation and isolation of the component parts of the Community Safety Agenda (domestic abuse, substance misuse, slavery etc.) are leading to a clear dilution of leadership, governance and accountability.'
- 1.17 Partners did acknowledge that the Welsh Government provides clear leadership in some policy areas and has developed well-rounded and appropriate strategies, and resourced their implementation. This is recognition of the changing agenda for community safety taken by the Welsh Government which is focussing activity on core themes and priorities in the **Programme of Government** – for example, the new arrangements for safeguarding created under the Social Services and Well-being Act 2015<sup>13</sup> – rather than focussing on community safety as a standalone and single concept. However, the suspension of the Advisory Board, and the lack of direction on activity outside of the **Programme of Government**, is seen by some of those we have spoken to as part of our review as a weakness, particularly because of the split in responsibilities between the Welsh and UK Governments for community safety.

<sup>12</sup> Welsh Government, **Minutes of All-Wales Community Safety Advisory Board meeting**, 30 October 2012.

<sup>13</sup> Welsh Government, **Safeguarding webpage**

## Arrangements to deliver community safety are complex, have changed over time and are not always joined up, which has created difficulties for partnership working

- 1.18 Our review has identified there are some important structural barriers to effective partnership working. We have already noted on [page 5, paragraph 5](#) above that the separation of responsibilities between the Welsh Government and the Home Office in terms of policy decisions and oversight of regional and local public bodies can cause some confusion. The separation of responsibilities is further compounded by the lack of alignment between public-sector service boundaries in Wales.
- 1.19 [Figure 2](#) below sets out the boundaries for the main public bodies responsible for contributing to addressing and improving community safety, and highlights that the boundaries between agencies significantly impacts on the relative ease or complexity of partnership working.
- 1.20 Because public bodies do not always share the same geographical boundaries, partnership arrangements can be complex with some organisations having to duplicate activity by servicing a variety of fora within different governance and decision-making arrangements. These geographical differences add to an already complicated picture and can put a strain on already stretched resources with staff having to attend multiple meetings and committees. For example, whilst 96 per cent of respondents to our survey of community-safety partnership members stated that their partnership worked well with their local fire and rescue authority, only 70.5 per cent felt their engagement with the Welsh Government was effective and 76.5 per with local health boards.
- 1.21 The different alignments for partnership working can hinder joint working. For instance, the partnership bodies for community safety for South Wales Police covers two fire and rescue authorities, four health boards and seven local authorities. Similarly, the Mid and West Wales Fire and Rescue Service covers six community-safety partnerships, three health boards and two police forces. Conversely, in North Wales the footprint for public services operate on the same geographical boundary with police, fire-and-rescue, and health services having conterminous boundaries with the six local authorities that make up North Wales. Different geographical boundaries with a lack of co-terminosity hamper accountability, decision making and budgeting.

Figure 2 – Boundaries for key public services and community safety in Wales

Welsh Government			Home Office	Covered by both Welsh Government and Home Office
All Wales NHS bodies	Regional NHS bodies	Fire and rescue authorities	Police forces	Local authorities
Public Health Wales NHS Trust and Welsh Ambulance Services NHS Trust	Betsi Cadwaldr	North Wales Fire and Rescue	North Wales Police	Conwy Denbighshire Flintshire Gwynedd Isle of Anglesey Wrexham
	Aneurin Bevan	South Wales Fire and Rescue	Gwent Police	Blaenau Gwent Caerphilly Monmouthshire Newport Torfaen
	Cardiff and Vale University		South Wales Police	Cardiff Vale of Glamorgan
	Cwm Taf			Merthyr Tydfil Rhondda Cynon Taf
	Abertawe Bro Morgannwg	Bridgend Neath Port Talbot Swansea		
	Hywel Dda	Mid and West Wales Fire and Rescue	Dyfed Powys	Carmarthenshire Ceredigion Pembrokeshire
	Powys Teaching			Powys

Source: Wales Audit Office



- 1.22 Some survey respondents also raised some specific concerns around continuity of attendance, which is resulting in some partnerships involving mainly the council and police at a strategic level. Partnerships operating with such a restricted focus run the risk of becoming too deeply fixated on narrow areas of activity and one interviewee stated that 'community safety partnerships have drifted away and no-one has really stopped this'. If insufficient partners are involved in local forums then partners could focus on the immediate service issues and will have a less rounded view on who uses services and the views of local communities. At the other end of the spectrum, some partnerships have many representatives from a broad range of organisations, although funding restrictions are beginning to reduce some partnerships' ability to maintain large infrastructures.

### The developing approaches to regional working could address current weaknesses but progress has been slow and further work is needed to ensure accountability arrangements are fit for purpose

- 1.23 Where partnerships are focussed on addressing common problems and are effectively aligned, they can make a positive difference. For example, the Wrexham Harm Reduction Unit is a pilot initiative of the Community Safety Partnership. The Unit contains staff from North Wales Police and various services of the local authority working together under one roof to address issues within communities and neighbourhoods. A shared calendar of events helps co-ordinate the partners' activities, while sharing online ICT helps to store information so every partner can access and add information and decide on an appropriate course of action. The initiative has engendered more proactive ways of working instead of reacting to issues, which happened under previous arrangements. The real advantage is having a multi-disciplinary team working together and under one roof, which is saving time and facilitates quicker decision making.
- 1.24 Likewise, the Denbighshire Top 20 is an initiative which identifies the people for whom improved partnership working would help to maximise their independence and resilience and therefore reduce unplanned access to services. The initiative stemmed from Denbighshire County Council's **Well Being Plan**<sup>14</sup> and is a problem-solving initiative where partners, such as the Police, local authority, fire and rescue, health and the ambulance service, meet to discuss and share information on a number of people who are persistent and heavy users of public services. These heavy service users may not have serious problems or issues of concern, but they regularly demand services or draw attention to themselves, whether it is crime related or on other matters. Having different partners present helps different ideas and solutions to be generated and the initiative has produced some positive outcomes with some individuals.

<sup>14</sup> Conwy and Denbighshire Local Service Board, **Supporting Independence & Resilience: Denbighshire Wellbeing Plan 2014-2018**

- 1.25 We have highlighted the Swansea Help Point in [Figure 3](#) which is making a positive impact in the city centre and delivering value for money. Similar initiatives have also been provided in Cardiff with the Cardiff Alcohol Treatment Centre and in Wrexham, the Wrexham Alcohol Treatment and Welfare Centre. The detail of these good practice approaches is set out in [Appendix 4](#).

### Figure 3 – Swansea Help Point

As a result of the effective multi-agency working at the city centre's Help Point, people in Swansea are safer. The Swansea Help Point is a specialist mobile first-aid centre established within the city centre to help alleviate pressure on Accident and Emergency Services at peak times. The Help Point is staffed by the St John Ambulance, South Wales Police, university student volunteers and the street pastors. It is also a refuge and information centre.

In 2014-15, the project helped to reduce the burden on busy services at peak times and treated 582 patients – classified as 55 assault victims, 238 injured persons and 287 vulnerable persons. Only 98 required further treatment at Accident and Emergency with 37 conveyed to hospital by St John Ambulance. The 2014 evaluation estimated that without the existence of the service, 80 per cent (465) of all admissions to the Help Point would have gone directly to Accident and Emergency.

Volunteers also give health advice and make sure that vulnerable people start to make their way home safely, an important issue because safety in city centres at night remains an issue nationally and is a key priority within Safer Swansea's plans that form part of Swansea's Single Delivery Plan. In addition, the Council is investing in regenerating the town centre. Making sure people are safe at night is attracting more businesses into the city centre.

- 1.26 Opportunities for collaboration on a larger scale and across Wales are also being explored. Collaboration is regularly discussed at the All Wales Policing Group and the four Welsh forces are considering areas where they might effectively collaborate. Some attempts have been made to overcome these obstacles by agencies working together at regional (as opposed to local) level. In particular, we found that Police and Crime Commissioners have a growing reputation for providing leadership on regionalising community safety, although their standing appears to be partly driven by their ability to influence the local agenda through their funding.

- 1.27 The North Wales Safer Communities Board is an enabling body which assists the work of the region's individual community-safety partnerships on a North Wales level. Established in 2012, its purpose is to develop a consistent approach to community safety throughout the region. The Board comprises the public organisations that are required by law to work together to tackle crime and disorder and includes all six local authorities, North Wales Police, the Police and Crime Commissioner, Health Board, North Wales Fire and Rescue Service, the Probation Service, Voluntary Sector, Wales Community Rehabilitation Company and the Welsh Government. The aim of the North Wales Safer Communities Board is to provide strategic direction for the exercise of the Community Safety and Youth Justice functions across the region. The North Wales Safer Communities Board has consequently reduced duplication between regional and local arrangements on key priority areas.
- 1.28 Likewise, in early 2015 the Police and Crime Commissioner for Gwent established the Safer Gwent Group. The main purpose of the Safer Gwent Group is to regionally co-ordinate work with key community-safety partners to provide strategic direction and a structured approach across the five local authority areas of Gwent. Membership includes the five local authorities, the local health board, registered social landlords, voluntary sector, youth offending services and the probation and rehabilitation services. The group meets quarterly and enables information sharing to:
- facilitate better partnership working;
  - influence existing funding opportunities to support the Commissioner's Police and Crime Plan priorities;
  - map existing community-safety services to identify duplication and gaps in service provision; and
  - provide information to support commissioning of community-safety services.
- 1.29 One of the main benefits of partners working regionally can be a better alignment of organisations which can be more responsive to citizens' needs than their constituent partners are. However, in legal, political and financial terms, regional entities, if not created and managed effectively, can lead to further challenges as well:
- Whilst regional bodies can draw membership from the local-authority community-safety partnerships, they cannot replace the statutory role of partnerships, including their accountability and reporting, which is vested within the established local-authority governance framework. The role could be replicated by the aims and objectives of any regional group, but needs to be managed carefully to avoid duplicating activity.

- The requirements to maintain statutory local partnerships and also service larger regional entities can spread already stretched resources further and it is questionable if such an approach is sustainable.
- Regionalising arrangements raises other potential concerns such as public meetings and public reporting. Regional bodies may not be as transparent as the established local authority executive and scrutiny frameworks and are often less clearly accountable than their individual members, which raises important questions about the governance and accountability of these partnerships.
- On a practical level, Police and Crime Commissioners are relatively new roles. They need to embed and ensure their governance arrangements are working effectively and their accountabilities are clearly understood. It may be too much to therefore expect Commissioners to both create their own governance infrastructure and commit time and resources to develop alternative regional models as well.
- Continual shifting of arrangements can disrupt relationships especially where there is a lack of formal structure, clear lines of accountability and agreed roles. Structural change can be an unhelpful distraction and can stultify progress.

1.30 Some community-safety partnership members who completed our survey also expressed concerns about the influence of Police and Crime Commissioners. One noted that ‘the relationship between the community safety partnership and Police and Crime Commissioner can be strained, I believe that this is based on changes to funding arrangements when Police and Crime Commissioners came into being and how the Police and Crime Commissioner has delivered those messages to community safety partnership partners..... I think that some community safety partnership members have found these changes difficult to accept and with other changes coming in the future have seen them as threats’. Another outlined concerns that ‘much disruption has been made to our local community safety partnership since the establishment of the regional community safety partnership’ and another that ‘the issue is not the community safety partnership but the complete lack of engagement with the partners and the public.....by the Police and Crime Commissioner.’

1.31 The Home Office provides a link between Westminster and Wales on all areas of Home Office responsibility through their Home Office Wales team. The Home Office Wales team have not formally commented about the move in some areas to dissolve community-safety partnerships and move the responsibility for community safety to local service boards (Public Service Boards now) or introduce regional arrangements. The Home Office Wales team believes that structures have evolved into new formats that are more appropriate and suitable, although due to their limited capacity they do not engage with individual local community-safety partnerships directly and are therefore unable to comment on the effectiveness of these changes.

- 1.32 A number of interviewees raised concerns about the effectiveness of the Wales Association of Community Safety Officers (WACSO<sup>15</sup>), the national body for local-authority community-safety officers. Partners mostly felt that WACSO is not effective in driving change and supporting improvement and a number questioned what value WACSO has in its current format, particularly with the growth in regional working and the impact of reduced resources. The role of WACSO, and community safety as a local authority area of activity, is also influenced by the structural changes introduced by the Welsh and UK Governments and the different approaches developed for setting and resourcing priorities. As a consequence, community safety is now seen as less relevant as a core area of activity and is being replaced by new arrangements in Wales which focus on single-priority issues – substance misuse, for example. The change in emphasis concentrates public bodies on working on and improving these single priorities as opposed to the previous approach of community-safety partnerships co-ordinating and overseeing activity in a range of areas.
- 1.33 Many we spoke to however acknowledged that a national body bringing together all the key players – local authorities, police and crime commissioners, police forces, fire and rescue authorities, health bodies and the Welsh Government – is essential and that WACSO has the potential to play an important role within a national framework. However, in the absence of such a national body and the growing trend for regional working, the influence of WACSO is diminishing.

<sup>15</sup> WACSO is made up of the lead community-safety officers across 20 community-safety partnerships in Wales.

## Citizens who responded to our survey are not clear on who is responsible for community safety in Wales

- 1.34 The majority of citizens who responded to our survey are uncertain on who is accountable for community safety in Wales<sup>16</sup>. Only 41 per cent of citizens who completed our public survey agreed that responsibilities for leading on addressing community safety in their area are shared between the Welsh Government, the Chief Constable, the Police and Crime Commissioners, local authorities and community-safety partnerships. Just under 20 per cent, however, felt that it was their Police and Crime Commissioner who alone is responsible for leading on addressing community safety in their area. A further 14 per cent decided that their local community-safety partnership is responsible and 11 per cent their local authority. Only 3.6 per cent felt that the Welsh Government alone is responsible for community safety in Wales, a finding also echoed in responses to our public survey which recorded low awareness amongst citizens on who is responsible for community safety in Wales.
- 1.35 In terms of the effectiveness of individual bodies, police forces, in particular the chief constable, are seen as being the most effective at leading on community safety with their area. Our public survey recorded that 43.8 per cent of citizens agreed that their local police force is providing clear and effective leadership on community safety in their area as opposed to 19.1 per cent and 23.8 per cent of citizens who felt that the Welsh Government and their Police and Crime Commissioner respectively provide clear and effective leadership. The findings of our citizen survey highlight the complexities of the arrangements and accountabilities for work on community safety. Because responsibilities are split and no single public body has overall responsibility, it can be difficult for citizens to clearly identify who is leading on and dealing with specific community-safety issues in their area.

<sup>16</sup> The survey was made available online and promoted through our communications team. The approach taken does not necessarily guarantee a representative response. For example, we received more responses from North Wales than other areas and no responses in some local-authority areas. Given these limitations, we have only used the survey for illustrative purposes and to report views at an all-Wales level.

Citizens' comments on their awareness of who is responsible for community safety



Source: Wales Audit Office, Public survey for citizens, November 2015.

## Part 2

National, regional and local priorities differ greatly and are not aligned, which risks confusion and unco-ordinated action. There is limited evidence of public engagement to inform the plans





2.1 In the first section of this report we highlighted some of the difficulties with partnership working which national, regional and local public bodies need to overcome. For partnerships to be effective, it is important that strategies and plans for community safety are focussed on the right things and aligned to support delivery. Partners need to be clear about what they are setting out to achieve and about why these achievements are important to local people. In this section of the report we discuss the range of community-safety strategies and plans that are in place. We provide a critique of the current framework and how well aligned activity is.

**There is wide variation in the robustness of community-safety plans and the lack of alignment between UK, Welsh, regional and citizens' priorities undermines partnership working and opportunities for improvement**

2.2 A number of different organisations work together to affect the overall population level community-safety outcomes. The different approaches and responsibilities for community safety noted in Part 1 are also reflected in the complexities of the planning framework with different public bodies having different approaches. Figure 4 summarises the agencies and the current range of plans for community safety in Wales.

Figure 4 – The responsible bodies and plans for community safety in Wales



- 2.3 Currently the **Serious and Organised Crime Strategy** October 2013 and the **Modern Crime Prevention Strategy 2016** set out how the Home Office will prevent people getting involved in serious and organised crime and how partners will work together to address crime in England and Wales. The Strategies make a number of proposals with regard to partnership working; in particular making it a requirement for the Police Forces and the individual Police and Crime Commissioners to be the lead bodies responsible for crime and safety in an area and highlighting that ‘a sophisticated, modern approach will require co-ordinated action on a number of fronts’<sup>17</sup> to address crime.
- 2.4 However, the strategies do not consider the specific issues of devolution and do not recognise that the Welsh Government has responsibility for many areas of activity which are fundamental to tackling crime and improving community safety. And, because the strategies do not consider the specific issues of Wales and are often developed with little engagement by the UK Government with the Welsh Government, the strategies produced by the Home Office do not recognise, align with or seek to influence the work of the Welsh Government. This is especially salient as the **Programme for Government** predates the election of Police and Crime Commissioners and the Home Office strategies noted above.
- 2.5 The **Programme for Government** was published by the Welsh Government in 2011 and covers the National Assembly for Wales’s term until May 2016. The Programme has 12 priority policy themes, of which Theme 7 is ‘Safer communities for all’. Under Theme 7 the Welsh Government aim is to make our communities safer through reductions in anti-social behaviour, crime (including the fear of crime), substance misuse and the incidence and impact of fires as well as effective co-ordination of emergencies.
- 2.6 Whilst the Welsh Government uses the actions in delivering the **Programme for Government** as its community-safety priorities for improvement, the actions do not amount to an all-Wales strategy to tackle community-safety issues as much of the policy area is not devolved. The **Programme for Government** focuses mostly on the role of Welsh Government, the funding commitments made in its election manifesto and the legislative ideas planned for the National Assembly term in the areas of devolved responsibility.
- 2.7 The Welsh Government itself acknowledges that community safety is a complex policy area with a number of different organisations working together to affect the overall population level outcomes, and success is heavily dependent on UK Government policy decisions on criminal justice and policing. To be successful therefore needs policy makers to collaborate effectively to deliver both devolved and non-devolved services<sup>18</sup>.

<sup>17</sup> Home Office, **A Modern Crime Prevention Strategy**, March 2016, Page 7.

<sup>18</sup> The Programme for Government Theme 7: Safer communities for all was published under the 2011-2016 Welsh Government.

- 2.8 We found that because responsibilities for community safety are split between many different public bodies, plans are often not aligned and the Welsh and UK Governments operate independently of each other with respect to planning. For example, the creation of Police and Crime Commissioners by the UK Government in 2011 is not reflected in the **Programme for Government**. Similarly, the Home Office in developing its plans and strategies does not consider the specific requirements of Wales and the role of the Welsh Government on devolved areas.
- 2.9 Whilst the **Programme for Government** clearly articulates the priorities for the Welsh Government, it does not provide a road map for improving community safety identifying the role and contribution of local authorities, community-safety partnerships or other public bodies. The Welsh Government has also not produced any guidance specifically on community safety for its areas of responsibility – fire and rescue authorities, local authorities and health boards – outside of its **Programme for Government** and specific strategies in key areas of activity including a joint Youth Justice Strategy, the Wales Reducing Reoffending Strategy and the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act which became law in 2015.
- 2.10 Currently, there is no agreement between the Home Office and Welsh Government on the priorities' for community safety in Wales. With no agreed vision for community safety, activities and targets can vary widely and are not integrated. Unco-ordinated activity also results in priorities becoming dominated by service perspectives, rather than based on outcomes desired by citizens, service users and communities. Taken together these have resulted in a lack of agreement and subsequently commitment from partners on what needs to happen and are an obstacle to delivering improvement.
- 2.11 We reviewed the current strategic documents for community safety<sup>19</sup> for the Welsh Government, four police and Crime Commissioners and the 20 community-safety partnerships<sup>20</sup>. Whilst a wide range of agencies contribute to addressing community safety, the prime responsibilities for setting priorities for community safety in Wales rest with the Welsh Government nationally; Police and Crime Commissioners at a regional level; and local authorities at a local level. We grouped their priorities against the most common themes included in plans. These are:
- Crime and disorder including anti-social behaviour, victims of crime
  - Reducing crime/fear of crime including acquisitive crime
  - Substance misuse
  - Domestic violence/abuse

<sup>19</sup> Whilst a wide range of public bodies can contribute to improving community safety, responsibilities for strategic needs assessments, planning and setting priorities to improve community safety in Wales are vested in the Welsh Government, the Police and Crime Commissioners and local authorities.

<sup>20</sup> The 20 community-safety partnerships cover each local authority with the exception of joint arrangements in Gwynedd and the Isle of Anglesey and Conwy and Denbighshire.

- Cohesive communities including tackling terrorism
- Child and adult protection and safeguarding
- Safety in communities (fire, roads)
- Combat reoffending
- Youth offending
- Community resilience (emergency planning)

2.12 Each of the bodies has the power to set its own priorities but we were unable to identify a single priority area that every agency has included in their priorities. We recognise that concentrating on key local needs is an appropriate response to ensure public bodies address the issues that are of importance to the local community. In addition, some authorities will not include specific priorities because of their geographical circumstances (authorities will not include work on coastal erosion where they are land locked with no sea coast). Nonetheless, **Figure 5** summarises our evaluation of the alignment between plans and shows that there is no single area where all community-safety plans have all signed up to the same priorities. For example, two of the community-safety partnerships covering four authorities do not include domestic violence as a priority area despite the Welsh Government's clear commitment and resourcing of agencies to address domestic abuse. Similarly, six community-safety partnerships do not have a priority focus on substance misuse.

Figure 5 – Alignment between the Welsh Government, police and crime commissioners and local authority priorities for community safety varies widely

Priority area	Welsh Government priority area <sup>21</sup>	Number of police and crime commissioners with priority area	Number of local authorities with priority area
Reducing crime/fear of crime (including acquisitive crime)	Yes	Four out of four	18 out of 22
Crime and disorder including anti-social behaviour, victims of crime	Yes	Four out of four	17 out of 22
Domestic violence/abuse	Yes	Four out of four	18 out of 22
Substance misuse	Yes	One out of four	14 out of 22
Combat re-offending	Yes	Four out of four	Nine out of 22
Safety in communities (fire, roads, etc.)	Yes	Two out of four	Eight out of 22
Cohesive communities including hate crime, tackling terrorism	Yes	None	Eight out of 22
Child and adult protection and safeguarding	Yes	Three out of four	Five out of 22
Youth offending	Yes	Four out of four	Three out of 22
Community resilience (emergency planning, etc)	Yes	One out of four	None

Source: Wales Audit Office, Review of the priorities included in the Programme for Government; Police and Crime Plans; and Single Integrated Plans.

<sup>21</sup> We have judged the priorities set by the Welsh Government in the Programme for Government 2011-2016 under Theme 7: Safer communities for all. The Welsh Government's policy on hate crime falls under Theme 8: Equalities. This does not include any reference to tackling terrorism. Safeguarding falls under Theme 5: Supporting Communities.

2.13 Whilst local determination is critical in being able to respond to specific needs within local communities, the lack of alignment and absence of a national framework with all bodies pulling in the same direction has created risks of unco-ordinated action and, in some cases, no action by key partners. The lack of alignment between plans and priorities means that there is a risk that the delivery of the Welsh Government's overall population outcomes may be undermined as local community-safety partnerships are not focussing on these national priority areas.

### **Police and Crime Commissioners generally draw on a wide range of evidence to determine their priorities for action but the approach taken varies and is not always robust**

2.14 Police and Crime Commissioners are required under legislation to publish Police and Crime Plans for their areas<sup>22</sup>. Three of the four Commissioners have published annual revisions to their original plans. Those revised plans have identified new priorities and provide a clear focus for action in the force areas. Our review of the plans found that the Police and Crime Commissioners draw on a wide range of police data and other intelligence about the issues that affect community-safety issues to inform their plans. All of the Commissioners state that they respond to the views of the public when deciding on their priorities, with the Dyfed-Powys Police and Crime Commissioner emphasising that his priorities were those that he was elected on and are not solely driven by data. The three Police and Crime Commissioners who update their plans have consulted with the public on those revisions as well as their police and crime panels.

2.15 The quality and coverage of the plans vary greatly. Two of the four commissioners (South Wales and Dyfed Powys) have very wide-ranging plans which contain very broad priority areas. The South Wales Commissioner also has a delivery plan that identifies how the priorities will be delivered. Actions within Police and Crime Commissioners plans and strategies are well linked to local needs and the local context but details on their implementation together with measures of success for each action could be clearer. For example, the Dyfed Powys Police and Crime Commissioner has a priority entitled 'enhanced access to police services' but other than identifying the need for better access to data, it is not clear what the Police and Crime Commissioner intends from the action. Where priorities do not have robust and established indicators available to support them and a data development issue exists, then plans should set out how these weaknesses will be addressed. The Dyfed Powys Police and Crime Commissioners Plan needs to set out the beneficial impact on citizens to help people understand what they can expect and how they can stay safe.

2.16 Police and Crime Commissioners' annual plans and work programmes provide an overall direction for their work and their police forces. However, whilst there appears to be considerable emphasis on the concept of partnership working we found limited evidence of effective engagement with wider partners, for example, local authorities, to help deliver community-safety priorities. Many community-safety plans are not integrated into crime-reduction plans within police-force areas which is leading to a confused picture of priorities with a risk of duplicating and overlapping activity, as reflected in the findings from our surveys with both community-safety co-ordinators and members of partnership bodies. One respondent noted that 'the PCC's strategies are set by a single person and with political rather than just professional input. The Community Safety strategies respond to local needs taking account of Welsh Government expectations, very often the issues may coincide with those of the PCC though the key responses may differ.'

## Most local authorities have adopted priorities for community safety but these are not always clearly set out

- 2.17 In 2012, the Welsh Government published **Shared Purpose – Shared Delivery**, statutory guidance to all local authorities in Wales on integrating partnerships and plans<sup>23</sup>. That guidance stated that local authorities should develop Single Integrated Plans to replace the large number of discrete plans, for example, the Children and Young People's plan and the Community Safety Plan. As a consequence of the decision, all bar one of the 22 local authorities now include priorities for community safety in their single integrated plans.
- 2.18 Eighteen of the 20 community-safety partnership co-ordinators who responded to our survey stated that their strategies include appropriate priorities. One stated that their plan did not and a further co-ordinator did not answer. From our review of authority plans we found that 18 local authorities included clear priorities, and 12 of the 16 local authorities which provided evidence showing how they set priorities use a good range of relevant data to identify and agree these priorities.
- 2.19 However, our review identified that the quality and coverage of the measures set varied greatly in quality. A small number of authorities do not clearly set out how they will achieve their community-safety priorities, targets are not SMART<sup>24</sup> and those responsible for achieving actions are not clearly identified. In addition, too many community-safety partnerships have a high number of priorities, and too many priorities do not align well with those of the Police and Crime Commissioner and other community-safety bodies. For example, Safer Ceredigion has seven priorities, despite these being rationalised from nine. Community-safety partnerships do not prioritise effectively and priorities could be sharper. If plans lack clear measures of success it is difficult to deliver improvement and judge the results. These weaknesses are further compounded by limited capacity and short-term funding.

<sup>23</sup> Welsh Government website, **Shared purpose – shared delivery**

<sup>24</sup> Specific, measurable, achievable, realistic and time bound targets that support delivery or priorities.

- 2.20 Having a wide range of priorities can prove a challenge to deliver, especially given the reduced capacity within local authority community-safety teams. A small number of community-safety partnerships have reduced the number of their priorities to take account of reduced funding, for example, the North Wales Safer Communities Board has set out its four regional priorities which it expects community-safety partnerships to also address as well as setting their own priorities.
- 2.21 Likewise, Safer Swansea's has adopted sharper priorities, and measures of success are now in place as reflected in the 2015 update of the **One Swansea Plan**<sup>25</sup>. Whilst Swansea's original community-safety partnership's 14 priorities from 2011 remain important, they have been sharpened to 'safer night time economy' and 'domestic abuse'. These give greater attention to problems that are tough to deal with, and reflect the Local Service Board's (now Public Service Board) focus on economic development and job creation. The community-safety partnership recognises it needs to do more in matching its work plans and spending to these priorities but a better-quality plan is vital in directing limited resources to those areas that are harder to resolve and cause the public the greatest concern.
- 2.22 Alternately, however, some interviewees felt that the absorption of the community-safety plan into the Single Integrated Plans are seen as weakening the focus on community safety at a local-authority level and has resulted in key activity being lost. In some areas such as Bridgend County Borough Council, not having to produce a discrete community-safety plan has freed up partnership support resources which have been re-directed to implement and manage community-safety actions. Additionally, where community-safety partnerships have strong leadership and engaged members, the partnership has been able to maintain a high profile, identify and work on community-safety issues, and influence the work of their Local Service Board and single integrated plan.

<sup>25</sup> City and County of Swansea, **The One Swansea Plan**, 2015.



The majority of local authorities operate an intelligence-led approach to community safety and used relevant data to identify local priorities but half of community-safety partnerships do not regularly update their strategic assessments, which is contrary to Home Office guidance

- 2.23 We found that a number of local community-safety partnerships have updated their plans to reflect changes in legislation, for example, the community triggers for anti-social behaviour under the **Anti-Social Behaviour, Crime and Policing Act 2014**<sup>26</sup> as well as the introduction of the Police and Crime Commissioners. Whilst 18 local community-safety partnership co-ordinators stated that the community-safety priorities in their plans are based on good evidence, our review of plans concluded that only nine of the 20 partnerships provided evidence that they regularly update their strategic assessments and 11 did not. Of the nine that did provide evidence, we found six of them to have based their assessment on a wide range of appropriate data and used the information to identify and focus on priorities that reflected local circumstances.
- 2.24 Positively, the majority of local authorities use data from local police forces with a smaller number using data sets available from relevant local-authority services, for example, substance misuse services. Some local authorities also used information from voluntary-sector services and other partners to ensure that all relevant information was considered. For example, Safer Swansea's prioritisation process avoided duplicating other reviews by combining with the Local Service Board's annual Strategic Needs Assessment. Safer Swansea uses a variety of information and intelligence including more localised neighbourhood-level data, and information from businesses, schools, charities and the university. The latest One Swansea Plan lists a set of 'potential future challenges' which are risk assessed and are reflected in the prioritisation process.
- 2.25 The Ceredigion community-safety partnership makes good use of crime data in its annual strategic assessment and review to plan the partnership's future work. The community-safety partnership has robust data-sharing protocols in place and has recently reviewed and updated its information-sharing policies and procedures. They work closely with police-data analysts and cross check things like reporting and recording criteria. The work of the Ceredigion community-safety partnership could, however, be strengthened with better evaluation within the partnership or by using the findings of national programmes such as the Purple Flag initiative<sup>27</sup>. Nonetheless, we have highlighted the annual strategic assessment approach as good practice – **Figure 6**.

<sup>26</sup> gov.uk, **Anti-social Behaviour, Crime and Policing Act 2014**

<sup>27</sup> The Purple Flag scheme has been set up to establish national standards and raise the image of Britain's town centres at night. Purple Flag is an accreditation scheme that recognises excellence in the management of town and city centres at night and aims to raise standards and improve the quality of towns and cities by incorporating all aspects of evening and night-time economy management into a comprehensive framework for local partnerships to aspire to. Purple Flag is supported by the Home Office, Association of Chief Police Officers and the Local Authorities Co-ordinators of Regulatory Service.

### Figure 6 – Ceredigion community-safety partnership carries out a comprehensive annual needs assessment

Ceredigion Community Safety Partnership carries out an effective evaluation and annual needs assessment as a means to target diminishing resources effectively and to fully understand the impact of combined efforts.

The annual strategic assessment contains a very detailed review of performance data, crime statistics, community consultation and feedback, ad hoc intelligence, financial information, and a review of any new threats, trends, and emerging issues. The community-safety partnership is constantly gathering and evaluating data and does not see the approach as an annual 'one-off event'. Appropriate information is shared between partners in accordance with its information sharing protocols. Results are collated, reviewed and reported resulting in a new high-level community-safety plan, and integrated into the planning processes of the development of the Local and Public Service Board's Single Integrated Plan. As a result there is a wider appreciation of needs in other areas such as housing, children and young people, and health.

An overview of the community-safety partnership's latest activities and progress achieved is available online. Together with minutes of community-safety partnership meetings it is easy to see how action plans have been developed and what is being learned. For example, the community-safety partnership is engaging a wider group of partners that are focused on the night-time economy in Aberystwyth where anti-social behaviour remains a high public concern. By working with the university and local businesses, violent crime and drink-related crime reduced by 12 per cent in 2014-15, and students and the general public now feel safer at night.

- 2.26 However, a number of community-safety partnership co-ordinators note some difficulties exist with regard to accessing and collating information and evidence from partners to support planning and prioritisation. For instance, one respondent noted that 'there are some areas that are difficult to get good performance measures for'. Despite these difficulties, 17 of the 20 community-safety partnership co-ordinators feel that members of their Partnership provide information to support planning. In addition, 16 of the 20 co-ordinators stated that their Partnership members provide support to the process of producing plans/strategies for community safety in their area.
- 2.27 We also identified that in a small number of authorities the data presented in needs assessments documents only reflected the priorities that were finally agreed. The majority of data included in the original needs assessments was presented at whole local-authority level and a small number of local authorities used ward-level data to identify their priorities, for example, in Cardiff which analysed some indicators at a ward level to identify local 'hot spots'.

- 2.28 Many co-ordinators also responded that resources within the partnership (ie, local-authority officers supporting the partnership) were scarce and impacted on the quality, frequency and level of analysis included in needs assessments and strategic updates. The role of a police analyst was seen by many community-safety partnerships as being vital and in some areas, police forces are providing regional strategic assessments and other regional bodies. For example, the North Wales Community Safety Board, now lead on the activity, primarily as a result of reduced capacity within local authorities to undertake work. Two co-ordinators responded to the survey stating that the link with their police-force analysts is poor and impacts on their ability to source police data for their work, with one noting that they have 'struggled recently with lack of data from police analysts in the form of the annual community assessment'.
- 2.29 In other areas where relationships are good, and where other partners also contribute to the process of sourcing and providing data, innovative work around sharing and developing new datasets is happening. For instance, in Bridgend, a superintendent from South Wales Police chairs a group of practitioners and analysts (which extends outside members of the community-safety partnership) to links data between the Police and Crime Commissioner, the Local Service Board (now Public Service Board) and community-safety partnership. The group is able to identify and respond to changing patterns of crime and offending, and looks at causal effects rather than just symptoms. It also develops new data sets to meet identified gaps and needs in specific areas, such as missing persons – for example, sharing internal police data with local-authority data allowed the group to identify and target those individuals most at risk of going missing, which is allowing agencies to better manage the risk – and identifying hotspots of anti-social behaviour through the sharing of social-housing data on the number of tenants forced to move because of violence issues.

## We found limited evidence of effective engagement with citizens and local communities to inform priorities

- 2.30 Welsh Government policy emphasises the importance of effective public engagement and it is widely seen as a crucial aspect of ensuring that all public-sector organisations in Wales develop a more ‘citizen-focused’ approach to the design and delivery of their policies, programmes and services. However, consulting local people about their concerns can be difficult and agencies often underestimate the nature of the challenge.
- 2.31 A number of co-ordinators and community-safety partnership members commented that the cost is a limiting factor in their consultation plans, with one co-ordinator stating that all engagement activity has been stopped in their area because of the cost. Other survey respondents to these surveys noted problems designing consultation activity that engaged effectively with hard-to-reach groups or to ensure a fair distribution of responses covering the wider socio-economic profile of an area. Similarly, how actions are shaped by consultation, and how they have been informed by a better understanding of community needs is not well articulated.
- 2.32 Consulting local people has not typically formed part of the process of identifying community-safety priorities. From our review of key plans we concluded that only six of the 20 community-safety partnerships have effective consultation approaches with the public on community safety and a further eight authorities, whilst undertaking engagement and consultation activity, had some gaps in arrangements. The remaining six partnerships had weaknesses in their engagement with and use of information provided by citizens – for example, making no reference to any public consultation as part of the needs assessment or priority-setting process or relying on out of date survey data to shape priority setting – or did not provide any evidence on their consultation activity.
- 2.33 Community-safety partnerships such as Safer Ceredigion engage widely with communities although capacity problems are restricting their ability to plan ahead and maximise all opportunities. Safer Ceredigion aims to reduce duplication and make the most out of events by co-designing events and sharing results. The community-safety partnership works closely with the local authority’s Community Safety and Civil Contingencies Unit, Age Cymru Ceredigion, Mid and West Wales Fire and Rescue Service, and Dyfed-Powys Police. As a result, a better understanding of local needs is made at a neighbourhood level, which is important when resources are scarce and need focusing on what matters the most.

- 2.34 Despite such activity, citizens still have a low awareness of the local priorities for community safety. Through our public survey, we found that 91 per cent of citizens who responded to the survey stated that they were unaware of how their community-safety partnership consulted or engaged with them when developing their priorities for community safety. Only 23 per cent of those who responded to our public survey knew how and where to access the local-authority plan for community safety covering their area and only 18 per cent felt that the plan reflected what they considered to be the most important community-safety issues. The vast majority of respondents – 83 per cent – said that they were not aware of the consultation/engagement undertaken when developing plans for the area. Only 18 per cent of survey respondents agreed that that their community-safety partnership kept the public informed of progress against delivering the plan’s targets and actions and more than a third did not know. These are all very low levels of awareness and understanding that highlight that consultation and engagement are areas for further work.
- 2.35 Public bodies are also not working smartly and using their existing information resources to better engage with citizens. For example, too many community-safety partnership websites are not an interactive community resource. Safer Ceredigion’s pages have very limited safety information, or self-help facilities, there is no performance information, and there is no type of ‘Have Your Say’ section. In addition, there are no Twitter or newsfeed elements. As a results it is hard to see how the public can take responsibility for their own safety, and it is not clear how the community-safety partnership is performing, which is a missed opportunity to engage with younger people who are a target group for many community-safety partnerships.
- 2.36 Examples of the good practice on community-safety engagement we identified from our review included using large-scale surveys (citizen panels, etc) to gather data about the public’s perception of community safety and what their priorities are. In some instances, data is available at a lower level, for instance, in Cardiff where consultation is carried out at a neighbourhood level. Cardiff’s Partnership Board also has an arrangement where all partners share consultation data and consultations are planned and co-ordinated between partners to maximise their impact and productivity. Some areas used their PACT<sup>28</sup> meetings to consult with residents.
- 2.37 Similarly, Wrexham has developed an engagement hub, which is a central library with front-end access for the public and registered users and an interface for local service board members and authorised partners. The hub is searchable for various consultations and data to help minimise duplication and provide a useful source for the Council and its partners. Consultation also works well when there is an emphasis on people’s perceptions and feelings of safety, rather than just focussing on crime rates to identify priorities for work.

<sup>28</sup> Partners and Communities Together (PACT) meetings are open to everyone and give residents the chance to influence what happens in respect of policing and community safety in their neighbourhood.

## Part 3

Whilst Welsh Government grants have increased significantly, the complex and short-term nature of funding and real-terms reductions in police and local authority community-safety management budgets impact upon partnership working and delivery of value for money



- 3.1 In this part of the report, we examine the changes in budgets for community-safety activity in the last five years. We also consider the complexities of the different grant regimes and impact of the changes in the allocation and award of grants on delivery. Finally, we summarise the recent changes in police and local-authority community-safety management budgets and how these changes impact on planning and delivering community-safety services on the ground.

### The availability and use of grants to fund community-safety activity is intricate and changing but it is not always clear what benefits or positive impact grants are having

- 3.2 Funding of community-safety activity, especially at a local-authority level, comes from a number of different sources including the Home Office, Welsh Government and Police and Crime Commissioners, reflecting the different functions for which each body is responsible. In the last five years there has been a substantial change in how community-safety activity is funded, by whom, for what and how much is invested. Funding is also not always joined up or aligned and resources are being spread widely, which affects agencies' ability to keep people safe and reduces the potential benefits that can arise from better-targeted funding.

### The Home Office stopped funding community-safety partnerships and now provides resources directly to Police and Crime Commissioners but there is a mixed picture on how effective grants funding is

- 3.3 In February 2011, the Home Office wrote to the Welsh Government, Chief Constables and local authorities to notify them of their allocation of funding for community-safety work and changes it was planning to make to the funding formula in future years. In 2011-12 the Home Office made available funds totalling £2.5 million for Wales with money paid directly to individual authorities via a distribution formula. The Home Office also provided indicative allocations for future years but stated that these resources would reduce by 60 per cent to £1.2 million in 2012-13 and, in 2013-14, the funding would be combined with a number of other grant programmes into a new Home Office Community Safety Fund<sup>29</sup> (the Fund).
- 3.4 Since 2013-14, the new Fund has been provided directly to Police and Crime Commissioners. The Fund is not ring-fenced and Commissioners are able to use the money to contract services that can, for example, help tackle drugs and crime, reduce re-offending, and improve community safety in their force area. Commissioners are also free to use these funds to invest in existing programmes of work but can also pool funding with local partners to maximise impact. How the Fund is used is a decision for individual Police and Crime Commissioners to take locally.

<sup>29</sup> The programmes replaced by the Community Safety Fund covered £123 million of expenditure in 2012-13 and included the Drug Interventions Programme; Community Safety Partnership Funding; Youth Crime and Substance Misuse Prevention activities; Positive Futures; Communities against Gangs, Guns and Knives; Ending Gang and Youth Violence programme; Community Action Against Crime; Innovation Fund; and Safer Future Communities.

- 3.5 However, the Home Office decision to combine these grants into core funding and give Police and Crime Commissioners freedom to decide how they wish to use the money has made it difficult to ascertain either how much is being spent on community safety or what specific areas of activity are currently being funded. Whilst these contributions give greater influence – for example, in intervening in improving the governance and performance of Youth Offending Teams – the impact on overall crime and disorder is not clear. Police and Crime Commissioners do not always request an evaluation of impact of their grants and even if they did, local-authority community-safety co-ordinators reported to us that they do not think they have the capacity to do undertake such an assessment properly.
- 3.6 The South Wales Police and Crime Commissioner, like others, provides his funding on the basis of a contribution to the overall partnership rather than to specific initiatives. Through their financial contribution, the Police and Crime Commissioner seeks to ensure that the objectives of the partnership are coherent with the Police and Crime Reduction Plan and that the partnership has mechanisms to monitor the effectiveness of all partnership funding. Similarly, the Dyfed-Powys Police and Crime Commissioner is actively looking at ways to build capacity and improve value for money, and in [Figure 7](#) we highlight the approach to commissioning services as good practice.

#### Figure 7 – Dyfed-Powys Police commissioning of services

The Dyfed-Powys Police and Crime Commissioner’s team are commissioning services to support the crime reduction plan for 2013-2018. The team has a clear commissioning framework and work to a set of value-for-money principles. For example, Powys Association of Voluntary Organisations was awarded a contract to establish an appropriate adult volunteer scheme. The Commissioner also aims to build community capacity and help people take more responsibility for their own safety by building capacity, protecting front-line services, and utilising local skills and expertise in areas that the police are struggling to resource effectively. For instance, using very specific expertise such as housing support, family liaison, and alcohol diversionary schemes to carry out tasks previously undertaken by uniformed police staff.

In addition, the Police and Crime Commissioner is using his grants to deliver innovative community-safety services. To date, a total of £1.5 million has been allocated for grant funding during 2015-16. The most significant spending has been targeted at preventing and tackling crime and protecting vulnerable people. Other sources of funding are being considered such as joint commissioning, fees and charges, private-sector partnering for some support functions, and other national funding. As a result, the Dyfed-Powys Police and Crime Commissioner is clearly working towards delivering its priority of ‘spending wisely.’ He commissions local firms where possible. Business confidence is important to the Police and Crime Commissioner so working collaboratively to deal with digital crime and cybercrime will remain a clear focus.



- 3.7 The Gwent Police and Crime Commissioner is also promoting funding opportunities to assist charities, voluntary organisations and community groups involved in activities that have a positive impact on the communities in Gwent, whilst at the same time contributing towards delivering the Commissioner's priorities. Funding is made up of monies recovered from the **Proceeds of Crime Act 2002**<sup>30</sup> and the **Police Property Act Regulations 1997**<sup>31</sup> (and where necessary, supplemented by the Commissioner's overall budget). A formalised bid process is administered by the Commissioner's office, with bids scrutinised and recommended by a panel made up of representatives from the Commissioner's office and partners. The Commissioner monitors and evaluates initiatives funded, with some recipients receiving follow-up visits to assess their impact and success.
- 3.8 However, we also found that funding for community-safety projects is not always directed towards the greatest need. Jobs and economic growth are high priorities for national and local bodies but current community-safety funding does not always match these important economic considerations. Business growth is higher in areas such as Cardiff and Swansea and yet these community-safety partnerships get similar funding to those with a lower economic risk. Conversely, areas of high business-related crime do not get particular attention. For example, Caerphilly has a much higher than average rate of non-domestic burglary and yet community-safety-related grants get no special consideration of the impact of theft or burglary on local business growth. Cybercrime and online fraud are a growing national economic risk and yet national and local community-safety bodies are not doing enough to help businesses stay safe. As a result, local economic growth is exposed to unnecessary risk.
- 3.9 Sustainable funding is the highest issue of concern and operational risk for many community-safety partnerships. Grants given to community-safety partnerships are typically one-offs or annual, which makes it difficult for community-safety partnerships to plan ahead and maintain capacity. In addition, the level of grant provided by Police and Crime Commissioners to community-safety partnerships is not based on any well-defined criteria of need or performance or what is required to deliver the intended outcome, mainly a reflection of uncertainties and continued reductions in Home Office funding. For example, Police and Crime Commissioner financial contributions to local community-safety partnerships are largely based on previous levels of Home Office Grant but as the Home Office reduces the grant it provides, it is difficult for Police and Crime Commissioners to continue to sustain the previous levels of partnership funding.

<sup>30</sup> The Act provides for the confiscation or civil recovery of the proceeds from crime and contains the principal money-laundering legislation in the UK.

<sup>31</sup> The Police Property Act Fund is created from the proceeds of the sale of goods recovered by the police that cannot be returned to their original owner. In accordance with the 1997 Regulations all awards from the fund must be for charitable purposes.

- 3.10 For example, the South Wales Police and Crime Commissioner deals with seven community-safety partnerships and is funding five community-safety partnerships directly and all seven youth offending boards. The other two local authorities within the South Wales Police Force area have their Local Service Boards directly funded. Community-safety partnership co-ordinators who responded to our survey noted that 'reductions/ceasing of grant funding over the years, has brought with it new pressures' and another that changes in grant funding had resulted in services becoming 'under resourced locally and more focus on regional platforms means that potential project opportunities are not being picked up'.

### The Welsh Government is investing resources to deliver Programme for Government priorities and has increased how much grant it makes available for work that contributes to improving community safety

- 3.11 The Welsh Government has resourced delivery of its commitments in relation to the **Programme for Government** priorities of 'Theme 7: Safer Communities for all'. One of the major policy commitments in the Programme was the recruitment nationally of 500 Police Community Support Officers. The Welsh Government has committed over £58 million in total since the commencement of the initiative. In addition, the Welsh Government is also investing significant monies to support specific areas of activity through its grants programme. The circumstances in which grants are given and the objectives they meet vary considerably across the different programmes. Undoubtedly Welsh Government grants play an useful role in encouraging partnerships by targeting funding to deliver priorities. Grant funding also enables the Welsh Government to support a wide range of policy-related activities without having to directly manage them on a day-to-day basis. However, too great an emphasis on national-level solutions can encourage community-safety partnerships to chase the money rather than focus on local problems that need addressing.
- 3.12 The Welsh Government has significantly increased its investment in community safety. **Figure 8** summarises selected Welsh Government grants that contribute to community safety. The table shows that the use of these grants to resource community-safety activity increased between 2011-12 and 2015-16, rising in cash terms from £9.9 million in 2011-12 to £63.6 million in 2015-16. In terms of the proportion of the Welsh Government grants expenditure, the level of investment on community-safety activity has risen from 0.5 per cent in 2011-12 and now accounts for roughly five per cent of the total programme budget in 2015-16<sup>32</sup>.

<sup>32</sup> The information shown in **Figure 8** details the grants amount approved in the financial year and is taken from the annual Local Government Settlement produced by the Welsh Government. These grants are not formally classed as spending on community-safety activity by the Welsh Government (because no such classification exists or is used). Because of these limitations, we have based our assessment on the broader programmes of work that contribute to community safety and are taken from **Welsh Government, Local Government Settlement**, 4 February 2015. We have not included other programmes such as Supporting People where the level of financial contribution cannot be estimated with any degree of certainty. In addition, our analysis is based on specific streams of grant funding and is not intended to represent a complete analysis of the total potential public expenditure on community-safety activity. Our analysis also looks at the total cash grant allocated and does not consider real terms spending because of the growth over time in the number of grants, which makes a like-for-like comparison less meaningful.

Figure 8 – Welsh Government Grants funding between 2011-12 and 2015-16

Welsh Government Grant Programme	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
Local Authorities Flood Funding	0	0		1,577	0
Road Safety Grant	0	0	2,000	2,000	2,000
Substance Misuse Action Fund	0	0	0	22,663	22,663
Community Cohesion Grant	1,700	500	500	372	360
Community Fire Safety	2,400	2,400	2,250	2,138	1,030
Domestic Abuse Service Grant	0	0	0	1,236	1,244
Youth Crime Prevention Fund (formerly Safer Communities Fund – renamed in 2013)	4,535	4,535	4,898	4,900	4,900
Community Support Officers	1,287	9,787	15,287	15,787	16,787
Youth Justice Service	0	0	162	296	300
Flood and coastal erosion	0	0	0	12,155	12,155
Lead Local Flood Authority Grant	0	2,200	2,200	2,200	2,200
<b>Total</b>	<b>9,922</b>	<b>19,422</b>	<b>27,297</b>	<b>65,324</b>	<b>63,639</b>

Source: Welsh Local Government Settlement, List and estimated amounts of Grants for total Wales, 2011-12 to 2015-16.

**The separation of funding, its short-term nature and its focus add additional complexities to the community-safety landscape and do not support medium-to-long term planning nor value for money**

- 3.13 The recent changes in the commissioning of community-safety activity has created significant difficulties and barriers. Many of the survey participants are sceptical about these changes. Specifically, they raise concerns over the amount of work needed to apply for grants; the need to apply annually for recurrent funding; the lack of consistency across programs; and the limited co-ordination between agencies. The complexities of funding are also a by-product of the different responsibilities for community safety in Wales. We address this in more detail below.
- 3.14 Applying for grants takes time and many grants come with conditions attached that require careful management. Each funder has their own criteria, priorities and processes, which means every application has to be tailored. Within already stretched community-safety partnerships, managing these additional requirements reduces capacity yet further. One survey respondent noted that the experience of their partnership was that bidding for funding 'requires a lot of administration and time to complete in order to justify public spending, and runs the risk of being rejected. Local issues are not given the same priority when slippage is accrued, and can be lost in a regional setting. It seems whoever holds the purse strings also has further say in how slippage is allocated and which bids are successful - and will also ask for further information for justification'. Another commented that the 'lack of funding and resources to seek funding' and the community-safety function had 'reduced over last few years and largely down to one person'.
- 3.15 Many of the grant programmes are also of a short-term nature and can raise as many practical problems as the money will assist in addressing. One community-safety partnership member responding to our survey noted that 'reliance on external funds promotes high turnover of staff' and another that grant funding is 'very piece meal - affects recruitment and the quality of candidates. Totally unsustainable'. Decisions on awards can also take a long time and the amount of funding provided can be reduced with little notification. For instance, one survey respondent noted that 'It has been extremely challenging when Welsh Government and the Youth Justice Board had proposed making in-year reductions in grant funding when business plans are already in place to support programmes of work.' Views such as these are echoed by the Dyfed-Powys Police and Crime Commissioner who states that annual funding does not help with longer-term planning. The Police and Crime Commissioner's team see pooling budgets as the best way forward, but also felt there is no drive across all public bodies to encourage such an approach. As a result, there is a risk that partners can pull in different directions and opportunities are not being maximised.

- 3.16 In addition, funders have specific priorities for types of activity they want to fund but these do not always correspond with the community-safety partnerships priorities or what will have the greatest benefit for the community. For example, one community-safety co-ordinator noted that 'the capacity for the community safety partnership to respond to issues has been heavily curtailed since the Police and Crime Commissioner came into office. Much of the funding which formerly came to the community safety partnership was fairly distributed on projects which we all considered important, this permitted the community safety partnership to have a very positive effect in our communities. Since Police and Crime Commissioners came into operation the community safety partnership has very little funds to support important and effective local projects and as the Police and Crime Commissioner strategy and that of the community safety partnership is somewhat different those projects are often not funded by the Police and Crime Commissioner or are funded to deliver very different services, sometimes those which might be less helpful in community safety terms.'
- 3.17 Finally, the transfer of funding from the Home Office to Police and Crime Commissioners away from local authorities, is impacting on the viability and effectiveness of local partnerships. The Home Office re-aligned their previous grant funding into their Police Main Grant, which is distributed directly to Police and Crime Commissioners. Combining separate funding streams into the Police Main Grant gives Police and Crime Commissioners greater power to allocate their funds where they see fit, but amalgamating grants can also lead to a reduction in spending on community safety. One community-safety partnership member noted that 'in the past the community safety partnership received dedicated funding from both the Welsh Government and the Home Office. The cessation of these funding streams has impacted the community safety partnership's ability to delivery local interventions.'
- 3.18 Providing value for money is an imperative for publicly funded bodies and is currently in sharper focus given the requirement to cut budgets and streamline processes to achieve efficiencies without undermining effectiveness. It is questionable whether the current arrangements are providing value for money with community-safety partnerships receiving multiple grants often from more than one agency. The time and resources spent reporting on them, especially when administrative support in partnerships has been cut, is not an effective use of resources. The lack of co-ordination between the Home Office, Welsh Government and Police and Crime Commissioners also puts community-safety partnerships at a disadvantage. It adds to agencies' administrative costs and increases the risk of poor targeting and use of public funding. In addition, multiple funding streams make it difficult to understand where the benefits from grants investment are being achieved and whether the costs and benefits, on balance, represent value for money.

3.19 Highlighting these problems with the current arrangements one community-safety co-ordinator concluded that ‘the financial resources for Community Safety are very complicated. We receive funding from many different sources, public sector core budget, Welsh Government grants, Home Office grants, Police and Crime Commissioner grants, Supporting People and Community First grants, third-sector grants. Some of those are split funded, some annual, others one-off non-recurring. Some grants are regionally centralised, others virtually pooled, some ring-fenced, others local grants. Some of the funding secured may not on the surface relate directly to Community Safety, but the work of the post holder indirectly makes a significant contribution to the strategic and operational delivery.’

## Real-terms spending on policing has fallen and there has been a three per cent reduction in frontline police numbers

3.20 A public body’s workforce is one of its greatest assets and a significant proportion of expenditure is on staffing. At a time of financial pressures, balanced budgets are often achieved mainly by reducing staff numbers through voluntary early release and vacancy management, where staff that leave are not replaced. **Figure 9** shows that in cash-terms expenditure on policing rose between 2010-11 and 2014-15 by approximately £35 million. However, real-terms spending – the change in expenditure after correcting for the effect of inflation – shows that funding for policing has fallen by roughly £13 million. The reduction in budgets for policing is matched by a fall of three per cent between 2012-13 and 2014-15 in Police Force numbers<sup>33</sup>.

Figure 9 – Revenue outturn expenditure by police force between 2009-10 and 2014-15

Police force	2010-11 £'000	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000
Dyfed-Powys Police	106,643	106,650	106,769	100,788	110,778
Gwent Police	130,399	127,361	125,502	126,956	144,489
North Wales Police	154,454	148,088	151,819	156,057	154,416
South Wales Police	275,139	273,766	272,091	291,307	292,040
<b>Total Police – cash-terms spending</b>	<b>666,635</b>	<b>655,866</b>	<b>656,181</b>	<b>675,108</b>	<b>701,723</b>
<b>Total Police – real-terms spending</b>	<b>714,507</b>	<b>679,724</b>	<b>680,051</b>	<b>685,319</b>	<b>701,723</b>

Source: Stats Wales – LGFS0023, **Revenue outturn expenditure, by authority and HM Treasury, National Statistics, GDP deflators at market prices, and money GDP: March 2016 (Budget)**, 22 March 2016

33 [www.gov.uk](http://www.gov.uk), **Police workforce England and Wales statistics**, 20 July 2016

- 3.21 From our public survey, we found that 18.3 per cent of those who responded stated that the amount of council tax allocated for policing is too small compared to the 18.8 per cent of citizens who believe that the proportion of the council tax they pay that is allocated to the police is too high. However, a further 40.5 per cent stated that they would pay more council tax if the extra money was directly allocated to fund additional policing in their area.

### Local-authority real-terms expenditure on management of community safety has fallen by 32.7 per cent in the last five years and the reduced capacity is inhibiting activity and improvement

- 3.22 Budgets for management of community safety are not being protected from cuts and local-authority expenditure on community safety is falling at higher rates than the overall cut to authority budgets. We found that Gross Revenue Expenditure by local authorities directly on community-safety activity (defined as expenditure on community safety CCTV; community-safety crime reduction; and community safety – safety services) has fallen by £10.9 million, from £39 million in 2010-11 to £28.2 million in 2014-15. In real terms the reduction is even sharper, a fall of £13.7 million.
- 3.23 **Figure 10** shows that of the 22 local authorities 16 have seen a reduction in funding with the largest real-terms cuts in Isle of Anglesey (83.6 per cent), Swansea (83.5 per cent), Newport (77.8 per cent) and Carmarthenshire (77.4 per cent). Six local authorities have increased expenditure on ‘management’ of community-safety activity. The largest are in Merthyr Tydfil where the budget increased by 149 per cent in real terms between 2010-11 and 2014-15 and Wrexham which has a real terms increase of 104.9 per cent.

Figure 10 – Gross Revenue Expenditure on management of community safety by local authority between 2010-11 and 2014-15

Council	Changes in budget in cash terms					Real-terms change between 2010-11 and 2014-15
	2010-11 £'000	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	
Merthyr Tydfil	183	483	183	551	488	149.0%
Wrexham	2,598	2,277	2,040	2,306	5,704	104.9%
Caerphilly	982	3,226	2,963	2,756	1,524	44.8%
Flintshire	1,350	948	1,087	2,092	1,599	10.6%
Gwynedd	969	961	845	1,068	1,081	4.1%
Cardiff	4,091	3,391	3,273	4,419	4,395	0.2%
Rhondda Cynon Taf	4,669	4,233	4,658	4,740	4,256	-14.9%
Conwy	2,244	1,819	2,741	1,754	1,860	-22.6%
Bridgend	1,029	813	682	706	695	-37.0%
Torfaen	812	518	509	176	479	-44.9%
Monmouthshire	757	503	512	450	444	-45.0%
Neath Port Talbot	1,229	1,082	840	967	675	-48.7%
Pembrokeshire	217	207	151	145	117	-49.5%
Powys	598	565	338	325	260	-59.4%
Blaenau Gwent	1,866	1,599	1,731	1,741	769	-61.5%
Ceredigion	331	277	233	222	135	-61.8%
Denbighshire	1,664	1,653	1,525	1,409	610	-65.8%
Vale of Glamorgan	1,594	1,258	1,004	482	504	-70.5%
Carmarthenshire	2,345	2,254	2,127	1,923	592	-76.4%
Newport	4,796	2,890	2,771	1,172	1,139	-77.8%
Swansea	3,568	3,187	2,810	628	628	-83.5%
Isle of Anglesey	1,138	1,224	979	149	199	-83.6%
<b>All Wales – Cash terms</b>	<b>39,030</b>	<b>35,368</b>	<b>34,002</b>	<b>30,181</b>	<b>28,153</b>	<b>-27.9%</b>
<b>All Wales – Real terms</b>	<b>41,833</b>	<b>37,327</b>	<b>35,239</b>	<b>30,637</b>	<b>28,153</b>	<b>-32.7%</b>

Source: Stats Wales – LGFS0016 – Revenue outturn expenditure summary, by service and HM Treasury, National Statistics, GDP deflators at market prices, and money GDP: March 2016 (Budget), 22 March 2016



3.24 We asked all local-authority community-safety co-ordinators how their council supports them to deliver community safety. Specifically, we asked about their role and the time dedicated to community-safety activity. All of the 20 local-authority co-ordinators responded to our survey. **Figure 11** shows how much time each co-ordinator spends per week co-ordinating and managing each partnerships work on community safety. Of the 20 co-ordinators, eight spend less than half their time delivering on the role of community-safety co-ordinator. Our survey of the 20 co-ordinators also found that only 10 (50 per cent) believe their partnerships community-safety work is adequately resourced. A number of co-ordinators also commented on the reduction in the time they committed to working on community-safety issues in the past three years, which has resulted in them not being able to dedicate as much time to the role of co-ordinator as the role warrants. Reductions in community-safety management capacity are considered by survey respondents to be undermining the councils' leadership and co-ordination role on community-safety issues and weaken the partnerships' ability to effectively work together and plan to deliver improvement.

**Figure 11 – Percentage of time spent by co-ordinators on delivering the role of community-safety co-ordinator**

<b>Percentage of time per week spent on co-ordination role</b>	<b>Number of co-ordinators</b>
0-24	0
25-49	8
50-74	1
75-100	11

Source: Wales Audit Office, Community safety co-ordinators survey, November 2015.

- 3.25 The shifts in the funding regimes, coupled with a changing policy and operating environment, are impacting adversely on community-safety partnerships to the point that it is questionable whether they are sustainable going forward. According to community-safety partnership co-ordinators who responded to our survey 'the significant funding reductions applied to the community safety partnership in recent years have reduced the impact it has within the community' and another that 'the Community Safety Partnership does not formally exist anymore'. Other respondents noted that 'the community safety partnership must now operate on a local and regional basis with reduced capacity, and still fulfil its statutory duties. How does the Welsh Government envisage the community safety partnership to continue to operate effectively in line with reduced provision?' and another that 'the discontinuation/redirection of both Welsh Government and Home Office community safety funding streams has severely restricted the ability of the partnership.'
- 3.26 From our fieldwork, we found that these reductions are resulting in growing stress on staff and low morale and more time is now focussed on securing alternative sources of funding. Seventeen of the 20 co-ordinators (85 per cent) stated that their community-safety partnership is currently looking for additional funding outside of member organisations to support community-safety work, much higher than the wider community-safety partnership membership where only 45 per cent stated that they are currently looking for additional sources of funding.
- 3.27 The organisation most commonly identified for additional financial support is the Welsh Government with 41.1 per cent of respondents identifying them as the key partner to financially support their community-safety work. Promoting the Welsh Government as the body to provide more monies appears overly optimistic given that the Welsh Government is already funding considerable activity, despite not being the lead or responsible authority for key areas of community-safety work in Wales. The focus on the Welsh Government providing additional monies is especially salient as no survey respondent identified other UK Government departments as potential sources of funding, despite the Home Office having responsibility for the strategic direction of key elements of community safety in England and Wales. Outside of the Welsh Government, 19.6 per cent of community-safety partnership members highlighted that they are seeking financial support from the voluntary sector and charities, 17.6 per cent from the European Commission and 11.7 per cent from the National Lottery.

## Part 4

Because of difficulties in defining community safety and weaknesses in data, scrutiny and evaluation, it is challenging for public bodies to demonstrate the impact of their activity



4.1 In this final part of the report, we assess performance and public bodies' performance and risk management arrangements for community safety and scrutiny of activity. Our review looks at the information that is used to judge performance by the Welsh Government, Police and Crime Commissioners and local-authority community-safety partnerships. We also consider the arrangements for scrutinising and challenging performance and how risk is identified and mitigated.

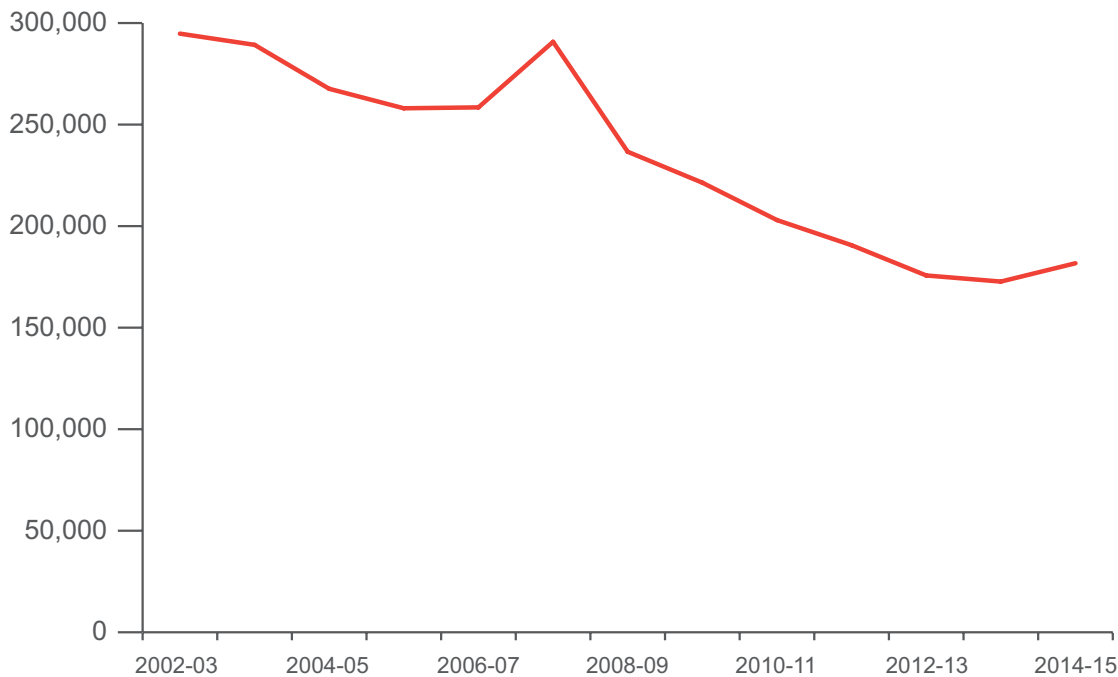
## Police records and survey findings suggest that crime in Wales has fallen significantly in recent years but recent reviews have raised issues of concern about the integrity of the data, which makes measurement of community safety difficult

4.2 Critical to effective decision-making is using information to make informed and evidence-based policy and operational choices but from our review, we found that this is an area of work that the various bodies struggle with. As noted above, community safety covers many different aspects of life, is broad with no universal agreed definition. Because many different issues and services contribute to delivering community safety and there is no single agency with responsibility for community safety, measuring improvement and managing performance can be difficult. Consequently, there are no statutory indicators or measures for community safety, and performance is primarily based on reported crime.

4.3 Police Recorded Crime data<sup>34</sup> is published on a quarterly basis and is made available every three months. We have calculated the offences for each 12-month period for the four police-force areas by adding up the appropriate four quarters of each financial year. **Figure 12** (below) shows that Police Recorded Crime fell by 38.5 per cent from 295,000 to 181,000 recorded crimes between 2002-03 and 2014-15.

<sup>34</sup> Total police recorded crime covers selected offences that have been reported to and recorded by the police. They are supplied by the 43 territorial police forces of England and Wales, plus the British Transport Police, to the Home Office. Figures from data presented at a police-force level do not necessarily equal national police recorded crime figures presented elsewhere. This is because certain offences (such as those committed at airports) cannot easily be mapped to council areas and are therefore excluded. Equally, British Transport Police data are also not included within the police-force-level data. The Home Office highlights that the data are additive and users should be cautious when comparing figures which overlap in their coverage. For example, it is not always appropriate to compare the number of crimes in two 12-month periods that are only a quarter apart, as those quarters of the data will be the same.

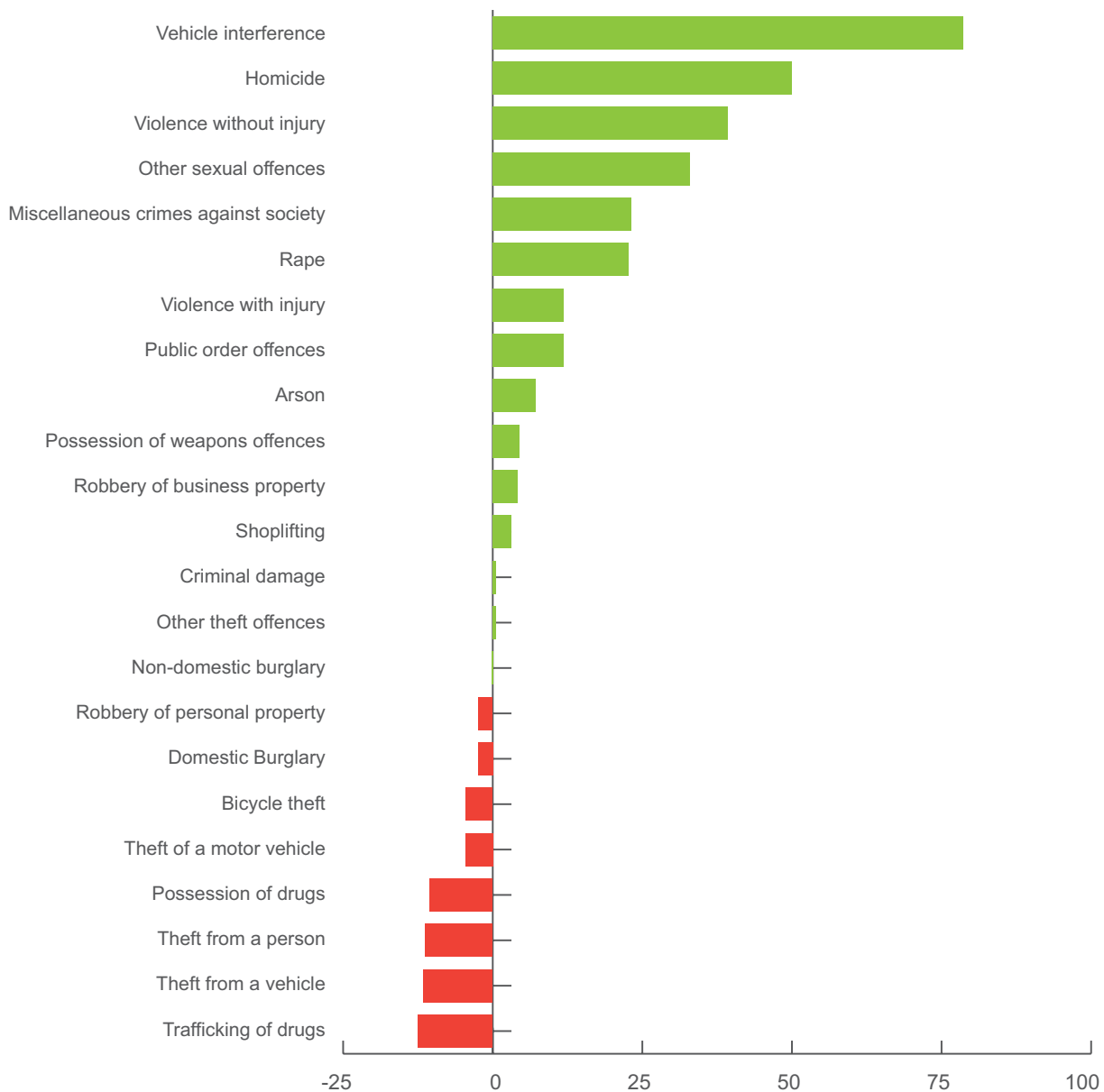
Figure 12 – Police Recorded Crime in Wales March 2003 to March 2015



Source: The Office for National Statistics, Crime in England and Wales, 2002-03 to 2014-15.

4.4 The most recent data for the year ending September 2015 from the Office for National Statistics highlights that total recorded crime for all offences in England and Wales including fraud had increased by six per cent on the previous 12-month period. There were almost 184,000 recorded incidents of recorded crime in Wales. **Figure 13** shows that within the overall six per cent increase in recorded crime for Wales, the highest percentage increases were in respect of interfering with a motor vehicle, homicide, violence without injury, other sexual offences, miscellaneous crimes against society and rape. Conversely, the highest percentage decreases were in the categories of trafficking of drugs, theft from a vehicle, theft from a person and possession of drugs. However, the Office for National Statistics notes that improvements in recording crime may have affected the figures with a greater proportion of crime now being logged since 2014-15.

Figure 13 – Percentage change in individual categories of Police Recorded Crime in Wales between September 2013 and September 2015<sup>35</sup>



Source: [www.gov.uk](http://www.gov.uk), **Official Statistics, Home Office Police recorded crime statistics**, 21 July 2016.

<sup>34</sup> Longer-term analysis of police recorded crime by individual categories is difficult because of changes to the recording groupings introduced for the financial year 2013-14. For example, new codes were introduced for robbery of personal property, robbery of business property, theft from a vehicle, theft of a motor vehicle, vehicle interference and other theft offences. Prior to 2013-14, these crimes had been grouped within other categories. A like-for-like comparison showing changes in crime that straddles the period before these changes and from 2013-14 onwards is therefore not possible.

- 4.5 There are concerns with the integrity of the police recorded crime data. The coverage of police recorded crime is defined by the Notifiable Offence List (NOL), which includes a broad range of offences, from murder to minor criminal damage, theft and public-order offences. The NOL excludes less serious offences that are dealt with exclusively at magistrates' courts. While the police recorded crime series covers a wider population and a broad set of offences, it does not include crimes that do not come to the attention of the police or are not recorded by them. The gap in reporting is important because issues of concern have been raised with the robustness of the data.
- 4.6 For example, the Public Administration Committee at Westminster<sup>36</sup> conducted an inquiry into crime statistics in 2013-14 and reported that although the Police Recorded Crime and Crime survey data for England and Wales were indicating reductions in crime, there was 'strong evidence that P under-records crime, and therefore the rate of decrease in crime may be exaggerated, and is due to lax police compliance with the agreed national standard of victim-focussed crime recording'. One of the key areas of concern for the Committee was the misrecording of sexual offences. The Committee also noted issues relating to police compliance with the agreed national standard of victim-focussed crime recording. In early 2014, the UK Statistics Authority (UKSA) decided to remove Police Recorded Crime data of its designation as National Statistics.
- 4.7 In addition, Her Majesty's Inspectorate of Constabulary (HMIC) recently conducted an inspection of all 43 police forces in England and Wales judging to what extent police-recorded crime information can be trusted. Based on the inspection of each police force, the Inspectorate concluded<sup>37</sup> that 'Victims of crime are being let down. The police are failing to record a large proportion of the crimes reported to them. Over 800,000 crimes reported to the police have gone unrecorded each year. This represents an under-recording of 19 percent. The problem is greatest for victims of violence against the person and sexual offences, where the under-recording rates are 33 percent and 26 percent respectively. This failure to record such a significant proportion of reported crime is wholly unacceptable.'
- 4.8 The Inspectorate highlighted the importance of accurate crime recording for victims and communities to ensure confidence in the police and also for chief constables when making decisions on how to deploy resources and for Police and Crime Commissioners in their role of holding their police forces to account. The Inspectorate also found that the quality of compliance with recording practices across police forces varied. The inspectorate made 13 recommendations in its report and now includes scrutiny of crime data integrity as part of their annual assessment of the efficiency, effectiveness and legitimacy of each police force.

<sup>36</sup> House of Commons, Public Administration Committee, **Caught red-handed: Why we can't count on Police Recorded Crime Statistics**, 9 April 2014.

<sup>37</sup> Her Majesty's Inspectorate of Constabulary, **Crime-recording: making the victim count – The final report of an inspection of crime data integrity in police forces in England and Wales**, November 2014.

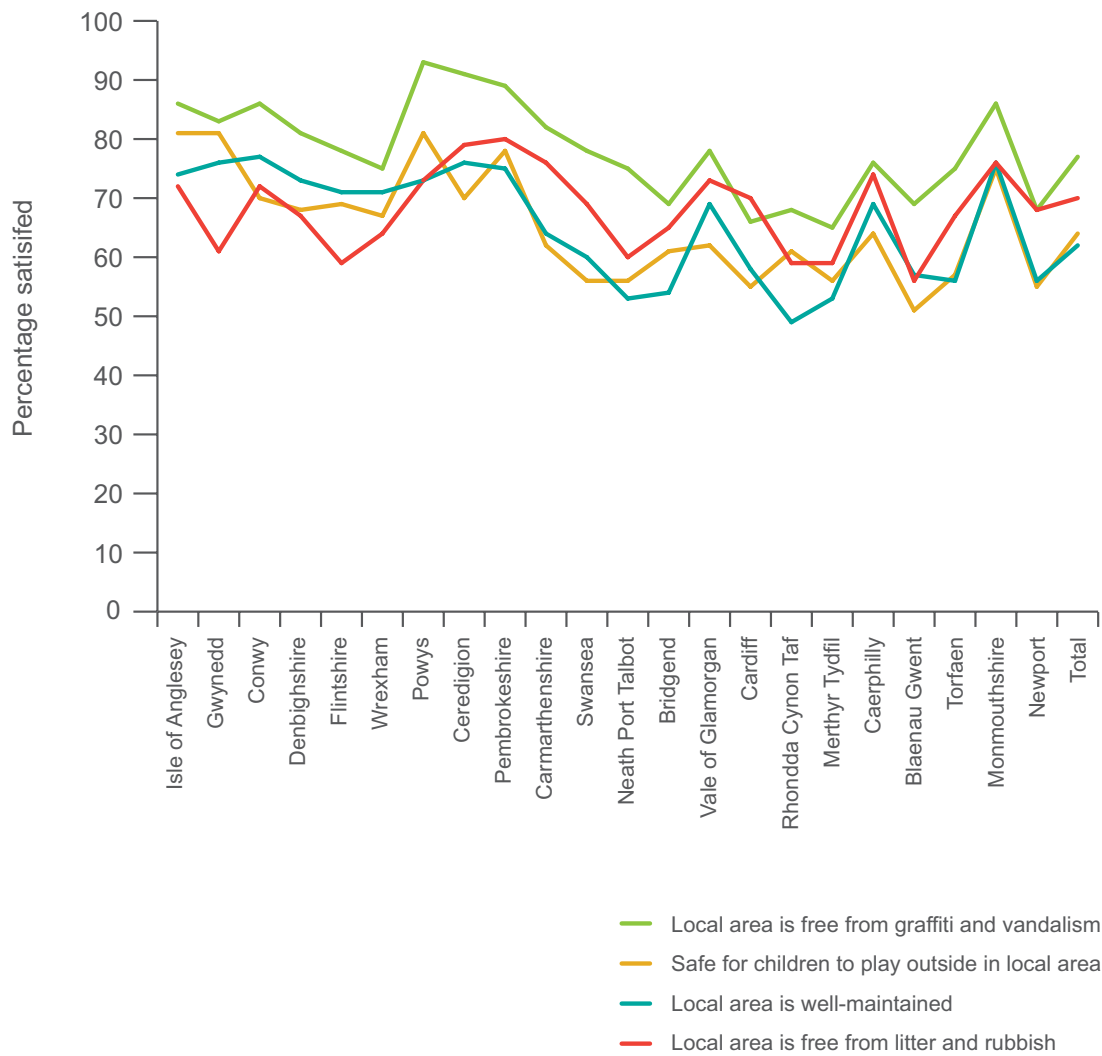
- 4.9 Another source of data relating to crime and community safety is the **Crime Survey for England and Wales**, an annual face-to-face survey of 35,000 adults and 3,000 children aged 10 to 15 years old who are resident in households in England and Wales. The Survey asks respondents about their experiences of a range of victim based crimes in the past year. The survey covers the following four offences: violence (although murder is not included); robbery; theft (personal, burglary, vehicle, bicycle, other household); and criminal damage. The survey does not cover 'victimless' crimes, such as possession of drugs or motoring offences. However for the population and offence types it does cover, the Crime Survey for England and Wales is a valuable source for providing a consistent picture of crime over time.
- 4.10 The latest data from the **Crime Survey for England and Wales** show that survey respondents' experiences of crime is very different to the police recorded crime data. For example, the police recorded crime data notes a 16 per cent increase in violence with injury in 2014-15 compared to 2013-14 but there was an 11 per cent increase for violence with injury in the **Crime Survey for England and Wales**. However for violence without injury the **Crime Survey for England and Wales** saw an 11 per cent reduction in 2014-15 compared to 2013-14 whereas police recorded crime saw a 37 per cent increase. Theft from the person saw a 13 per cent decrease in the **Crime Survey for England and Wales** but just a four per cent decrease in police recorded crime. Overall, the **Crime Survey for England and Wales** shows a more positive picture of crime than police are recording.

## Citizens have mixed views on their quality of life and how safe they feel

- 4.11 The National Survey for Wales<sup>38</sup> is a large-scale survey involving over 14,000 adults a year across the whole of Wales and covers a range of topics such as wellbeing and people's views on public services. The results are used by the Welsh Government to help make Wales a better place to live. However, the survey questions change annually in a number of key areas, which makes comparison of performance over time difficult. In addition, the last National Survey findings are from the 2014-15 survey and whilst there was no National Survey in 2015-16, it is planned to restart in 2016-17.
- 4.12 The National Survey includes a range of topics covering the local environment, quality of life and feeling safe. **Figure 14** plots survey respondents' views on the quality of their local-authority area in 2013-14 and shows there is a wide variation in how satisfied citizens are with their quality of life and the condition of their local environment.



Figure 14 – National Survey for Wales 2013-14 – Quality of local area



Source: Stats Wales, National Survey for Wales

- 4.13 The questions in the 2014-15 National Survey for Wales do not allow for a direct comparison with the 2013-14 survey. The 2014-15 survey did however include a small number of questions covering what the Welsh Government termed 'community cohesion'. The 2014-15 survey reports that 79 per cent of respondents agree that people in the local area from different backgrounds get on well together. Individual local-authority responses range from 65 per cent in Torfaen to 93 per cent in Ceredigion. In addition, 79 per cent of respondents also agree that people in the local area treat each other with respect and consideration with responses ranging from 67 per cent in Rhondda Cynon Taf to 95 per cent in Powys.
- 4.14 As part of our online survey we asked citizens their views on how public bodies with responsibility for community safety are performing. For the three survey measures – safety in their area, changes in crime and the performance of agencies – the responses varied. In respect of crime within their area, 36.6 per cent of citizens stated that they felt crime had increased in the last year, 10 per cent that crime had fallen and 53.4 per cent that they did not know. Only a quarter of survey respondents stated that they feel safer in their area than they did a year ago compared to approximately 60 per cent who stated that they felt more unsafe than they did last year. The remaining 15.4 per cent stated that they did not know.
- 4.15 With regard to the performance of agencies in improving community safety, responses were more evenly spread with 23.5 per cent stating that bodies were doing a very good or good job; 30.4 per cent an okay job with some good and not so good work; and 23.1 per cent a poor or very poor job. The remaining 23 per cent stated they did not know. Given that many respondents to these three survey questions did not know how well organisations are performing in tackling crime and community safety there are clear opportunities for public agencies to improve how they engage with and inform residents and communities on current levels and standards of performance.

## Judging performance and impact in delivering plans is difficult because of wide variations in the quality and range of measures, targets and actions that public bodies use

- 4.16 Having good systems and arrangements to evaluate performance helps the Welsh Government, Police and Crime Commissioners and local authority Members to understand how well they are performing in relation to their strategic goals and objectives. In the broadest sense, it enables organisations and their stakeholders to understand whether they are on track or not. In a time of austerity and reductions in resources, good-quality performance information to judge delivery of activity is also critical. It provides the means by which organisations can gauge whether reductions in expenditure are being managed and mitigated effectively without unduly influencing performance, or highlighting where resources need to be focussed to make the biggest positive impact.

## There is a mixed picture of how well the Welsh Government has performed in delivering its priorities of safer communities for all because appropriate measures to judge impact are lacking in some areas

- 4.17 The Welsh Government published annual progress reports on the delivery of its commitments under the **Programme for Government**. Under the **Programme for Government**, the Welsh Government's overall aim is to make our communities safer through reductions in anti-social behaviour, crime (including the fear of crime), substance misuse and the incidence and impact of fires as well as effective co-ordination of emergencies. It sets a series of targets to judge whether it is delivering its objectives and outcomes. The Welsh Government publishes data on the outcome indicators it uses to judge delivery over the period of the **Programme for Government**. These are the measures that judge community safety in Wales and how the individual actions of the Welsh Government contribute to improving community safety within the scope of its powers.
- 4.18 In 2011-12 the Welsh Government published a detailed 48 page scorecard<sup>39</sup> to judge progress in delivering its targets. The progress report measures performance against the 20 specific actions agreed and performance against the big 'long-term challenges' facing Wales. The data used is a mix of official statistics published at a UK or all-Wales level as well as information collated from departmental management systems.

<sup>39</sup> Welsh Government, **Programme for Government 2012 Update**, Chapter 7: Safer Communities for All

- 4.19 Since 2012-13, the Welsh Government has published various summaries which provide an update on each of the twenty specific action community-safety commitments in the **Programme for Government**. The progress report also acknowledges that some of the performance measures used do not enable performance against the outcome sought to be determined. For example, the Welsh Government reports on the percentage of children and young people in the Youth Justice System in Wales, with identified substance misuse needs, who have access to appropriate specialist assessment and treatment services but does not report on the impact of substance misuse treatment and its benefits. The Welsh Government's most recent annual progress report<sup>40</sup> showed that by the end of 2014-15, 18 of the 20 commitments had been achieved and two were anticipated to be achieved by the end of 2015-16.
- 4.20 Our review identified some weaknesses with these arrangements. Firstly, the Welsh Government has not established baselines or targets for most of the measures so it is not clear what the anticipated impact of its programme of work will be over the life of the National Assembly. The Welsh Government believes that in some cases it is not appropriate to set targets – for example for how many young people the Welsh Government thinks should be in custody – because it might mean that once the target is met, services may not focus on continuing to keep young people out of custody.
- 4.21 Our review found that over the life of the **Programme of Government** there has been an improvement in performance for 16 measures, 11 have seen a decline in performance and for two it is unclear how performance should be judged. Whilst there are areas where performance has improved significantly, and the positive work of the Welsh Government is clear in driving this improvement, limitations in other areas make it difficult to evaluate the full impact of all the Welsh Government's activity in improving key areas of community safety in Wales.
- 4.22 For example, in the most recent progress report, 2014-15 data was not provided for 14 measures and is based on 2013-14 information, which makes it difficult to track performance. Some of the data used by the Welsh Government is drawn from management records rather than published sources so it is not always clear whether the information is auditable. In addition, good-quality information which could have been used to demonstrate performance– for example, the National Survey for Wales noted above – is not used. In some areas the performance measures are a collation of coverage or usage not impact and benefit, so it is not clear how the actions or activity contribute to or allow for a judgement of improvement. For example, extension of number of properties covered in no-cold-calling zones. The Welsh Government published the figures relating to a post-code exercise which was carried out to gain an overview of the numbers of homes covered by no-cold-calling zones as at 31 March 2015, which was 53,418, an increase of 15,418 since March 2013. However, simply recording the number of homes that are now covered by cold calling zones captures no information on whether the extension of the policy has delivered any actual improvement for residents.

40 Welsh Government, **Chapter 7: Safer Communities for All – Update on Commitments in the Programme for Government**

**Police and Crime Commissioners' annual plans and programmes provide an overall direction for the work of police forces, however a lack of clarity in some targets, measures and outcomes means that it is not always clear whether they are delivering their priorities**

- 4.23 Police and Crime Plans set out a series of priorities for their office and police-force area. However, the priorities in these documents are generally population-wide outcomes with emphasis on crime reduction and value for money from the police forces. Other priorities are focussed on developing capacity to address crime and community-safety issues, for example, the North Wales Police and Crime Commissioner is developing cyber-crime capability and capacity to tackle significant threats, including child sexual exploitation online.
- 4.24 Each Police and Crime Commissioner sets out how they will measure progress in meeting their priorities. In many cases priorities and performance measures are aligned, for example, one Police and Crime Commissioner has set a priority that the local population is protected from serious harm (Gwent) and one of the performance measures for the priority is to increase the proportion of offenders brought to justice for domestic-abuse offences. However, some of the performance measures are not easily measurable nor specific. These weaknesses in the performance monitoring systems mean that it is not always clear whether Police and Crime Commissioners are consistently delivering their priorities, although this is improving with greater information being made available online.

**Most community-safety partnerships set clear high-level priorities but the measures set to monitor and evaluate progress are often not clear or appropriate**

- 4.25 Almost all community-safety partnerships have set clear high-level community-safety priorities within their Single Integrated Plans. Those priorities are generally population wide outcomes and the partnerships then set out action plans to achieve the overall priorities. Although not all partnerships provided us with clear action plans that demonstrated how the overall priorities would be delivered, including which other organisations would be involved and deadlines for actions.

- 4.26 Whilst 18 of the 20 of the community-safety partnerships stated that their strategies have appropriate outcome measures, we found that performance measures are not always fully aligned to the priorities set out in strategies. For example, Bridgend has three priority areas: further reducing violent crime; reducing drug misuse; and further reducing domestic burglary. However, the performance measures the Authority has set to judge delivery and impact are not aligned with these strategic aims and will not allow it, partners or citizens to judge the effectiveness of its work. The measures used focus on measuring an increase in the percentage of people who think South Wales Police and Bridgend County Borough Council are dealing with issues that matter; an increase in the amount of clean streets and land; and the increase in the percentage of people who feel part of their community. Whilst these are useful measures to judge activity, they do not relate directly to measuring reductions in burglary or drug misuse. Likewise, the North Wales Commissioner acknowledges in his performance report, that joint partnership activity and outcomes are difficult to measure, though working in partnership is important. However, arrangements to assess partnership working have recently been revised and strengthened.
- 4.27 Our review of the strategies found that partnerships use a variety of performance data to measure progress in meeting their priorities. The majority of measures are based on published data, for example, the number of reported anti-social-behaviour incidents. A number of partnerships have further refined their measures to include the rates of incidents per 1,000 population rather than the actual number of incidents, which is a more sophisticated approach to measuring progress. Others use data that capture public perceptions of elements of community safety, including feeling safe after dark in a local area. However, information is not always drawn from robust data sources and in some cases funding reductions have meant that perception surveys are no longer run.
- 4.28 Wrexham Local Service Board's Partnership Delivery Board 3 'Wrexham is a place that's safe and where people feel included' is responsible for community-safety issues. The Board has published two annual reviews of progress against its targets. These reviews contain key information for each of the outcomes set by partners, which allows members of the public to track whether these targets are being achieved. The information includes a 2012 baseline for each target, the progress made in the year of the report and the preceding year as well as the overall target for the life of the plan for 2017. A Red, Amber, Green (RAG) rating is given to help a reader's interpretation of the information. Since April 2015 Board members also receive quarterly information to allow them to monitor performance for 16 of the 21 performance measures. The report includes a short commentary on each of the performance measures comparing performance with a similar family group of local authorities as well as an indication of the trends within the data. Taken together the range of information and the way it is presented allows Board members to challenge and scrutinise performance.

- 4.29 In some local authorities, the rate of referral to services is used to measure progress in tackling specific issues, for example, substance misuse. However, measures such as these are only one means of judging progress in tackling these issues and are often not sufficiently detailed or rounded to evaluate performance. Where more detail is included, for instance in Caerphilly where the number of successful treatment outcomes is also captured, a better picture of progress is highlighted. Additionally, of the eight partnerships that include community cohesion as a priority, three use the level of hate crime as a performance measure, four do not set any measures and one partnership sets the three measures: an understanding of the local threat and risk, a robust prevention strategy, and creating a more integrated and cohesive community.
- 4.30 Measuring delivery of community-safety priorities across Wales has some common shortcomings. More clarity on the intended outcome of each priority and its beneficial impact on citizens would help people understand what they can expect and how they can stay safe. Despite clear intentions to improve reporting and access to information, there is limited baseline data on police performance. As a result it is hard to judge what the community-safety body is aiming for, the results delivered, and what they do well compared to others.
- 4.31 Plans and strategies also fail to link cost and financial information with actions and activity and too many community-safety strategies are not costed. As a result, plans are not as robust as they should be. In some cases the targets set are very simplistic. For example, some community-safety partnerships are seeking to reduce the incidence of domestic abuse, however, others such as Torfaen and the North Wales Safer Communities Board have taken the view that as reporting of domestic abuse has historically been an under reported crime, there needs to be increased awareness, which may lead to an increase in reporting of incidents. However, both of these are also targeting a reduction in repeat victims of such crimes.

### Management of risk varies widely and is not always robust

- 4.32 Risk management is an important part of community-safety partners' governance and accountability arrangements and, done well, can provide assurance that the risk of certain kinds of events happening or having an impact on performance are reducing or eliminated. From our review, we found that risk management is developing but is not fully embedded.
- 4.33 Police and Crime Commissioners across Wales generally have sound processes in place for managing risks to the police force. In South Wales and Dyfed-Powys, the Risk Register is continually updated and regularly submitted to various Audit Committees and Boards for scrutiny. Similarly, both the Gwent and North Wales Police and Crime Commissioners have established risk frameworks for community-safety priorities covering a number of partnership and joint activities, although there are some opportunities to improve how all key partnership risks are captured.

- 4.34 In Swansea, a strategic needs assessment document is produced annually as part of a cyclical process and key risks are identified. For example, an increase in substance misuse linked to the effects of the recession is likely to affect acquisitive crime levels, such as shoplifting where thefts are made to fund a drug habit. The use of substances has a knock-on effect on safeguarding in relation to the protection of children and domestic-violence victims where users are part of a family, and will have greater implications for managing anti-social behaviour and disorder. These risks are articulated and shared with partners, although how resources are allocated to these risks lacks clarity.
- 4.35 The impact of scrutiny is unclear and public bodies do not always have effective risk-management arrangements. For example, risks are not written in plain language and tend to get packaged up. Sustainable finances are most community-safety partnerships' top risk to delivery but how these risks are managed and resolved lacks clarity. Community-safety partnerships' risk-management arrangements are also developing too slowly. Whilst risks from new duties and new intelligence are considered by the community-safety partnerships, these are more about threats rather than risks to delivery, capacity and important public-perception issues such as fear of crime.
- 4.36 However, the fragmented nature of responsibilities also makes management of risk difficult. Risk-management arrangements are mostly focussed on individual agencies' responsibilities and consequently do not identify or comment on the role of others in addressing risk. Indeed, Commissioners and community-safety partnerships do not have a handle on or register of all the partners they are dealing with and the potential risks that come with that. A fragmented approach to managing risk does not provide adequate assurance that all the necessary and appropriate actions to mitigate risk are taking place and does not enable adequate scrutiny of performance.



## Appendices

Appendix 1 – The statutory basis for management of community safety in England and Wales

Appendix 2 – Responsibilities for community safety in Wales

Appendix 3 – Study methodology

Appendix 4 – Good-practice case studies



# Appendix 1 – The statutory basis for management of community safety in England and Wales

**The 'Morgan Report' 1991** - The Morgan Report was critical in shaping community safety and the future development of community safety partnerships in England and Wales. It advanced the notion of partnership and recognised the need to bring together key stakeholders in the field of community safety and crime prevention. It recommended linking local authorities with police and others in a multi-agency approach to tackling crime. Following its publication there was wide-scale, voluntary adoption of community safety partnerships across Britain.

**Crime and Disorder Act 1998** - The Crime and Disorder Act 1998 gave local authorities and police services duties to work together to develop crime and disorder audits; implement reduction strategies; and to work in partnership with other agencies through Community Safety Partnerships (CSPs) to tackle the identified problems.

**Police and Justice Act 2006** - The Act placed a duty on responsible authorities to share evidenced-based data. This was widened to include the Fire Service, Probation Service, Health Service, local Police Authority and a representative of Registered Social Landlords. The Act also placed a new duty to create a formal strategic group to undertake strategic assessments of levels and patterns of crime and drug misuse and to produce annual rolling 3-year community safety plans. Minimum standards for CSPs was also established.

**The Crime and Disorder (Prescribed Information) Regulations 2007** - The Statutory Instrument sets out the specific duties of responsible authorities for developing a Strategic Assessment and its implementation.

**Police Reform and Social Responsibility Act 2011** - The Police Reform and Social Responsibility Act 2011 covers five distinct policy areas: police accountability and governance; alcohol licensing; the regulation of protests around Parliament Square; misuse of drugs; and the issue of arrest warrants in respect of private prosecutions for universal jurisdiction offences. The Act also replaced police authorities with directly elected Police and Crime Commissioners.

**Serious and Organised Crime Strategy 2013** - The Strategy makes a number of proposals with regard to partnership working. Police and Crime Commissioners are the lead bodies responsible for crime and safety and should be supported by new local organised crime partnership boards, including local authorities and agencies to ensure all available information and powers are used. The precise structure for local multi-agency partnerships will vary and it may be best to adapt an existing group for this purpose such as the community safety partnership.

**Anti-Social Behaviour, Crime and Policing Act 2014** - The act introduces simpler powers to tackle anti-social behaviour to provide better protection for victims and communities. The new community trigger and community remedy empower victims and communities aiming to give them a greater say in how agencies respond to complaints of anti-social behaviour and in out-of-court sanctions for offenders.

# Appendix 2 – Responsibilities for community safety in Wales

## Home Office

Within England and Wales, the Home Office is responsible for immigration, security, and law and order. As such it is responsible for the police in England and Wales, UK Visas and Immigration, and the Security Service (MI5). It is also in charge of government policy on security-related issues such as drugs and counter-terrorism as well as the strategic policy for community safety in England and Wales.

Currently, the Serious and Organised Crime Strategy (the 'Strategy') published in October 2013 sets out how the Home Office will prevent people getting involved in serious and organised crime in England and Wales. The Serious and Organised Crime Strategy makes a number of proposals with regard to partnership working and makes it a requirement for the Police Forces and the individual Police and Crime Commissioners to be the lead bodies responsible for crime and safety. However, Police and Crime Commissioners should be supported by new local organised-crime partnership boards, including local authorities and agencies to ensure all available information and powers are used. The precise structure for local multi-agency partnerships to deal with serious and organised crime will vary across the country. In some areas it may be best to adapt an existing group for this purpose such as the community-safety partnership.

## Welsh Government

Welsh Ministers and the Welsh Government have the competence to pass bills for Acts of the Assembly in a range of areas outlined in schedule 7 of the Government of Wales Act 2006. Whilst the Welsh Ministers and the Welsh Government do not have direct legislative or policy responsibility for crime and safety, they do have responsibilities for many agencies and organisations that play an important role in community safety.

Given the above context, the last Welsh Government recognised that tackling crime and the fear of crime is an important way to help people feel safer in their communities. Consequently, it recognises that its work with the police, Home Office, community-safety partnerships and other key organisations to reduce crime and the fear of crime is extremely important. Through its Programme for Government 2011-2016 and the strategic aim of safer communities for all, the Welsh Government set out its priorities for improvement, aiming to 'make our communities safer through reductions in anti-social behaviour, crime (including the fear of crime), substance misuse and the incidence and impact of fires as well as effective co-ordination of emergencies'.

## Police and Crime Commissioners

The core functions of Police and Crime Commissioners are to secure the maintenance of an efficient and effective police force within their area, and to hold the Chief Constable to account for the delivery of the Police and Crime Plan. The Police and Crime Plan must include the Commissioners' objectives for policing, what resources will be provided to the Chief Constable and how performance will be measured. Both the Police and Crime Commissioner and the Chief Constable must have regard to the police and crime plan in the exercise of their duties.

Whilst Police and Crime Commissioners are not specifically included as members of community-safety partnerships they do have community-safety-related powers and duties including a reciprocal duty to co-operate with community-safety partnerships for the purposes of reducing crime and disorder; a power to bring a representative of any or all community-safety partnerships in the their area together to discuss priority issues; a power to require reports from community-safety partnerships about issues of concern and the Power to approve mergers of community-safety partnerships (on application of the community-safety partnerships concerned). In addition, Commissioners have the Power to commission community-safety work from a range of local partners including community-safety partnerships and community, voluntary-sector or commercial providers).

## Local Authorities

Community-safety partnerships) are groups of local organisations working together to reduce crime and improve safety. Community-safety partnerships are led by local authorities and membership includes a wide range of local authority services, Police Bodies, Fire and Rescue Authority, and Health and Probation services. These are the 'responsible authorities'. Community-safety partnerships also work closely with other Criminal Justice agencies, and the voluntary and business sector.

The local strategic management, commissioning of the local community-safety strategic assessments, the development of local delivery plans for crime and disorder reduction and the overseeing of performance against crime-reduction targets and the delivery of services are controlled by the community-safety partnership.

In addition, the wider work of local authorities also makes an important contribution to community safety within communities, in particular in areas such as:

- emergency planning – ensuring that plans are in place to deal with emergency situations such as flooding, heavy snow and ice, civil unrest or terrorist incidents;
- regulation, licensing and trading standards – such as alcohol and entertainment licences to help maintain public order, food-hygiene certification for businesses to prevent food poisoning;
- safeguarding and ensuring the wellbeing of vulnerable members of society through their work in education, social services and housing;
- tenancy enforcement teams tackling anti-social behaviour and neighbour nuisance;
- planning service advising on and approving planning applications for new developments that seek to design out potential crime issues;
- supporting people teams providing advice and support to vulnerable people that help them maintain their accommodation; and
- refuse-collection and waste services keeping areas clean and well-maintained.

# Appendix 3 – Study methodology

## Review of literature, data and statistics

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

- Home Office policies, guidance and research;
- Welsh Government policy and guidance documents;
- Police and Crime Commissioner plans for the period 2012-16;
- local authority plans and strategies covering community safety in all 22 local authorities;
- performance-indicator returns and budget data available online at the Office for National Statistics, StatsWales and the Benchmarking Hub; and
- other relevant research and guidance from government, local authorities, voluntary sector groups and research bodies.

## Local authority fieldwork

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

- Bridgend County Borough Council
- City of Cardiff Council
- Ceredigion County Council
- Conwy County Borough Council
- Denbighshire County Council
- Swansea City and County Council
- Wrexham County Borough Council

During the visits, we interviewed a range of community safety partnership members, including police and fire officers, health board, local authority staff and elected members, including members from regional partnerships.

## Surveys

We undertook a range of online surveys and we surveyed:

- Community-safety co-ordinators for the 20 local-authority community-safety partnerships between September and November 2015 and received responses from all 20.
- Community-safety partnership members in October and November 2015 and received 51 responses. The survey was promoted via community-safety partnership managers/co-ordinators and we received returns from 31 different organisations across Wales who are members of community-safety partnerships.
- Citizens from October 2014 to November 2015 and we received 468 responses. The survey was made available online and promoted through our communications team. The approach taken does not necessarily guarantee a representative response. For example, we received half of our responses from North Wales and no responses in some local-authority areas. Given these limitations, we have only used the survey to report views at an all-Wales level.

# Appendix 4 – Good-practice case studies

## Good Practice – How we determine it

These are the parameters we use to judge whether to include a case study as Good Practice:

- A programme, activity or strategy that has proven effectiveness supported by a comprehensive evaluation.
- A programme, activity or strategy that has been shown to produce successful outcomes and is supported to some degree by subjective and objective data sources.
- A programme, activity or strategy that has worked within one organisation and shows promise during its early stages for becoming good practice with long-term sustainable impact.
- A programme, activity or strategy that has the potential for replication among other organisations.
- A programme, activity or strategy that is delivering value for money. Value for money is defined as the optimal use of resources to deliver the intended benefits.
- A programme, activity or strategy that is delivering savings/reductions in expenditure with no or low impact on performance.

Within the body of the report we have identified the following areas of good practice:

- Wrexham Harm Reduction Unit – page 15 (paragraph 1.21)
- Denbighshire Top 20 – page 16 (paragraph 1.22)
- Swansea Help Point – page 16 (paragraph 1.23)
- North Wales Safer Communities Board – page 18 (paragraph 1.25)
- Safer Gwent Group – page 18 (paragraph 1.26)
- Safer Swansea One Swansea Plan – page 28 (paragraph 2.24)
- Cardiff community-safety engagement – page 32 (paragraph 2.36)
- Wrexham Hub – page 33 (paragraph 2.37)
- Dyfed Powys Police commissioning approach – page 36 (paragraph 3.6)
- Gwent Police commissioning work – page 37 (paragraph 3.7)
- 3 Wrexham Plan – page 56 (paragraph 4.28)



In addition, we have also identified the following transferable practice.

## Case Study 1 – Cardiff Alcohol Treatment Centre

The Cardiff Alcohol Treatment Centre (ATC) was set up to provide additional capacity to deal with the higher volume of acutely intoxicated individuals (All) attending the University Hospital of Wales (UHW) Emergency Department on Friday and Saturday nights in Cardiff. During peak times, up to 70 per cent of all admissions to the Emergency Department at UHW are alcohol-related. The ACT aimed to divert patients away from the Emergency Department; reduce the burden on ambulance services by dealing with patients in the city centre; and reduce ambulance-handover times at the Emergency Department by reducing the volume of patients accessing services there.

The project was a collaboration between Cardiff Night Time co-ordinators (from the local authority), South Wales Police, Welsh Ambulance Service, Cardiff and Vale NHS Trust, the University of Wales Emergency Department and the Roman Catholic Diocese. Other partners already involved in the night-time economy, including Street Pastors, St John Ambulance, licensees and taxi marshals, were also part of the project.

The project also collaborated with the private sector. Property developers bought the building where the ACT was based from the local authority, but agreed to house the project within their development. The project operated on Friday and Saturday nights, and other specific dates when high levels of All were expected (event days, Freshers' Week, etc).

An evaluation of the project was carried out by Cardiff University in 2013<sup>41</sup>. Amongst its findings, the evaluation concluded that the project would become cost-neutral, based on a comparison between the expenditure on staff costs, etc. and the calculated savings resulting from reduced attendance at the Emergency Department saved ambulance journeys and reduced ambulance waiting times. Information gathered from patients entering the ATC provides evidence of 'hot spots' – times and locations where intoxication is concentrated in the city centre.

The project is now funded by the Cardiff and Vale Regional Collaboration Board. Medical staff working on the project also engage with the public at events to promote safety in the night-time economy, for instance at University Freshers' Fayres across the city.

<sup>41</sup> Dr Simon Moore, Dr Vas Sivarajasingam, Marjukka Heikkinen: Cardiff University Violence & Society Research Group, *An Evaluation of the Cardiff Alcohol Treatment Centre Pilot*, May 2013.

## Case Study 2 - Wrexham Alcohol Treatment and Welfare Centre

Wrexham Alcohol Treatment and Welfare Centre was set up on a temporary basis during the festive season in 2014. It addressed many of the town-centre anti-social and health problems caused through and by excessive alcohol consumption.

The Community Safety Partnership has produced considerable evidence that directly correlates to fewer people attending A&E and reduced anti-social behaviour during the weekends and periods the centre operated. Following its success, the Partnership and Local Service Board submitted a business case to the Area Planning Board and accessed capital funding to provide a permanent alcohol treatment and welfare centre in Wrexham. The new centre is due to open in November 2015 and will operate every weekend and during popular holiday periods. Volunteers, mainly from the Red Cross, students, including medical and nursing staff, will operate from the centre. Police, PCSOs and street pastors provide support at and around the centre. There are further plans to use the centre during the day as a drop-in point to assist with other welfare issues.

In conjunction with the initiative, the Council and its partnership board have developed good working relationships with licensees in the town centre, which is helping further to deter problems associated with alcohol.

## Case Study 3 – Conwy and Denbighshire Community Safety Partnership Taxi Driver Safeguarding training

As a result of the Report of Inspection of Rotherham Metropolitan Borough Council February 2015 undertaken by Louise Casey CB, Conwy's licensing unit reviewed its policies and procedures and considered what additional steps they could take in relation to Child Sexual Exploitation (CSE) and taxi licensing. Amongst other things, it was decided that:

- awareness training on CSE for taxi drivers was needed (Police and Social Services support/input is needed);
- better information exchange between partners/agencies;
- taxi-licensing conditions should be changed to require drivers to hold the BTEC Level 2 Certificate (or equivalent) on the 'Introduction to the Role of the Professional Taxi and Private Hire Driver (QCF)', which includes training on CSE matters.

Officers subsequently commenced liaison and engagement with Conwy's Social Services, Community Safety Partnership, North Wales Police, Barnardo's and the local taxi trade. It was decided that a report to the General Licensing Committee of Conwy County Borough Council would be presented setting out the suggested approach that all currently licensed drivers must attend a mandatory CSE awareness session, and at the time their driver licences were required to be renewed, they must also have obtained the BTEC level 2 Certificate (or equivalent) on the 'Introduction to the Role of the Professional Taxi and Private Hire Driver (QCF)', which enables taxi and private-hire drivers to demonstrate evidence of technical competency and underpinning knowledge in relation to their work activities.

The recommendations in the [General Licensing Committee report](#) were agreed on 21 September 2015, and so in liaison with the above partners, CSE awareness sessions for Conwy's taxi drivers were planned and undertaken on 25 November 2015. The sessions were extremely well received by the taxi trade, with 300 plus taxi drivers getting the important messages given out, which will hopefully lead to greater levels of public safety and awareness/prevention of CSE.

Local providers for the BTEC level 2 have been identified and the taxi trade advised of the new mandatory BTEC requirements. Drivers not attending the CSE awareness sessions, or failing to obtain the BTEC and wishing to remain licensed, would be referred to the General Licensing Committee for a determination of whether they were still 'fit and proper' to hold a Hackney Carriage or Private Hire vehicle drivers licence.

The Criminal Conviction policy for the issuing of Hackney Carriage and/or Private Hire Vehicle licences to drivers was also reviewed and strengthened, following agreement at the meeting where the [General Licensing Committee report](#) was agreed on 16 March 2015.

It is hoped there will be better CSE awareness and information exchange as a result of the above work, which was led and facilitated by Conwy's licensing unit.

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# Charging for services and generating income by local authorities



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU





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

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

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# Summary report

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

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

<sup>1</sup> See Figure 2 below.

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

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

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

Figure 1 – Key considerations for local authorities when setting charges



Source: Wales Audit Office

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

- 14 Our analysis of data published by the Welsh Government<sup>2</sup> found that the amount of money local authorities' raise from charges has risen in cash terms from £307.7 million in 2008-09 to £365.7 million in 2014-15, a rise of 18.9 per cent. However, in real terms – taking into account inflation – the change in income has been less sharp, rising by £18 million in real terms (5.2 per cent) between 2008-09 and 2014-15. There is a lack of consistency across Welsh local authorities around decisions on whether to charge for services, as well as the level of charging. In 15 of the 18 service areas we have analysed, there has been a net cost<sup>3</sup> improvement, income as a proportion of expenditure is growing, and services require less subsidy to operate. Despite this improving position, there are opportunities for authorities to increase how much income they raise from charges.
- 15 There are big differences in the charges set and the income collected by local authorities in England, Scotland and Wales. In only two of the nine local authority services where a comparison of data between the countries of Great Britain is possible, have Welsh authorities increased their income at a higher rate than their counterparts in England and/or Scotland. If Welsh local authorities were to generate the same level of income from charges per 1,000 economically active people aged 16-64<sup>4</sup> as is collected in England or Scotland, a potential extra income of £68.1 million could be generated.
- 16 However, the potential to generate more money has to be tempered. Economically, Wales has lower wages and the proportion of the population who are economically active is smaller than both England and Scotland. Consequently, Welsh citizens may be less able to pay more for goods and services and could be less able to accommodate sharper increases in charges than other parts of Great Britain<sup>5</sup>, although, the range of gross median wages in Welsh local authorities vary widely and some authorities are better placed to raise more from their community than others.

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

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

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

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

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

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

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



## Recommendations

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

## Part 1

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



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

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

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

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

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

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

Source: Wales Audit Office

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

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

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

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

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

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

- 1.9 However, the responses to our survey of local authority chief finance officers found that only 11 of the 22 authority respondents stated that their authority had taken adequate legal advice on the opportunities that exist to optimise income from charges including pursuing commercial activity. For example, Gwynedd County Council following a review of the legislation introduced a commercial waste fee for holiday homes and fees for garden waste from residential properties. We found that other authorities are less clear about the extent to which the legislation can be used to enable a greater degree of risk and pursue commercial opportunity.
- 1.10 Local authorities primarily have to provide services and activities for which they have a specific statutory power or duty, and activities outside of statutory powers and duties could be considered ultra vires and open to challenge in court. The **Local Government Act 2003** widened opportunities for authorities to charge for discretionary services<sup>8</sup> with the inclusion of a general power in the 2003 Act. The 2003 Act covers both England and Wales<sup>9</sup> and allows authorities to trade through a local authority company, as long as they have a statutory power to perform the service which is subject to trading. Local authorities and their companies do however still need to act reasonably in setting charges, but their desire to generate a profit is a legitimate factor to take into account in trading activity.
- 1.11 We found some positive examples of initiatives and activates that authorities have developed using these powers. For example, the Radyr Weir Hydro Scheme developed by Cardiff Council provides a good example of initiatives of this nature - **Figure 4** below.

<sup>8</sup> Discretionary services are not statutory and authorities can choose to provide these services.

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

#### Figure 4 – Radyr Weir Hydro Scheme – Cardiff Council

As well as facing reducing budgets, Cardiff Council has committed to ambitious environmental standards through its One Planet Cardiff vision. This includes reducing CO<sub>2</sub> consumption by 60 per cent in its operations and reducing its annual energy spend. The presence of the River Taff flowing through the city provides opportunities to create renewable, clean sources of energy that would both meet its environmental standards and generate a profit in the long term.

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

Additionally, the scheme will provide the following benefits:

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

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



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

- 1.13 The **Local Government Act 2003** has been superseded in England by the **Localism Act 2011** which introduces the general power of competence. In summary, the general power of competence enables local authorities to do things an individual may generally do but anywhere in the UK or elsewhere. The power also allows authorities to do things for a commercial purpose or otherwise, for a charge or without a charge and without the need to demonstrate that it will benefit the authority, its area or citizens of the area. The general power of competence has extended the range of services which a local authority can lawfully provide and therefore trade for, although, external trading still requires the setting up of a company<sup>10</sup>.
- 1.14 There are some limitations on the general power of competence, either because they are not things which an individual can do or because they are specifically excluded in the 2011 Act. The general power of competence does not provide new powers to raise tax or precepts or to borrow nor does the power enable authorities to set charges for mandatory services, impose fines or create offences or byelaws. Importantly, the power does not override existing legislation in place before the Localism Act 2011 and income from charges should not exceed the cost of provision. Notwithstanding, the general power of competence both increases local authority powers but also provides greater scope for authorities to decide on how best to provide existing and new services for their communities.
- 1.15 The Local Government Association in England has noted that “the general power of competence is also a challenge to the instinctive caution of some in local government, by clearly showing that just about anything is possible (unless specifically prohibited) and not constrained by the need to ensure that it is permitted by specific legislation”<sup>11</sup>. If used in the spirit intended, the general power of competence can encourage more managed risk taking. Consequently, the Local Government Association noted that use of the power is resulting in new, locally led approaches which deliver positive outcomes for residents and communities. For example, Ansa<sup>12</sup> Environmental Services in Cheshire East summarised in **Figure 5**.

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

<sup>11</sup> Local Government Association, The General Power of Competence: Empowering councils to make a difference, July 2013. [http://www.local.gov.uk/c/document\\_library/get\\_file?uuid=83fe251c-d96e-44e0-ab41-224bb0cdcf0e](http://www.local.gov.uk/c/document_library/get_file?uuid=83fe251c-d96e-44e0-ab41-224bb0cdcf0e)

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

### Figure 5 – Ansa Environmental Services Ltd – Cheshire East

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

- 1.16 The Welsh Government published a **Draft Local Government (Wales) Bill** in February 2015 which included proposals to enact the power of general competence in Wales after the 2016 Assembly elections. Following the elections the timing and content of the Bill is unclear, and the First Minister's statement on the legislative programme<sup>13</sup> did not include the Bill in the programme for the first year of the Assembly. However, the Welsh Government informs us that if legislation proceeds, the provision of the general power of competence will continue to be included. The absence of a specific power of general competence means that Welsh authorities need to continue to rely on existing powers. As the Local Government Association report into the general power of competence cites, there has been notable examples of successful and innovative actions prior to the general power of competence. The lack of this power in Wales therefore, while it may contribute to an instinctive caution, should not be read as a reason for authorities not to explore more innovative approaches to income generation and commercial approaches through existing powers.

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

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

<sup>13</sup> <http://www.assembly.wales/en/bus-home/pages/rop.aspx?meetingid=2612&assembly=5&c=Record%20of%20Proceedings#415784>

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

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

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

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

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

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



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

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

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

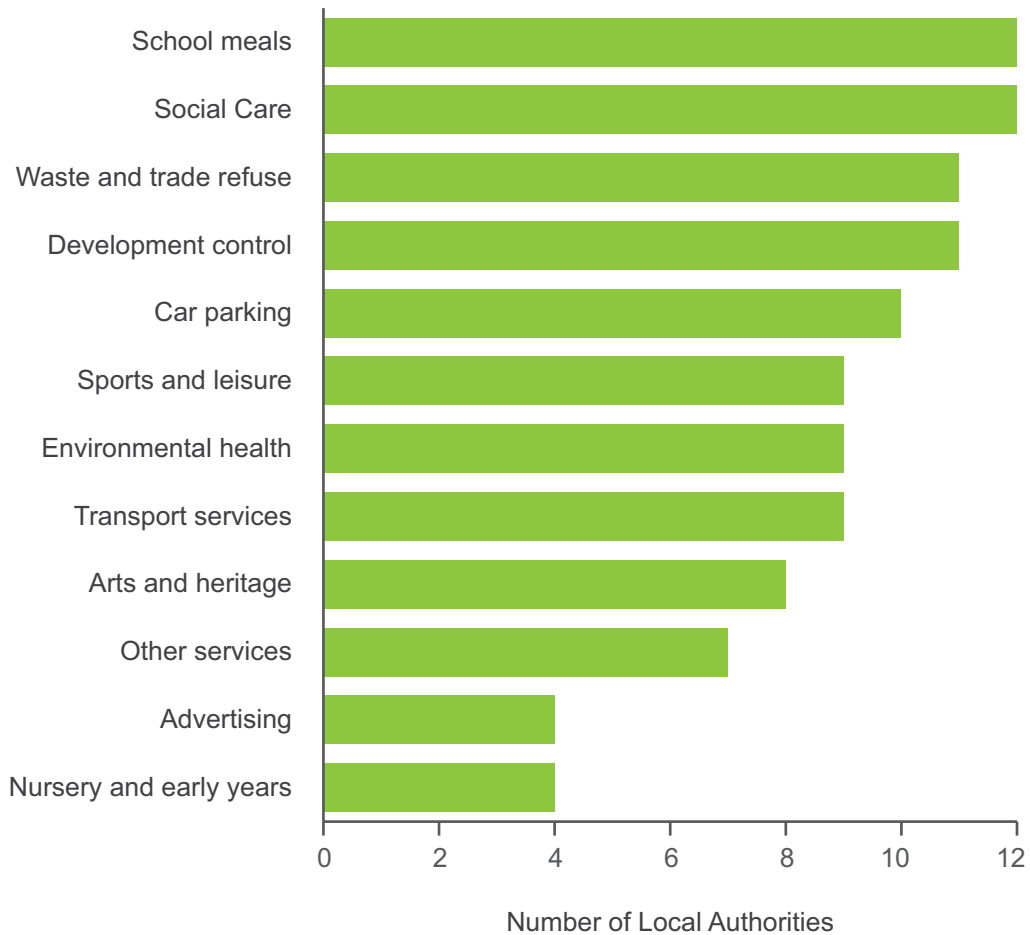
### Authorities are beginning to develop corporate wide strategies for managing charges, but progress has been slow

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

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

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

**Services where local authorities have a charging policy**



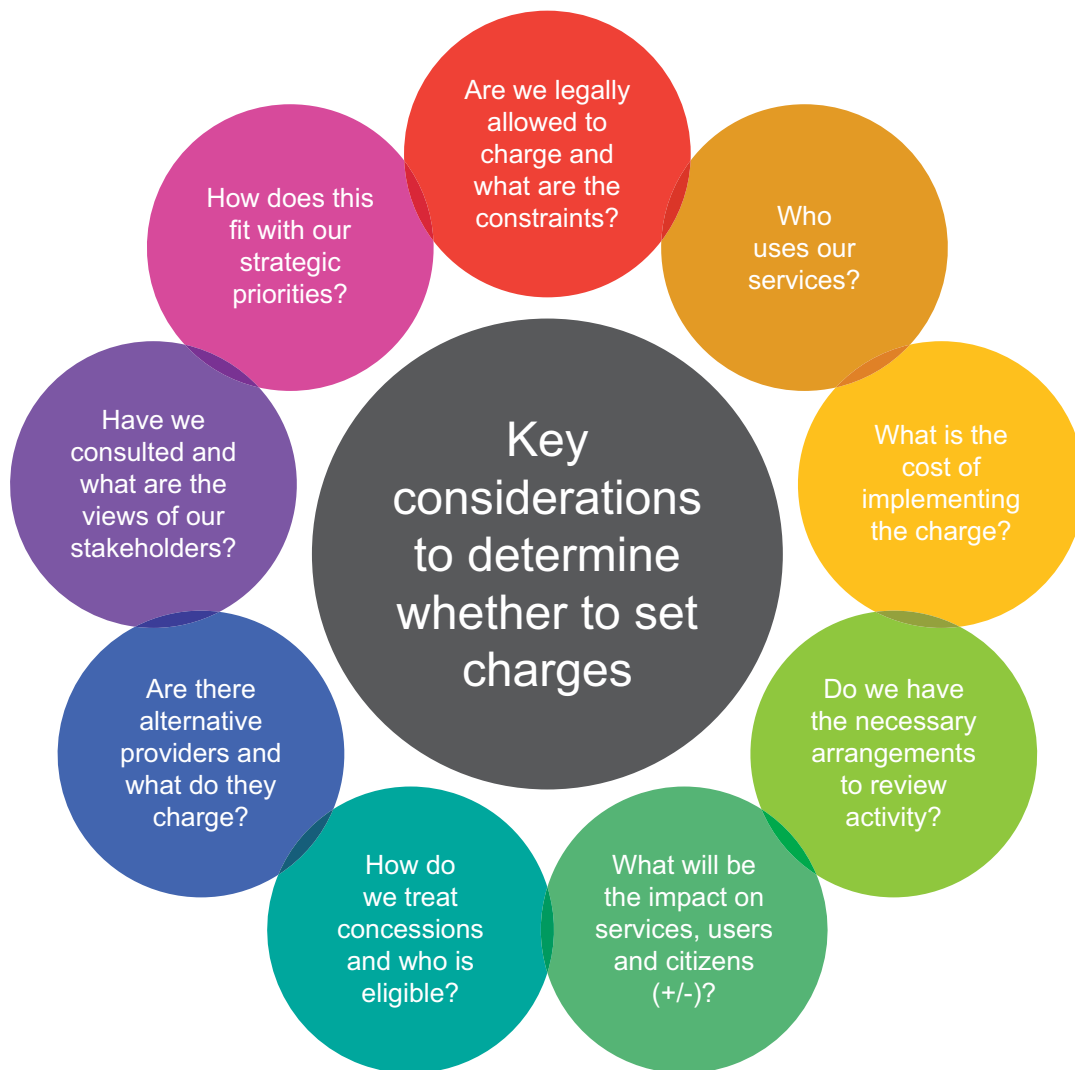
Source: Wales Audit Office, Survey of Chief Finance Officers, March 2016



- 1.33 Some authorities continue to use their Constitution<sup>14</sup> as the main vehicle for setting charges. The Constitution covers all services and sets out the process to be followed when planning an increase/introduction of a fee or charge for a service. The Constitution does not however provide a framework of the strategic issues and priorities for the authority and how setting charges supports their delivery. Nor does the Constitution provide a consistent and integrated basis for setting charges as it often lacks detail on key issues.
- 1.34 We also found that authority documentation often does not focus on or link how the setting of charges supports delivery of corporate priorities, identify how charges can better manage demand for services, or how their targeting can support changes in behaviour in how citizens access and use services. Documents we reviewed also lacked detail on the legal constraints on charging for services or did not identify how to 'treat' surpluses raised. If authorities are to maximise the benefit from setting charges then a robust consideration of the legal basis for charging is a prerequisite.
- 1.35 We have summarised in [Figure 8](#) the key factors we have identified from our review that should be considered in setting charges. The full range of information is set out in [Appendix 2](#) on [page 62](#). This list is not exhaustive nor does it replace the need for authorities to take their own legal advice on how, where and what charges to set for different services. Rather, the information summarised in [Figure 8](#) and set out in full detail in [Appendix 2](#) provides a summary of the key issues and questions needing to be considered when reviewing and setting charges.

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

Figure 8 – Key considerations for local authorities when setting charges



Source: Wales Audit Office

## Part 2

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

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

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

2.2 In reviewing income from charges, we have analysed Revenue Outturn data submitted by authorities to the Welsh Government<sup>15</sup>. For our review we have focussed primarily on the following areas of activity:

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

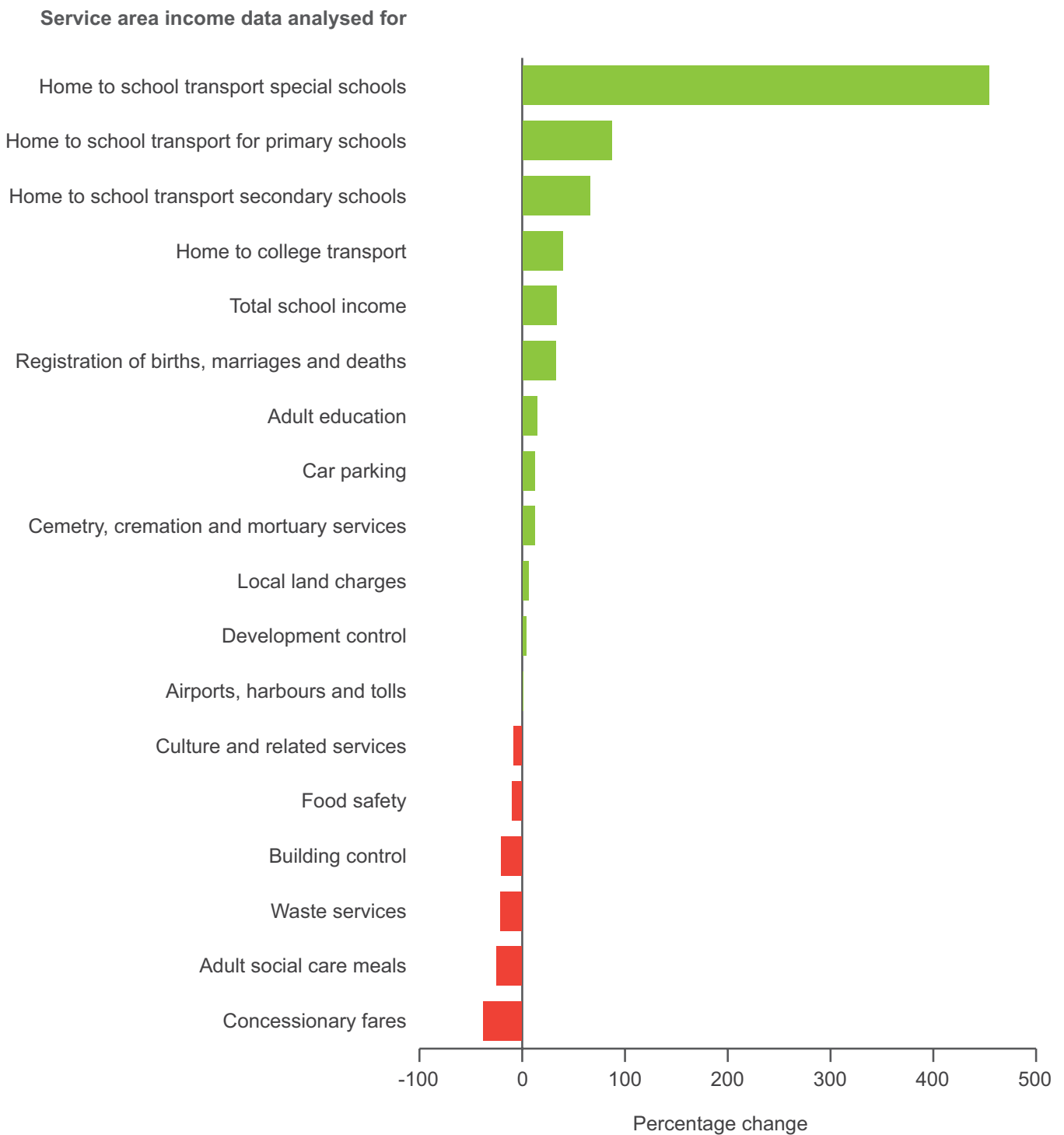
2.3 Analysing Revenue Outturn data, we found that the amount of money local authorities' raise from charges for the activities listed above (Paragraph 2.2 a-to-g) has risen in cash terms from £307.7 million in 2008-09 to £365.7 million in 2014-15, a rise of 18.9 per cent. However, in real terms<sup>16</sup> – taking into account inflation – the change in income has been less sharp, rising by £18 million (5.2 per cent) between 2008-09 and 2014-15.

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

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

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

Figure 9 – The percentage change in income in real terms from charges by individual service between 2008-09 and 2014-15<sup>17</sup>



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

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

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

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

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

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

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

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

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

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

- In 15 of the 18 service areas analysed there has been a net cost<sup>19</sup> improvement. In other words, income as a proportion of expenditure is growing and services require less subsidy to operate;
- In one service – car parking – the income raised is greater than the cost of providing the service and a surplus continues to be generated; and
- For some activities, the level of subsidy continues to be significant. For example home to school transport and environmental health food safety where income as a proportion of expenditure is less than 5 per cent of the cost of providing the service.

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



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

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

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

- 2.7 Some of the differences in income relate to what services local authorities have available and how these services are provided. For instance, some local authorities are unable to generate income from certain services because they do not provide any service – those related to airports, harbours and toll facilities for example. Some authorities have also transferred their major leisure facilities to other providers and consequently have seen a reduction in their levels of income compared to those who continue to provide these services in house.
- 2.8 For other services, the level of income is a reflection on the size of the population that can pay the fee or charge – home to school transport for example – which limits the potential to increase revenue. Conversely in other areas the resident population are not the only ones who pay for the service – services such as car parking – and the ability to generate income is not specific to the local community but wider economic and market considerations<sup>20</sup>. Nonetheless, taken as a whole, the findings in **Figures 10** and **11** highlight that there is scope in some authorities to reconsider how much revenue they wish to generate from certain services.
- 2.9 For example, by using burial and cremation services as a tracer, we have reviewed the current level of charges for different activities. Under the **Open Spaces Act 1906, Parish Councils and Burials Authorities (Misc. Provisions) Act 1970** and the **Local Government Act 1972**, authorities have the right to acquire, maintain and provide services for burial grounds, cemeteries and crematoria. Other organisations and companies also have the legal right to provide burial, cemetery and crematoria services. Because there are fewer restrictions on the charges that can be set by authorities for these services, this has led to a variation in charges applied across Wales.
- 2.10 Using data gathered from authority websites and requests to authorities, **Figure 12** below shows the range of charges for 11 different burial and cremation services provided by authorities. The range in price between the cheapest and most expensive charge levied by authorities for these services varies from 4.1 for exclusive right of burial and the erection and inscription of a headstone (eg, the cost in the most expensive authority is 4.1 times higher than the cost in the cheapest authority) to 11.2 for the scattering of ashes (eg, the cost in the most expensive authority is 11.2 times higher than the cost in the cheapest authority). Even when consideration is given to local factors and the possible differences in provision and quality of service, the scale and range of costs is very broad.

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

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

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

Source: Wales Audit Office data collection from authorities

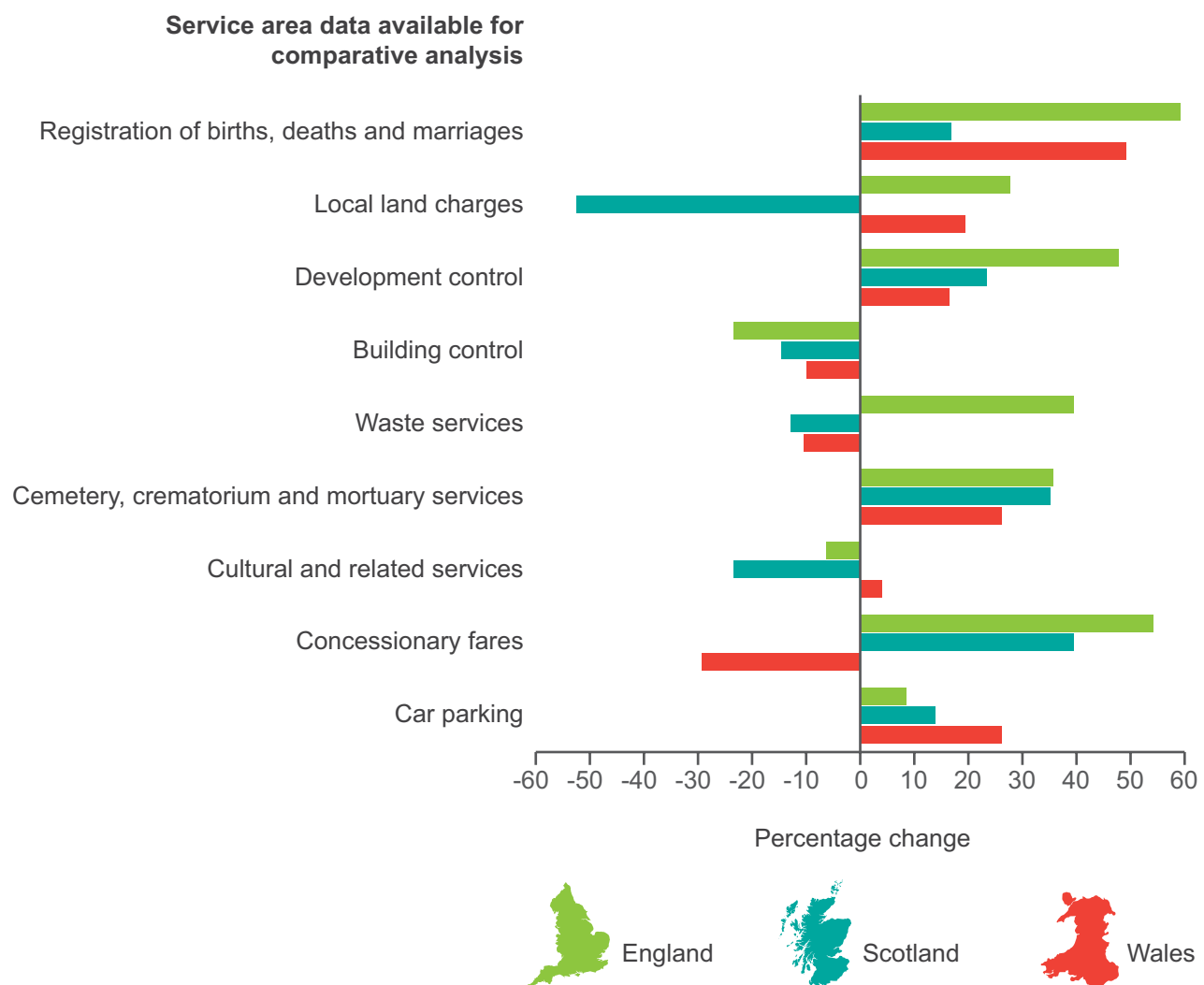
2.11 Another factor concerning services with discretionary charging is the freedom for authorities to raise their prices on a frequent basis. A **Freedom of Information Act 2000** request carried out by the BBC<sup>22</sup> in August 2015 found that, across 169 local authorities in the United Kingdom, the average cost of a basic cremation at a local authority facility had risen from £475 in 2010-11 to £640 in 2015-16, an increase of 35 per cent. In the five Welsh local authorities that responded (Cardiff, Conwy, Rhondda Cynon Taff, Swansea and Wrexham), the cost had risen from £434 to £583, an increase of 34 per cent over the same time period. Local authorities responded stating that changes to emissions targets, the use of larger coffins and rising energy costs had resulted in a sharp increase in costs. Some authorities also noted that their prices were low compared to neighbouring authorities and that rises merely brought them in line with others.

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

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

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

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

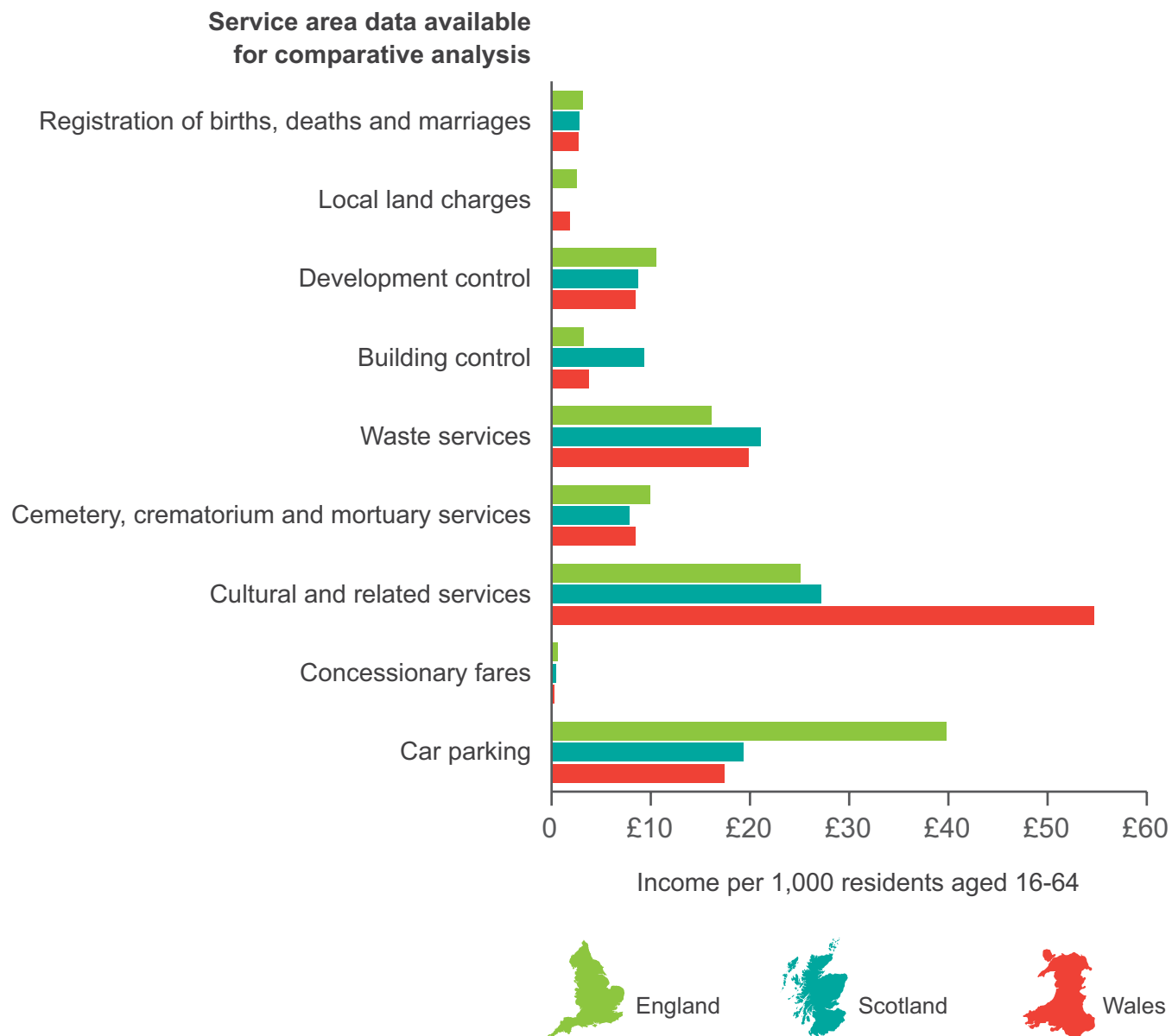


Source: Wales Audit Office, analysis of income and fees.

- 2.13 Whilst our findings suggests that there is scope to increase charges further in Wales in the service areas we have analysed, making a like for like comparison is not straightforward. Each authority and country in Great Britain has its own unique social, economic, environmental and population characteristics. These will influence how services are provided, who consumes services, whether realistic alternatives to authority provision exist, whether charges are controlled or influenced by the respective government and what charges communities can afford. Whilst comparing percentage change in charges for services between England, Scotland and Wales provides a useful starting point, some understanding of the actual level of charge being levied in a community is also required.
- 2.14 However, no register of charges by authority is collated and it is not possible to easily compare what each charges for the services they provide. Consequently, we have examined the average level of income derived from each service per 1,000 resident population aged between 16-64 years of age (economically active age) in each country in Great Britain<sup>23</sup>. By measuring performance using economically active people we are only looking at those who will potentially have to pay for a service and would not be affected by any concessions that are applied. Our analysis provides a broad illustration only but taken with the other data in **Figure 13** above, does nonetheless contribute to the debate on the differences in income levels and provide an illustration of the potential opportunities that may exist to review charges.
- 2.15 **Figure 14** summarises the amount of income raised in England, Scotland and Wales per 1,000 resident population aged 16-64 and shows that in the nine areas where a comparative analysis is possible, in only one – cultural and related services – are Welsh authorities raising more income from services than counterparts in England and Scotland. In all other areas, Welsh authorities lag behind counterparts in either England, or Scotland, or both.

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

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



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

- 2.16 Some of the differences between the UK, Scottish and Welsh Government will be a result of policy decisions (such as concessionary fares) as well as an individual authority's choice on how it wishes to deliver a service. In addition, the socio economic position of some communities – London, for example, where the population and economy has grown at greater rates than the rest of the United Kingdom in recent years<sup>24</sup> – can disproportionately skew findings. Notwithstanding, by analysing the difference between the average income per 1,000 population aged 16 – 64 in Wales with the higher level in either England or Scotland, we are able to determine the potential extra income authorities could raise in Wales.
- 2.17 In **Figure 15** we set out our analysis which shows that in seven of the 18 local authority services where a comparison of performance is possible with England, Scotland or both, Welsh authorities are generating income per 1,000 residents at higher levels than authorities in either England or Scotland. Our analysis in **Figure 15** also highlights that if Welsh authorities raised charges to reflect the higher equivalent income per resident 1,000 population aged 16-64 in either England or Scotland for the remaining 11 areas, then a potential extra income of approximately £68.1 million could be generated.

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

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

<sup>24</sup> [http://www.newtonperkins.com/Images/User/gla\\_the\\_london\\_economy\\_report\\_full\\_low\\_res.pdf](http://www.newtonperkins.com/Images/User/gla_the_london_economy_report_full_low_res.pdf)

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

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

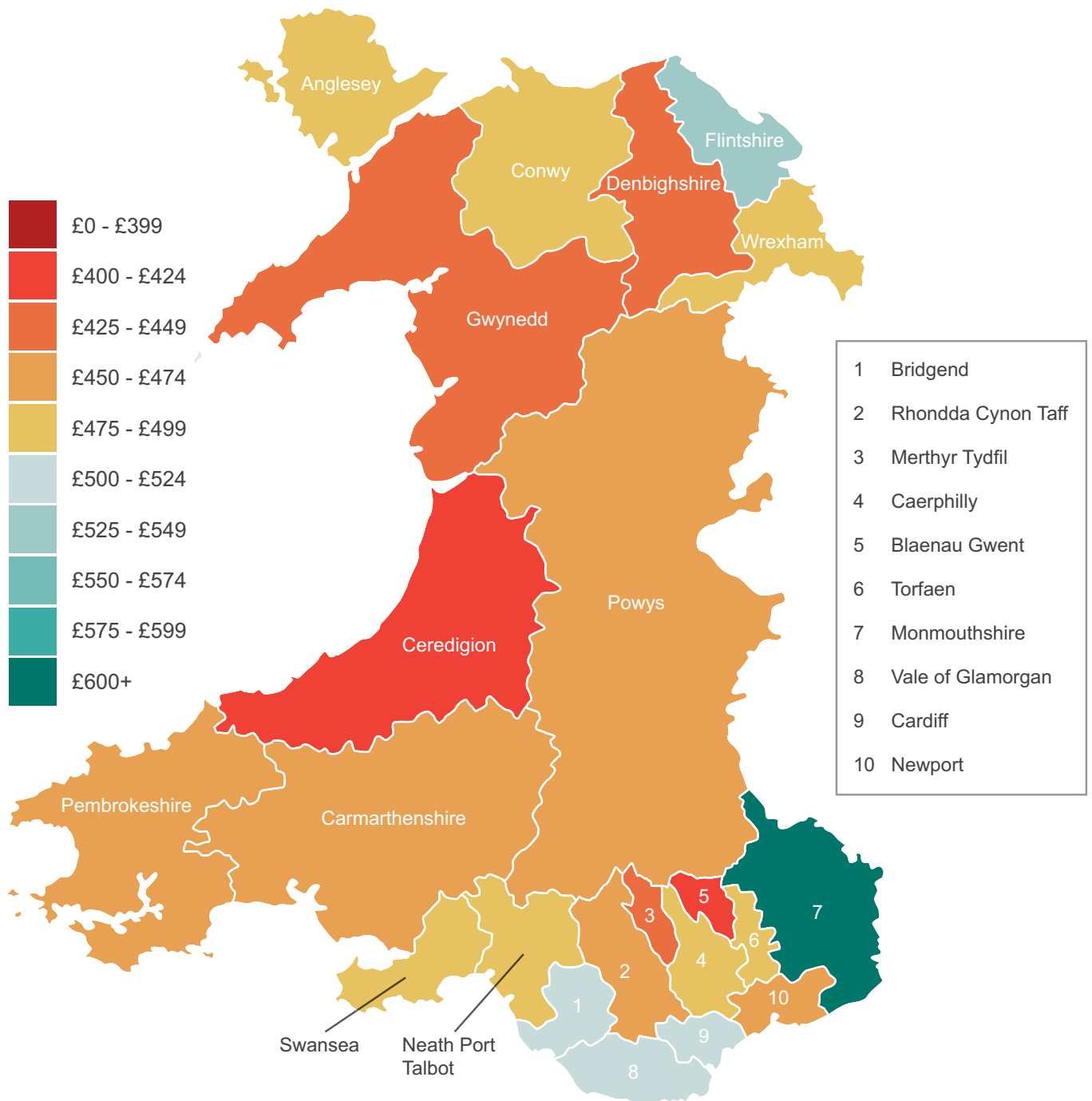
Source: Wales Audit Office analysis of income and fees



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

- 2.18 As local authorities are constantly challenged by the need to balance fiscal, social, economic, and environmental goals, they also need to decide how much and what types of new levels of charges the community can accommodate without compromising the day-to-day quality of life for residents. Assessing the 'elasticity of demand' – the potential socio-economic impacts of increasing or introducing charges – is therefore a careful balancing act. Increasing the fee or charge for a service will potentially increase income and safeguard the service. However, it also potentially reduces demand by making the service unaffordable which then raises a question mark on its viability.
- 2.19 Local authorities need to therefore take into account local socio-demographic factors, such as the level of social deprivation, because users' ability to pay is an important consideration in setting charges. Considering the socio economic impact on communities is critical because in many communities in Wales the level of average earnings are lower than in either England or Scotland. For example, Official labour market statistics published by the Office for National Statistics<sup>24</sup> show that average gross weekly pay in 2014-15 in England was £527.70 and in Scotland £527 compared to £484.40 in Wales, a difference of roughly 10 per cent or £43.
- 2.20 Coupled with the proportion of the working population who are economically active – 78 per cent in England, 79.2 per cent in Scotland and 75.2 per cent in Wales – there is potentially less capacity for Welsh citizens to be able to pay more for goods and services. Increasing fees in Wales could therefore be more challenging than in either England or Scotland with many Welsh communities being less likely to be able to accommodate sharper increases than other parts of Great Britain, although, the range of average incomes across Welsh local authorities suggests that some are better placed than others to increase charges.
- 2.21 **Figure 16** shows that the range of gross weekly pay in 2014-15 ranged from £403 in Blaenau Gwent to £610 in Monmouthshire. Authorities where earnings are higher will therefore be better placed to charge and raise more income than those where income levels remain low. When reviewing charges, local authorities need to therefore consider both the options for reducing the level of subsidy they provide to services, but also the socio-economic circumstances of their local community. To aid authorities in responding to this challenge we have set out in **Appendix 2** some of the key issues needing to be considered when they set, increase or introduce charges for services.

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



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

## Part 3

Authorities do not effectively evaluate charges to fully understand their impact



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

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

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

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

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

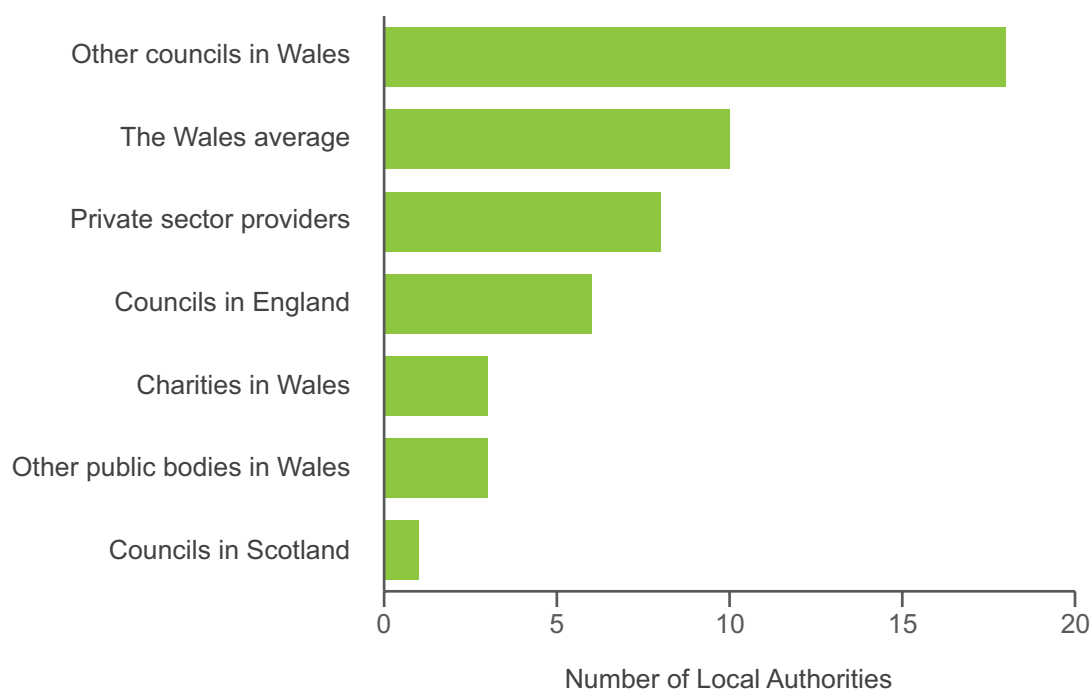
Authorities do not hold sufficiently detailed or accurate information to understand the true cost of providing services

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

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

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

**The information performance is benchmarked against**



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

3.16 We also found that whilst 16 authorities monitor and evaluate how effectively they collect charges to ensure systems are as efficient and as cost effective as possible, only nine authorities compare their systems and collection costs with other authorities. The most frequently cited sources of data used by authorities to evaluate charges costs with others is CIPFA<sup>26</sup> (12 authorities); StatsWales and APSE<sup>27</sup> (seven authorities); and the Local Government Data Unit Benchmarking Hub (six authorities).

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

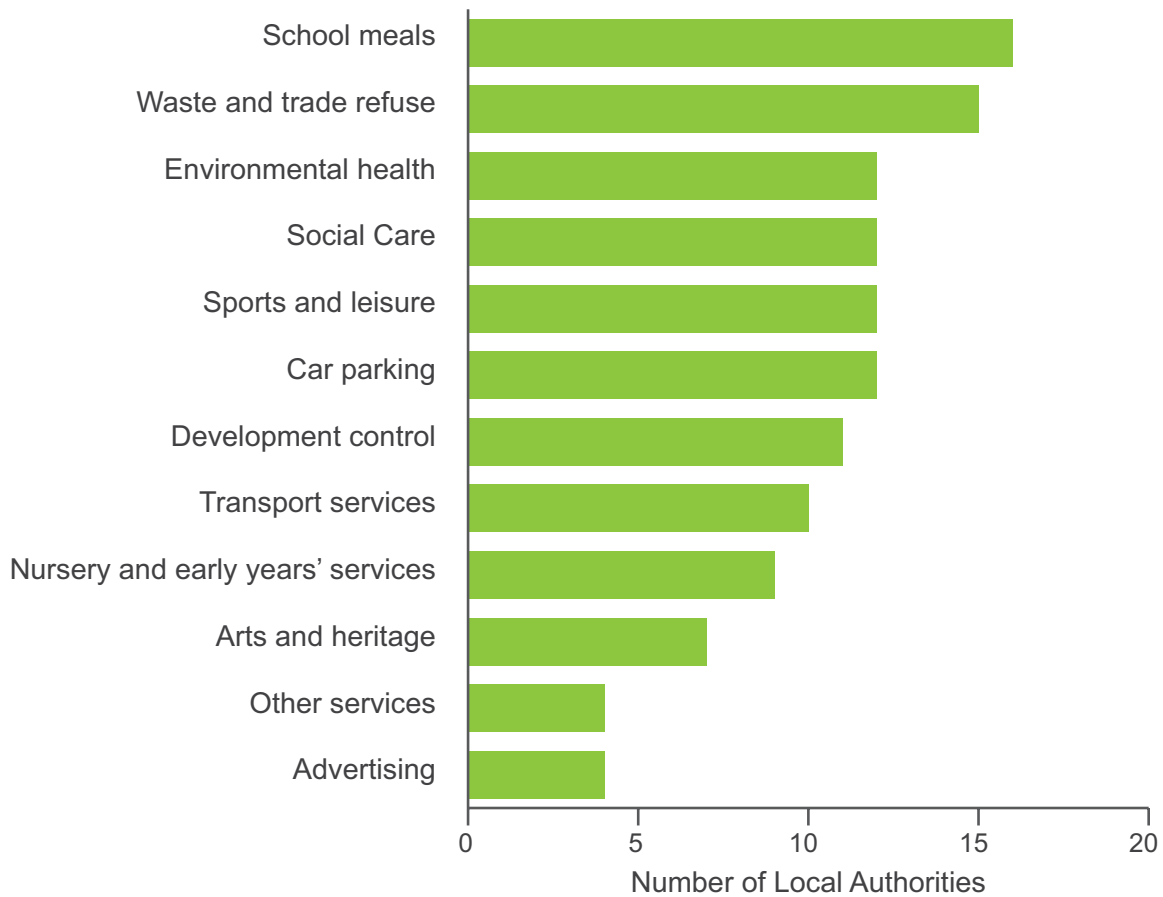
<sup>27</sup> Association for Public Service Excellence is a networking community that assists local authorities who are striving to improve their frontline services.



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

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

**The areas subject to performance is benchmarking**



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

### Forecasting the likely level of income from changing charges is inconsistent

- 3.18 It is nearly impossible to predict annual revenues precisely – particularly when introducing charges or setting fees for the first time – because of the way citizens use services and the choices that are open to them. Nonetheless, forecasting income is an important planning tool which helps an authority to manage and understand its performance.
- 3.19 Seven respondents to our survey of chief finance officers stated that their authority forecast their anticipated income from the introduction and/or increase in charges for one or more years. Of the remaining 15 authorities, eight stated that they forecast income within year only and seven that they do not forecast the potential income for services at all. Our review of documentation provided by authorities and our onsite fieldwork suggests that many authorities have some gaps in financial forecasting data and are not consistently forecasting their anticipated income for all activities.
- 3.20 Forecasting income is guesswork and it is impossible to know exactly what performance will be for a given period, especially many months or years into the future. One way to address this uncertainty is to use sensitivity analysis<sup>28</sup> to develop a range of possibilities under different assumptions which provide alternative estimates of income. From our review we found that whilst some authorities apply an expected or desired growth rate or return, these are often not underpinned by a robust analysis of current performance, reliable trend information or patterns of past customer usage. These are key sensitivity drivers which influence revenue growth. With better quality forecasting, officers will be able to better inform Members on the potential impact of decisions and what is possible based on an evaluation of pertinent information regarding the potential income that could, and should, be realised.

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

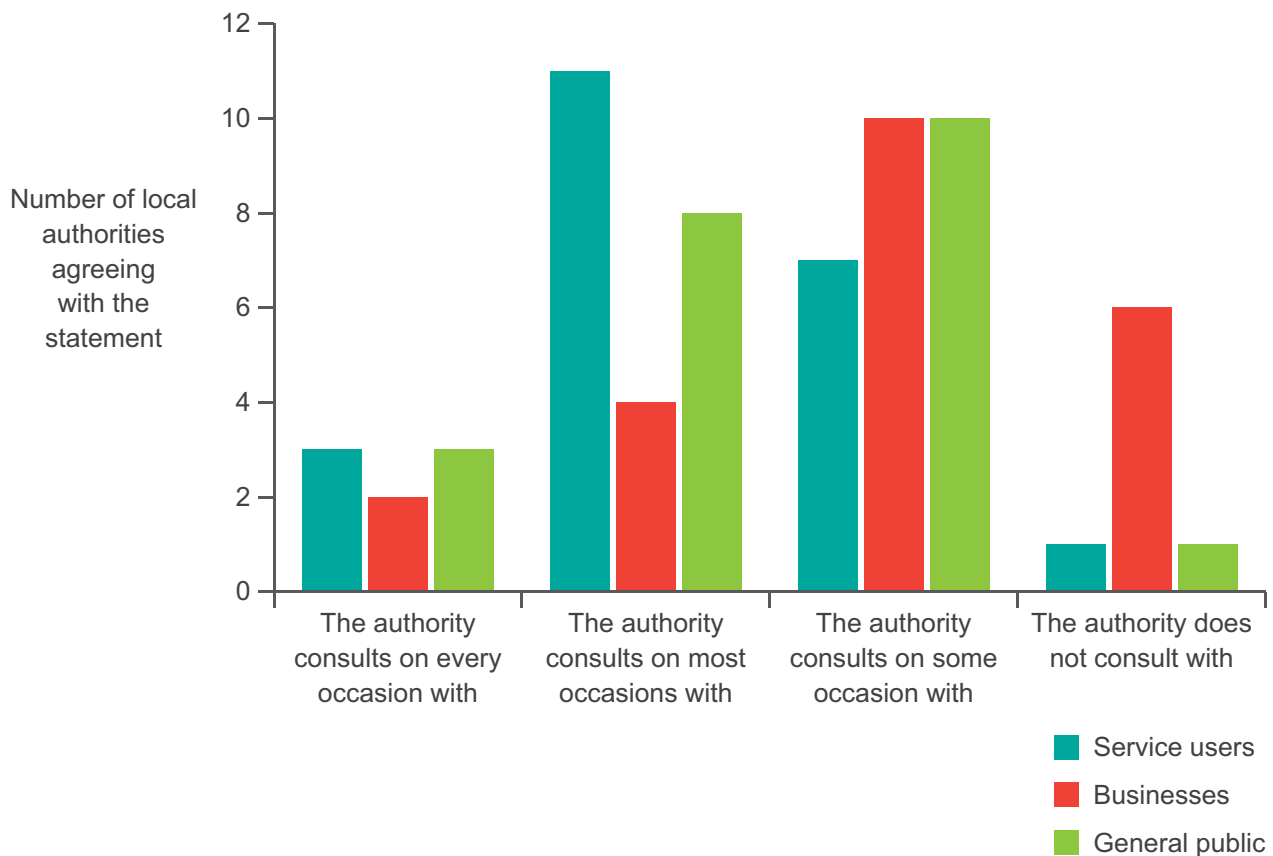
## Identifying the potential impact of increasing or introducing charges is not robust

- 3.21 Because of the wide variation in the range of services provided and the reasons for providing them, there are a number of key legal considerations that authorities must take into account in exercising their discretion to set a charge. These are the:
- a **Equality Act 2010** – Section 149, known as the ‘public sector equality duty’, sets out requirements for local authorities to specifically consider the impact of proposed changes (including implementation or variation of charges) on people disadvantaged by race, disability etc. Changing services, including increasing charges, is likely, in appropriate circumstances, to require consultation with these groups;
  - b **Welsh Language (Wales) Measure 2011** and standards set under it through the **Welsh Language Standards (No.1) Regulations 2015 (SI 2015/996)** - these require authorities and other public bodies to consider the impact of their service provision and policy and operational decisions on promoting or facilitating the use of the Welsh language; and
  - c **Well-being of Future Generations (Wales) Act 2015** – the Act requires public bodies to plan and deliver their services structured around the five themes of long term, prevention, integration, collaboration and involvement. In setting charges, Welsh local authorities will need to be mindful of these requirements and in particular the objectives set by their local Public Service Boards.
- 3.22 Authorities have introduced processes to judge the potential impact of decisions in respect of their equalities and Welsh language responsibilities, usually through an impact assessment that accompanies reports to cabinet or full Council seeking either to increase or introduce a charge. The quality of the evidence contained in impact assessments however varies widely. Assessments do not always provide sufficient detail to either identify the impact of changes or equip Members to make informed decisions. For example, forms are often partially completed and lack important information, do not provide adequate information on the expectations and views of service users or citizens, or do not include specific timescales for review.
- 3.23 It is pleasing to note that a few authorities have adapted existing impact assessment processes to accommodate the five ways of working set out in the Well-being of Future Generations Act 2015, but much work remains to be done. Whilst the Act only came into force on 1 April 2016, the principles of making decisions that consider the long-term impact and are focused on prevention, integration, collaboration and involvement are fundamental issues that underpin good decision making<sup>29</sup>. The five ways of working principles, together with the authority’s well-being objectives, need to be considered when authorities are setting, increasing or introducing charges and impact assessments, and business case processes need to be revised to ensure they are given adequate coverage.

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

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

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



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

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

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

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

## Appendices

Appendix 1 – Study methodology

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

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

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





# Appendix 1 – Study methodology

## Review of literature

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

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

## Data and statistical analysis

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

## Local authority fieldwork

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

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

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

## Surveys

We undertook a range of online surveys and we surveyed:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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



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## CYNGOR SIR POWYS COUNTY COUNCIL

### AUDIT COMMITTEE 3<sup>rd</sup> February 2017

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

**SUBJECT:** Update Report on Risk Management

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**REPORT FOR:** Information

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#### 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 7<sup>th</sup> 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, Management Team and Strategic Overview Board.

#### 3.0 Progress

- 3.1 The Cabinet continues to view the corporate risk register on a quarterly basis via the Strategic Overview Board, and the Leader is updated on the progress of risk management on a monthly basis, as part of his role as Portfolio Holder for Risk Management.
- 3.2 The Council has been subject to two out of three Themed Reviews, in addition to a risk-based assessment by Wales Audit Office (WAO), as part of the Corporate Assessment process. Initial feedback from WAO as part of the Corporate Assessment process states that *"Councils that have a good track record of delivering the majority of planned in-year savings should have well developed savings and delivery plans in place which are underpinned by robust monitoring*

*processes. These councils do not have to continually bridge the gap year on year, by identifying alternative savings, using unplanned one-off funding from earmarked reserves, general reserves, contingency funds or fortuitous unplanned income received during the year.”*

In response to this feedback, a ‘Savings Delivery Plan’ template has been developed. Services have been asked to complete the template for each of their 2017/18 savings identified.

A formal action plan is currently being developed in response to the draft report received from WAO. This will be finalised and shared with Management Team, before being made available to the Audit Committee.

- 3.3** Impact Assessment training which was rolled out to officers across the Council during the second half of 2016 has been well received. Further training sessions have been scheduled to be delivered on a quarterly basis ongoing. Officers are now able to book onto the training via Trent. A record of their attendance at the training will also be recorded on Trent.
- 3.4** Impact Assessments have been co-ordinated for all 2017/18 savings identified as part of the budget setting process. Each of the Impact Assessments have been reviewed by the Cabinet Sub Group, and have been made available electronically to the Finance Scrutiny Panel for further review.
- 3.5** As part of the audit of Risk Management undertaken last year, one of the weaknesses identified stated that: *“The absence of evidence to substantiate the exposure and probability of a risk could lead to inappropriate scoring and actions to mitigate a risk that has been evaluated incorrectly.”*  
Following this feedback, a Risk Assessment template has been developed. The new template will be shared with services, and they will be requested to complete the template for all new risks identified. This will further strengthen the moderation process currently undertaken to evaluate the validity of risks and substantiate their inclusion in the risk register.

#### **4.0 Further Work**

- 4.1** Engagement with SMTs and DMTs will continue, to further embed the risk management process throughout the Council. Services will review their risks ongoing on a quarterly basis, and will report this information at the Quarterly Performance Review meetings, as well as to Strategic Overview Board.
- 4.2** The Business Continuity & Risk Management Officer will continue to meet with the Leader on a monthly basis to ensure that the corporate risk register remains up-to-date with the appropriate mitigating controls identified.
- 4.3** Actions identified in the Risk Management action plan will be delivered, and progress against delivery of the action plan will be reported through the Internal Audit Working Group.
- 4.4** The feasibility of an automated Risk Management System for the Council is currently being explored. An automated system will provide an efficient method of managing risk, with many benefits including a reduction of employee time spent updating risk registers and creating reports, removal of duplication, minimising the risk of human error and enhanced reporting methods. Such a system would also contribute to the process of embedding risk management throughout the

organisation as it will provide current and up-to-date information to a wider audience at the touch of a button. It will also enable officers (risk owners) to update their risk registers at any point in time, in isolation. This will ensure that the latest information is available to Members, and included within the appropriate reports. It will also allow Members and officers to access up-to-date information at the touch of a button, without having to request this information from officers. An automated system will assign owners to each of the risks, and will send email reminders to ensure that risks are updated within the allocated time period. Also, timescales can be allocated against implementation of identified mitigating controls. Again, the system will generate email reminders to update progress on implementation of these controls.

- 4.5 The Council is yet to receive the third and final thematic review as part of the Corporate Assessment process. We are currently awaiting further details and the project brief from WAO setting out the scope of the review of “*Transformational Change*”.

## 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 recently undertook an audit of BCM arrangements within the Council. The audit was a crosscutting exercise that concentrated on the arrangements in place to ensure systems are satisfactorily in place in the event that service delivery is threatened. The audit also covered compliance by individual services. A draft report has been issued and the results of the audit have been shared with members of the BCM Group. An action plan is currently being developed to respond to issues identified within the audit. Upon completion of the action plan, a formal report will be issued and this will be shared with the Audit Committee.

## 6.0 **Statutory Officers**

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

“The Strategic Director Resources (S151 Officer) welcomes the continuing improvement to the Council’s Risk Management arrangements.”

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

“I have nothing to add to the report”.

## 7.0 **Future Status of the Report**

- 7.1 Not applicable

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
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.

<b>Relevant Policy (ies):</b>	
<b>Within Policy:</b>	Y
<b>Within Budget:</b>	Y

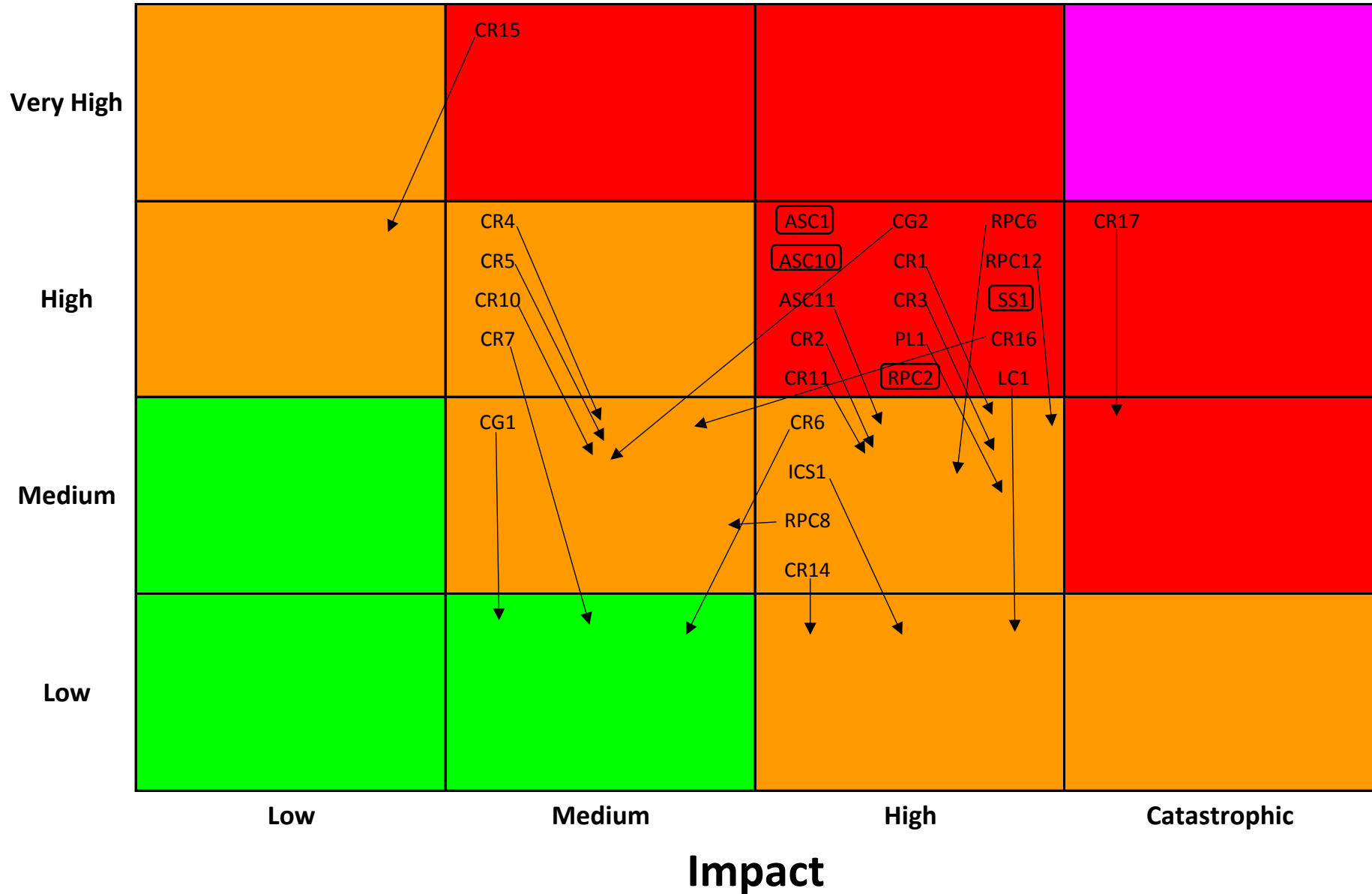
<b>Relevant Local Member(s):</b>	<b>Not Applicable</b>
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<b>Person(s) To Implement Decision:</b>	
<b>Date By When Decision To Be Implemented:</b>	

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



Heat Map



The risk reference e.g. ASC10 identifies the level of inherent risk to the Council (pre-mitigation).

The arrows from each risk point to the level to which the risk will reduce as a result of the mitigating controls being implemented (residual risk).

Those risks with  around them do not change their level of risk with mitigation.

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Ref	Trend	Corporate Priority	Risk Identified	Risk Owner	Portfolio Holder
ASC1	←→	Services delivered for less Supporting people in the community	Not gaining full agreement on some of the more controversial and high profile agreements for the direction of travel of the service, without which we'll be unable to achieve the full level of financial savings	Carol Shillabeer	Cllr Stephen Hayes
ASC10	←→	Services delivered for less Supporting people in the community	Governance options in respect of residential care contracts result in costly or ineffective service delivery.	Carol Shillabeer	Cllr Stephen Hayes
ASC11	←→	Services delivered for less Supporting people in the community	Domiciliary Care suppliers and stakeholders in the Powys market are not sufficiently mature to respond to changing demand from customers and commissioners.	Carol Shillabeer	Cllr Stephen Hayes
ASC8 CR2	←→	Services delivered for less Supporting people in the community	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic.	Julie Rowles	Cllr John Powell
CR17	←→	Services delivered for less Supporting people in the community	Living wage and increased pension requirements are resulting in increased financial pressure.	David Powell	Cllr Wynne Jones
CR11	←→	Supporting people in the community	Implementation of CCIS (DRAIG replacement)	Carol Shillabeer	Cllr Avril York
CG1	←→	Services delivered for less	Failure of governance.	Jeremy Patterson	Cllr Wynne Jones
CG2	←→	Services delivered for less	Data Protection Breaches	Carol Shillabeer	Cllr Rosemarie Harris
CR1	←→	Services delivered for less	The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position	David Powell	Cllr Wynne Jones
CR3	←→	Services delivered for less Supporting people in the community Developing the economy Learning	Inadequate Corporate Governance arrangements for shared services and partnerships	Jeremy Patterson	Cllr Barry Thomas
CR4	←→	Services delivered for less Supporting people in the community Developing the economy Learning	Failure to deliver on the Powys One Plan	David Powell	Cllr Barry Thomas
CR5	←→	Services delivered for less Supporting people in the community	Lack of management of the procurement process within services.	David Powell	Cllr Graham Brown
CR6	←→	Services delivered for less Supporting people in the community Developing the economy Learning	Lack of adequate resilience planning	David Powell	Cllr John Powell
CR10	←→	Services delivered for less	Failure to monitor and protect Council assets	David Powell	Cllr Avril York
PL1	←→	Services delivered for less	Health and Safety of public and workforce	Paul Griffiths	Cllr John Brunt / Cllr John Powell
ICS1	←→	Services delivered for less Supporting people in the community Developing the economy Learning	Current systems are not covered by a fully resilient DR Solution (Infrastructure and Policies/processes)	David Powell	Cllr Avril York

Ref	Trend	Corporate Priority	Risk Identified	Risk Owner	Portfolio Holder
RPC2	↑	Services delivered for less	a) Legal challenge to PCC's intention to hand back responsibility of privately owned closed landfill sites back to the landowners; b) Liabilities arising from PCC owned closed landfill site portfolio	Paul Griffiths	Cllr John Powell
RPC6	↓	Services delivered for less  Developing the economy	Failure to adopt the LDP	Paul Griffiths	Cllr Avril York
RPC8	←→	Services delivered for less	The property disposals programme may not realise the expected returns on time.	Paul Griffiths	Cllr Rosemarie Harris
RPC12	↑	Services delivered for less	We have identified C£1M of urgent health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Paul Griffiths	Cllr John Powell
SS1	←→	Services delivered for less  Learning	Non delivery of the Schools Transformation Programme Risk of legal challenge to consultation process which will impact of 21st Century Capital programme.	Jeremy Patterson	Cllr Arwel Jones
CR14	←→	Services delivered for less  Learning	Condition and security of buildings and premises.	Jeremy Patterson	Cllr Rosemarie Harris
CR15	←→	Services delivered for less  Supporting people in the community	The roll out of Universal Credit has likelihood of large impact on Powys citizens.	David Powell	Cllr Wynne Jones
CR16	←→	Services delivered for less  Developing the economy	The impact on the Council as a result of Brexit	David Powell	Cllr Wynne Jones
LC1	↓	Services delivered for less	Leisure Centre related major incident or near miss, arising through mis-management or lack of procedures / systems.	Paul Griffiths	Cllr Graham Brown
CR7	New	Services delivered for less	Transition post-election of the Pensions Committee	David Powell	Cllr Wynne Jones

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes	
							P	I	Risk Rating					P	I	Risk Rating		
ASC1	Services delivered for less  Supporting people in the community	15/07/2015	SIP	Adult Social Care	Not gaining full agreement on some of the more controversial and high profile agreements for the direction of travel of the service, without which we'll be unable to achieve the full level of financial savings	Inability to meet the demands and requirements of service users as well as a potential for significant overspending	H	H	High	9	Ensure appropriate information is available to inform Member's decision making; Appropriate options appraisal undertaken; A series of pre and formal consultation events are being held over the winter period.	Carol Shillabeer  Cllr Stephen Hayes	Hold regular member development sessions to keep them informed of issues relating to service. 19/10/15 - Consultation process over the winter period for the following services: - • Daytime activities for Older People; • Residential Care; • Older Peoples Commissioning Strategy; • Learning Disabilities Project - Day & Employment Services; • Budget Consultation.	H	H	High	9	Cabinet decision expected 20th December regarding Daytime activities and Residential care. Dom Care paper to Cabinet 20th December.
ASC10	Services delivered for less  Supporting people in the community	15/07/2015	SIP	Adult Social Care	Governance options in respect of residential care contracts result in costly or ineffective service delivery.	Capacity to support the development of interim arrangements could delay the process; Replacement services not planned for / in place in a timely manner Commercial Services are unable to achieve savings identified over and above the MTFS. Potential expensive extension of contract, or challenging developments of	H	H	High	9	Negotiations continue between BUPA and PCC. Work is ongoing on developing a Business Plan for a LATC.	Carol Shillabeer  Cllr Stephen Hayes	In conjunction with Commercial services risk assess any interim plans; Corporate ownership and support in place to ensure focused and successful implementation; Further resource has been secured resulting in joint working with Cardiff Council and V4 on residential care. Cabinet decision required in December. Recruitment plans for LATC in train. Re-registration with CSSIW being actioned.	H	H	High	9	
ASC173	Services delivered for less  Supporting people in the community	15/07/2015	SIP	Adult Social Care	Domiciliary Care suppliers and stakeholders in the Powys market are not sufficiently mature to respond to changing demand from customers and commissioners.	Commissioned services are not delivered to required standards; Re-commissioning may be needed; Complaints from service users may increase; Risk to service user independence including customer safety; Failure to stabilise the Domiciliary Care market, resulting in: - • A service which does not deliver the outcomes that our services users need / want; • An unsustainable financial burden to the council; • Impact on capacity of ASC Services to undertake innovative work; • Adverse reputational risk for the Council; • Service users left at risk; • Failure to meet statutory duty.	H	H	High	9	The provider forum will be an opportunity to engage with local service providers and consult on potential service proposals; Regular contract management will engage providers in the process; Action plan and accountability framework in place following IPC report on Domiciliary Care Commissioning; SIP outlines specific action to develop plan to establish a stable Domiciliary Care Service; Additional/temporary officer capacity has been sourced; Project Board established; External support and evaluation/critical support from IPC; Commissioned a range of many providers to deliver care; Provider forum established; Robust support and monitoring arrangements in place.	Carol Shillabeer  Cllr Stephen Hayes	Improved working arrangements with PAVO to support and build capacity in the 3rd sector; To move from traditional provider / commissioner relationship to a relationship of co-production with stakeholders; Integrated approach with Health to design a joint domiciliary service model; Cabinet report being prepared for January for Domiciliary Care Framework Options.	M	H	Medium	6	

2017-01-09 Risk Register

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk				Notes
							P	I	Risk Rating						P	I	Risk Rating		
ASC8 CR2	Services delivered for less  Supporting people in the community  Developing the economy  Learning	15/07/2015	HoS	Adult Social Care	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic.	Insufficient staff to meet service demands; Inability to progress service development. Financial implication of using agency staff/contractors.	H	H	High	9	Integrated approach to integration across Health and Adult Social Care including the alignment of HR / Organisational Development being managed under the One Powys Plan; SIP requirement to develop Early Intervention and Prevention Strategy to reduce down demand for high cost / specialist services.	Julie Rowles	Cllr John Powell	Recruitment campaigns commencing for key services; Develop workforce strategy looking at workforce demographics over next 5-10 years, skills and workforce training; Work with partners. Move to a new approach of values based recruitment process. RROOTS Project (Recruiting & Retaining Our Own Talent and Skills).	M	H	Medium	6	Risk revised to reflect the whole organisation.
CR17	Services delivered for less  Supporting people in the community	22/01/2016	SMT	Corporate	Living wage and increased pension requirements are resulting in increased financial pressure.	Additional financial implications; Some providers may remove provision; Inability to meet statutory requirements; Unaffordable within current budget.	H	C	High	12	Working with providers to understand increased cost pressures; Adopting workforce development approach; Targeted provider forums where current and future issues can be discussed.	David Powell	Cllr Wynne Jones	Continuation of existing controls.	M	C	High	8	
CR11 Page 174	Supporting people in the community	14/09/2015	CEO	Social Care	Implementation of WCCIS (DRAIG replacement)	Loss of data resulting in an efficient service with officers being unable to access client files. Delay in new system being commissioned as part of a National approach. Demand on resources; Continuity of reporting; Loss of data.	H	H	High	9	Project team and project governance established. DRAIG will continue to support the current system until we migrate onto CCIS.	Carol Shillabeer	Cllr Avril York	Following a recent Information Governance review of the national system, we have asked that further changes and updates are made before we can safely implement the joint system across Powys. Therefore it was agreed at the Powys WCCIS Programme Board meeting held on 24th November to postpone the 'Go Live' date. As a result the date for the switchover from DRAIG to WCCIS and the first wave implementation in PTHB has been moved to early 2017 when we are assured that all information governance issues are resolved.	M	H	Medium	6	
CG1	Services delivered for less	Prior to 2014	SIP.L.V 2	Legal	Failure of governance.	Council acts ultra vires; Contravenes finance regulations and EU procurement regulations. Failure to distribute	M	M	Medium	4	All work is report based and there is a mechanism in place by which appropriate checks are made - two checks are made by Finance and two checks by Legal (Section 151 Officer and Monitoring Officer).	Jeremy Patterson	Cllr Wynne Jones	ModernGov Phase 2 to be completed by end of December 2016. Input required from company to provide training. Will be piloted with one service initially. This will insist on timely provision of reports and will send reminder emails to the appropriate officers; Programme Governance Action Plan - spot audits of Programme Boards; Audit of Programme Board governance;	L	M	Low	2	The software is extensively used by WG and automatically sends reminder emails to officers.

2017-01-09 Risk Register

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk				
							P	I	Risk Rating						P	I	Risk Rating		
CG2	Services delivered for less	21/11/2012	Risk Register 21/11/12 12.11	Corporate	Data Protection Breaches	Information Commissioners Intervention. Financial Penalties	H	H	High	9	<ul style="list-style-type: none"> <li>Information Governance Plan supported by the Corporate Information Governance Group which meets on a quarterly basis;</li> <li>Ensure we comply with corporate training requirements and quality assure our processes;</li> <li>IT equipment encrypted;</li> <li>Policies and procedures in place;</li> <li>Staff training;</li> <li>Printer security controls;</li> <li>Data transmission controls (secure email).</li> </ul>	Carol Shillabeer	Cllr Rosemarie Harris	Introduction of information asset owners; Information Asset Register; Information Risk Assessments.	M	M	Medium	4	
CR1	Services delivered for less	21/11/2012	Risk Register 21/11/12 12.100	Corporate	The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position	The Council incurs significant overspend. Projected budget will suffer an overspend. Penalties and fines may be imposed Council reputation damaged	H	H	High	9	Medium Term Financial Plan; Cost Recovery work; 3rd party spend reduction; Income Generation; Monthly reports to cabinet and Management Team on budget progress and progress on savings; Budget Challenge Events; Moved to a 3 year balanced budget; Budget Management Reserve; Impact Assessments; Resource Delivery Plan.	David Powell	Cllr Wynne Jones		M	H	Medium	6	

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
CR3	Services delivered for less Supporting people in the community Developing the economy Learning	21/11/2012	Risk Register 21/11/12 12.92	Corporate	Inadequate Corporate Governance arrangements for shared services and partnerships	Failure to effectively deliver services	H	H	High 9	Progress on the One Plan is reported through the Transformation Board and the LSB. In July 2012 PCC and PtHB entered into a formal partnership to deliver ICT services from a joint team formed by the integration of the ICT teams from both organisations. A Section 33 agreement was employed and provides a formal basis for partnership working. This agreement has two tiers of governance: - 1. ICT Management Team; 2. Joint Partnership Board. The Joint Partnership Board was established in 2012 and is chaired by the Leader. This manages all Section 33 agreements and is attended by the PCC Leader, PCC Chief Executive, PtHB Chief Exec and PtHB Executive Director.	Jeremy Patterson	Cllr Barry Thomas	As we enter the new landscape of integration being delivered by PCC and PtHB we will require suitable governance arrangements and lines of accountability which makes governance less ambiguous and more robust, and making scrutiny more effective and more complementary with other accountability mechanisms. Taken together these make organisations more responsive to change, and will mean that scrutiny and accountability drive improvement effectively. This work is underway to agree a revised Scrutiny and Governance structure that will meet the increased scope & pace of change for PtHB /PCC integration required by Welsh Government, address member concerns about levels of member involvement and meet PtHB requirements for separation of Board and executive functions. As part of this work we will: - • Implement a shared governance and scrutiny structure; • Develop and implement a shared member / non-executive training programme; • Develop & implement a shadowing programme across PCC cabinet / scrutiny and PtHB Board and Committees; • Seek approval at Cabinet and PtHB.	M	H	Medium 6	WAO report presented to Audit Committee 22nd April 2015 identified that the Section 33 agreement has improved service resilience and reduced IT risk, and Section 33 arrangements provide a good basis for integrated working.
CR4	Services delivered for less Supporting people in the community Developing the economy Learning	21/11/2012	Risk Register 21/11/12 12.102	Corporate	Failure to deliver on the One Powys Plan (OPP)	Failure to deliver on the OPP which incorporates our statutory corporate improvement plan - could be subject to intervention	H	M	Medium 6	Programme Managers leading on each of the 5 programmes within the OPP. Programme Boards meet bi-monthly and monitor progress of the projects in each programme. This is then reported up to the Transformational Board and the LSB. Programme Office adopted corporate risk assessment methodology and Strategic Programme Managers report the Programme risk registers to the Programme Boards. Scrutiny challenge and feedback sessions using the Performance Evaluation Grids.	David Powell	Cllr Barry Thomas	Greater transparency of the OPP reporting process; Clearer lines of accountability and responsibility. Sharing learning and knowledge between PCC and PTHB Programme Office'. Continue to monitor progress on the programmes via programme boards. Regular meetings between Programme Sponsors and Strategic Programme Managers, to identify and unblock any issues that arise.	M	M	Medium 4	A number of projects within the OPP are due to be completed beyond April 2017. Due to a 'gap' between the meetings of the LSB and the PSB, it may be appropriate to continue and maintain monitoring of these projects beyond 2017.



Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
CR5	Services delivered for less  Supporting people in the community	21/11/2012	Risk Register 21/11/12 12.102	Corporate	Lack of management of the procurement process within services.	Inadequate contracts and contract management exposing the authority to financial and reputational risk	H	M	Medium 6	E-Learning 'Commissioning: The Fundamentals Level 1' training course developed and provided to staff responsible for commissioning and/or purchasing;  The Gateway process ensures that a member of the Commercial Services team is applied to each	David Powell  Cllr Graham Brown	Provide key messages around Commissioning to all employees via NetConsent; Develop spec and deliver level 2 training to target audience; Visibility of the contracts register; Introduction of Commissioning Toolkit.	M	M	Medium 4		
CR6	Services delivered for less  Supporting people in the community  Developing the economy  Learning	21/11/2012	Risk Register 21/11/12 12.90	Corporate	Lack of adequate resilience planning	Non-compliance with Civil Contingencies Act (CCA) 2004; Failure to deliver critical services in the event of a declared emergency or event.	M	H	Medium 6	Education and training programme; Business Continuity Management (BCM) Group established; Services supported to produce their own Business Continuity Plans (BCPs); Self-evaluation of BCM incorporated into SIP process; PCC representation on Dyfed Powys Local Resilience Forum (LRF); 24/7 Duty Emergency Planning Officer to facilitate PCC response.	David Powell  Cllr John Powell	Continual engagement with BCM Champions via quarterly Business Continuity Group; Services to continue to develop and test their BCPs; External Education and Training with LRF Partners to ensure Integrated Emergency Management (IEM).	L	M	Low 2		
CR7	Services delivered for less	21/11/2012	Risk Register 21/11/12 12.97	Corporate	Failure to monitor and protect Council assets	Theft and abuse of Council property	H	M	Medium 6	Each service should have its own asset register; All ICT equipment should be recorded on the ICT central asset register.	David Powell  Cllr Avril York	Ensure that all services have their own asset registers in place; Incorporate into Starters and Leavers process.	M	M	Medium 4		
PL1	Services delivered for less	Prior to 2014	SIP	Highways, Transport & Recycling	Health and Safety of public and workforce	Injury to individual employees and risk to the Authority; People could be seriously or fatally injured; Exposure to litigation	H	H	High 9	Health and Safety meetings, revenues, training and audit; Public liability insurance; Procurement - external contractors risk statements - monitoring	Paul Griffiths  Cllr John Brunt / Cllr John Powell	Continually review robust site supervision and monitoring processes internally and externally with contractors;	M	H	Medium 6		
ICS1	Services delivered for less  Supporting people in the community  Developing the economy  Learning	Prior to 2014	SIP.ICT. ?	ICT and Programmes	Current systems are not covered by a fully resilient DR Solution (Infrastructure and Policies/processes)	Failure to maintain key ICT services in the event of a major incident.	M	H	Medium 6	Close working with Microsoft and Platform Consultancy to explore utilising the latest cloud services; Microsoft Data Protection Manager will perform nightly backups to on-site storage, this will then be replicated into Azure blob storage as an off-site back for long-term storage.	David Powell  Cllr Avril York	Replacement of existing systems; Fire prevention for server rooms; Second link from a second site within the North of the County to replicate systems; New systems which are purchased should have cloud hosting capability; DR and BC within SIP and discussions in progress for way forward; SLA discussions will also impact the solutions.	L	H	Medium 3	Engagement with Fujitsu over BC. Fujitsu tasked with removal of tape backup system by end of Q3 and awaiting their response. DR/BC process and plan needs to be progressed.	

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes	
							P	I	Risk Rating						P	I	Risk Rating		
RPC2	Services delivered for less	Updated 19th April 2016	SIP.PPP.V1	Regeneration, Property & Commissioning - Environmental Health	a) Legal challenge to PCC's intention to hand back responsibility of privately owned closed landfill sites back to the landowners; b) Liabilities arising from PCC owned closed landfill site portfolio	a) Costs arising from legal challenge and future liabilities. b) Potential legal action by NRW should an incident occur	H	H	High	9	a) QC advice sought at the outset, and supporting the Council's stance. b) We have two specialist Contaminated Land Officers who will seek external legal advice when appropriate, and work closely with Natural Resources Wales	Paul Griffiths	Cllr John Powell	a) We defended our position in the High Court in October but this didn't go our way. We are currently seeking approval to appeal against this decision.	H	H	High	9	It is the implication that is critical - it may mean that we need to spend a lot of money in the future on the maintenance of these sites.
RPC6	Services delivered for less  Developing the economy	Prior to 2014 Risk updated 05/04/2016	SBP 2014/17	Regeneration, Property & Commissioning - Spatial Planning	Failure to adopt the LDP	Reputational damage to the Council and a period when the Council would determine planning applications without an adopted LDP. Financial implications due to increased costs to produce LDP.	H	H	High	9	There has been close working relationships with WG officers. However, recent correspondence suggests they consider the Plan may be unsound. Senior Management Team meet with PL-PP on a regular basis. Action Plan to respond to issues raised by WG and Inspector.	Paul Griffiths	Cllr Avril York	Work closely with WG; Exploratory meeting was held with the Inspector on 10th May, where we were given extra time to answer her queries.	M	H	Medium	6	LDP was re-submitted on 13th September and the examination process has re-started. Risk rating reduced from High (9) to Medium (6).
RPC8	Services delivered for less	2014	SBP 2014/17	Regeneration, Property & Commissioning	The property disposals programme may not realise the expected returns on time.	Other developments which depend upon them cannot be supported.	M	H	Medium	6	Regularly revise progress on list of disposal sites/ buildings; The Strategic Assets Board meets quarterly.	Paul Griffiths	Cllr Rosemarie Harris	The policies and procedures reflect adequate internal control arrangements, monitoring and effective authorisation and scrutiny.	M	M	Medium	4	The school building programme has been delayed due to consultation requirements, thus relieving immediate pressure on the capital programme.
RPC12	Services delivered for less	11/12/2015	HoS	Regeneration, Property & Commissioning	We have identified CE1M of urgent health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Financial and reputation risk to the Council if the remedial works are not undertaken.	H	H	High	9	£500k capital has been identified to start works in 2016/17.	Paul Griffiths	Cllr John Powell	Report to Cabinet 1st November 2016 when the full position of works required is known - further report requested by Cabinet to identify revenue and capital works, and to consider other ways of funding the maintenance backlog. Rolling programme of works	M	H	Medium	6	
SS1	Services delivered for less  Learning	13/01/2015	SMT	Schools Service	Non delivery of the Schools Transformation Programme Risk of legal challenge to consultation process which will impact of 21st Century Capital programme.	Infrastructure which is not contributing to the Authority's efficiency agenda, and leading to poor educational outcomes. Delay in delivery of programme due to political dimension and potential loss of WG funding.	H	H	High	9	<u>Primary Schools</u> Cabinet resolved to close Nantmel school w.e.f 31/12/16. <u>Secondary Schools</u> <u>Mid Powys</u> Cabinet resolved to publish statutory notices for the closure of Builth and Llandrindod High. <u>South Powys</u> OBC approved for new build in Brecon and investment in Gwernyfed. <u>North Powys</u> Business case production commissioned and ongoing.	Jeremy Patterson	Cllr Arwel Jones	<u>Primary Schools</u> Consultation on closure of four schools in Welshpool taking place 05/09/16 - 18/09/16. Further paper to be taken back to cabinet re Llanbister and Llanfihangel Rhydithon. <u>Secondary Schools</u> Further paper to be taken back to Cabinet re Gwernyfed and Brecon. Full Council seminar to be held on 7th December relating to pupil demographics.	H	H	High	9	

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Residual Risk			Notes	
							P	I	Risk Rating				P	I	Risk Rating		
CR14	Services delivered for less Learning	13/01/2015	SMT	Corporate	Condition and security of buildings and premises.	<ul style="list-style-type: none"> <li>Breach of Equalities legislation;</li> <li>Failure to comply with H&amp;S legislation;</li> <li>Failure to be able to provide services in a suitable way to the public, and accommodation which is suitable for staff.</li> </ul>	M	H	Medium 6	Strategic review of office accommodation in progress.  <u>Schools</u> Review of Special Schools; 21st Century Schools Programme (prioritised according to pupil vulnerability); A new Schools Service Major Improvement Programme Scoring and Prioritisation criteria was agreed by Cabinet 3/3/15, and it was also agreed a spend of £1m per year for the next three years.	Jeremy Patterson	Cllr Rosemarie Harris	Strategic Outline Plan for 21st Century Schools and Capital Investment Programme; Revision of Schools Service Asset Management Plan including: - <ul style="list-style-type: none"> <li>Revision of SLAs as part of JVC (incorporating Property Plus);</li> <li>Defined Client side role;</li> <li>Develop robust SLA with clearly defined roles;</li> <li>Develop a commissioning model;</li> <li>Understanding of how work is commissioned.</li> </ul> Health & Safety Officer carrying out a rolling programme of audits. Further guidance to be issued to schools in September relating to Health & Safety and Safeguarding.	L	H	Medium 3	
CR15	Services delivered for less Supporting people in the community	25/01/2016	PCC Welfare Reform Advisory Group	Business Services	The roll out of Universal Credit has likelihood of large impact on Powys citizens.	Customers having less income; Customers needing support to adjust; Resilience of service to continue to provide additional service as UC increases; In subsidy audit potential	VH	M	High 8	Provide financial advice. Administer discretionary housing payments (DHP) to people who are unable to manage their housing costs (WG allocated fund); Steering Group chaired by Portfolio Holder; Communication and money	David Powell	Cllr Wynne Jones	Using Powys data to be able to map and model customers within Powys who are going to be affected the greatest to provide advice and support to avoid them getting into debt; Using Shire meetings to notify members.	H	L	Medium 3	
CR179	Services delivered for less Developing the economy	07/07/2016	Audit Committee		The impact on the Council as a result of Brexit	Interest rates, negative impact on investments and the pension fund, wider economic impact, exchange rates, European funding grants	H	H	High 9	Close monitoring; Cabinet briefed; Advice from pension advisers; Continue to work with WEFO.	David Powell	Cllr Wynne Jones	Continue to monitor economic indicators.	M	M	Medium 4	
LC1	Services delivered for less	28/08/2016	Strategic Director - Place	Leisure & Recreation	Leisure Centre related major incident or near miss, arising through mis-management or lack of procedures / systems.	HSE investigation leading to possible prosecution which would result in significant adverse reputational damage and financial impact to the Council.	H	H	High 9	Area Manager Audits, External H&S Audits, Internal Audits, Operational Risk Assessment Updates; Regular staff training; Staff qualifications are monitored and updated when necessary; Monthly visits (to 1 or 2 LCs) to review the audits undertaken; Regular monthly and quarterly meetings with Freedom Leisure; Freedom H&S officer notifies the Council of any incident or pool building closure, and follows up with an outcome report;	Paul Griffiths	Cllr Graham Brown	Continue as per contract monitoring regime.	L	H	Medium 3	Residual risk level reduced.

2017-01-09 Risk Register

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk				Notes
							P	I	Risk Rating						P	I	Risk Rating		
CR7	Services delivered for less	04/11/2016	Audit Committee	Corporate	Transition post-election of the Pensions Committee	Insufficient skills to oversee the Pension fund	H	M	Medium	6	The Pensions Board is fully trained and holds a great amount of training and expertise. This Board is available to provide assistance to the Pensions Committee if required.	David Powell	Cllr Wynne Jones	Implement training plan previously developed for the Pensions Board, to develop members of the Pensions Committee where required.	L	M	Low	2	

## Risk Assessment Matrix

### 1. Impact:

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

### 2. Probability:

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

### 3. Risk Profile:

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

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# A8-2017

## CYNGOR SIR POWYS COUNTY COUNCIL

### AUDIT COMMITTEE

3<sup>rd</sup> February 2017

**REPORT AUTHOR:** Acting Head of Financial Services

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

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**REPORT FOR:** Information

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#### 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 30<sup>th</sup> 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 is meeting formally monthly up until March, when the frequency of meetings will be reviewed.
- 2.2 On 10<sup>th</sup> November an officer attended the WAO facilitated event "Making a reality of Early Closure". Pembrokeshire County Council who had their 2015-16 accounts approved by the end of July in 2016 gave a presentation on their experiences. They had used a project management approach with regular meetings between the key players. The importance of corporate buy-in was emphasised at member, corporate management team, finance and service level. They highlighted the fact they had involved junior members of staff more than in previous years and this was creating more resilience. They had utilised the flexi system to ease the spikes in officer hours as the deadlines approached. They

also worked with WAO to identify what can be done earlier in terms of audit testing i.e. interim testing.

- 2.3 In November's meeting officers discussed the issues arising in the Auditor General for Wales Management Letter 2015-16 and actions to remedy them. The main code changes to the 2016-17 accounts were also discussed along with a consultation for the 2017-18 code. The areas of most note for 2016-17 will be the change in the presentation of the Comprehensive Income and Expenditure Statement to represent service analysis by the organisational structure of the Authority rather than the previously prescribed Service Reporting Code of Practice (SERCOP) headings provided by CIPFA. The group were also made aware of the decision to postpone the implementation of the Highways Network Asset measurement by Depreciated Replacement Cost in 2015-16. It is estimated that full implementation will result in a revaluation increase of £1trillion to the UK public sector balance sheet. A key part of the implementation is the provision of central Gross Replacement Cost (GRC) rates, CIPFA has been working with stakeholders, including the Department of Transport to confirm rates but it became clear that they would not be ready in good time of the 2016-17 financial statements. CIPFA/LASAAC will meet in March 2017 to consider implementation in 2017-18.
- 2.4 December's meeting highlighted the current Welsh Government consultation that proposes removing the Pension Fund accounts out of the Authorities Statement of Accounts, removing the need to publish Audit notices in local newspapers and bringing the closing date for the production of the 2018-19 accounts forwards by two weeks. Officers felt each of these proposals were reasonable requests.
- 2.5 The initial project plan was taken to January's meeting and officers were asked to consider items for the risk register. In light of the Auditor Generals comments the project plan will build in more resource for qualitative analysis. Working papers are currently being analysed so that they are easier to follow for those undertaking the review.
- 2.6 Officers have booked on CIPFA hosted training days in early February for both the Statement of Accounts and Pension Fund accounts.
- 2.7 WAO staff have started work on their system and procedure analysis and are aiming to sample test transaction in period 1-10.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>That Audit Committee notes the contents of the report.</b>	<b>To continue the improvement in accounts closure and that the</b>



**That Audit Committee receive regular updates on the Delivery of the Project.**

**continuing use of project management principles is endorsed for the closure and audit of the 2016/17 accounts.**

Contact Officer Name:	Tel:	Email:
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# A9-2017

## CYNGOR SIR POWYS COUNTY COUNCIL.

### Audit Committee 2016

**REPORT AUTHOR:** County Councillor Wynne Jones  
Portfolio Holder for Finance

**SUBJECT:** Regulatory Tracker – Summary Report

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**REPORT FOR:** Information & Decision

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#### Summary

#### 1. Corporate Improvement Plan Tracker

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

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

1.2 The Tracker (**Appendix 1**) went before Management Team on **30<sup>th</sup> November 2016** and Strategic Overview board on **13<sup>th</sup> December 2016**. (Item 3) shows the extract minutes from the Strategic Overview Board within are the revisions proposed to the status of recommendations recorded in the tracker. Audit Committee are welcomed to review and assess the corporate arrangements and implementation of regulator recommendations by the Council within the tracker.

## 2. Overview of Regulatory Tracker

At end of Qtr2 2016, the overview of the tracker provides the following view of progress against National and Local recommendations received.

Status	Description	Recommendations	National Studies	National Studies %	Local Studies	Local Studies %	Combined Total %
1	Total Number of Recommendations.	104	69	66.3%	35	33.7%	100%
2	Recommendations where planned, action is implemented and ready for sign off by Audit Committee	39	27	69.2%	12	30.8%	37.5%
3	Actions on track	52	31	59.6%	21	41.2%	50%
4	Actions mainly on track – some minor issues	7	7	100%	0	0%	6.7%
5	Actions not on track – with major issues or no planned action undertaken to date.	6	4	66.6%	2	33.3%	5.8%

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

Of the **104** recommendations made in Local and National studies the Council have currently implemented **39** (27 National and 12 Local) into business as usual with a subsequent **52** (31 National and 21 Local) recommendations on track to implementation this equates to **87.5%** of the total recommendations.

Of the **104** recommendation **6** (4 National and 2 Local) are not on track or have major issues or no planned action undertaken to date this equates to **5.8%** of the total recommendations.

### 3. Extract minutes from Strategic Overview Board

<b>REGULATORY RECOMMENDATION TRACKER</b>
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The Board considered a tracker of recommendations made by regulators. Of 104 recommendations, 39 actions were complete and ready for sign off by the Audit Committee, 51 were on track, 6 were mainly on track with some minor issues and 8 were not on track and the report set out the position for each of these.

With respect to R5R5, public bodies should give due consideration to the equality impact of all early departure arrangements, SOB was advised that this had been actioned so this would be green for the next report.

With respect to R5, monitor efficiency savings and demonstrate that services provide value for money, the Strategic Director Resources would be meeting WAO to discuss what measures they wanted to put into place.

With respect to R4, develop Key Performance Indicators to monitor the MTFP, this would be introduced for the next financial year.

With respect to R7, Strengthen budget setting and monitoring arrangements to ensure financial resilience, resilience had been built in so SOB agreed that this should be amber rather than red.

For future reports SOB asked for details of when reports were due. Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

The view of the Strategic Director, Law & Governance is that:

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>Audit Committee are happy with the governance and process in place regarding the Council’s Regulatory tracker.</b>	<b>Assure that the Council is actively implementing regulator recommendations into business as usual. Ensure there is robust processes and governance in place to review and challenge services implementation of recommendations.</b>
<b>That Audit Committee review and challenge Strategic Overview Board and provide comment where</b>	<b>Ensure there is sufficient scrutiny and challenge with regards to the Council’s response to regulator</b>

necessary.	recommendations.
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<b>Relevant Policy (ies):</b>			
<b>Within Policy:</b>	<b>Y</b>	<b>Within Budget:</b>	<b>Y</b>
<b>Relevant Local Member(s):</b>			
<b>Person(s) To Implement Decision:</b>			
<b>Date By When Decision To Be Implemented:</b>			

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

rs' Recommendations, Response / Action Plan Tracker

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Finance	P2 P1	Extend its financial monitoring arrangements to include service performance data to ensure that expected service standards are not being compromised at the expense of securing financial savings.	01/08/2015 01/10/2014	Cllr Wynne Jones	Jane Thomas		Developing performance data in conjunction with BI. Currently looking into early development of integrating the data into financial reporting on quarterly basis	
Safeguarding	P3 P1	Ensure appropriate and timely action is taken to manage risks and under performance in relation to safeguarding and ensure elected members are informed of risk management arrangements, and progress in addressing safeguarding risks is included in future scrutiny work.	01/08/2015 01/09/2014	Cllr Graham Brown / Cllr Stephen Hayes	Wyn Richards		Adult and children's scrutiny work groups look at safeguarding as part of their work programme. Members are fully aware of risk with the risk register going before Scrutiny and Cabinet on regular basis	Quarterly updates on children's and adults safeguarding to Cabinet
Scrutiny	P4 P2	Improve the work of the Council's Scrutiny Committees to ensure it is providing assurance on the effectiveness of the Council's corporate safeguarding arrangements.	01/08/2015 01/09/2014	Cllr Wynne Jones	Wyn Richards			
Audit	P6 P4	Identify and agree an appropriate internal audit programme of work for safeguarding.	01/08/2015 01/09/2014	Cllr Wynne Jones	Ian Halstead		Safeguarding is considered as part of the annual internal audit risk assessment with a current risk rating of High. This means that the service will be audited every 2 years. Internal Audit reviews have been carried out as part of the work programme 2014/15 and 2016/17 and will be part of the Internal Audit work programme for 2018/19.	Reasonable assurance will be gained that internal control systems are present in the safeguarding system.
<b>CSSIW</b>								
Social Care	CSSIW1	The corporate governance arrangements for social care commissioning need to be clarified and strengthened in order to effectively challenge and test the design, planning and delivery of the demanding work programme that Powys is facing.	01/05/2015	Cllr Stephen Hayes	Amanda Lewis		<ul style="list-style-type: none"> <li>Older People Commissioning Strategy</li> <li>Older People's Accommodation Strategy</li> <li>Learning Disabilities Commissioning Strategy</li> <li>Accountability Framework Created</li> </ul>	<ul style="list-style-type: none"> <li>That current and future adult social care commissioning activity is evidence based, tested, been subject to consultation with stakeholders prior to the commencement of any commissioning processes.</li> <li>That elected members and senior managers / partners are assured of the robustness and integrity of the governance arrangements.</li> <li>That front line staff are engaged understand their role in contribution the delivery of good outcomes for citizens.</li> </ul>
Social Care	CSSIW2	The commissioning strategy for older people must be based on a rigorous analysis of need and demand at community level and include local infrastructure and innovative and collaborative solutions. It should also consider models of best practice used elsewhere.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		<ul style="list-style-type: none"> <li>Desktop research of other local authorities commissioning strategies</li> <li>Draft Commissioning Strategy reviewed following engagement with stakeholders.</li> <li>Plain English Campaign commissioned to assess accessibility and clarity of the strategy.</li> <li>Formal Consultation</li> </ul> <p>Following recent governance changes awaiting draft Strategy approval by Joint Partnership Board</p>	<ul style="list-style-type: none"> <li>That current and future adult social care commissioning activity is evidence based, tested, been subject to consultation with stakeholders prior to the commencement of any commissioning processes.</li> <li>That elected members and senior managers / partners are assured of the robustness and integrity of the governance arrangements.</li> <li>That front line staff are engaged and committed understand their role in contribution the delivery of good outcomes for citizens.</li> <li>Utilised best practice from other local authorities</li> </ul>
Social Care	CSSIW3	The approach to commissioning social care services should make greater use of service user and carer experiences and facilitate a wider conversation with its communities about what future service models might look like.	01/05/2015	Cllr Stephen Hayes	Louise Barry Dylan Owen		<ul style="list-style-type: none"> <li>Service User Engagement Forums</li> <li>Service user questionnaires</li> <li>Engagement with Local Members Community and Town Councils</li> <li>Public Sector Engagement Event</li> </ul>	<ul style="list-style-type: none"> <li>Our Service Users are at the centre of their care.</li> <li>Service User voices are heard and their views help shape services.</li> </ul>
Social Care	CSSIW4	Future commissioning and procurement exercises for domiciliary care services should be built on a market development and partnership approach. It must robustly test the tender submissions, the capacity and capability of organisations to manage the transition of services and deliver the service specifications.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		Sustained partnership development between domiciliary care providers, Adult Social Care and Care Forum Wales has led to the establishment of the monthly domiciliary care forum (launched in June 15). This is already realising benefits of developing greater social capital and partnerships between the Council and partners. Care Forum Wales are an active member of this partnership and are working closely with the Council to facilitate its development.	<ul style="list-style-type: none"> <li>Increased capacity in the domiciliary care market to meet service user needs.</li> <li>Future commission exercise fully utilise the Powys County Council commissioning toolkit and gateway review process.</li> <li>Older people are supported to live independently and successfully in the community.</li> </ul>
Social Care	CSSIW5	The knowledge and skill base for managers in commissioning and the management of contractual relationships needs to be developed through a range of solutions including training and mentoring opportunities.	01/05/2015	Cllr Stephen Hayes	Louise Barry Dylan Owen		<p>A permanent, well-qualified and experienced Senior Commissioning Manager is in post and has restructured the commissioning service. All team members of the commissioning team have been trained via an Oxford Brookes University accredited course.</p> <p>The Council continues to seek to 'grow our own' commissioners as well qualified and experienced commissioning officers are in short supply throughout the UK and especially in rural Wales. We continue to develop the skills, experience and operational effectiveness of the team in order to improve performance given how vital this arm of the service is in our transformational and modernisation approach.</p> <p>The commercial services team and the ASC commissioning team work together to share knowledge and skill and increase capacity and resilience in a commissioning approach to service delivery.</p>	<ul style="list-style-type: none"> <li>Powys County Council develops a suitably qualified and technically competent commissioning workforce to commission services that increase the independence and safeguards service users.</li> </ul>
Social Care	CSSIW6	The Council needs to strengthen its relationships with and oversight of domiciliary care providers operating in Powys, including setting up regular meetings and clear lines of communication with the commissioning managers to address ongoing concerns and queries.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		<p>Following the difficulties in some care providers being able to deliver the quality of service we expect for our citizens, significant improvements have been made to the monitoring processes and oversight of domiciliary care agencies. This includes;</p> <ul style="list-style-type: none"> <li>A robust monitoring system is in place with supervision/ oversight of agencies that is proportionate to the scale of their service delivery, risk and intelligence gathered concerning their operations.</li> <li>On average monitoring visits are conducted monthly and augmented by regular case conferences between providers and care managers to discuss changing client circumstances or challenges in delivering care with the purpose of identifying solutions to the delivery of safe and effective care.</li> </ul> <p>Since the CSSIW inspection improve coordination of commissioning advice provider to panels and care managers has been embedded, this includes direct communication between care managers and the sharing of intelligence to promote safe and effective delivery of service and early warning of any decline in service standards.</p>	<ul style="list-style-type: none"> <li>Service users receive a quality, individually tailored service to maximise their independence and meet their assessed needs.</li> <li>The Council's provider performance management systems are utilised to drive up quality standards in commissioned domiciliary care services.</li> <li>A monthly domiciliary care forum has been established</li> </ul>

Area e.g. Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Social Care	CSSIW7	The Council needs to consider carrying out a review of the grants and service level arrangements to ensure they align with the Powys One Plan and the Integrated Pathway and provide the best value for money.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		<p>The development of an 'early intervention and prevention' model for adults is underway, once complete all adult social care grants and contracts to voluntary and third sector organisations will be reviewed to ensure their strategic fit with the council's approach to early intervention and prevention.</p> <p>Work has been completed over the summer with third sector partners and the local health board to design the strategic model (the 'continuum of need' and the early intervention and prevention model we will translate this into our joint strategic statement of intent.</p> <p>A wider review of grants is scheduled to be completed this year. Given the scale and number of projects currently being progressed this work is being undertaken by Paul Griffiths Strategic Director of Place in line with the 'stronger communities' programme of work. This review will be much wider than grants relating to Social Care, covering all areas of the Council, and will reflect the development of the three year Medium Term Financial Strategy developed by Cabinet and Management Team.</p>	<ul style="list-style-type: none"> <li>Grants awarded providing value for money and are aligned to the Health and Social Care 'continuum of need' and early intervention and prevention strategy.</li> <li>Powys citizens independence is maximised as people are increasingly supported to access universal and accessible services in their local communities.</li> <li>PCC can 'seed corn' innovative approaches to building community resilience</li> <li>Third sector organisations can build sustainable delivery models</li> </ul>
Social Care	CSSIW8	The development of the integrated pathway for older people with Powys Teaching Health Board should be clearly defined and articulated to capture the projected demand and therefore capacity required at each stage, including reablement. The future integrated service model must be supported by clear governance arrangements that include financial commitments and management accountability.	01/05/2015	Cllr Stephen Hayes	Jackie Barnett		<p>The model; 'Adult and Social Care Promotion of Independence Continuum of Need' has been developed to provide an overarching approach within which all services will be delivered to ensure we achieve our vision. This model was developed in partnership with Powys Teaching Health Board, PAVO and stakeholders.</p> <p>The framework will empower people to maintain and improve their own health and wellbeing, and build active and supportive networks among people within communities. It will also enable individuals, families and communities to meet a range of challenges which they may experience in their lives, leaving specialist social care services to concentrate on those with higher level support needs.</p>	<p>Success: A 'team around the person' is built which enables services to work together seamlessly at the point they are needed whilst improving the experience for older people. This requires;</p> <ul style="list-style-type: none"> <li>Services working seamlessly together</li> <li>Person centred approach promoting independence, providing maximum choice and options</li> <li>Integrated systems of care/care pathways designed to meet customer needs and available resources</li> <li>Care co-ordination</li> <li>Tell us once</li> </ul>
Social Care	CSSIW9	The first contact arrangements via the Powys People Direct should be further developed to ensure it can provide the appropriate level of response, advice, support and information for adult services and therefore reduce the need for an additional duty response at team level.	01/05/2015	Cllr Stephen Hayes	Jen Jeffreys		<p>The CSSIW report highlighted a series of risks around Powys People Direct, (our single point of access).</p> <p>As a service we are aware of the challenges of embedding a new way of working. During the transition arrangements it was a key safeguard that the care management teams provide support to ensure effective skill sharing and knowledge transfer to PPD. The service is currently working to continue to improve the skill levels and confidence of staff within PPD and recruit a permanent workforce/ succession plan for key positions within the service.</p>	<ul style="list-style-type: none"> <li>Increase in the number of customers whose enquiry/needs are met during their first contact with PPD/ Social Services.</li> <li>Reductions in duty calls received by the operational social work teams, while these teams still provide advice and guidance to PPD workers this is also starting to reduce as the team gain confidence and experience of working in a different way.</li> </ul>
Social Care	CSSIW10	The new adult safeguarding management structures and reporting mechanisms must be secured and established as a priority, to ensure that the Designated Lead Managers are supported in their responsibilities and there is consistent reporting, decision making and oversight at an appropriately senior level.	01/05/2015	Cllr Stephen Hayes	Sue Morgan		<p>The People Directorate leadership team recognised in the Autumn 2013 that the safeguarding function of the Council would be better served by the delivery of a Joint Children's and Adults 'through age' service which would ultimately be joined by PTHB's safeguarding service. Discussions are ongoing on the funding arrangements for this model of service delivery.</p> <p>The joint (Childrens and Adults) Senior Manager for Safeguarding commenced working in October 2014 and has introduced a new operational structure. Currently, work is underway to align a team of designated lead managers to a central unit in order to improve consistency and timeliness of decision making. Work is underway with PTHB to move to a second stage of integration where Health Board staff and social care employees form a single team.</p> <p>Recruitment is underway in Powys County Council to recruit permanent Social Work staff to the safeguarding unit.</p>	<ul style="list-style-type: none"> <li>That Powys citizens report greater levels of feeling safe following a safeguarding intervention.</li> <li>Vulnerable individuals are safe from abuse and neglect through multi-agency intervention.</li> <li>There is public confidence in the safeguarding process</li> <li>Partners are fully engaged and safeguarding is recognised as everyone's business.</li> <li>Staff are supported through training and CPD to manage the safeguarding of vulnerable people effectively.</li> </ul>
Social Care	CSSIW11	The low uptake of carer assessments needs to be further investigated to understand the needs of this group of people and how they can be supported in their role.	01/05/2015	Cllr Stephen Hayes	Louise Barry Dylan Owen		<p>Significant improvements have been made on the number of carers assessments offered to people identified as carers. During quarter one 2015/16 93.3% of carers were offered an assessment (exceeding our target of 90%) which was a significant improvement on last year's performance. Actual update of carer's assessments will continue to be monitored.</p> <p>Powys Carers is commissioned to support carers and provides a range of support services which are augmented by information advice and guidance services and respite provision. Further development support is targeted at the Carers partnership in order for the Council and Health Board to more effectively listen to the voice of the carer. We will continue to further investigate why carers offered an assessment do not take up this offer.</p>	
Social Care	CSSIW12	A workforce strategy which supports the establishment of the integrated pathway for older people should be developed across the wider health and social care workforce including domiciliary care. Opportunities to build workforce capacity such as care apprenticeships should be considered, as well as potential barriers such as housing and transport.	01/05/2015	Cllr Stephen Hayes	Amanda Edwards		<ul style="list-style-type: none"> <li>The Organisational Development and Partnership Support Programme are supporting the delivery of this recommendation.</li> <li>PTHB and PCC recognise that our staff are key to transforming how we provide services to the people of Powys.</li> <li>Organisational Development, HR and Workforce are working together across both organisations to support the creation of the teams working in the community.</li> <li>This work has commenced and continues to be a key priority within the integration plan between PTHB and PCC.</li> </ul> <p>An adult services specific Workforce action plan is in place, and this will be superseded by the integrated workforce strategy that is being developed as part of the integration agenda between Powys County council and Powys teaching health board.</p>	

Domiciliary Care



Area e.g. Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Domiciliary Care Domiciliary Contract Letting to Alpha Care	R1	The Authority should ensure that the weaknesses and/or deficiencies in the arrangements established to let the current domiciliary care contract are not replicated in any future domiciliary care procurement exercise. These include deficiencies in: -governance and accountability; -the way the contract was structured; -information made available to tenders; and -the way in which tenders were evaluated.	01/01/2016	Clr Stephen Hayes	Amanda Lewis		This work has been undertaken following completion of the earlier CSSW Action Plan. The Local Authority is committed to strong and effective commissioning arrangements, and has worked to ensure that all staff involved in the development of commissioning initiative, contracts, and tender evaluation are appropriately trained and follow corporate protocol. This includes agreement and adherence to clear governance arrangements for both the strategic planning of health and adult social care services under the umbrella of the Regional Partnership Board and the commissioning / tender evaluation requirements that result from this strategic planning. As the Council progresses its journey as a 'commissioning council' we have established the Cabinet led Commissioning and Procurement board in order to ensure oversight of commissioning and procurement activity across the council as a whole.	A suite of Integrated Commissioning Strategies have been developed in partnership with PHB to fully align to the HASCLB programme. These include: •Older People (currently out to consultation). •Learning Disabilities •Carers •Substance Misuse •A draft Integrated Assistive Technology Commissioning Strategy will be presented to the Joint Partnership Board for approval to undertake formal consultation. •A first draft of an Integrated Physical Disability and Sensory Impairment Commissioning Strategy is complete. •Governance arrangements for each strategy and all resulting commissioning activity is clearly detailed within strategies. •Measures are monitored through the Council's Quarterly Business Meeting. •Governance of each strategy is via an appropriate thematic partnership board that report to the HASCLB Programme Board. •Monitoring and scrutiny processes have been enhanced through additional authority being given to the Joint Partnership Board (PCC & PHB) to oversee joint commissioning activity. •A Corporate Gateway process has been agreed to provide effective challenge and management control across commissioning activities. •Projects agreed for implementation via the Gateway process are managed in line with corporate project management processes.PID's overseen by respective thematic boards that report to HASCLB. •ITT Guidance incorporated into the Council's Contract Procedure Rules. •Face to face training provided for evaluator by CST. •IPC presented their review of best practice models, and future proposed domiciliary care commissioning model in January 2016. •A draft domiciliary care strategy and market position statement was presented in March 2016. •Before tenders are evaluated, members of the Commercial Services Team provide face to face or phone training to the identified evaluators for that tender.
Domiciliary Care Domiciliary Contract Letting to Alpha Care	R2	In order to meet the challenges of transforming its service delivery in the light of reduced financial resources and increasing demand, the Authority has adopted a clearly defined commissioning and procurement strategy. We recommend that the Authority consider whether the issues raised in this report have wider relevance for the successful delivery of its commissioning and procurement strategy, and undertake a review of its processes for developing and letting major contracts. Particular attention should be paid to ensuring that the governance arrangements for developing, scrutinising and approving contracting exercises are appropriate and are working in practice.	01/01/2016	Clr Stephen Hayes	David Powell		A suite of integrated commissioning strategies have been developed in partnership between PCC and PHB. The Learning Disabilities, Substance Misuse, and Carers' commissioning Strategies are all agreed, and the Older Peoples, Assistive Technology, and PDSL Strategies are currently being scrutinised by the appropriate governance boards for agreement. The requirement to develop sustained market development to deliver the commissioning intentions within each of these strategies has also led to the establishment of thematic provider / engagement forums. This is already realising benefits of developing greater social capital and partnerships between the Council and partners. Care Forum Wales are an active member of appropriate forums and continue to work closely with the Council to facilitate market development.	•Resourcing plan in development that will identify resource demands for all change capacity over the next three years. •The need for a new commissioning strategy has been identified and resource has been secured to take forward this activity. •Role to oversee the co-ordination of commissioning activity is being recruited to and will maintain the resourcing plan and co-ordinate the activities of the programme office. •Complementary Gateway processes are in place for the Programme Office for major projects run by the Programme Office and for smaller projects managed by Commercial Services/Service areas that require a procurement process •Responsibility for the definition of contracts on a case by case basis established in Contract Procedure Rules. •Training programme content in development in readiness for delivery to relevant staff. The programme will also include refresher training on the financial regulations for contracts to ensure consistency of application. •Progress of major commissioning and procurement projects now being reported to C&P Board •Gateway process introduced with the purpose of ensuring that Professional Services are integral to commissioning and procurement projects. •Scrutiny reviews at the commencement of a project i.e. to seek assurance that the purpose and direction of travel are appropriate for the Council, and latterly following the completion of the project as a review. Will seek to coordinate work programmes between the C&P Board, the Cabinet and Scrutiny committees, as otherwise scrutiny is unlikely to be aware of procurement activities. •Guidance for Officers is being updated to include a section that advised on the approach to be adopted in conducting a lessons learnt review. •The draft audit plan will include a review of major contracting and commissioning exercises to ensure lessons are learnt. •Built in to MTS as a permanent change from 17/18. Permanent funding now in place for existing posts that had previously been funded from Management of Change. Business Intelligence activity is now better aligned with the Council's direction of travel. •Review commissioned February 2016 and draft report delivered 8th April for comment. Draft Action Plan has been created in order to deliver a changed Finance function. •A peer review of Commercial Services has been commissioned from the LGA and will take place in July 2016. This review will assess the capacity of the service to support the transformation agenda. •Commercial Services and the People Directorate will work together to plan the development of capacity to support market development.
Domiciliary Care Domiciliary Contract Letting to Alpha Care	R3	Audit work undertaken previously by the Auditor General in 2010 and 2014 on the Authority's whistleblowing policies identified that 'there was often a lack of an audit trail to support key decisions and events. Some key decisions were not documented and there were instances of key documents or supporting information not being found or not existing'. Similar issues are identified in this report. The review recommended above should also consider the extent to which adequate documentation is produced and retained to support key decisions made when developing and letting tenders.	01/01/2016	Clr Stephen Hayes	David Powell		The WAO report highlighted a series of risks around document management. As a service we are aware of the challenges of maintaining appropriate records and approval of all change initiatives during the ongoing high level of change required across all public services. The service is currently working to identify opportunities to standardise record management processes through greater use of technology and appropriate software packages.	Proposals to implement a modern up to date Finance system that integrates to WCCIS are underway. SharePoint Project underway to improve document storage capability. Business case in Governance cycle Mid-April. Looking to tender in May, with aim to award in July/August 2016. Review existing 'unstructured data' held in personal and shared drives for social care. Analysis tools to be procured via SharePoint Project. Analysis of data to commence May 2016.
<b>ICT</b>								
ICT	R1	By October 2015, develop a revised ICT service performance framework to ensure identification, recording, monitoring and reporting of: • project milestones delivered in the medium term; • ICT-related cashable efficiencies; and • relevant ICT performance operational metrics and targets to agreed service standards.	01/04/2015	Clr Avril York	Andrew Durant		Work has been undertaken to improve the reporting and performance framework within ICT. All SMT manager now provide detailed reports to the head of ICT and RMT.	Monthly Performance Indicators Quarterly KPI's and metrics Progress against ICT objectives Risks, Identification and management Financial monitoring and reporting
ICT	R2	By July 2015, ensure that a section 33 memorandum of set of accounts is completed and provided annually for audit.	01/04/2015	Clr Avril York	Andrew Durant			The section 33 memorandum formed part of the end of year accounts which regularly goes before audit committee
ICT	R3	By October 2015, ensure that good practice demonstrated in the management and financial control of the ICT partnership is shared with other current or emerging partnerships. This could be achieved by: • developing formal standards for partnership working; and • developing training and guidance for partnership managers (including financial management, business planning, performance management and risk management).	01/04/2015	Clr Avril York	Andrew Durant			Guidance document was drafted jointly by head of ICT and Professional Lead - Culture and Leadership Development it was considered that the guidance was sufficient with access to advise for head of ICT so no s.33 training programme has been setup.
ICT	R4	Seek additional national funding where available to develop and pilot innovative community health and social care IT solutions. The partners should evaluate these initiatives and, if successful: • deploy these across Powys; and • promote these across Wales where there is a clear benefit.	01/04/2015	Clr Avril York	Andrew Durant			Review of digital Powys was conducted the findings of which led to the programme being closed and effort diverted to WCCIS.
ICT	R5	Ensure that there are clear implementation plans for the new all Wales Community Social Services and Health system. This should include: • identification of overall executive responsibility for leading the project; • allocation of sufficient ICT and Service staff resources to the project; • clear deliverable milestones and plans to prepare, test, and switchover to the new system; and • development of integrated health and social care pathways and processes, which enable the system to support the desired future model of working, rather than the future model of working being dictated/limited by the system.	01/04/2015	Clr Avril York	Andrew Durant		WCCIS is now in full implementation mode with a go live end November 2016. There are project plans, go live plans, regional team structure, regional programme governance, national programme governance, assurance groups. This is a significant programme.	
<b>Financial Resilience</b>								

Area e.g. Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken	New capabilities embedded. Evaluation against recommendations completed. Action closed.
Finance	15	Last year we highlighted that the Council needed to be clear about how it would resource its identified corporate priorities (set out in the Statement of Intent and One Powys Plan). Also that it should be clear how it would ensure its corporate and strategic financial plans were sufficiently aligned. The Council acknowledged that its financial planning should begin earlier and the initial work for the 2015-16 budget began in May 2014. Budget planning followed an approach which aimed to provide greater clarity on the budget process and timing for Members than previously.	01/03/2016	Cllr Wynne Jones	David Powell / Jason Lewis			Monthly budget planning group established
Finance	26	There are, however, capacity issues within the Finance Department. Major restructuring has taken place in the last few years and the Finance Department has seen an approximate 20 per cent reduction in its staff numbers, which has affected the capacity of the team. Some vacancies remain but the Council has experienced difficulties in recruiting to all but the junior accountant positions	01/03/2016	Cllr Wynne Jones	Jane Thomas / Jeremy Patterson		Limited progress due to ongoing restructure and appointment of new head of service which will allow us to build in capacity	Strategic Overview Board established
Finance	31	Over previous years, the Council has had a variable track record of delivering its overall budget. Its budget was underspent in both 2011-12 and 2012-13. The budget for 2013-14 was overspent by £0.8 million, which the Council met by utilising its reserves.	01/03/2016	Cllr Wynne Jones	Jason Lewis / Jane Thomas			Budget challenge events run and planned to continue on a quarterly basis Monthly Savings reporting and efficiency tracking on a monthly basis
Finance	38	The Council recognises that further work is needed to optimise its income and deliver the Council's policy of full cost recovery as outlined in the Statement of Intent 2014-17. Cabinet recently approved a new Income Management and Service Cost Recovery Policy, and the Council has set a target of generating an additional £1.5 million of income over future years. The Charges Register is in its infancy and initial targets have been set for additional income generation from 2016-17. The Council's project, initially supported by PwC, to look at income generation/charging and cost recovery has raised the profile of income generation as a Council-wide response to the financial challenge. This project has identified a number of opportunities, some of which have been acted upon by the Council. For example, in relation to highways and cemetery service charges. In November 2015, the Council increased its Cemetery Fees by 65 per cent moving them from the lowest quartile in Wales into the highest quartile. The Council recognises that such an increase in fees will only achieve the targeted saving/cost recovery if demand for its services remains at the current levels, and that demand will need continued monitoring.	01/03/2016	Cllr Wynne Jones	Jason Lewis		Income now incorporated into the budget challenge process this will hold services to account on income commitments in the same way as third party spend reduction and savings	The council is now more able to optimise identified income generation and meet the identified targets than previously.
Finance	41	The Council has actively sought to increase Member involvement in the budget process. It has run a series of budget seminars with Councillors through the year. The seminars were held to explain the updated FRM to members and present the proposed savings drawn up by each service area. The aim was to inform broad proposals for setting the three-year budget, and to receive guidance from members on policy direction so that proposals could be turned into agreed action plans. In its progress report to Audit Committee in November 2015, the FSP recognised that the budget setting process in Powys is evolving. Whilst welcoming the earlier and more detailed involvement of Members, the FSP expressed some concerns that there were still too many elements of "salami" slicing rather than transformational change and that some of the savings proposals may not be deliverable.	01/03/2016	Cllr Wynne Jones	Jason Lewis/ Jane Thomas / David Powell			Monthly savings reporting and efficiency tracking on a monthly basis Three year budget planning process (MTFS)
Finance	42	In the current period of austerity, it is vital for the Council to subject its savings proposals to scrutiny and challenge. It must obtain an objective evaluation of their achievability, and of their potential impact on quality of service and the achievement of corporate priorities.	01/03/2016	Cllr Wynne Jones	Jason Lewis / Wyn Richards / Caroline Evans		Budget and Scrutiny challenge events of saving proposals have been established and will continue ongoing	Finance Scrutiny Panel work programme has been created and will be managed moving forward Saving proposals will now complete impact assessments for each proposal to ensure savings are achievable with minimal impact to service delivery and achievement or corporate priorities
Finance	44	In the majority of cases, the Council expects that savings proposals, and their appropriate scrutiny and challenge can be developed internally. However, the Council recognises that in some cases, it will need additional capacity and expertise to help it reduce its operating costs.	01/03/2016	Cllr Wynne Jones	Jason Lewis/ Jane Thomas			Monthly savings reporting and efficiency tracking on a monthly basis
Finance	46	The FSP, at a recent joint meeting with Cabinet (14 December 2015) presented a report with a number of observations and suggestions to further improve the budget setting process for Cabinet to consider. The work undertaken so far, building upon the support from the external specialists, has enabled some positive benefits to be derived although some arrangements are clearly developing and have yet to be fully embedded.	01/03/2016	Cllr Wynne Jones	Jane Thomas		Budget setting report has been presented to Cabinet and this is helping to shape Cabinet proposals. This contributes to the FSP work programme in addition to the MTFS and other factors underpinning this.	Improved budget setting process and a strengthened approach to financial scrutiny
Finance	47	In circumstances where timescales are compressed, it is particularly important to ensure that risk is effectively managed and proper accountability arrangements are in place. We recently published a report of our Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited. It expresses our view that in its haste to introduce the new domiciliary care service as quickly as possible, the Council compromised the integrity of its established governance arrangements. In consequence, the Council and users of the domiciliary care service were exposed to unnecessary risk.	01/03/2016	Cllr Wynne Jones	David Powell			Action Plan created in response to WAO review of Dom Care - Action plan reported to Audit Committee
Finance	48	To meet the challenge of transforming service delivery with reduced financial resources and increasing demand, the Council has adopted a clearly defined commissioning and procurement strategy. Our report on the letting of the domiciliary care contract recommended that the Council consider whether the issues we have identified have wider relevance for the successful delivery of its commissioning and procurement strategy. It also recommends that the Council undertake a review of its processes for developing and letting major contracts. We emphasise the need to ensure that the governance arrangements for developing, scrutinising and approving contracting exercises are appropriate and are working.	01/03/2016	Cllr Wynne Jones	David Powell			Action Plan created in response to WAO review of Dom Care - Action plan reported to Audit Committee
<b>Safeguarding</b>								
Childrens Safeguarding	P3	Ensure all elected members and staff who come into contact with children on a regular basis receive training on safeguarding and child protection issues and the Council's corporate policy on safeguarding.	01/09/2014	Cllr Graham Brown	Jacqueline Davies			Councillors and elected members now undertake mandatory training in relation to adult and children's safeguarding. This training forms part of the members training programme and plan. A report went to full council on 23rd April 2015

## CYNGOR SIR POWYS COUNTY COUNCIL.

### Audit Committee 3<sup>rd</sup> February, 2017

**REPORT AUTHOR:** Solicitor to the Council

**SUBJECT:** Appointment of the Audit Committee Independent / Lay Member following the County Council Elections in May 2017.

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**REPORT FOR:** Decision

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#### 1. Summary

1.1 The report is asking the Audit Committee to consider recommending to the County Council that the current postholder as Independent / Lay Member of the Audit Committee be reappointed for a second and final 5 year term of office as from the AGM on 18<sup>th</sup> May, 2017 until the next County Council elections in May 2022.

#### 2. Background and Proposal

2.1 The Council is required in accordance with the Local Government Measure 2011 to appoint an Audit Committee with a prescribed membership as follows:

- (a) at least two-thirds of the members of the audit committee are members of the Council;
- (b) at least one member is a lay member;
- (c) no more than one member of the committee is a member of the authority's executive (the Cabinet);
- (d) the senior member of the executive (the Leader) is not a member of the audit committee.

2.2 An act of an audit committee is invalid if the membership of the committee breaches the requirements set out in paragraph 2.1 above.

2.3 The Statutory Guidance from the Local Government Measure recommends that a lay member should not be appointed for more than two full terms of a local authority.

2.4 Following the County Council Elections in 2012, the Council undertook a recruitment and interview process to appoint a Lay Member who is the current postholder. In advance of the County Council elections for 2017 the Council should now be commencing the process for making an appointment to the role of Lay Member (as well as to appoint co-optees to other scrutiny committees) to commence as from the Council AGM in May 2017. In respect of the Audit Committee, if this process is not undertaken then the Audit Committee will be unable to function in accordance with paragraph 2.2 above until that Lay Member is appointed and there is the potential for a delay as occurred in 2012 where the Lay Member was not appointed until September.

- 2.5 However, the statutory guidance provides the Council with a potential alternative solution i.e. to reappoint the current Lay Member for a further term of office. This brings with it a number of advantages including:
- (a) removing the time delay for the Council having a functioning Audit Committee following the election;
  - (b) the Council not incurring the cost (both financial and time) of advertising the role and undertaking interviews, which will involve current Members;
  - (c) the Council having a person with a proven track record in the role who has gained knowledge and experience of the Council and its operation and can therefore “hit the ground running”.
- 2.6 The current Lay Member has been asked if he would be interested in continuing his role if the Council agreed to reappoint him to the role. He has confirmed in writing that he would be interested in continuing as Lay Member, subject to the approval of the County Council.

### **3. Impact Assessment**

- 3.1 Is an impact assessment required? – No as this is not a policy change or change of objective.
- 3.2 If Yes is it attached? - No

### **4. Comments on the Report.**

- 4.1 Finance – The recommendation can be supported from a finance point of view
- 4.2 Legal – The Recommendation can be supported from a legal point of view
- 4.3 Corporate Communications - The report is of public interest and requires news release and use of appropriate social media to publicise the decision.
- 4.4 Statutory Officers.

Strategic Director – Resources (Section 151 Officer) has commented as follows: ) “I support the recommendation and that the reappointment will provide continuity after the forthcoming election should the committee membership change”.

The Solicitor to the Council (Monitoring Officer) has commented as follows: “ I note the legal comment and have nothing to add to the report

- 4.5 The Chair of the Audit Committee has commented as follows: “I am happy to support extending the term of office for John Brautigam. He has proved to be an excellent co-opted member and this has also been indicated by other members of the audit committee with him being voted in as the vice chair of audit.”

**5. Recommendation.**

<b>Recommendation to the County Council:</b>	<b>Reason for Recommendation:</b>
That the current Audit Committee Lay Member be reappointed for a second and final term of office from the AGM on 18 <sup>th</sup> May, 2017 for a period of 5 years until the next Council elections in May 2022.	To facilitate the appointment of the Audit Committee Lay Member from May 2017 to enable the Committee to function following the Council elections in May 2017.

<b>Relevant Policy (ies):</b>	
<b>Within Policy:</b>	<b>Y</b>
<b>Within Budget:</b>	<b>Y</b>

<b>Relevant Local Member(s):</b>	
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<b>Person(s) To Implement Decision:</b>	<b>Wyn Richards, Scrutiny Manager and Head of Democratic Services</b>
<b>Date By When Decision To Be Implemented:</b>	<b>May 2017.</b>

<b>Contact Officer:</b>	Wyn Richards, Scrutiny Manager and Head of Democratic Services.
<b>Tel:</b>	01597-826375
<b>Email:</b>	wyn.richards@powys.gov.uk

**Background Papers used to prepare Report:**

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# A11-2017

## CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE  
3rd February 2017

CABINET  
28th February 2017

REPORT AUTHOR: County Councillor Wynne Jones  
Portfolio Holder for Finance

SUBJECT: Treasury Management Qtr 3 Report

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REPORT FOR: Information

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### 1. Summary

1.1 CIPFA's 2009 Treasury Management Bulletin 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 31<sup>st</sup> December 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:

	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18
<b>Bank rate</b>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
<b>5yr PWLB</b>	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%
<b>10yr PWLB</b>	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%
<b>25yr PWLB</b>	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%
<b>50yr PWLB</b>	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%

### **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 31st December 2016 is as shown below:-

<b>Invested with:</b>	<b>Principal £000's</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Maturity Date</b>
Santander	8,730	0.25%	N/A	Deposit A/c
BOS	3,835	0.15%	N/A	Deposit A/c
HSBC	30	0.00%	N/A	Deposit A/c
<b>Total</b>	<b>12,595</b>			
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.

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 16<sup>th</sup> May 2013.

#### 4.7 Redemption Penalties:

There are no current fixed investments to redeem.

#### 4.8 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	0.25%
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 December 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 31<sup>st</sup> March 2016. In relation to the CFR figure for 31<sup>st</sup> 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.

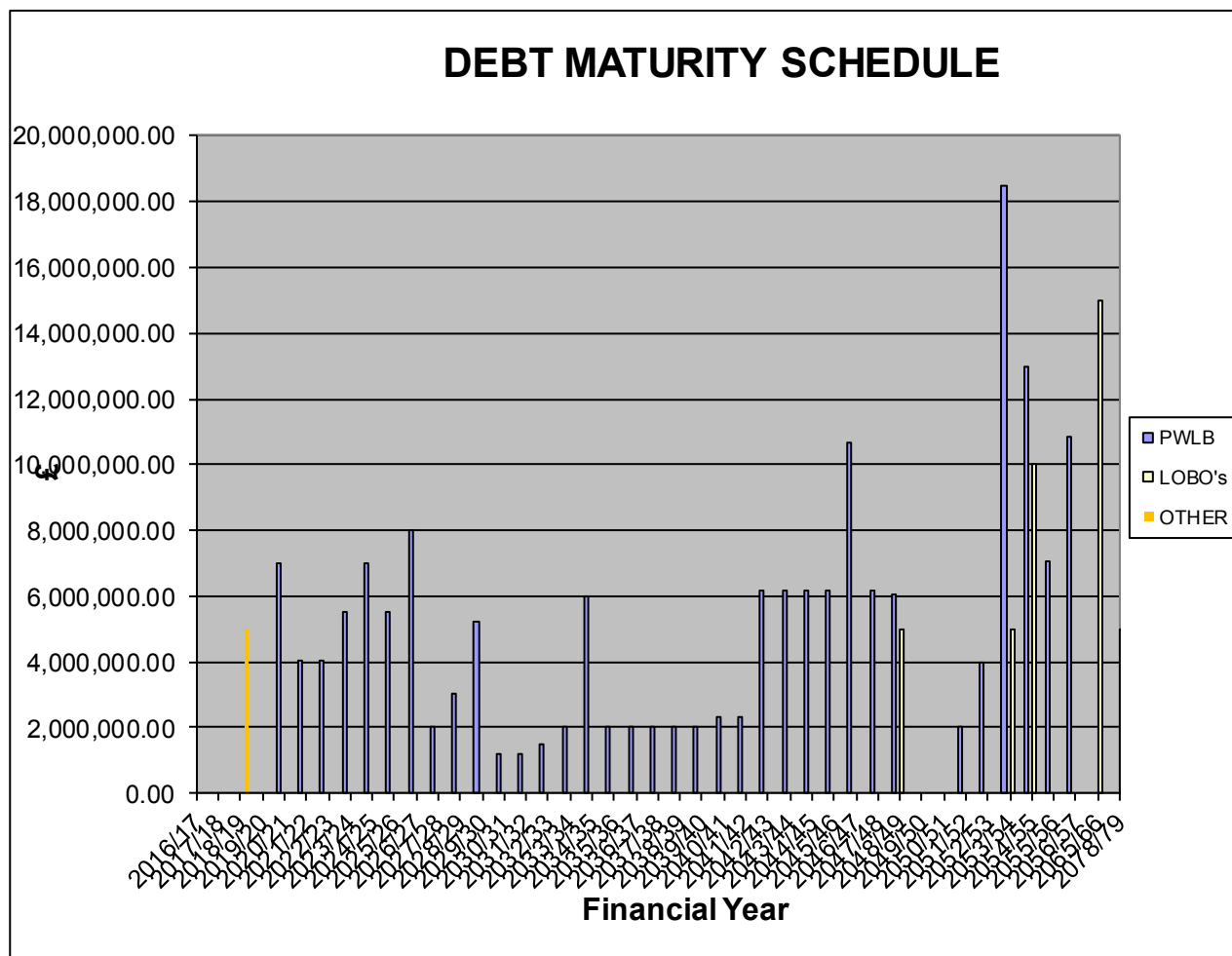
6.4 Capital Budget/Spend per efinancials:

<b>Capital:</b>	<b>Approved Budget</b>	<b>Working budget</b>	<b>Actual Capital Spend (not including commitments)</b>	<b>%age spend</b>
	45,069,066			
June		52,381,477	3,087,768	5.89%
Sept		55,298,113	9,782,827	17.69%
Dec		58,855,874	17,515,538	29.80%
March				

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

## 6.5 Debt Maturity Profile as at 31.12.16:

(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 20<sup>th</sup> 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 31st December 2016.

## 8. VAT

8.1 The Treasury Manager acts as the authority's VAT officer. VAT can pose a risk to the authority hence the TM has been asked to include VAT information in these quarterly reports.

8.2 The monthly VAT returns were submitted within the required deadlines during the quarter ending 31<sup>st</sup> December 2016.

8.3 Key Performance Indicators:

The VAT KPI's for 2016/17 are attached at Appendix C.

### 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

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

### **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 Moodys 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 Moodys 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 Moodys 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:**

<b>Institution</b>	<b>Maximum Investment per Group/Institution £M</b>	<b>Maximum Length</b>	<b>Credit Rating/Other Assessment of Risk</b>
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:**

<b>Institution</b>	<b>Maximum Investment per Group/Institution £M</b>	<b>Maximum Length</b>	<b>Credit Rating/Other Assessment of Risk</b>
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**

US:

Tax cuts, increased government spending and deregulation are a few economic tools that President Donald Trump will look to use in order to boost US economic growth. Therefore, the unanimous decision in December by the Federal Reserve to raise interest rates for the first time since December 2015 to 0.5% - 0.75%, was universally expected. This rate increase was just the second since the onset of the Financial Crisis which saw the Federal Reserve cut rates to almost zero in order to stabilise the economy. The accompanying economic forecasts from the central bank were altered to reflect a faster pace of tightening in the coming year. These now suggest three rate hikes in 2017, up from two previously anticipated. Fed Chair, Janet Yellen, announced that the rate hike was in response to the "expected labour market conditions and inflation", as the unemployment rate fell to a 9 year low in November at 4.6% and non-farm payrolls rose 156,000 from the revised figure of 135,000 in October. Moreover, Q3 GDP was finalised at its best rate in two years, at 3.5% annually, as consumer expenditure continued to perform strongly. Both pieces of data supported the decision to increase interest rates. Meanwhile, the potential impact of "Trumponomics" bolstered the view on a more aggressive rate outlook, despite an uncertain global economic outlook.

UK:

Moving on to the UK economy, the Purchasing Managers' Index (PMI) figures released for December showed strong increases. Despite this strength in current conditions, the continued rise in inflation forecasted over the coming months is likely to raise input prices which will be fed through to consumers in the form of higher prices. Consumer-level inflation figures hit a 2-year high of 1.6% in December (up from 1.2% in November) as the falling pound started to feed through to consumer prices. Air fares, petrol and food were the key components of the increase. Looking ahead, the cost of imports will continue to upwardly impact on prices with the Bank of England forecasting consumer level prices to rise to 2.8% by mid-2018. Mark Carney had previously stated that the Bank will tolerate some overshoot of its inflation target hence why the MPC stuck to the status quo in its December meeting. However a recent speech by the Bank's governor hinted that the Bank's tolerance for higher inflation was falling. He said price stability was the "primary objective for monetary policy". Mr Carney said that he was also concerned about how much of recent UK economic growth depended on consumer spending and that the BoE needed to balance the risks from inflation against the risks to incomes and jobs.

Economists are concerned that, as inflation accelerates, it could reduce this spending. In terms of growth, the final reading of Q3 GDP came in higher than the forecasted 0.5%, at 0.6%, while the annual rate was lowered due to revisions to growth figures in the first half of the year. Overall, while growth may have moderated from the first half of the year, it has not been as negatively affected by Brexit as some had feared.

Elsewhere, figures showed that the number of people in the labour force fell for the first time in more than a year. The drop of 6,000 came despite the unemployment rate falling to 4.8% in the three months to October, from 4.9% previously. Average weekly earnings excluding bonuses rose by 2.5% on an annual basis, from 2.4% in the three months to September. This rise was the joint strongest in more than a year. However, as Britain's relationship with the EU creates uncertainty, it is widely expected that the unemployment rate will rise over the coming months as companies hold off from hiring until solid foundations about Britain's future outside the EU have been made.

Discounts on 'Black Friday' saw the majority of consumer expenditure occurring in the last week of November, damaging sales for retailers such as clothing stores who did not take part as much as department stores. Higher fuel prices also impacted last month as the

annual rate of retail sales fell to 5.9% in November from 7.2% in October. Nevertheless, the October rate was always seen as unsustainable. Furthermore, the BoE has warned that despite retail sales growth being relatively robust, even after the Brexit vote, the depreciation in Sterling will increasingly feed through into the economy in the form of higher prices next year, causing growth to slow.

Public Finances seemed to be on track when compared with the new deficit reduction goals set out by Chancellor Philip Hammond. The deficit for November was the lowest for a month since 2007 coming in at £12.6 billion, 4.4% lower than the deficit for the same month in 2015. The Office for Budget Responsibility (OBR) stated that the recent deterioration in public finances is a reflection of weaker tax revenue for this financial year as tax revenue growth for November of 3.6%, was some way below the average 4.4% seen so far in 2016.

Eurozone:

The European Central Bank (ECB) altered its policy. While it left the Asset Purchase Programme at its current monthly pace of €80 billion until the end of March 2017, new policy purchases thereafter will be at €60 billion per month until the end of December 2017, or beyond, if necessary. While ECB President Draghi insisted this was not policy tapering, market participants were not convinced, pushing up bond yields across the currency bloc. Elsewhere, data for the Eurozone showed growth had remained steady in the third quarter at 0.3%, with the year-on-year growth figure being revised to 1.7% from 1.6%. The latter figure matched that recorded in the second quarter. The unemployment rate for October was the lowest rate recorded in the Euro area since July 2009, as it fell to 9.8% from 9.9% in September.

Over the coming months the economic outlook for Britain remains unclear as plans for Brexit have yet to be finalised. While the threat of this and higher prices via Sterling depreciation weighed in, the GfK consumer confidence index registered a modest increase in December. In addition to Brexit progress, the spotlight will focus on the inauguration of Donald Trump on the 20th January as the effect of his administration on the US economy and that of its major trading partners in the coming years will become clearer.



## **Appendix C**

### **VAT - Key Performance Indicators:**

#### **Creditor Invoices**

VAT return for	No of high value Creditor invoices checked	No of Creditor invoices highlighted as requiring "proper" document for VAT recovery	%age of creditor invoices checked requiring "proper" document for VAT recovery
Apr-16	169	5	2.96%
May-16	131	3	2.29%
Jun-16	165	10	6.06%
Jul-16	156	8	5.13%
Aug-16	220	8	3.64%
Sep-16	183	4	2.19%
Oct-16	155	8	5.16%
Nov-16	188	8	4.26%
Dec-16	171	7	4.09%

#### **Cash Receipting Entries**

VAT return for	No of cash receipting entries checked by formula per the ledger account code used	No of cash receipting entries needing follow up check	%age of cash receipting entries needing follow up check
Apr-16	3,770	6	0.16%
May-16	4,059	8	0.20%
Jun-16	4,283	10	0.23%
Jul-16	3,794	7	0.18%
Aug-16	2,888	10	0.35%
Sep-16	3,994	8	0.20%
Oct-16	4,263	19	0.45%
Nov-16	4,301	28	0.65%
Dec-16	3,515	20	0.57%

#### **Debtor Invoices**

VAT return for	No of Debtor invoices checked (value >£5k)	No of checked debtor invoices with incorrect VAT code used	%age of debtor invoices with incorrect VAT code
Apr-16	52	3	5.77%
May-16	34	9	26.47%
Jun-16	38	15	39.47%
Jul-16	32	6	18.75%
Aug-16	29	6	20.69%
Sep-16	39	5	12.82%
Oct-16	65	4	6.15%
Nov-16	55	11	20.00%
Dec-16	36	6	16.67%

## Voluntary Declarations

Any vat errors discovered can be adjusted in the current VAT account if they are:

- below the reporting threshold (>£10,000 or up to 1% of the VAT return Box 6 figure up to a maximum of £50,000)
- not deliberate
- for an accounting period that ended less than 4 years ago.

Any errors that do not meet these conditions have to be reported to HM Revenue and Customs and are referred to as voluntary declarations. The following have been reported during this financial year. No penalties have been applied by HMRC but interest has been charged.

Date of declaration	Value of voluntary declaration	Service Area	Interest charged by HMRC
25-Aug-16	£35,229.04	Newtown High School	£698.95
01-Dec-16	£119,560.81	Leisure	not yet known
11-Jan-17	£15,223.65	Fleet - Pool cars	not yet known

## Errors adjusted for

Month/Year	Value of error	Service Area
May-16	£3,231.38	Llanbedr School - unable to reclaim as VA School capital rules apply
Sep-16	£117.06	VAT only invoices re: schools - VAT not applied to original invoice raised
Sep-16	£1,539.30	VAT only invoice re: schools - VAT not applied to original invoice raised
Sep-16	£4,800.00	VAT only invoice to BT re: ICT - VAT not applied to original invoices raised
Sep-16	£1,031.66	Incorrect invoices received from Machynlleth District Care Centre

## Chargebacks to service areas

As a result of the Creditor invoice checking, Treasury Management produce a monthly list of Creditor payments for which a "proper" vat document has not been received. Any VAT amounts on these invoices are held in the vat account and are not claimed until such time as a valid invoice is received. The list is posted on the Intranet and service areas have three months to source a valid document. If this does not happen the vat amount is recharged to the service area cost centre. Going forward the three month period is being reduced to one month.

At 31<sup>st</sup> December 2016 the amount recharged in this respect for this financial year is £7,692.68.

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## Audit Committee

3 February 2017

### Joint Adult Social Care /Audit Working Group

**Purpose of Report:** Summary report

A joint working group with People Scrutiny Committee was established to review the projected overspend in Adult Social Care and the reasons behind it.

The Group have considered several documents some of which date back to 2015, together with current work undertaken by a Forensic Accountant and an independent consultant's review of published expenditure and activity data. It was relatively easy to establish the areas of high expenditure but differing processes and systems have made pinpointing the amount of the overspend difficult. Data has been cleansed again and a review of systems is to be a priority.

A Recovery Plan has been produced for the entire Authority with particular emphasis on Adult Social Care and an Action Plan will be developed which will be subject to scrutiny by either this Group, the Finance Scrutiny Panel or Audit Committee.

The appointment of an Interim Strategic Director People, and Director of Operations will result in a Transformational Plan being produced to include a financial strategy. The first draft of this is expected to be available by the end of January 2017 and will be subject to scrutiny by the Joint Working Group.

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

**Contact details:** [lisa.richards@powys.gov.uk](mailto:lisa.richards@powys.gov.uk), 01597 826371

**Group Membership:** County Councillors J G Morris (Lead Member), A W Davies, D R Jones, M McKenzie, K Roberts-Jones and Mr J Brautigam

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## Audit Committee

3 February 2017

### Finance Scrutiny Panel

**Purpose of Report:** Progress report

The Panel has met several times in the period since the last Audit Committee to consider emerging budget proposals, workforce planning with particular reference to recruitment, and ongoing work, in collaboration with the Joint Adult Social Care and Audit Working Group, relating to the overspend in Adult Social Care.

It had been intended to review 2017/18 budgets with Heads of Service and Portfolio Holders but, due to an additional Cabinet meeting, the bulk of this work has been put on hold. The Panel did meet with Highways, Transport and Recycling regarding their budget proposals.

The Panel has worked closely with the Joint Working Group to ascertain the reasons behind the overspend in Adult Social Care. The Chief Executive and newly appointed Interim Strategic Director, People, attended their most recent meeting to present the Recovery Plan requested by Cabinet in September 2016. The Panel will be closely involved in scrutinising aspects of the Action Plan once it is finalised.

Reports detailing the Panel's views on the Recovery Plan and Budget Proposals have been drafted and will be considered by Cabinet in due course.

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

**Contact details:** [lisa.richards@powys.gov.uk](mailto:lisa.richards@powys.gov.uk), 01597 826371

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

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## Audit Committee

3 February 2017

### Internal Audit Working Group

**Purpose of Report:** Progress report

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

Risk Management	The Leader, Strategic Director, Resources and Business Continuity and Risk Management Officer were interviewed. An Action Plan was provided with all actions due to be completed by March 2017. In the meantime, the Group were briefed on progress to date. It would be an ongoing challenge to ensure the risk register remained a live and active document. It is essential that risk management adds value to the Council as it continues to develop. Ongoing work will include a formal annual review by Cabinet and development of a maturity action plan.
LEI Service Irregularities	The Group were fully briefed on incidents relating to separate incidents of thefts of fuel and refuse sacks and the measures that had been put in place to ensure future risks are minimised.
Council Tax	Processes and procedures were well documented and council tax bills were accurate. The refund policy has been changed and the number of associated processes reduced. One interfile payment transaction was found to be based on an assumption and revised processes were put in place to ensure an experienced officer makes an additional, manual check on a weekly basis.
Declaration of Interest – Code of Conduct	A follow up review had been undertaken as protocols were not robust. This was thought to be essential as commercial activity within the Council increases. All staff have been reminded of their obligations via the intranet resulting in an increased volume of declarations. This issue will be included in future induction programmes. Heads of Service are to be required to submit a monthly return to a central register.
Voluntary Severance	The internal audit report identified that whilst it was believed there was a process in place, the evidence required to support the process was not available. As a result, it was more difficult to confirm the decisions made

	to award voluntary severance. Overall there had been a lack of control demonstrated in some important areas. An Action Plan is in place and the service under new management. The Group have suggested that governance arrangements should be reviewed and that some oversight by Members is required.
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**Report contact:** Lisa Richards, Legal, Scrutiny and Democratic Services

**Contact details:** [lisa.richards@powys.gov.uk](mailto:lisa.richards@powys.gov.uk), 01597 826371

**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

<b>3 February 2017</b>		
<b>Standard Items</b>		
<ul style="list-style-type: none"> <li>Minutes</li> <li>Joint Chairs Notes</li> <li>Work Programme</li> </ul>	4 November 2016 22 November 2016 & 17 January 2017	Lisa Richards “ “
<b>WAO:</b>		
<ul style="list-style-type: none"> <li>Community Safety Report</li> <li>Charging for services and generating income by local authorities</li> </ul>		Phil Pugh
<b>Risk Management</b>	Progress Report	Caroline Evans
<b>Closure of Accounts</b>	Progress Report	Jane Thomas
<b>Treasury Management</b>	Q3	Ann Owen
<b>Working Groups</b>		
<ul style="list-style-type: none"> <li>Internal Audit</li> <li>Joint Audit/Adult Social Care</li> <li>Finance Scrutiny Panel</li> </ul>	Summary report Summary report Summary Report	Lisa Richards “ “
<b>Other</b>		
<ul style="list-style-type: none"> <li><b>Regulatory Tracker</b></li> <li><b>Recovery Plan</b></li> <li><b>Lay Member on Audit Committee</b></li> </ul>	Scrutiny recommendation 5	Tom Yeo Jane Thomas Wyn Richards

<b>5 April 2017</b>		
<b>Standard Items</b>		
<ul style="list-style-type: none"> <li>Minutes</li> <li>Joint Chairs Notes</li> <li>Work Programme</li> </ul>		Lisa Richards “ “
<b>WAO:</b>		
<ul style="list-style-type: none"> <li>Audit Plan - Financial statements</li> <li>Audit Plan – Pension Fund</li> <li></li> </ul>		Phil Pugh
<b>Risk Management</b>	Progress Report	Caroline Evans

<b>Internal Audit</b>	Performance Report IA Plan 2017/18	Ian Halstead
<b>Closure of Accounts</b>	Progress Report	Jane Thomas
<b>Treasury Management</b>	Q4	Ann Owen
<b>Working Groups</b> • Internal Audit	Summary report	Lisa Richards
<b>Other</b> •		

<b>18 May 2017 - AGM</b>		
<b>Election of Chair and Vice</b>		
<b>Appointments to Working Groups</b>		

<b>6 July 2017</b>		
<b>Standard Items</b> • Minutes • Joint Chairs Steering Group • Work Programme	18 May 2017	Lisa Richards “
<b>WAO</b>		
<b>Risk Management</b>	Progress Report	Caroline Evans
<b>Internal Audit</b>	Audit Plan Annual Audit Review	Ian Halstead
<b>Closure of Accounts</b>	Progress Report	Jane Thomas
<b>Treasury Management</b>	Q4	Ann Owen
<b>Working Groups</b> • Internal Audit	Summary report	Lisa Richards
<b>Finance Scrutiny Panel</b>	Summary report	Lisa Richards
<b>Other</b> •		

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

<b>Working Groups</b> • Internal Audit	Summary report	Lisa Richards
<b>Other</b> •		

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

### Working Groups

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

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# A14-2017

Joint Chairs and Vice-Chairs Steering Group - 22<sup>nd</sup> November, 2016

## MINUTES OF A MEETING OF THE JOINT CHAIRS AND VICE-CHAIRS STEERING GROUP HELD AT COUNCIL CHAMBER - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON TUESDAY, 22 NOVEMBER 2016

**PRESENT:** County Councillor D R Jones (Chair)  
County Councillors K W Curry, S C Davies, D R Jones, JG Morris and Mr J Brautigam

**In Attendance:** County Councillors W B Thomas (Leader) and R G Brown (Portfolio Holder for Commissioning, Procurement and Children's Services) (for Item 4)

**Officers:** Liz Patterson (Scrutiny Officer), Clive Pinney (Solicitor to the Council), David Powell (Strategic Director - Resources), Wyn Richards (Scrutiny Manager and Head of Democratic Services) and Gareth Jones (Senior Manager - Central Support Services) (for item 5)

1.	<b>APOLOGIES</b>	<b>JCSG58 - 2016</b>
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Members: None

Officers: Jeremy Patterson (Chief Executive), Paul Griffiths (Strategic Director – Place), Peter Jones (Professional Lead – Corporate Insight), Lisa Richards (Scrutiny Officer)

2.	<b>DRAFT NOTES - FOR CONSIDERATION</b>	<b>JCSG59 - 2016</b>
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**Documents Considered:**

- Draft Notes – 18<sup>th</sup> October, 2016

**Issues Discussed:**

- Page 6 – Brecon High School finance report not ready as yet. The Leader indicated that he and the Cabinet Manager would be looking at the process as to when reports should be ready to fit into the scrutiny process. The Strategic Director – Resources indicated that the report had now been received from the school and finance staff had again been sent into the school to support it as the financial position was still not where it was required to be. The final report would be presented to Cabinet on 20<sup>th</sup> December with scrutiny undertaking a pre-scrutiny in December (Audit Committee)
- Page 8 – Speaking at Cabinet Meetings. The Scrutiny Manager outlined the process for reviewing this process.

**Outcomes:**

- **Noted.**

3.	<b>DISCUSSION WITH THE CHIEF EXECUTIVE,</b>	<b>JCSG60 - 2016</b>
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	<b>STRATEGIC DIRECTORS REGARDING POTENTIAL SCRUTINY ITEMS</b>	
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**Documents Considered:**

- No issues were raised for discussion.

<b>4.</b>	<b>COMMISSIONING AND PROCUREMENT</b>	<b>JCSG61 - 2016</b>
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**Documents Considered:**

- Local Government Association (LGA) - Local Government Procurement Review Action Plan
- Briefing Note to the Joint Chairs and Vice-Chairs Steering Group 18<sup>th</sup> March, 2016
- Cabinet Response to the Briefing Note – 18<sup>th</sup> October, 2016

**Issues Discussed:**

- The Portfolio Holder indicated that previously the Commissioning and Procurement Board (CPB) was looking at minutiae although this was good background work. However, it would now be focussing on a more strategic overview. The response to the Joint Chairs in October was prepared by officers rather than the Portfolio Holder. The LGA document had not been considered yet by the CPB (which had received a verbal report from the LGA) and was due for consideration in December.
- Members commented that a number of issues of concern had arisen from considering the minutes and agendas of the CPB. Some of the items of concern could not be linked to the response from officers.
- The Portfolio Holder had challenged officers regarding the lack of the strategic overview by the CPB as it is a challenge body rather than a decision making body i.e. a challenge of officers by Cabinet Members. Members felt that there was no evidence of this.
- There are boards for individual projects but there is a role for the CPB. Some targeted scrutiny is also happening. The CPB was looking at contracts ending in 18 months but the list was too long and therefore unworkable. Now the Board wants to look at the larger contracts all of which should come to the CPB for discussion.
- Services monitor contracts with assistance from the Central Commissioning Team. There are also less requests for extensions of contracts now. All larger contracts have an assigned contract manager. It was suggested that when scrutiny wanted to look at the arrangements for the monitoring and renewal of contracts then the relevant Head of Service and the contracts manager if appropriate could be called to the scrutiny meeting.
- It was suggested that perhaps the terms of reference of the CPB should be reviewed and clarified. It should also have a separate forward work programme which could link to the scrutiny work programme. It was also suggested that summary reports from the CPB to the Cabinet should be



- made outlining discussions and matters for decision without disclosing any confidential information to assist the transparency of the work of the CPB.
- Concern was expressed regarding the capacity and capability of the Council to deliver the proposed plans, even though the workforce planning tool was an useful tool.

**Outcomes:**

Action	Completion Date	Action By
That a further report be made to the Steering Group once the CPB had considered the LGA report and decided the way forward.	17 January 2017	WR / LR

<b>5.</b>	<b>EDUCATION AND HIGHWAYS</b>	<b>JCSG62 - 2016</b>
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**Documents Considered:**

- Briefing Note – Home to School and College Transport Budget Position

**Issues Discussed:**

- Mainstream and SEN transport contracts retendered in last few years. Table 2 shows accounting position, table 3 shows position as it would have been with the “housekeeping” adjustment. Payment to contractors is now made on a 1/12ths basis. There was an adjustment in 2014/15 due to retendering and paying contractors for prior work which was undertaken on the basis of numbers of days. Next year there will be a split of costs by routes so it will be clear if there is an overspend per route.
- Special school routes are not paid on the 1/12<sup>th</sup> basis as there is much variation in this group compared to mainstream routes which do not vary much. This level of variation would cause too many adjustments in year and at year end.
- SEN – additional £400K costs following requests from schools and parents to provide additional routes which was agreed by the SEN Team. Members asked whether the Northgate fee for achieving savings was based on the £700K revised costs or the £400k original costs.
- Funding for 14-19 inter school transport is not included in the paper and **Gareth Jones was asked to provide additional information on these costs.**
- There is a £900k charge transferred in the budget for the transport of pupils on public service buses.
- The costs of the Highways and Education teams dealing with transport is £600k.
- Members queried the costs of route 74 as to whether this is home to school transport or a public service bus. **Gareth Jones to provide further information.**
- The entitlement for home to school transport is determined by the Schools Service (more than 2 miles for primary pupils, more than 3 miles for

secondary pupils) and the commissioning is then undertaken by the Transport Unit. Members queried the terms closest v allocated schools. Members were advised that this is being reviewed as part of a policy review. Some of the current policies go back to pre 1996. The plan is now to bring a new policy to the Cabinet in Spring 2017 which will look at the whole issue. There will then need to be a consultation on transport to the closest school. There will also need to be transition arrangements in place for the new policy.

- With regard to schools on the border with England, Welsh Government advice is preferably pupils should go to Powys schools, but the Council should transport pupils if the closest school is in England. Parent conveyors are paid on a mileage rate. However this is only offered where it is economically viable to the Council i.e. in place of providing a taxi. The mileage claimed is door to door.
- There has been an increase in the demand for transport – PRU and Looked After Children are the areas where there seems to be an increased cost e.g. foster children requiring to go to the same school but having moved residence. There are sound reasons for this (maintaining some stability in the child's life). However, this is for reasons associated with children's services rather than education and therefore there is a debate to be had around from which budget the increased charge on school transport should be assigned to, as at present this is paid for from the Education budget. These two areas are also subject to the greatest variation. There are cases where a Powys child is for example fostered in Ceredigion and needs to attend a special school with the closest being in Carmarthenshire or Pembrokeshire as Ceredigion does not have its own special school provision. Members questioned whether when a foster child who is statemented is moved, is the statement reviewed, so that the provision in mainstream schools provided by Ceredigion might be appropriate rather than a special school. It was noted that there were communications issues between Social Services and the Education Service with social workers making decisions on transport
- Powys is usually a net gainer for children from out of county placements e.g. placements at Penmaes. However, there was no information available on transport costs. Overall there is a better level of information now on costs due to the decision to budget at route level, but this has only been in place for about 18 months. Costs are available for transport appeals with the most expensive ones being transport provided from Brecon to Ysgol Gyfun Ystalyfera and to Builth Wells High School - £91k cost from Brecon to Builth Wells for two routes for Welsh Language stream provision.
- The budget has not been adjusted to take account of school closures. Members indicated that budgets should be actioned and transferred for school closures from the schools delegated budget to the transport budget. The £95k budget reduction is not achievable and it was suggested that this reduction was not agreed by the Education Service. It was suggested that the Strategic Director - Resources should review this saving and see if it had been achieved. Members agreed that all new routes should be approved by the Education Service for inclusion in the budget. Members also questioned what impact the changes to numbers on roll and admission age would have on the budget. The impact was not known as yet but the costs were expected to be minimal.

**Outcomes:**

<b>Action</b>	<b>Completion Date</b>	<b>Action By</b>
<b>Additional information – 14-19 inter school transport costs</b>		<b>GJ</b>
<b>Clarification of costs for route 74 – home to school transport or public service bus</b>		<b>GJ</b>
<b>The Strategic Director – Resources review the £95k budget saving and whether it had been achieved.</b>		<b>DP</b>
<b>Recommended to the Cabinet: (i) that recommendations be made to address the £500k overspend; (ii) That Children’s Services should be responsible for the transport costs of children looked after by the Council; (iii) That budgets be actioned and transferred for school closures from the schools delegated budget to the transport budget.</b>		<b>WR / Chair</b>
<b>That a briefing report be presented to the Cabinet on the discussion by the Steering Group on the school transport overspend.</b>		<b>WR / Chair</b>

<b>6.</b>	<b>ROLE OF SCRUTINY COMMITTEES</b>	<b>JCSG63 - 2016</b>
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**Documents Considered:**

- Draft Revised Terms of Reference / Areas of Responsibility for Scrutiny Committees

**Issues Discussed:**

- The draft document was prepared following a discussion at the previous meeting. The Scrutiny Manager commented that the workload would always rest with the People Scrutiny Committee due to the service areas that they covered. It was therefore suggested whether Education and Social Care should be split between the 2 scrutiny committees to try to balance the workloads of the 2 committees. Any changes agreed would come into force from May 2017.

**Outcomes:**

Action	Completion Date	Action By
Re-draft the terms of reference splitting Education and Social Care Services between the 2 scrutiny committees.	17 January 2017	WR

<b>7.</b>	<b>WORK PROGRAMME</b>	<b>JCSG64 - 2016</b>
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**Documents Considered:**

- Forward Work Programme
- List of items for Pre-Decision Scrutiny as discussed by the Leader and Chairs of the Scrutiny Committees.

**Issues Discussed:**

- The items for Pre-Decision Scrutiny had been discussed by the Leader and the Chairs of the Scrutiny Committees at a meeting prior to the Steering Group meeting. The Steering Group agreed that the items be included in the work programme and that Portfolio Holders and officers be notified.

**Pre-Decision Scrutiny Items – December 2016 to March, 2017.**

Cabinet Meeting	Date Report required by Central Services	Item	Scrutiny Cttee	Dates where Working Group will Meet
20/12/16		Domiciliary Care	People	06/12/16
20/12/16		PCC Care Homes	People	06/12/16
17/01/17	06/12/16	School Asset Management Plan	People	12/12/16 to 16/12/16
07/02/17	03/01/17	Health and Care Strategy 10 Year Plan	People	10/01/17 to 16/01/17
07/02/17	03/01/17	Education	People	10/01/17 to

		Standards Report		16/01/16
07/02/17	03/01/17	Review of Fair Funding	People	10/01/17 to 16/01/17
28/02/17	24/01/17	Highways Asset Management Plan	Place	01/02/17 to 06/02/17
28/02/17	24/01/17	Home School Transport Policy	to Place	01/02/17 to 06/02/17

**Outcomes:**

Action	Completion Date	Action By
That the list of pre-decision scrutiny items be approved and included in the work programme	17 January 2017	WR
That Portfolio Holders and officers be notified of the items to be pre-scrutinised.	30 November 2016	WR

<b>8.</b>	<b>PUBLIC SERVICE BOARD</b>	<b>JCSG65 - 2016</b>
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<b>9.</b>	<b>DRAFT NOTES OF PREVIOUS MEETING(S)</b>	<b>JCSG66 - 2016</b>
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**Documents Considered:**

- Draft Notes – 9 June, 2016 and 20 October 2016

**Issues Discussed:**

- None

**Outcomes:**

- **Noted.**

<b>10.</b>	<b>PSB DATES - FOR INFORMATION</b>	<b>JCSG67 - 2016</b>
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- 1 December 2016

- 9 March 2017
- 8 June 2017
- 21 September 2017
- 21 December 2017

<b>11.</b>	<b>DATES OF NEXT MEETINGS - FOR INFORMATION</b>	<b>JCSG68 - 2016</b>
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- 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**