

## Audit Committee

---

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

---

Meeting Date  
**Thursday, 6 July 2017**

---

Meeting Time  
**10.30 am**

---



County Hall  
Llandrindod Wells  
Powys  
LD1 5LG

For further information please contact  
**Lisa Richards**  
01597 826371  
lisa.richards@powys.gov.uk

29 June 2017

### AGENDA

<b>1.</b>	<b>APOLOGIES</b>
-----------	------------------

To receive apologies for absence.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
-----------	---------------------------------

To receive declarations of interest from Members.

<b>3.</b>	<b>DISCLOSURE OF PARTY WHIPS</b>
-----------	----------------------------------

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>
-----------	----------------

To authorise the Chair to sign the minutes of previous meetings held on 5 April and 18 May 2017.

(Pages 5 - 18)

<b>5.</b>	<b>EDUCATION FINANCE REVIEW</b>
-----------	---------------------------------

To consider the report of the Head of Financial Services and the WAO Review into Education Finance.

(Pages 19 - 50)

<b>6.</b>	<b>INTERNAL AUDIT</b>
-----------	-----------------------

**6.1. Internal Audit Plan**

To consider the report of the Head of Financial Services together with the final Internal Audit Plan.

(Pages 51 - 62)

**6.2. Appointment to Internal Audit Working Group**

To appoint five members to the Internal Audit Working Group.

<b>7.</b>	<b>RISK MANAGEMENT</b>
-----------	------------------------

To consider the report of the Business Continuity and Risk Management Officer.

(Pages 63 - 80)

<b>8.</b>	<b>STATEMENT OF ACCOUNTS</b>
-----------	------------------------------

To consider the report of the Head of Financial Services.

(Pages 81 - 82)

<b>9.</b>	<b>TREASURY MANAGEMENT</b>
-----------	----------------------------

To consider the report of the Portfolio Holder for Finance together with a confidential appendix.

(Pages 83 - 106)

<b>10.</b>	<b>REGULATORY TRACKER</b>
------------	---------------------------

To consider the report of the Portfolio Holder for Finance.

(Pages 107 - 124)

<b>11.</b>	<b>ACCESS TO INFORMATION</b>
------------	------------------------------

The Monitoring Officer has determined that category 3 of the Access to Information

Procedure Rules applies to the following item. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information).

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

<b>12.</b>	<b>BRECON CULTURAL HUB</b>
------------	----------------------------

To consider the report of the Portfolio Holders for Property and Waste and Childrens Services, Youth Libraries and Leisure.

(Pages 125 - 130)

<b>13.</b>	<b>CORRESPONDENCE</b>
------------	-----------------------

To consider any items of correspondence which, in the opinion of the Chair are of sufficient urgency to warrant consideration.

This page is intentionally left blank

## **MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON WEDNESDAY, 5 APRIL 2017**

### **PRESENT**

County Councillor JG Morris (Chair)

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

Cabinet Portfolio Holders In Attendance: Jones, Wynne (Deputy Leader of the Council)

Officers: David Powell (Strategic Director - Resources), Jane Thomas (Head of Financial Services), Caroline Evans (Business Continuity and Risk Management Officer) and Garry Hudson, Senior Performance Management Officer

Other Officers In Attendance: Ian Halstead and Ian Baker, SWAP and Phil Pugh, Justine Green and Colin Davies, WAO

<b>1.</b>	<b>APOLOGIES</b>
-----------	------------------

Apologies for absence were received from County Councillors A W Davies, E R Davies and T J Van-Rees

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
-----------	---------------------------------

There were no declarations of interest.

<b>3.</b>	<b>DISCLOSURE OF PARTY WHIPS</b>
-----------	----------------------------------

There were no disclosures of party whips.

<b>4.</b>	<b>MINUTES</b>
-----------	----------------

The Chair was authorised to sign the minutes of the previous meeting, held on 3 February 2017, as a correct record subject to adding Mr Phil Pugh, WAO, to those present.

<b>5.</b>	<b>WAO - AUDIT PLAN</b>
-----------	-------------------------

### **Documents:**

- WAO 2017 Audit Plan - Powys County Council
- WAO 2017 Audit Plan – Powys Pension Fund

### **Discussion:**

- The documents detail the legislative requirements, timetable and WAO fees together with the responsibilities of both the WAO and the Council

- Details of risks were identified together with the proposed audit response
- The detail regarding certification of grant claims and returns was in the process of being finalised but it was expected that a similar fee to that charged in 2015/16 would apply
- It was noted that the estimated fee would be reduced by 8.1% and not as detailed in the original report. An amendment was circulated to the Committee via email during the meeting.
- Details of the proposed performance audit were given. The WAO seek to provide assurance of improvement particularly in light of the austerity that all authorities were dealing with. The Local Government Measure was still in place whilst local government reform was under consideration and the WAO would monitor statutory requirements under the Measure. This work would also cover assessment of the Authority's progress in implementing the Wellbeing of Future Generations Act –this would lead to more detailed work in future years.
- Local risk based work would also be undertaken and it was expected that this would include Highways, Transport and Recycling as it modernises.
- The WAO drew Members' attention to the controls that had been included to ensure that one officer of the WAO, who had a potential conflict of interest with regards Adult Social Care, would not be involved in any aspect of auditing Adult Social Care. After some debate, Members were satisfied that this was appropriate.
- Last year's Statement of Accounts would need to be restated in accordance with new requirements
- The level of materiality will be reported in due course. The trivial level would be set at 5% of materiality which, based on last year's Statements would be less than £205K. This would be less than £250K with regard to the Pension Fund.
- Members' attention was drawn to a key risk relating to the changes of Heads of Service as this represented a material risk by nature rather than value.
- The appropriateness of journal entries would also be considered together with any significant transactions outside normal business trends to ensure there had been no management override
- The third thematic review regarding Transformation, identified last year, was currently being scoped and would commence in May 2017
- The WAO were asked what the future of auditing pension funds across Wales would be in light of pooled pension fund arrangements. The WAO responded that it was too early to have any detail but each Authority would continue to hold a Pension Fund account which would still be subject to audit. The WAO would endeavour to avoid duplication when auditing of the pooled arrangement was determined.
- The Committee sought assurance that staffing levels and continuity were adequate in the light of difficulties encountered in previous years. Although there were no absolute guarantees the greater proportion of the WAO team were the same as last year with some new officers. Where accounts overlap or similar information is required the Team will ensure that there is no duplication and will aim that one Auditor will consider any overlap areas. A further question was put regarding the frequency with which Team members were refreshed to ensure that over familiarity did not become an issue. The WAO noted that a balance between continuity

- and rotation needed to be made and that policies were in place to ensure this happened.
- The WAO were asked if the level of sampling would be the same – this was likely, but dependent on what emerges and at what risk level
  - The Committee were concerned that a number of baselines set within the Wellbeing of Future Generations Act were out-with the Authority's control – WAO activity would be restricted to those areas where they would have an impact.

**Outcomes:**

- **The proposed Audit Plans were noted**

<b>6.</b>	<b>WAO CHARGING FOR SERVICES AND INCOME GENERATION</b>
-----------	--

**Documents:**

- Report of the Strategic Director, Resources
- WAO - Charging for Services and Generating Income by Local Authorities

**Discussion:**

- The Committee had previously considered the WAO report prepared following a national review
- Income generation was thought to be key in austerity measures
- Powys County Council had been one of the field areas and the report had highlighted the schools cashless project
- The Income and Cost Control Board has been reintroduced and is chaired by the Head of Financial Services
- 7 recommendations had been contained within the report and these had all been fully or partly met – further work was required on unit costs
- Good progress was being made and the report would be relevant going forward
- Future Audit Committees would receive progress reports

**Outcomes:**

- **The report was noted and updates would be included in the forward work programme**

<b>7.</b>	<b>WAO FINANCIAL RESILIENCE- ACTION PLAN</b>
-----------	--

**Documents:**

- Report of the Strategic Director, Resources
- WAO – Savings Planning – Powys County Council
- Financial Resilience Action Plan

**Discussion:**

- A full Corporate Assessment had not been planned in 2016/17 but the Authority was informed that it would be subject to three 'light touch' reviews – Financial Resilience, Governance and Transformation
- The Financial Resilience review considered savings plans
- The review had been scoped on the basis of national issues

- An Action Plan has been prepared
- Management Team are monitoring on the Action Plan to ensure savings are planned, reported on and achieved
- Audit Committee will be kept informed of progress

**Outcomes:**

- **The report was noted**

**Item 19** - WAO Report – Good Governance when determining significant service changes – was considered at this point on the agenda

<b>8.</b>	<b>CLOSURE OF ACCOUNTS</b>
-----------	----------------------------

**Documents:**

- Report of the Head of Financial Services

**Discussion:**

- A project management approach is continuing in the current year
- Income and Expenditure has to be restated in line with a change to the Code of Practice and work is already underway on this issue
- It has been decided at a national level that the Highways Network Asset Code will not be introduced at this time as the benefits are outweighed by the costs of implementation
- Members recalled that the closure of accounts had been affected by staff sickness absence and that this had been included as an ongoing risk. However work to mitigate this is in progressing.
- The Head of Financial Services is ensuring that all services have a turnaround time limit of three days to enable the accounts to be closed down in a shorter time scale as required
- Work towards the closure of accounts is currently on track
- The WAO were concerned that upload problems from feeder systems had been identified. Any potential for errors or incompleteness were a cause for concern. The Internal Audit Manager informed the Committee that a review into interface files had been factored into the Internal Audit Work Plan and suggested that he co-ordinate with the WAO around this issue.
- The WAO have already commenced testing to enable the earlier closing agenda to be met. Income and Expenditure is already being assessed for the first 10 months of the 2016/17

**Outcomes:**

- **Progress on the closure of accounts was noted**
- **The Internal Audit Manager and WAO will liaise regarding issues around feeder systems**

<b>9.</b>	<b>RISK MANAGEMENT</b>
-----------	------------------------

**Documents:**

- Report of the Business Continuity and Risk Management Officer



- Heat map
- Summary
- Risk Register
- Risk Assessment Matrix

**Discussion:**

- Regular, quarterly update on the Corporate Risk Register
- The Impact Assessment Toolkit is being refined following the budget process based on feedback from users and Members
- The Authority has been shortlisted for an excellence in leadership award which will be judged in May. A video and poster are being prepared to show at the awards ceremony.
- 3 risks have been deleted
  - ASC1 (failing to get agreement on direction of travel) – Adult Services Risk Register to be reviewed to reflect the emerging Directorate Plan
  - ASC10 (Services delivered for less) – Adult Services Risk Register to be reviewed to reflect the emerging Directorate Plan
  - RPC8 (Property disposals programme) – property disposals are ahead of schedule and the risk can safely be removed
- Other risks which have been amended:
  - CR17 (Living wage and increased pension requirements leading to increased financial pressure) – this risk has been decreased as funding has been identified for 2017/18 and will be included in the base budget going forward
  - CR11 (implementation of WCCIS) – this has been increased as a delay due to information governance issues having been raised by the Health Board
  - LC1 (incident at leisure centre) – this risk has been merged with PL1 which deals with health and safety processes
- 3 risks have not changed level despite mitigation
  - CR11 – WCCIS
  - RPC2 – landfill liability – the Authority has been given leave to appeal the decision but this may not happen until late 2017
  - SS1 – schools transformation programme. Decisions have been made recently which may affect mitigation, however Members were concerned that school transformation was not happening and was still a significant risk
- Members queried whether the position of CR7 (transition post-election of the Pensions Committee) could remain in the low risk category – the Pensions Board would continue to operate and provide support until such time as the new Pensions Committee is in place and fully trained
- A further query was put to the lead officer regarding whether the register was updated quickly enough. An example was quoted of the LDP where considerable movement had taken place in the preceding 12 months – all risks are updated quarterly and it was agreed that the presentation of the data may have caused some confusion. This matter would be discussed with the Head of Service.

**Outcomes:**

- **The current position regarding corporate risk was noted**

- **The Chair paid tribute to the Risk Management and Business Continuity Officer and her team on the achievements in progressing risk management in the last two years**

<b>10.</b>	<b>INTERNAL AUDIT</b>
------------	-----------------------

The Committee considered reports in the following order:

10.3  
10.1  
10.2

10.1. Audit Charter

**Documents:**

- Report of the South West Audit Partnership (SWAP)
- Internal Audit Charter

**Discussion:**

- An Internal Audit Charter defines the relationship between the organisation and Internal Audit and ensures that Internal Audit maintains its independence
- The document presented to Committee is the first Charter provided by the South West Audit Partnership

**Outcomes:**

- **The Internal Audit Charter dated March 2017 was approved**

10.2. Interim Internal Audit Plan

**Documents:**

- Report of the South West Audit Partnership (SWAP)
- Q1 Internal Audit Plan 2017/18

**Discussion:**

- A transitional Q1 plan was presented to Committee – a full Plan will be provided for the next meeting of Audit Committee in July
- The Plan is risk based and can be flexible
- The Plan has to be sufficiently detailed to enable the Internal Audit Manager to be able to form an opinion as regards there being sufficient controls in place – there was sufficient time allocated within the Plan to enable that opinion to be formed but the Internal Audit Manager would not wish to see that Plan diminished
- There will be engagement between the Management Team and SWAP to establish priorities and develop an appropriate full year Plan
- SWAP intend to work collaboratively and take the role of ‘Trusted Advisor’
- Being within the Partnership will enable greater access to benchmarking, good practice etc between all 24 partners

- The Internal Audit Working Group had been very useful and SWAP confirmed that this would continue
- The Assistant Director of SWAP was asked what synergies he saw which would add particular value to Powys' Internal Audit work – he responded that he would be able to provide a fuller answer at the next Committee meeting following greater engagement with Management Team. More automated processes were available which would increase efficiency and assist in delivery of the service.

**Outcome:**

- **The Interim Internal Audit Plan was approved**

10.3. South West Audit Partnership

**Documents:**

- Report of the Strategic Director Resources (S151 Officer)

**Discussion:**

- The Committee have been kept informed of progress in transferring Internal Audit services to the South West Audit Partnership (SWAP)
- The transfer was completed on 1 April 2017
- The Authority is joining a well-established organisation and will be partners in that organisation
- The first Board meeting will take place on 19 April 2017 with the Strategic Director, Resources being the Council's representative on the Board. The Chair of Audit Committee will attend the Members' Board in due course.
- Individual meetings were held with all staff who wished to and engagement sessions have been held with SWAP and the Internal Audit Team
- The Internal Audit Manager will remain as the lead officer for Powys County Council Internal Audit
- The Strategic Director, Resources, thanked the Internal Audit Manager for his support during the transfer

**Outcome:**

- **The report was noted**

<b>11. REGULATORY TRACKER</b>
-------------------------------

**Documents:**

- Report of the Portfolio Holder for Finance

**Discussion:**

- The report outlined the position as at the end of Quarter 3
- There were 9 actions which were not on track with major issues or no planned action undertaken to date
- The WAO and Committee were concerned that some actions dated back to 2014

- In some instances the lack of clear performance data was delaying implementation of all actions
- Key Performance Indicators (KPIs) were becoming more widely accepted within the Council
- Financial performance was regularly monitored and this needed to be extended to performance monitoring
- Members asked to see improvement in these 9 indicators or detailed explanations of why they had not been achieved by the next Audit Committee
- The WAO welcomed the new arrangements to report the Regulatory Tracker to Audit Committee – Regulators make recommendations to drive improvement and it is critical that these are acted upon. They would add value to the Authority's work and were aimed to assist in that process and not distract from it.
- The Committee suggested that consideration should be given to linking the Tracker to the risk management tracker – the Strategic Director suggested that there may be overlap but that this could be considered and may highlight any gaps
- The Strategic Overview Board actions would be embedded in future documents
- Officers were asked to include dates in the tracker to ensure events were still current and appropriate
- 11 recommendations were put forward for approval to be archived as they were complete – the Committee was cautious about archiving some actions but were assured they were still available for monitoring after archiving

**Outcomes:**

- **The report be noted and the 11 recommendations for archiving be approved**
- **Further detail regarding dates to be included in the Tracker**
- **Improvement in the 9 red actions to be sought or detailed explanations of why these have not been achieved to be presented to the next Audit Committee in July 2017**

<b>12.</b>	<b>THE HOLDING AND USE OF RESERVES</b>
------------	--

**Documents:**

- Report of the Head of Financial Services

**Discussion:**

- The Committee has previously considered the Welsh Government's document 'Scrutiny of Local Authority Holding and Utilising of Reserves' and the report provides an update following the latest information being available
- Comparators with other Welsh Local Authorities were given for information
- The level of reserves is set by the Authority

- The Section 151 Officer was of the opinion that the issue was getting the balance right. He would be concerned if there were too many specific reserves.
- The Chair reiterated the need for planned use of reserves to ensure that these are not depleted
- Members wished to see reserves used appropriately and not as a general support to budgets

**Outcomes:**

- **The report be noted**

<b>13.</b>	<b>FINANCE SCRUTINY PANEL</b>
------------	-------------------------------

**Documents:**

- Scrutiny summary report

**Discussion:**

- The FSP had submitted detailed reports on budget proposals and the overspend in Adult Social Care (ASC)
- A Joint Working Group with the ASC Working Group of the People Committee had undertaken considerable work on the reasons behind the overspend in ASC
- There had been some debate regarding the data upon which the report was based and it was discovered that the correct information had not been available to the Working Group
- The findings of the Group were not diminished when the correct data was established
- The report had been critical of procedures and had highlighted areas of major concerns and it was essential that these issues were addressed
- To date the Portfolio Holder for Adult Social Care has offered a personal response but a formal response was awaited. It was expected that this would be available at the Cabinet meeting on 11 April 2017.
- The Portfolio Holder, ASC presented additional data which was also subsequently found to be incorrect
- The Chair of Audit requested that a proactive response be submitted
- The WAO noted that the use of data was critical. Data must be accurate to enable decisions to be made.
- The Portfolio Holder for Finance confirmed that his response to the budget proposals was contained within the Cabinet agenda for 11 April

**Outcomes:**

- **The report was noted**

<b>14.</b>	<b>WORK PROGRAMME</b>
------------	-----------------------

**Documents:**

- Work Programme

**Outcomes:**

- The work programme be updated with items highlighted during the meeting

<b>15.</b>	<b>JOINT CHAIRS AND VICE CHAIRS STEERING GROUP</b>
------------	--

**Documents:**

- Notes of a meeting of the Joint Chairs and Vice Chairs Steering Group, 28 February 2017

**Discussion:**

- Members noted that a response was being prepared relating to the Welsh Government White Paper: Reforming Local Government: Resilient and Renewed

**Outcomes:**

- The minutes were noted

<b>16.</b>	<b>CORRESPONDENCE</b>
------------	-----------------------

There were no items of correspondence.

<b>17.</b>	<b>ACCESS TO INFORMATION</b>
------------	------------------------------

<b>18.</b>	<b>BRECON CULTURAL HUB</b>
------------	----------------------------

This item was withdrawn.

<b>19.</b>	<b>WAO - GOOD GOVERNANCE REVIEW</b>
------------	-------------------------------------

**Documents:**

- Report of the Professional Lead – Corporate Insight
- WAO Report – Good Governance when Determining Significant Service Changes
- Management Response

**Discussion:**

- The report was welcomed in providing guidance to the Council going forward
- The general direction of travel was in line with WAO's expectations
- There are some challenges which Management Team will develop with the new Cabinet following the local government elections in May
- The role of scrutiny and engagement with Cabinet is currently being reviewed and is one area for development

- The Strategic Director, Resources will monitor progress against the Management Response and keep Audit Committee updated

**Outcomes;**

- **The WAO report was noted**
- **The Management Response was approved**
- **The Strategic Director, Resources will monitor the Management Response and provide an update to Audit Committee by 31 December 2017**

**County Councillor JG Morris (Chair)**

This page is intentionally left blank



# Public Document Pack

Audit Committee Thursday, 18 May 2017

## **MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON THURSDAY, 18 MAY 2017**

### **PRESENT**

County Councillors J G Morris (Chair), B Baynham, Mr J Brautigam, M Barnes, J Charlton, L Fitzpatrick, L George, K Laurie-Parry, M J Jones, WD Powell, R G Thomas, T J Van-Rees, A Williams and S L Williams and Mr J Brautigam (Independent Lay Member)

Officer: David Powell, Strategic Director Resources

<b>1.</b>	<b>ELECTION OF CHAIR</b>
-----------	--------------------------

**RESOLVED** that County Councillor J G Morris be elected Chair for the ensuing year.

<b>2.</b>	<b>ELECTION OF VICE CHAIR</b>
-----------	-------------------------------

**RESOLVED** that Mr J Brautigam be elected Vice Chair for the ensuing year.

<b>3.</b>	<b>APOLOGIES</b>
-----------	------------------

An apology for absence was received from County Councillor G D Price

**County Councillor J G Morris**

This page is intentionally left blank

## CYNGOR SIR POWYS COUNTY COUNCIL

## AUDIT COMMITTEE

6<sup>th</sup> July 2017

REPORT AUTHOR: Head of Financial Services

SUBJECT: Wales Audit Office – Review of Education Finance

REPORT FOR: Information

1. Introduction

- 1.1 The Wales Audit Office have undertaken a study to review Education Finance within the Council.
- 1.2 The need to improve the support and challenge offered to Schools with regard to the management of their delegated budgets had been recognised by the Council with concerns raised in a number of reports issued by Wales Audit Office and Pricewaterhouse Cooper in recent years. The matter has also been raised in correspondence to the Auditor General during 2015 and 2016.
- 1.3 Schools' Governing Bodies have statutory responsibility for the oversight of financial management in schools and for ensuring that school comply with the Council's policies and procedures, including the financial regulations.
- 1.4 The Council has a statutory duty to promote high standards in its schools. Effective resource management plays a key role in the delivery of high standards. In promoting high standards, the Council should monitor, challenge, support and where necessary, intervene in its schools.

2. The review

- 2.1 The study therefore set out to answer the question, **“Is the availability and quality of advice adequate to support the Council and its Schools in managing education budgets?”**
- 2.1 Officers from the Wales Audit Office reviewed a number of key documents and data, and held interviews with relevant councillors and staff at the Council, and with head teachers, bursars and school managers in a sample of schools.
- 2.2 They concluded **“that schools and councillors receive improved advice and support about the management of school's budgets, but the Council faces challenges in achieving the pace to deliver an affordable, sustainable education service. They reached this conclusion because:**

- **The monitoring of schools delegated budgets, and the support and challenge provided to schools when setting their budgets, are improving in respects; but**
- **The Council faces major challenges in achieving the pace that will deliver an affordable and sustainable education service and halt the projected substantial decline in schools' financial health."**

2.3 The full report is attached.

### **3 Proposals for Improvement**

3.1 A number of proposal for improvement have been made as follows:-

- P1** In order to provide the necessary challenge to secondary schools with regard to their financial planning, the Council should ensure that it has the capacity to analyse and evaluate schools' curricular planning.
- P2** The Council should work with schools to explore means of improving the efficiency and effectiveness with which schools procure goods and services.
- P3** In order to further embed resource management as a key component of school improvement, the Council should agree with schools:
  - a consistent template for recording key financial information within School Development Plans; and
  - a system whereby schools' financial health might be assessed and reported annually.
- P4** In order to improve its clarity and transparency, the Council should review its Service Level Agreement with schools for Financial Services, ensuring that the optional element includes only those services that are not statutory functions of the Council.
- P5** In order to ensure a common understanding of financial data, the Council should ensure that data reported to members is consistent with that reported to Welsh Government, and that any necessary variance between the two sets is fully explained.
- P6** In order to achieve an affordable and adequately resourced school system, the Council should increase the pace and scale of change in implementing its Schools Organisation Policy, 'Planning Education Provision'. In particular, the Council should work with partners inside and outside Wales to ensure that learners aged 16-19 are able to access a suitable curriculum in the language of their choice.

3.2 Work is already underway in progressing these improvements;

- Commercial services have already began discussions with the Schools Forum as to how they can support schools with their procurement of goods

and services, they have already completed an analysis of spend by schools and identified areas to explore further.

- Benchmarking data is being developed to assist both Schools and the Council with comparative information to understand how the funding and expenditure of Powys' Schools compares with that of other Authorities. Alongside our own work we are also participating in some work being undertaken by the Welsh Local Government Association through the Local Government Data Unit Wales looking at expenditure across secondary schools.
- A fundamental review of the Schools Funding Formula has been requested by Cabinet, this work has commenced this week.

3.3 These will be incorporated into an action plan which is being developed in response to the proposals for improvement. Progress of delivery of the action plan will be monitored on a quarterly basis via the regulatory tracker process.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>That Audit Committee notes the contents of the report.</b>	<b>To ensure the WAO report is noted by Committee</b>
<b>That the Audit Committee receives the completed action plan at its next meeting and monitors progress against the plan through regular updates</b>	<b>To ensure proposals for improvement are being taken forward and that the action plan is delivered</b>

Contact Officer Name:	Tel:	Email:
Jane Thomas	01597 827789	jane.thomas@powys.gov.uk

Background papers

Wales Audit Office "Review of Education Finance – Powys County Council" (attached)

This page is intentionally left blank



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Review of Education Finance – **Powys County Council**

Audit year: 2017

Date issued: June 2017

Document reference: 273A2017

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

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

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

[infoofficer@audit.wales](mailto:infoofficer@audit.wales).

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

This document is also available in Welsh.

The team who delivered the work comprised Huw Lloyd Jones and Nicholas Raynor.



# Contents

Schools and councillors receive improved advice and support about the management of schools' budgets, but the Council faces challenges in achieving the pace to deliver an affordable, sustainable education service.

## Summary report

Proposals for improvement	8
---------------------------	---

## Detailed report

The monitoring of schools' delegated budgets, and the support and challenge provided to schools when setting their budgets, are improving in most respects	9
--	---

Schools are benefiting from improving working relationships between Council officers but there are opportunities to enhance the advice and support given to schools, particularly in respect of procurement	9
---	---

Budget setting is becoming more challenging and the Council intends that the school funding formula should become more transparent, but the focus of schools is on the short term budget	11
--	----

A Service Level Agreement clarifies the respective responsibilities of schools and the Council in managing delegated budgets but there are aspects of the agreement that can be improved	12
--	----

The monitoring of schools' financial position is improving and clearer reporting to councillors allows them to consider action to address schools with financial difficulties	13
---	----

The Council has been more proactive than before in holding schools to account for their financial management but has yet to use its statutory powers of intervention	13
--	----

The Council faces major challenges in achieving the pace that will deliver an affordable and sustainable education service and halt the projected substantial decline in schools' financial health	15
--	----

The Council is facing a number of significant financial challenges, one of which is the significant and unsustainable projected reduction in the level of schools' financial balances	15
---	----

Demographic trends indicate that the funding of education will become more challenging for the Council in future years	16
--	----

Schools continue to focus on reducing expenditure but are concerned that no further significant savings can be made at a time when they are taking on additional unfunded costs and responsibilities 18

The Council is committed to providing an affordable, accessible, high-quality education system but neither the pace nor scale of change are great enough to address financial and curricular challenges 19

## Appendices

Appendix 1 – analysis of the Council’s education budget for 2016-17 of £104.989 million 21

Appendix 2 – comparative analysis of budgeted education expenditure for 2016-17 across Wales 22

# Summary report

- 1 Powys County Council (the Council) determines its overall education budget annually. The legal framework within which local authorities allocate their education expenditure to schools is set by the School Funding (Wales) Regulations 2010, as amended. The regulations require local authorities to allocate expenditure to three budgets:
  - **Local Authority Education (LEA) Budget** – this budget is retained and administered centrally by local authorities and is for central local authority functions relating to education. This includes expenditure relating to schools such as, for example specified categories of Additional Learning Needs (ALN) provision, school improvement, home-to-school transport and strategic management.
  - **Schools Budget** - this budget is retained and administered centrally by local authorities and covers expenditure directly aimed at supporting schools. It comprises expenditure on services for which the local authority may retain funding centrally, such as other ALN funding and school meals.
  - **Individual Schools Budget** – the bulk of the education budget is delegated to schools in the form of the Individual Schools Budget (ISB). In consultation with the Schools Budget Forum, the Council determines how the ISB is distributed to schools and allocates funds to schools accordingly. The proportion of gross budgeted expenditure on schools<sup>1</sup> that comprises the Individual Schools Budget is known as the delegation rate.
- 2 The Council's gross budgeted expenditure on schools for 2016-17 is £104.989 million, 78% of which is delegated to the individual schools' budgets (**Exhibit 1**). **Appendix 1** includes detailed analysis of the Council's education budget while **Appendix 2** compares budgeted education expenditure in Powys with that in all Welsh local authorities. **Appendix 2** shows that, like other predominantly rural authorities, the Council's budgeted education expenditure per pupil is well above the Wales average. However, the delegation rate is among the lowest in Wales with the result that delegated budgets per pupil in primary and secondary schools are below average, and well below those in similar authorities.

<sup>1</sup> . This includes all elements of Council spending that relate to school provision: school budget plus LEA budget (including central administration of the LEA) less spending on home-to-college transport and further education and training for young persons and adults. The figure is on a 'gross basis' and therefore includes specific Welsh Government grants as well as the funding allocated to education by the Council. (Source: **Welsh Government Statistical Bulletin SB 28/2016 : Local Authority Budgeted Expenditure on Schools 2016-17**, published July 2016)

Exhibit 1: The Council's gross education budget for 2016-17 is £104.989 million

	Gross education budget (£s)	%
Individual Schools Budget	81,900,000	78.0%
Centrally retained Schools Budget	9,246,000	8.8%
Local Authority Education Budget	13,843,000	13.2%
Total	104,989,000	100%

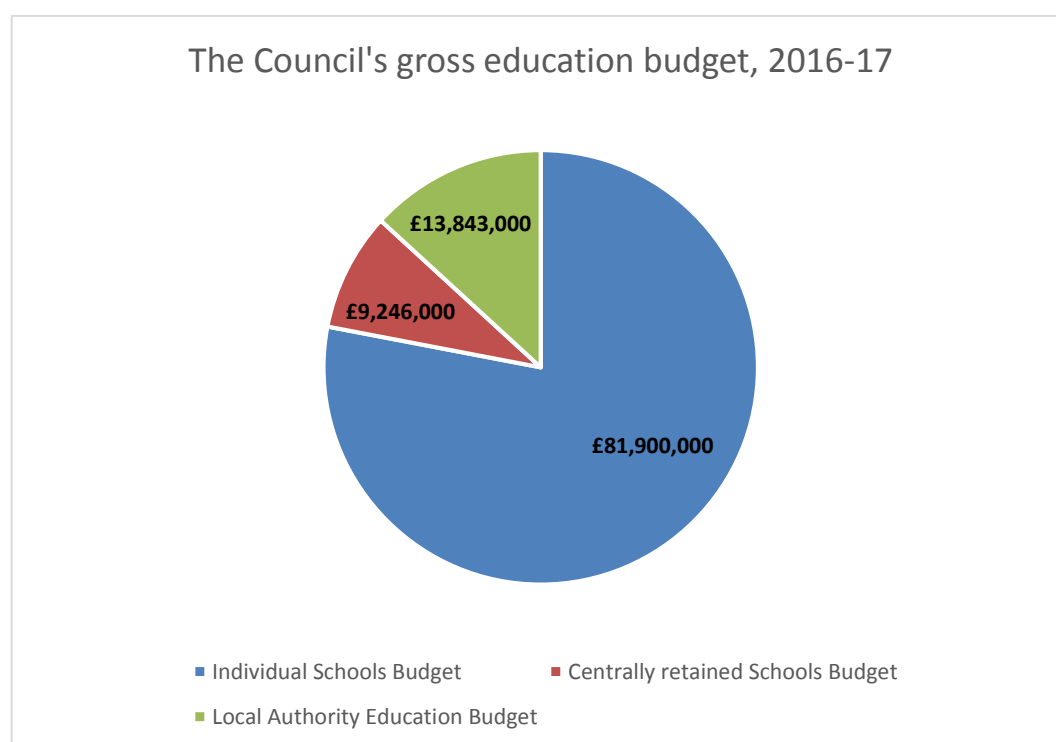


Exhibit source: Table 2: Schools Budgeted Expenditure, **Welsh Government Statistical Bulletin SB 28/2016: Local Authority Budgeted Expenditure on Schools 2016-17**, published 7 July 2016 and supporting RA/Section 52 budget statements.

- 3 Schools' governing bodies have statutory responsibility for the oversight of financial management in schools and for ensuring that schools comply with the Council's policies and procedures, including the financial regulations.
- 4 The Council has a statutory duty to promote high standards in its schools. Effective resource management plays a key role in the delivery of high standards. In promoting high standards, the Council should monitor, challenge, support and, where necessary, intervene in its schools.

- 5 The Council has known for some time that it needed to improve the support and challenge offered to schools with regard to the management of their delegated budgets. Reports by the Wales Audit Office in 2012 and by Pricewaterhouse Coopers in 2015 have raised concerns about the number of schools with financial deficits. This matter has also been raised in correspondence to the Auditor General during 2015 and 2016. The issues that the Council and schools are facing are not new, but the urgency and pace at which they need to respond to them is taking on greater significance. In part, this greater significance has arisen due to highly publicised issues in Llanfyllin High School (and, to a lesser extent, in a few other schools) with regard to the funding and procurement of home-to-school transport, which showed that some Governing Bodies were not routinely complying with aspects of financial regulations.
- 6 Our study therefore set out to answer the question, 'Is the availability and quality of advice adequate to support the Council and its schools in managing education budgets'? In reaching our conclusions, we reviewed key documents and data, and held interviews with relevant councillors and staff at the Council, and with head teachers and bursars and school managers in a small sample of schools.
- 7 We concluded that schools and councillors receive improved advice and support about the management of schools' budgets, but the Council faces challenges in achieving the pace to deliver an affordable, sustainable education service. We reached this conclusion because:
- the monitoring of schools' delegated budgets, and the support and challenge provided to schools when setting their budgets, are improving in most respects; but
  - the Council faces major challenges in achieving the pace that will deliver an affordable and sustainable education service and halt the projected substantial decline in schools' financial health.

8 We have made six proposals for improvement.

## Proposals for improvement

Proposals for improvement	
P1	In order to provide the necessary challenge to secondary schools with regard to their financial planning, the Council should ensure that it has the capacity to analyse and evaluate schools' curricular planning.
P2	The Council should work with schools to explore means of improving the efficiency and effectiveness with which schools procure goods and services.
P3	<p>In order to further embed resource management as a key component of school improvement, the Council should agree with schools:</p> <ul style="list-style-type: none"><li>• a consistent template for recording key financial information within School Development Plans; and</li><li>• a system whereby schools' financial health might be assessed and reported annually.</li></ul>
P4	In order to improve its clarity and transparency, the Council should review its Service Level Agreement with schools for Financial Services, ensuring that the optional element includes only those services that are not statutory functions of the Council.
P5	In order to ensure a common understanding of financial data, the Council should ensure that data reported to members is consistent with that reported to Welsh Government, and that any necessary variance between the two sets is fully explained.
P6	In order to achieve an affordable and adequately resourced school system, the Council should increase the pace and scale of change in implementing its Schools Organisation Policy, 'Planning Education Provision'. In particular, the Council should work with partners inside and outside Wales to ensure that learners aged 16-19 are able to access a suitable curriculum in the language of their choice.

9 The audit team wishes to thank all those we met for their time in contributing to this review.

# Detailed report

Schools and councillors benefit from improved advice and support about the management of schools' delegated budgets, but the Council faces significant challenges to deliver an affordable and sustainable education service

The monitoring of schools' delegated budgets, and the support and challenge provided to schools when setting their budgets, are improving in most respects

Schools are benefiting from improving working relationships between Council officers but there are opportunities to enhance the advice and support given to schools, particularly in respect of procurement

- 10 The working relationships between finance officers, human resource officers and other education officers, including Challenge Advisers from Education through Regional Working (ERW, the Regional School Improvement Consortium) have improved significantly in recent years. This has been, in large part, a result of better communication between the teams because they work in closer proximity to each other than before in the corporate centre.
- 11 Better collaboration is improving officers' knowledge of national and local issues with the result that the level of advice and support provided to primary schools, in particular, for setting, monitoring and challenging schools' budgets is becoming more joined-up, timely and robust. However, the Council lacks the capacity to challenge secondary schools rigorously. Council officers have limited experience of the complexities of the secondary school curriculum and the associated costs, so there remains a gap in respect of the quality of support and challenge provided for secondary school education.
- 12 Schools reported that finance officers, human resource officers and other education officers were more visible and accessible to them now than previously. Schools are provided with a standard level of financial advice and can approach officers for additional advice and support at any time. The role of officers in challenging schools focuses appropriately on those schools who are experiencing, or anticipating, financial difficulties.

- 13 The School Development Plan (SDP) is the school's strategic plan for improvement. It sets out the actions a school will take to improve learner outcomes. The SDP covers a three year period but is updated annually. It sets out how the governing body will utilise available resources to best meet their school improvement targets. When planning for the current school year, the head teacher and governors will already be aware of the staff and funding resources they have available. For years two and three of the plan, governing bodies should capture how they intend to utilise existing and anticipated resources to meet their school improvement targets.
- 14 SDPs do not routinely include detailed financial information, although schools are expected to refer to the costs and/or savings arising from any significant curricular changes planned for the year ahead.
- 15 In contrast, the Welsh Government, which provides funding for further education colleges in Wales, allocates each college to one of four financial health categories based on an annual analysis of financial data that is provided in a consistent format<sup>2</sup>. The principles of formally assessing colleges' financial health can be readily applied to the Council's primary and secondary education provision because each school produces three-year budget plans in a consistent format (four-years for secondary schools). Including consistent, multi-year budget plans in each SDP can provide a basis for formal assessment of a school's financial health and demonstrate that the SDP is aligned to the school's financial planning and that it addresses any worrying trends identified by the financial data.
- 16 Although schools must abide by the Council's Financial Regulations and Standing Orders in purchasing, tendering and contracting matters, they have a great deal of autonomy with procurement decisions. Schools spend significant time and effort to source and secure goods and services in order to achieve financial savings. In primary schools this work often falls to the head teacher, and to business managers in secondary schools.

<sup>2</sup> Information on the financial health categories allocated to further education colleges and a summary of the criteria for allocating a college to a category are included in the report published by the Auditor General for Wales (February 2017) **Welsh Government oversight of further-education colleges' finances**.



- 17 The Council could help schools achieve greater efficiency and further financial savings by taking the initiative to identify and co-ordinate opportunities for collective bargaining on some goods and services. Council officers acknowledge that there is more to do in analysing costs within schools' budgets and benchmarking to share information that schools could use to identify areas where financial savings may be possible. This is particularly so in primary schools where budget plans are provided and financial data is captured in a consistent way. Currently, secondary schools do not use template budget plans and not all use the Council's financial system, e-Financials. As a result, the Council has provided little benchmarking information to help schools compare their costs against those of others in Powys. The Council has stated its commitment to moving secondary schools onto the e-Financials system and providing benchmarking data based on costs at schools both internal and external to Powys.

Budget setting is becoming more challenging and the Council intends that the school funding formula should become more transparent, but the focus of schools is on the short term budget

- 18 The Education Finance Team co-ordinates and supports schools with the production of multi-year budget plans. The team provides each school with the budget plan for the forthcoming year and the indicative budget for the following two years, along with summaries of the budget allocation formula and additional ALN funding allocation. Pupil numbers are based on information provided by the schools in the annual PLASC<sup>3</sup> data collection. The Education Finance Team and the school discuss all aspects of the budget, including a review of all income and expenditure lines, at a finance surgery held during each year's budget-setting process.
- 19 The budget-setting process at school level is becoming more robust and the degree of challenge provided by officers is greater than previously. However, some schools are concerned that they do not fully understand the non-delegated elements within the Schools Budget and the workings of the funding formula that distributes the Individual Schools Budget to schools. Some schools also question the accuracy of the data and assumptions underlying indicative budgets for future years.
- 20 The Council intends to improve the transparency of the budget-setting process and schools' understanding of it by providing clearer instructions and explanations in the information pack issued with the budget allocations. The Council is also undertaking a review of the Fair Funding Formula, which allocates funding to schools, in response to concerns over its complexity and schools' lack of understanding of its application.

<sup>3</sup> Pupil Level Annual School Census, conducted by Welsh Government.

- 21 The setting of multi-year budgets is good practice and is in line with the Council's corporate approach to medium term financial planning. However, we found that the main focus of individual schools is on setting the budget for the short term, with the degree of focus and attention given to forward projections being variable. The setting of school budgets that may not be sufficiently realistic will hinder the Council's ability to make informed decisions on the setting of corporate budgets and funding allocations.

**A Service Level Agreement clarifies the respective responsibilities of schools and the Council in managing delegated budgets but aspects of the agreement can be improved**

- 22 The Council has produced a range of Service Level Agreements (SLAs) to ensure greater transparency in the delivery of support services to schools. The documents support schools in making informed decisions about the services they choose to buy. The Financial Services SLA offers advice, support and guidance to head teachers and school governing bodies across a wide range of financial services. The Council is keen to gauge views and opinions of the financial support it provides to schools and feedback surveys have been sent to schools.
- 23 The Financial Services SLA is made up of three elements:
- **Core financial service (non-delegated)** that sets out the service that will be provided for all schools regardless of whether they enter into the SLA;
  - **Statutory obligations of the school**, that sets out the information that a school will be expected to provide in a timely manner to allow the Council to meet its statutory, regulatory, contractual and business obligations, even if the school does not purchase the SLA; and
  - **Enhanced financial service (delegated)** that sets out a range of optional services such as Treasury Management and Management and Financial Accountancy that schools may, as a package, choose to buy. For each service, the SLA sets out clearly the respective responsibilities of Financial Services and schools.
- 24 All schools have purchased the optional element of the Financial Services SLA. However, our review of the Financial Services SLA has identified a number of elements within the optional 'Enhanced financial service (non-delegated)' sections that are, in fact, part of the Council's statutory responsibilities and would still have to be provided by the Council if schools opted out of the SLA.

**The monitoring of schools' financial position is improving and clearer reporting to councillors allows them to consider action to address schools with financial difficulties**

- 25 The financial position of schools is included in regular reports to the Council's Schools Service Management Team. The reports clearly set out the actual and forecast financial position for each school and analyse the current and projected outturns across the primary, secondary and special school sectors.
- 26 Cabinet receives regular information on schools' balances to allow them to monitor current and future year projections at both overall and individual school levels. Progress updates on the management of unlicensed deficits are also presented regularly to Cabinet, and Cabinet decides on the action to take in the case of schools with unlicensed deficits.
- 27 The Education Scrutiny Group, which reports to the People Scrutiny Committee, provides challenge across a wide-range of education issues, including schools' financial health. The Education Scrutiny Group seeks to align its work to the Cabinet forward work programme and makes recommendations to Cabinet.
- 28 Like all local authorities, the Council also reports its year-end school balances to Welsh Government, which publishes an annual statistical release summarising the level of schools' financial reserves across Wales<sup>4</sup>. There are small discrepancies between the figures reported to Cabinet in July 2016 and those reported to Welsh Government. Our analysis indicates that these discrepancies relate to way in which loans made by the Council to four schools in 2013-14 have been accounted for. However, the paper to Cabinet does not refer to the differences between the two sets of figures. Such discrepancies are potentially misleading to councillors and to interested members of the public, and reduce their ability to compare the position in Powys with that in other authorities in Wales.

**The Council has been more proactive than before in holding schools to account for their financial management but has yet to use its statutory powers of intervention**

- 29 The Powys Scheme for Financing Schools 2016-17 (the Scheme) clearly sets out the financial relationship between the Council and the maintained schools that it funds. The Scheme contains the requirements relating to financial management and associated issues that are binding on both the Council and on schools.
- 30 Although the Council has been particularly concerned about schools in financial difficulties, about half the schools in Powys held reserves amounting to more than 5% of the previous year's delegated budget at the end of 2015-16. The Scheme sets out the parameters within which a deficit budget may be licensed but also refers to the circumstances in which the Council may 'claw back' surplus balances held by schools.

<sup>4</sup> Reserves held by schools in Wales, SFR 139/2016, Welsh Government, 20 October 2016

- 31 In recent years, the Council has not clawed back surplus balances held by schools. The Schools Service Management Team considered and assessed the reasons for the 2015-16 actual outturn surplus balances and individual schools' plans for using their surplus balances. Given the worsening financial projections, Cabinet understandably approved a recommendation by the Portfolio Holder for Education and the Portfolio Holder for Finance on 20 December 2016 that no claw back action be taken on schools with surplus balances at 31 March 2016.
- 32 The Scheme sets out that, in accordance with s.51 School Standards and Framework Act 1998, the Council 'may suspend a school's right to a delegated budget ... if the provisions of the Scheme for the Financing of Schools (or rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily'. The principal effect of suspension of the right to a delegated budget is that a governing body loses the right to decide on how the school's budget should be spent and loses the majority of decisions on staffing numbers and allocation.
- 33 In July 2016, eight schools had set unlicensed budgets. As a result of further work by the schools and Council officers, this number has fallen to five. The Council has issued notices of concern to schools where appropriate but it has not used its powers to intervene formally in the management of individual schools' finances. Suspension of the right to a delegated budget is seldom used in Wales, and the Council has concerns as to whether it has the necessary skills and resources available to effectively manage and resolve unlicensed budgets if it were to suspend a school's right to a delegated budget. However, the projection of decreasing school balances (see paragraph 36) is likely to lead to an increase in the number of schools that fail to make the savings necessary in order to set a balanced budget. The Council's reluctance to use its statutory powers in extreme cases presents a risk that schools will perceive that there are no consequences to flouting the Scheme for the Financing of Schools by persistently setting unlicensed deficits.

## The Council faces major challenges in achieving the pace that will deliver an affordable and sustainable education service and halt the projected substantial decline in schools' financial health

The Council is facing a number of significant financial challenges, one of which is the significant and unsustainable projected reduction in the level of schools' financial balances

- 34 The Council was forecasting a year-end over spend in the region of £5.6 million at the end of November 2016<sup>5</sup>. A Budget Recovery Plan presented to Cabinet on 20 December 2016 set out the reasons for the deficit and outlined proposals for addressing it.
- 35 Overspends in adult social care are the major driver of this projected deficit. However, the Schools Service is projecting a deficit of £557,000, mainly due to further demand on home-to-school transport, which is being addressed by a Home-to-School Transport Board, and severance pay relating to redundancies in schools. The latter is based on an estimate of future redundancy costs that will be incurred by the Schools Service as part of the efforts by schools to eliminate deficits and achieve balanced budgets in the face of rising costs and falling pupil numbers.
- 36 The cumulative financial position of schools' delegated budget balances at 31 March 2016 was a surplus of £2.9 million, with both secondary and primary schools having net surpluses (Exhibit 2). The forecast to 31 March 2019 presented to Cabinet in December 2016 shows a reduction of £6.4 million in schools' balances and an overall deficit position of £3.5 million. The forecast has taken into account the effect of the changes to the age of admissions in primary schools.
- 37 Of the Council's 99 schools, the number of schools with deficit balances is forecast to increase from 18 schools at 31 March 2016<sup>6</sup> to 56 schools by 31 March 2019<sup>7</sup>. Schools that continue to set annual budgets that exceed their income will eventually exhaust any financial reserves they may have had.

<sup>5</sup> This figure does not include schools delegated budgets.

<sup>6</sup> Cabinet 5 July 2016, Item 'School Budget 2016/2017', paragraph 5.14

<sup>7</sup> Cabinet 20 December 2016, Item 'Schools Balances', paragraph 2.10

Exhibit 2: The projected £6.4 million reduction in cumulative schools' balances between 31 March 2016 and 31 March 2019 will result in deficits in each of the primary, secondary and special school sectors

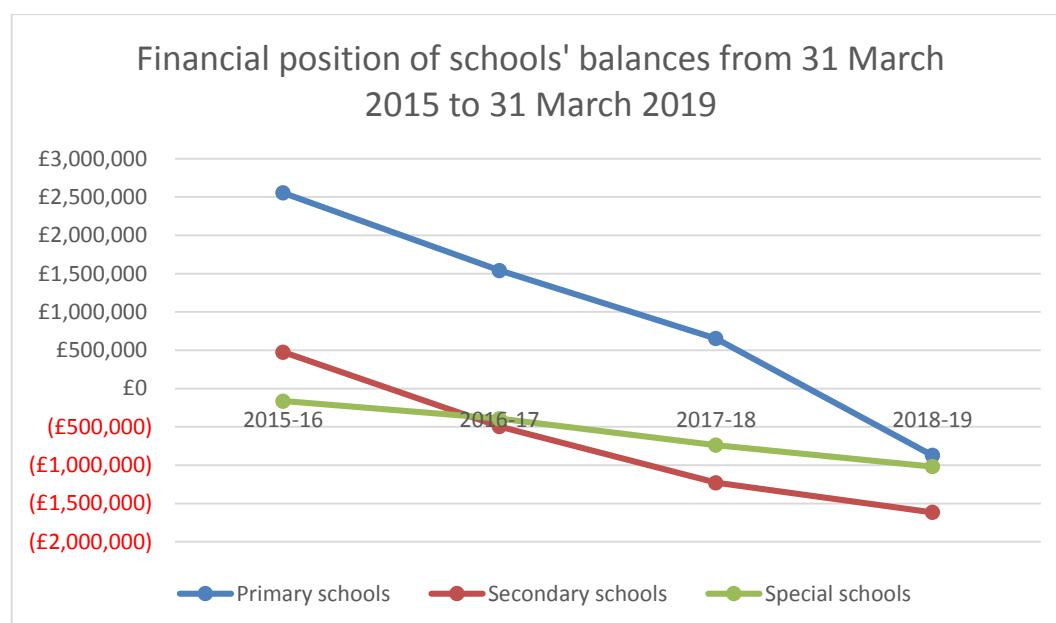


Exhibit source: 2015-16 Actual Position: Cabinet 5 July 2016, Item '**School Budget 2016-2017**', Appendix A. 2016-17, 2017-18 and 2018-19 Planned Positions: Cabinet 20 December 2016, Item 'Schools Balances', paragraph 2.9.

Demographic trends indicate that the funding of education will become more challenging for the Council in future years

- 38 The financial settlement from Welsh Government to Local Government in Wales as a whole for 2016-17 saw a reduction in funding of 1.3%, with the Council facing a reduction in funding of 3%<sup>8</sup>. The Council's settlement reflects movements in formula indicators such as population and pupil numbers; the pupil numbers used for calculating the Council's settlement have fallen in both primary and secondary sectors. The number of pupils of primary school age in Powys has fallen by 4.4% since 2009-10 ([Exhibit 3](#)). Powys is one of only two councils in Wales to have seen a fall in primary school pupil numbers over this period, at a time when the number of pupils of primary school age across Wales increased by 7.5%.

<sup>8</sup> Table 1: Budgeted Net Revenue Expenditure on Education, Welsh Government Statistical Bulletin SB 28/2016: Local Authority Budgeted Expenditure on Schools 2016-17, published 7 July 2016

39 The implication of this trend in pupil numbers for the Council is that its share of the notional education budget within the Revenue Support Grant, allocated annually by the Welsh Government, will fall. As a result, the Council faces the choice of reducing its spending on education or diverting funds from other Council budgets to maintain current levels of spending. The Council's Medium Term Financial Plan, presented to Council in February 2016, recognises this. The Plan noted that the outlook for future education settlements is unlikely to improve as the county's younger population is forecast to decline long-term, mainly due to a reducing birth rate and a sizeable outward migration of young people looking for further educational and career opportunities.

Exhibit 3: The number of pupils of primary school age in Powys has fallen by 4.4% since 2009-10 whilst primary pupil numbers across Wales have increased.

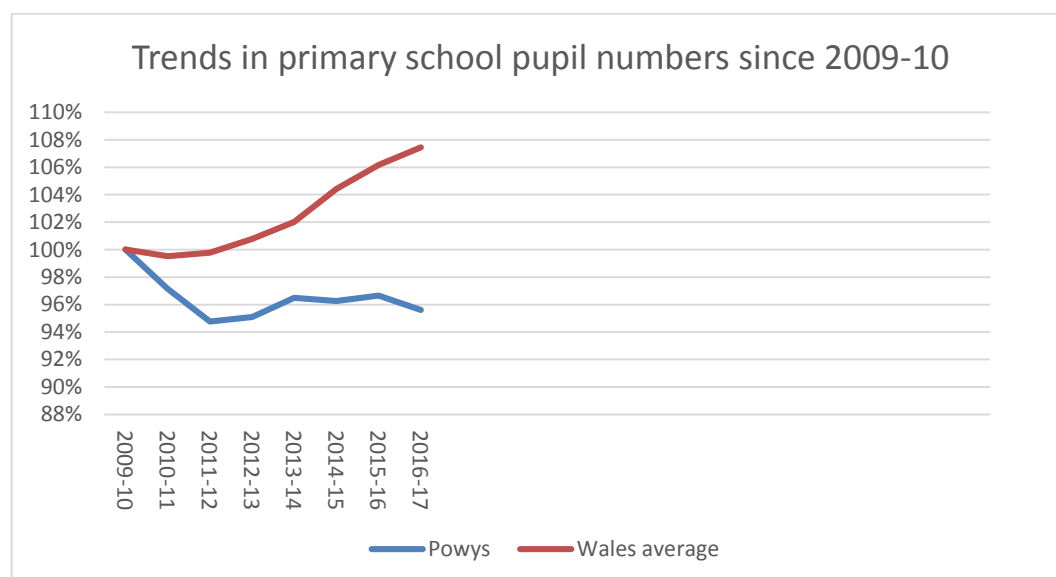


Exhibit source: Data compiled from tables published by Welsh Government, Delegated School Budgets by School: [Delegated School Budget](#).

Schools continue to focus on reducing expenditure but are concerned that no further significant savings can be made at a time when they are taking on additional unfunded costs and responsibilities

- 40 The Welsh Government settlement mechanism usually gives no requirement to fund specified services at specific levels. However, in recent years, Welsh Government has required Councils to protect funding for schools. For 2016-17, the required level of protection for schools was 1% above the overall change in the Welsh Revenue Budget, which equated to 1.85%, or £1.273 million, for the Council<sup>9</sup>.
- 41 The Council's Medium Term Financial Strategy 2016-2019 stated that, whilst meeting the Welsh Government requirement, all increases or reductions which relate to changes in pupil numbers will be passed on to schools' delegated budgets, and also that schools will take account of all inflationary pressures, including staffing costs, when preparing their budgets.
- 42 The majority of expenditure in a school's budget is staff costs. The Council is not providing additional funding to schools to meet annual increases in salary and salary related costs, such as national insurance and pension increases. Some additional costs are also passing to schools from the corporate centre.
- 43 Schools continue to work hard to reduce non-teaching costs and head teachers have to devote an increasing amount of their time to managing their budgets. This is particularly difficult in the primary sector, where increasing numbers of head teachers also undertake a significant teaching commitment in order to balance their budgets. There is consensus amongst schools that further significant efficiency savings cannot be made without having a detrimental impact on the provision of education. The financial challenge of balancing budgets is exacerbated in small schools providing dual stream education, particularly where one language stream is significantly smaller than the other. In such schools, the need to allocate more staffing in the smaller stream than the funding formula provides for has greater impact on the school's overall resourcing than in larger schools where there is greater flexibility to manage budgets.

<sup>9</sup> Council 25 February 2016, Item '**Budget for 2016-17, Medium Term Financial Strategy 2016- 2019 and Capital Programme for 2016-2021**', paragraph 3.8



The Council is committed to providing an affordable, accessible, high-quality education system but neither the pace nor scale of change are great enough to address financial and curricular challenges

- 44 The Council's commitment to ensuring that a high quality education system is accessible to all, affordable and sustainable with a focus on high quality leadership, teaching and learning is clearly stated in the Council's Corporate Improvement Plan 2016-2019 (page 33) and the One Powys Plan 2014-2017.
- 45 The Council's Schools Organisation Policy, 'Planning Education Provision' (the Policy), published in December 2015, sets out the Council's aspirations for its educational infrastructure and its vision for schools in Powys. The Policy recognises that the Council will need to consider new models of delivering educational provision in the county in order to establish an infrastructure of schools that meet the Council's aspirations for education. Aspirations set out in the Policy include:
- having primary schools with single year group classes and head teachers with no classroom responsibilities;
  - secondary schools having at least 600 pupils in Years 7 to 11, allowing average year group sizes of a minimum of 120 children; and
  - a model for post-16 education where centres are able to provide 25 subjects, with a minimum class size of 12 or above.
- 46 The Policy acknowledges that there is no one-size-fits-all approach to school organisation and that in some situations geographic or linguistic issues make the aspirational targets for the size of schools difficult to achieve.
- 47 The Council is aware of the issues and challenges it faces, and the need to transform schools to achieve its aspirations. This is evident from:
- our meetings with members, officers and head teachers;
  - a presentation from officers to members on Planning Schools Provision on 7 December 2016; and
  - the Powys Improvement Conference, held by Estyn on 8 February 2017, which considered the effectiveness of central finance support in overseeing school budgets.
- 48 The Council has reduced the number of schools in the county from 129 to 99 during the last 10 years. This reduction has been achieved mostly by the closure or amalgamation of primary schools and has required significant capital investment. In the secondary sector, two schools have merged, albeit on separate sites, and another has merged with its feeder primary school to form a 3-19 school.

- 49 The Council's ongoing Schools Transformation Programme includes a number of further proposals. These proposals include the closure of Builth Wells and Llandrindod High Schools and establishment of a new dual-stream 11-18 school that will operate on the current campuses. There are also proposals for the reorganisation of primary education in Welshpool, with the discontinuation of four primary schools and establishment of two new primary schools: one English-medium Church in Wales School, and one Welsh-medium County Primary School.
- 50 Following consultation periods, some proposals for reorganisation have been abandoned. These include proposals to close Llanbister and Llanfihangel primary schools, and the closure of Brecon High School and Gwernyfed High School to establish a new English-medium 11 – 16 secondary school in Brecon.
- 51 A key challenge facing the Council is the provision of post-16 education. Secondary schools may not be big enough to offer a desirable range of vocational and academic pathways, and which are available in large sixth form colleges within reasonable travel distance in England. Many of those that we spoke to believe that the broader curriculum choice is a key reason for pupils choosing post-16 education out of the county.
- 52 Despite an awareness of the key challenges facing the Council and the ongoing school reorganisation proposals, neither the pace nor scale of change are great enough. Schools' balances are projected to decline significantly, and the Council has yet to clearly set out and commit to how it will deliver a high quality education system that is affordable and sustainable in the long term.

# Appendix 1

## Analysis of the Council's education budget for 2016-17 of £104.989 million

	£000	£000	%
<b>Individual Schools Budget (ISB) delegated to schools</b>			
Primary Schools ISB	39,124		
Secondary Schools ISB	34,353		
Special Schools ISB	5,804		
Middle Schools ISB	2,619	81,900	78.0%
<b>Centrally retained and administered Schools budget</b>			
Additional Learning Needs	4,302		
Inter Authority Recoupment	-355		
Staff	84		
Other Schools Budget (excluding CERA)	4,906		
Capital Expenditure Charged to Revenue Account	309	9,246	8.8%
<b>Centrally retained and administered LEA budget</b>			
Additional Learning Needs	251		
School Improvement	1,029		
Access to Education (excluding transport)	-113		
Home to School transport	9,085		
Strategic Management – Schools	3,591	13,843	13.2%
<b>Total budgeted expenditure</b>		<b>104,989</b>	<b>100%</b>

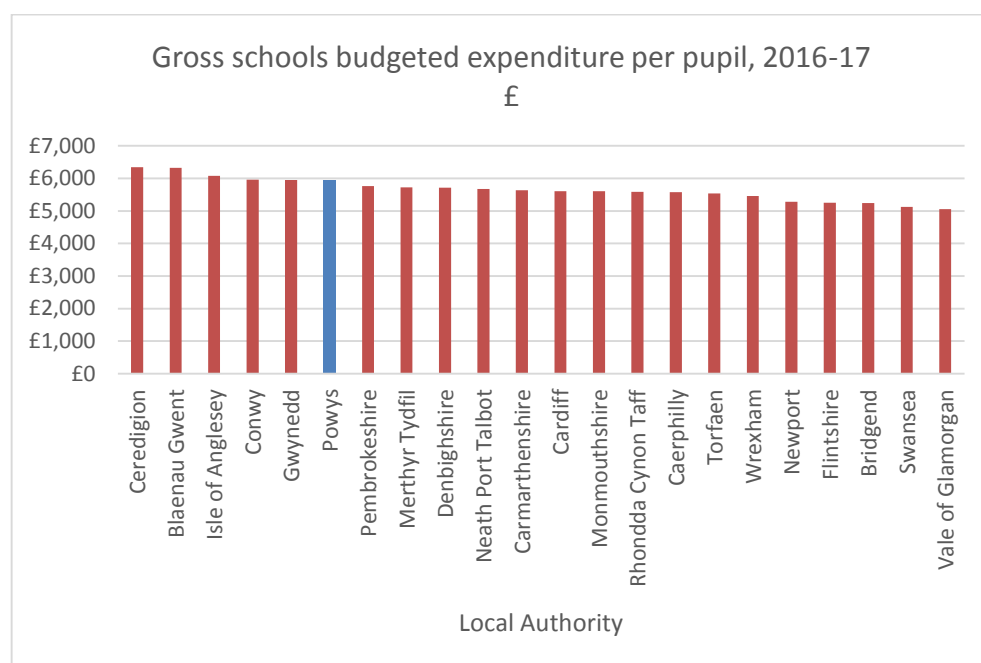
Exhibit source: **Table 2: Schools Budgeted Expenditure, Welsh Government Statistical Bulletin SB 28/2016: Local Authority Budgeted Expenditure on Schools 2016-17**, published 7 July 2016, and supporting RA/Section 52 budget statements. The budget covers all elements of LEA spending that relate to school provision. The figure is on a 'gross basis' and therefore includes Welsh Government specific grants.

## Appendix 2

### Comparative analysis of budgeted education expenditure for 2016-17 across Wales<sup>10</sup>

The Council's total gross schools budgeted expenditure per pupil is the 6th highest in Wales at £5,933 per pupil (**Chart 1**), £363 per pupil above the Wales average.

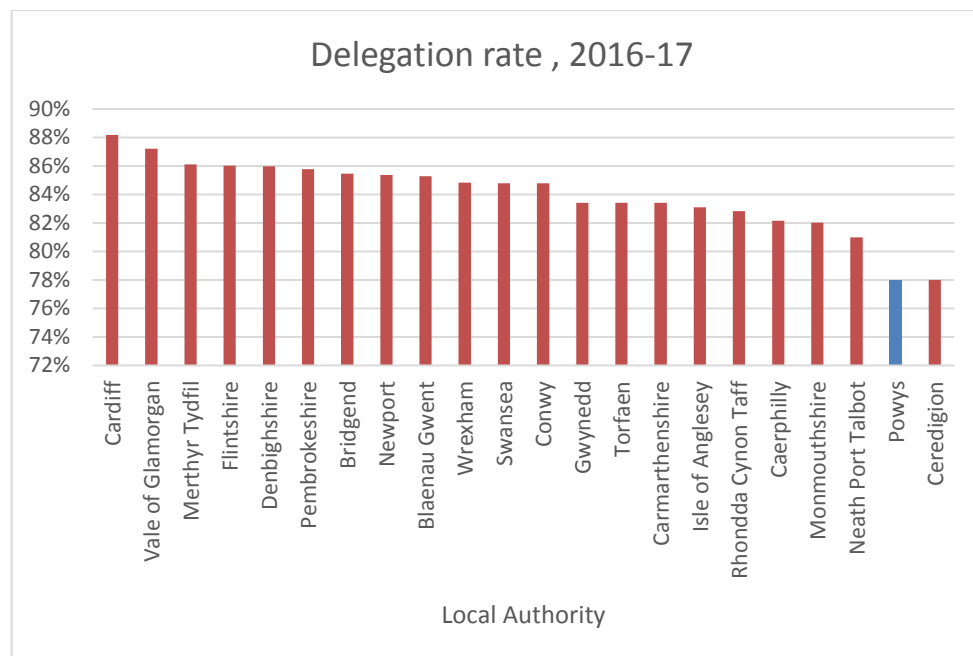
**Chart 1: the Council's gross schools budgeted expenditure per pupil is well above average**



However, the percentage of gross schools budgeted expenditure delegated to schools in Powys (the 'delegation rate') is the second lowest in Wales at 78% (**Chart 2**). As a result, delegated expenditure per pupil in primary and secondary schools is the fifth lowest in Wales (**Chart 3** and **Chart 4**).

<sup>10</sup> All data in Appendix 2 is drawn from **Statistical Bulletin SB 28/2016: Local Authority Budgeted Expenditure on Schools 2016-17**, published 7 July 2016, and supporting RA/Section 52 budget statements.

Chart 2: the Council's delegation rate is the second lowest in Wales



Charts 3: delegated budgets per pupil in primary schools are well below average

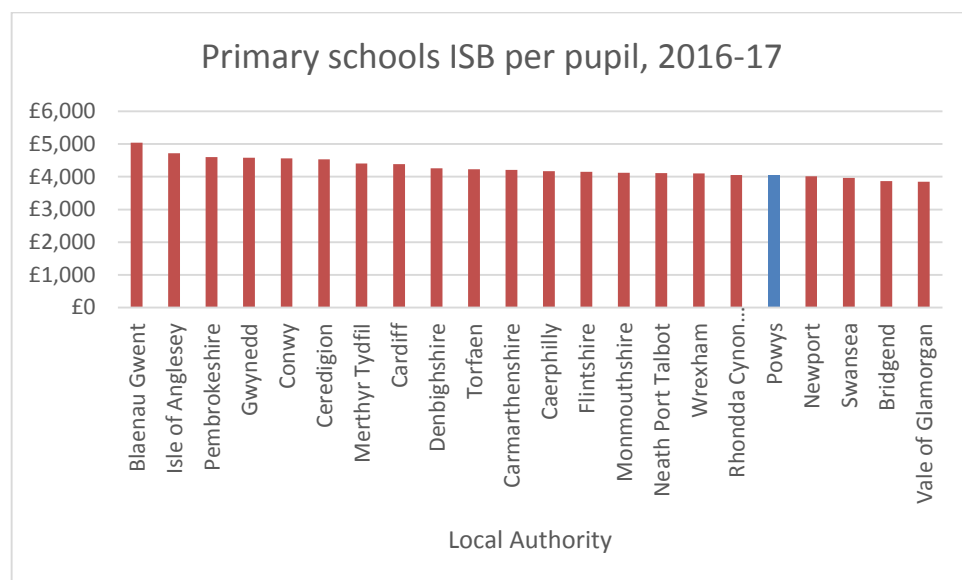
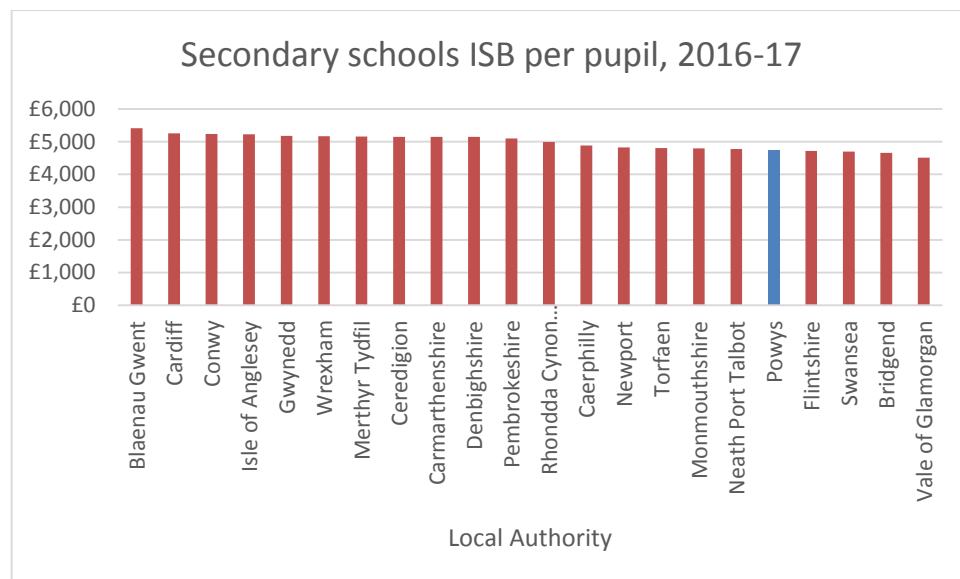
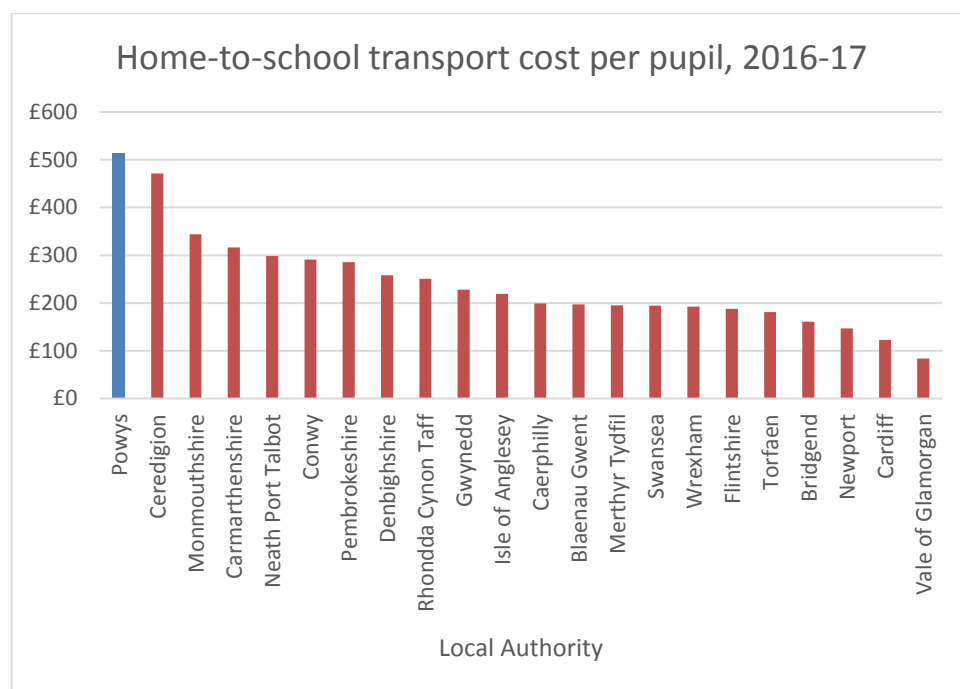


Chart 4: delegated budgets per pupil in secondary schools are well below average



The Council's combined centrally retained and administered Schools Budget and LEA Budget per pupil is the second highest in Wales at £1,305 per pupil. The largest component within these non-delegated budgets is home-to-school transport. The Council's budgeted home-to-school transport costs for 2016-17 are £9.085 million. This is the second highest in Wales in terms of total expenditure and the highest cost per pupil at £513 per pupil (Chart 5).

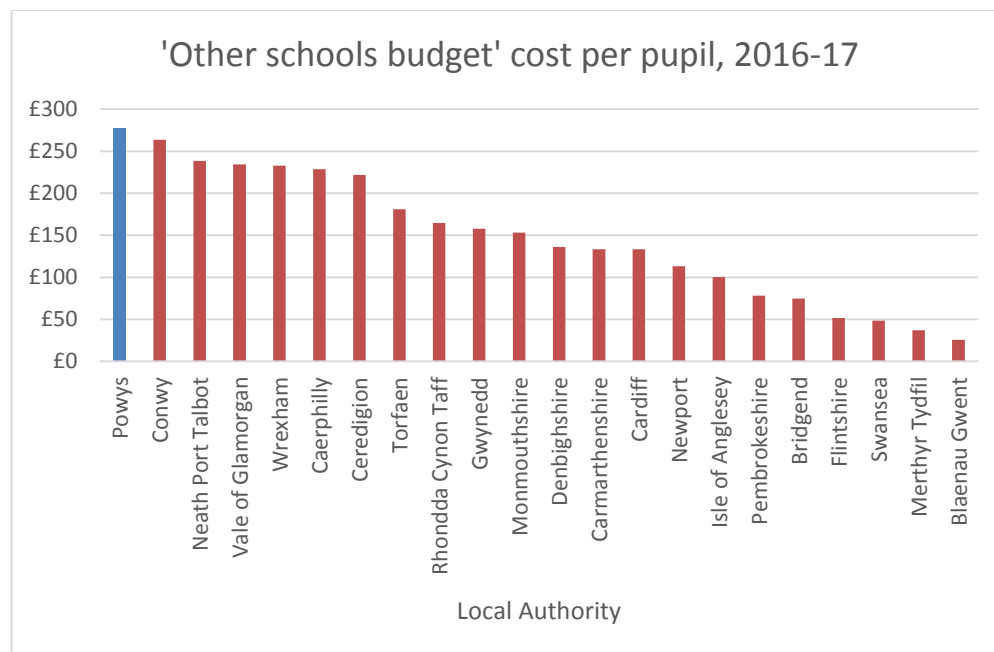
Chart 5: home-to-school transport costs per pupil are the highest in Wales



However, there are also other components within the Council's non-delegated budgets that are considerably higher than in most other authorities. Centrally-retained expenditure within the Schools Budget of £4.302 million for Additional Learning Needs (ALN), for example, represents £243 per pupil, the third highest in Wales. The Council is currently reviewing the way it delivers some of its ALN services.

The 'Other Schools Budget' is also high in comparison to other authorities, contributing to the low delegation rate. This budget of £4.906 million includes the sum of £1.792 million for the Service Level Agreement with Freedom Leisure that provides schools with access to sports facilities. The Council has the highest cost per pupil for 'Other Schools Budget', at £277 per pupil (Chart 6).

Chart 6: expenditure per pupil classified as 'Other Schools Budget' is the highest in Wales







Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500  
Fax: 029 2032 0600  
Textphone.: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)  
Website: [www.audit.wales](http://www.audit.wales)

Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500  
Ffacs: 029 2032 0600  
Ffôn testun: 029 2032 0660

E-bost: [post@archwilio.cymru](mailto:post@archwilio.cymru)  
Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)

**CYNGOR SIR POWYS COUNTY COUNCIL.****AUDIT COMMITTEE****7<sup>th</sup> July 2016****REPORT AUTHOR: Head of Financial Services****SUBJECT: Internal Audit Plan 2017/18**

---

**REPORT FOR: Decision**

---

**1.0 Introduction**

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

**2.0 Purpose**

- 2.1 The Council has agreed for the South West Audit Partnership (SWAP) to deliver 1000 days of internal audit coverage for 2017/18.
- 2.2 This report presents the Internal Audit Plan contained in (Appendix A & B) , together with an explanation of the various factors that have been taken into account during its compilation.
- 2.3 The audit plan is an indication of the audit work to be undertaken over the year. However, there is some flexibility in the planning process to allow reactions to changing situations, new demands and requests from Services. Any changes will be agreed by the Section 151 Officer or Deputy Section 151 Officer.

**3.0 Decision**

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

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
The Draft Internal Audit Plan (appendix B) be endorsed by the Audit Committee.	To ensure adequate internal audit coverage to enable an evidence based opinion on the internal control environment.

<b>Person(s) To Implement Decision:</b>	Head of Financial Services
<b>Date By When Decision To Be Implemented:</b>	With immediate effect

Contact Officer Name:	Tel:	Fax:	Email:
Jane Thomas	01597 82600		Jane.thomas@powys.gov.uk

**Background Information used to prepare Report:**  
**None**



This page is intentionally left blank



## **Powys County Council**

Internal Audit Plan 2017/18

1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018

# Contents

The contacts at SWAP in connection with this report are:

**Gerry Cox**

Chief Executive - SWAP  
Tel: 01935 462371  
gerry.cox@southwestaudit.co.uk

**Ian Baker**

Director of Quality  
Tel: 07917 628774  
ian.baker@southwestaudit.co.uk

**Ian Halstead**

Assistant Director  
Tel: 01597 826821  
ian.halstead@southwestaudit.co.uk

Role of Internal Audit	Page 1
Background	Page 1
The Annual Plan and Approach	Page 2
The Annual Plan and approach -Continued	Page 3



Our audit activity is split between:

- **Corporate Priorities**
- **Healthy Organisation Principles**

## Role of Internal Audit

The Internal Audit service for Powys County Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and is also guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The work of the Partnership is also guided by the 'Internal Audit Charter' that was approved on the 4<sup>th</sup> April 2017.

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

It is recommended by the Public Sector Internal Audit Standards that organisations nominate a 'Board' to oversee (monitor and scrutinise) the work of Internal Audit. As such, in addition to senior management oversight, this Council has determined that, the Audit Committee and its Working Groups will undertake this function.

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

The Annual Plan

Audit Plan and approach to Planning

Powys County Council has contracted the South West Audit Partnership (SWAP) to deliver internal audit services from the 1<sup>st</sup> April 2017 onwards. A transitional first quarter plan was presented to the previous Audit Committee to allow time for more effective client liaison. This report outlines the full internal audit plan for 2017/18.

As part of our 2017/18 planning process, we have sought to align a significant proportion of our plan with the Council’s Corporate Plans to support the commitment to prioritising the seven national goals contained in the Well-being of Future Generations Act (Wales) 2015.

The corporate priorities for the Council are:

- Services Deliver for Less
- Supporting People in the Community
- Developing the Economy
- Improving Learner outcomes for all

Alongside audit work specifically designed to support the delivery of these outcomes, we have also developed our audit plan to provide assurance that the council operates as a ‘Healthy Organisation’. The eight key areas are:

- Corporate Governance
- Financial Management
- Risk Management
- Performance Management
- Commissioning and Procurement
- Information Management
- Programme & Project Management

Internal Audit Plan – 2017/18

The Annual Plan - Continued

The Annual Plan and Approach - Continued

It follows that if an organisation can demonstrate that it operates in accordance with the sound principles of a ‘Healthy Organisation’ it is well placed to deliver sound services which contribute to the organisations stated Outcomes.

The audit reviews included within the plan relate to those areas highlighted as key corporate risks, reviews specifically requested by Senior Management, or areas that SWAP has identified as potential emerging risks for the Authority.

## POWYS COUNTY COUNCIL

## INTERNAL AUDIT PLAN 2017-18

<b><u>CORPORATE PRIORITIES</u></b>	<b>ASSIGNMENT</b>	<b>PLAN DAYS</b>
<b><i>Services Delivered for Less</i></b>		<b>95</b>
	Medium Term Financial Strategy	
	Social Care- Financial Recovery Plan	
	National Fraud Initiative	
	HTR Equipment and Plant	
	Leasing Commercial Vehicles	
<b><i>Supporting People in the Community</i></b>		<b>116</b>
	Care needs Assessment (P3 & P4 of SC&W Act)	
	Looked After Children	
	Child Social Care Assignment (TBA)	
	Supporting People Grant	
	Housing	
	Gas Safety	
	Travellers Grant	
	Youth and Community Grant	
<b><i>Developing the Economy</i></b>		<b>30</b>
	Partnership and Collaboration	
	Planning Building Control	
<b><i>Improving Learner Outcomes</i></b>		<b>128</b>
	High Schools	
	Primary Schools	
	Thematic Control Analysis	
	Welsh Government Grants (EIG/PDG)	

<b><u>HEALTHY ORGANISATION PRINCIPLES</u></b>		
<b><i>Corporate Governance</i></b>		<b>110</b>
Corporate Governance refers to the strategic management practices and values and beliefs by which the Council operates.	Health Organisation Review	
	Follow up Audits	
	General Data Protection Regulations	
<b><i>Financial Management</i></b>		
Effective Financial Management is the bedrock of any successful organisation and is vital to the ongoing ability of local authorities to deliver services that the public wants.		<b>170</b>
	Financial Fundamental Systems	
	School Transport Rule 5.2 Review	
	Cashless Systems - Schools	
	Pension System	
	Income Generation	
<b><i>Risk Management</i></b>		<b>25</b>
Organisations which can demonstrate and operate under a structured and active risk management approach, are far more likely to be able to focus upon their key priorities and outcomes and, in doing so, take informed and robust decisions.	Risk Management	
	Fraud Risk Assessment/ TCWG	
<b><i>Performance Management</i></b>		<b>20</b>
Performance management provides a transparent platform upon which the service is accountable to its citizens and service users for the effectiveness of its service provision and delivery of its objectives.	Service Improvement	
<b><i>Commisioning and Procurement</i></b>		<b>80</b>
Assessing Procurement & Commissioning activity of a Local Authority is a critical determinant in establishing its effectiveness in both being able to deliver benefit for its community, but also in showing whether it can maximise value for money for its taxpayers.	Commercial Services	
	Commisioniong Reviews	
	Section 33	
	JVC Cost Control	

<b>Information Management</b>		<b>35</b>
Effective Information Management will facilitate and support effective working, better decision-making, improved customer service and business transformation	Cyber Security	
	End Point Security	
	Cloud Computing	
<b>Programme and Project Management</b>		<b>30</b>
Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus their efforts and successfully achieve the delivery of anticipated outcomes.		
	Project Support- on Boards/ working Groups	
	Project Monitoring/Governance - HTR	
<b>People and Asset Management</b>		<b>75</b>
Organisations which can demonstrate and operate under a structured and active approach to asset management are far more likely to be able to focus any available investment against key priorities and, as a direct result, deliver improved outcomes.	Voluntary Serverance	
	Workforce Planning	
	Stock Control- Depots	
	Sickness Management	
<b>Other</b>		<b>96</b>
Support and Advive		
Liaison with other Regulatory Bodies		
Committee and Sub Committee Reporting		
Management Teams Liaison		
Misc carried Fwd Work 16/17		
	<b>Total Days</b>	<b>1010</b>

This page is intentionally left blank

## CYNGOR SIR POWYS COUNTY COUNCIL

## AUDIT COMMITTEE

6<sup>th</sup> July 2017

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

**SUBJECT:** Update Report on Risk Management

---

**REPORT FOR:** Information

---

### 1.0 Summary

- 1.1 An update has been requested by the Audit Committee on Risk Management within the Council, following a report to the previous Committee on 5<sup>th</sup> April 2017.
- 1.2 This report outlines the position statement for Risk Management within the Council, and progress made since the last committee.

### 2.0 Background

- 2.1 The Council is in a process of continuously improving and updating its approach to risk management, to help better understand and manage the risks which it is facing, and to increase the likelihood of achieving 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 and a half 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 her role as Portfolio Holder for Risk Management. Risk Management is now a recognised component of the decision making process.
- 3.2 The Council has been subject to two out of three Themed Reviews, in addition to a risk-based assessment, by Wales Audit Office (WAO) as part of the Corporate Assessment process. Action plans are in hand to respond to the findings within these reviews.

- 3.3** A risk register is currently being developed to align with the emerging People Directorate Plan, to ensure that the risks are current and aligned to the vision, strategic aims and objectives for the Directorate.
- 3.3** The Council was highly commended for its contribution to 'Leadership', for the development and implementation of the Impact Assessment Toolkit, at the recent All Wales Continuous Improvement Community Awards 2017. The event celebrated recognition of the work being carried out by public service continuous improvement practitioners throughout Wales, and celebrated success, as well as providing the opportunity to spread good practice across public services.
- 3.5** Impact Assessment training is now available to officers on a quarterly basis, with a record of their attendance recorded on Trent. Additionally, the training has also been built into the Member Development Programme.
- 3.6** The Council has recently presented its work on the development and rollout of the Impact Assessment toolkit at the 2017 Alarm National Conference in Manchester. The conference is the UK's leading learning and development event for risk professionals and those who deal with the management of risk within organisations who provide services to, or support our communities and citizens.

#### **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** Risk Management training is currently being developed and will be delivered to Members, with initial focus on Cabinet and Audit Committee.
- 4.4** The Council is now in receipt of the Project Brief in relation to the third and final thematic review as part of the Corporate Assessment process, which is being undertaken by WAO. The review will be facilitated via workshops, involving Corporate Management Team, Heads of Service and Operational Staff. The following themes will be explored: -
- What participants consider to be the key challenges they face.
  - Whether challenges have led to a re-think by managers about their roles.  
What has been done, what has worked or needs further development?  
Have there been particular challenges – that have been overcome or remain to be resolved?
  - Whether challenges have brought the need for new knowledge and skills. If so, what has been needed, what is in place and has worked, what still needs to be done/developed?

A similar exercise with elected members is proposed to be undertaken later in 2017.

#### **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 will meet on a bi-annual basis going forward. The Group is a forum which enables BCM Champions to interact and share knowledge, as well as identifying any inter-dependencies.

## **6.0 Statutory Officers**

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

“The risk management process continues to develop and support the decision making process by playing a key part in assessing the risks faced by the authority.”

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

“I note recommendation and 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>
<b>That the Audit Committee notes the progress being made by the Business Continuity &amp; Risk Management Officer in increasing awareness of Risk Management and BCM throughout the organisation.</b>	<b>To ensure the adequate management of risk, and safeguard the Council.</b>

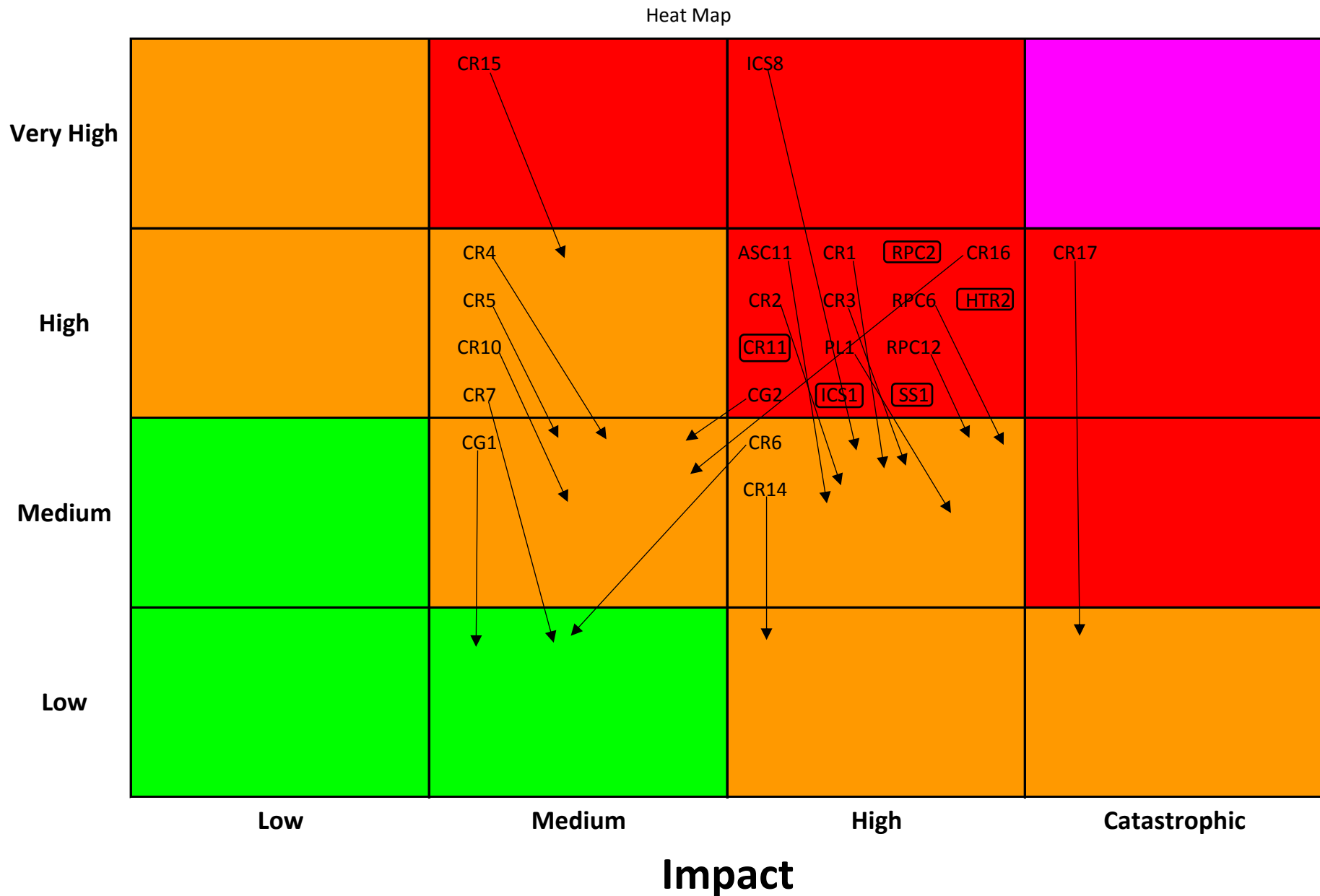
Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

<b>Relevant Local Member(s):</b>	<b>Not Applicable</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>
Caroline Evans	01597826171		caroline.evans@powys.gov.uk

This page is intentionally left blank



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

This page is intentionally left blank

Ref	Trend	Corporate Priority	Risk Identified	Risk Owner	Portfolio Holder
ASC11	↔	Services delivered for less Supporting people in the community	It is a challenge for Domiciliary Care suppliers and stakeholders in the Powys market to respond to changing demand from customers and commissioners.	Carol Shillabeer	Cllr Stephen Hayes
CR2	↔	Services delivered for less Supporting people in the community Developing the economy Learning	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic.	Julie Rowles	Cllr James Evans
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 Aled Davies
CR11	↔	Supporting people in the community	Implementation of WCCIS (DRAIG replacement)	Carol Shillabeer	Cllr Stephen Hayes
CG1	↔	Services delivered for less	Failure of governance.	Jeremy Patterson	Cllr Aled Davies
CG2	↔	Services delivered for less	Data Protection Breaches	Carol Shillabeer	Cllr James Evans
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 Aled Davies
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 Rosemarie Harris
CR4	↔	Services delivered for less Supporting people in the community Developing the economy Learning	Failure to deliver on the One Powys Plan (OPP) / CIP	David Powell	Cllr Rosemarie Harris
CR5	↔	Services delivered for less Supporting people in the community	Lack of a clear definition and structure to support the organisation's commissioning and commercial vision.	David Powell	Cllr Aled Davies
CR6	↔	Services delivered for less Supporting people in the community Developing the economy Learning	Lack of adequate resilience planning	David Powell	Cllr Aled Davies
CR10	↔	Services delivered for less	Failure to monitor and protect Council assets	David Powell	Cllr James Evans
PL1	↔	Services delivered for less	The authority doesn't have a sufficiently robust risk assessment process for the management of Health & Safety (H&S) across the organisation. In addition to this, due to nature of the work carried out in HTR, considerable reliance is placed on the workforce to deliver services safely, in the interests of both staff and public.	Paul Griffiths	Cllr James Evans
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 James Evans
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 Jonathan Wilkinson
RPC6	↔	Services delivered for less Developing the economy	Failure to adopt the LDP	Paul Griffiths	Cllr Martin Weale
RPC12	↔	Services delivered for less	We have identified £1M of urgent health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Paul Griffiths	Cllr Jonathan Wilkinson
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 Myfanwy Alexander
CR14	↔	Services delivered for less Learning	Condition and security of buildings and premises.	Jeremy Patterson	Cllr Phyl Davies
CR15	↔	Services delivered for less Supporting people in the community	The welfare reform programme and roll out of Universal Credit has likelihood of large impact on Powys citizens, in addition to HRA income.	David Powell	Cllr Aled Davies
CR16	↔	Services delivered for less Developing the economy	The impact on the Council as a result of Brexit	David Powell	Cllr Aled Davies
CR7	↔	Services delivered for less	Transition post-election of the Pensions Committee	David Powell	Cllr Aled Davies
ICS8	New	Services delivered for less Supporting people in the community Developing the economy Learning	Failure to control and secure ICT systems and data against unauthorised access including Cyber-crime attack.	David Powell	Cllr James Evans
HTR2	New	Services delivered for less	Meeting the requirement of the MTFs, including achievement of savings and income generation targets.	Paul Griffiths	Cllr Liam Fitzpatrick / Cllr Phyl Davies

This page is intentionally left blank

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		
ASC11	Services delivered for less  Supporting people in the community	15/07/2015	SIP	Adult Social Care	It is a challenge for Domiciliary Care suppliers and stakeholders in the Powys market 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 is an opportunity to engage with local service providers and consult on potential service proposals; Regular contract management will engage providers in the process; Action plan and accountability framework in place following IPC report on Domiciliary Care Commissioning; SIP outlines specific action to develop plan to establish a stable Domiciliary Care Service; Additional/temporary officer capacity has been sourced; Project Board established; External support and evaluation/critical support from IPC; Commissioned a range of many providers to deliver care; Provider forum established; Robust support and monitoring arrangements in place.	Carol Shillabeer	Cllr Stephen Hayes	Improved working arrangements with PAVO to support and build capacity in the 3rd sector; To move from traditional provider / commissioner relationship to a relationship of co-production with stakeholders; Integrated approach with Health to design a joint domiciliary service model; Cabinet report being prepared for Domiciliary Care Framework Options for July 2017. Market position statement in draft format which will lead into a Domiciliary Care Strategy.	M	H	Medium	6	
CR2	Services delivered for less  Supporting people in the community  Developing the economy  Learning	15/07/2015	HoS	Organisational Development	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic.	Insufficient staff to meet service demands; Inability to progress service development. Financial implication of using agency staff/contractors.	H	H	High	9	Integrated approach to integration across Health and Adult Social Care including the alignment of HR / Organisational Development being managed under the One Powys Plan.	Julie Rowles	Cllr James Evans	Recruitment campaigns commencing for key services; Develop workforce plans looking at workforce demographics over next 5-10 years, skills and workforce training; Recruitment of Workforce Planner within PTHB will be able to support an element of the ASC workforce planning. Move to a new approach of values based recruitment process. RROOTS Project (Recruiting & Retaining Our Own Talent and Skills). Work with PCC/Heath Board to understand new skill mix required. Conversations held with WG re: new Qualification Framework. Grown Your Own / Career Graded Apprenticeship Approach.	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				
							P	I	Risk Rating						P	I	Risk Rating		Notes
CR17	Services delivered for less  Supporting people in the community	22/01/2016	SMT	Corporate	Living wage and increased pension requirements are resulting in increased financial pressure.	Additional financial implications; Some providers may remove provision; Inability to meet statutory requirements; Unaffordable within current budget.	H	C	High	12	Working with providers to understand increased cost pressures; Funding identified for 2017/18 in the budget process.	David Powell	Cllr Aled Davies	Continuation of existing controls.	L	C	Medium	4	
CR11	Supporting people in the community	14/09/2015	CEO	Social Care	Implementation of WCCIS (DRAIG replacement)	Loss of data resulting in an efficient service with officers being unable to access client files. Delay in new system being commissioned as part of a National approach. Demand on resources; Continuity of reporting;	H	H	High	9	Project team and project governance established. DRAIG will continue to support the current system until we migrate onto CCIS. Production of a project risk register. Head of Operations for Adult Services to attend WCCIS Board.	Carol Shillabeer	Cllr Stephen Hayes		H	H	High	9	WCCIS went live 24th April 2017.
CG1	Services delivered for less  Page 72	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 Aled Davies	ModernGov Phase 2 tested and to be rolled out by September 2017. Input required from company to provide training. Will be piloted with one service initially. This will insist on timely provision of reports and will send reminder emails to the appropriate officers; Programme Governance Action Plan - spot audits of Programme Boards; Audit of Programme Board governance; Regulatory Reports.	L	M	Low	2	The software is extensively used by WG and automatically sends reminder emails to officers.
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	• Information Governance Plan supported by the Corporate Information Governance Group which meets on a quarterly basis; • Ensure we comply with corporate training requirements and quality assure our processes; • IT equipment encrypted; • Policies and procedures in place; • Staff training; • Printer security controls; • Data transmission controls (secure email).	Carol Shillabeer	Cllr James Evans	Introduction of information asset owners; Information Asset Register; Information Risk Assessments.	M	M	Medium	4	



Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk				Notes
							P	I	Risk Rating						P	I	Risk Rating		
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 Aled Davies	Re-establishment of the Income & Cost Improvement Board.	M	H	Medium	6	
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	A number of Section 33 Agreements are in place and are overseen by Joint Partnership Board.	Jeremy Patterson	Cllr Rosemarie Harris	A new model template is <b>currently</b> being developed for 2017/18 which will make signing off of future Section 33 Agreements much easier.	M	H	Medium	6	WAO report to AC 22/4/15 identified that S.33 agreement has improved service resilience and reduced IT risk, and S.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) / <b>CIP</b>	Failure to deliver the aims and objectives outlined within <b>Council Plans</b> .	H	M	Medium	6	Programme Managers lead on each of the programmes within the OPP <b>and CIP</b> . Programme Boards meet bi-monthly and monitor progress of projects. This is then reported to the Transformational Board and <b>PSB</b> . Programme Office adopted corporate risk assessment methodology. Scrutiny challenge and feedback sessions using Performance Evaluation Grids. Greater transparency of the reporting process. Clearer lines of accountability and responsibility. Sharing learning and knowledge between PCC and PTHB Programme Office.	David Powell	Cllr Rosemarie Harris	Continue to monitor progress on the programmes. Regular meetings between Programme Sponsors and Programme Managers to identify and unblock any issues that arise.	M	M	Medium	4	

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk				Notes
							P	I	Risk Rating						P	I	Risk Rating		
CR5	Services delivered for less  Supporting people in the community	21/11/2012	Risk Register 21/11/12 12.102	Corporate	Lack of a clear definition and structure to support the organisation's commissioning and commercial vision.	Commissioned services not delivered in accordance with the Council's vision and priorities.	H	M	Medium	6	Implementation of a Commercial Services Team; E-Learning; Gateway process; Contract Management; CS involved in all Strategic Commissioning Projects; CS rep at DMTs/SMTs.	David Powell	Cllr Aled Davies	Key messages around Commissioning communicated to all employees; Visibility of the contracts register; Introduction of Commissioning Toolkit; Understand how services initiate the commissioning process; Commissioning Training; Commercial & Commissioning Strategy being drafted; Contract Management Training.	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 Aled Davies	Continual engagement with BCM Champions via quarterly Business Continuity Group; Services to continue to develop and test their BCPs; External Education and Training with LRF Partners to ensure Integrated Emergency Management (IEM); Recent audit undertaken by Internal Audit team, resulting in an Action Plan.	L	M	Low	2	
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 James Evans	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	Place Directorate	The authority doesn't have a sufficiently robust risk assessment process for the management of Health & Safety (H&S) across the organisation.  In addition to this, due to nature of the work carried out in HTR, considerable reliance is placed on the workforce to deliver services safely, in the interests of both staff and public.	Injury to individuals and risk to the Authority; People could be seriously or fatally injured; Exposure to litigation.	H	H	High	9	Health and Safety meetings, revenues, training and audit; Public liability insurance; Procurement - external contractors risk statements - monitoring.  Promotional campaign for risk assessment for staff across the authority completed w/e 26/05/2017; Staff bulletin issued; Management Team (MT) briefing cascaded to ensure learning is understood by all staff responsible for H&S;	Paul Griffiths	Cllr James Evans	Continually review robust site supervision and monitoring processes internally and externally with contractors; Full review of risk assessments to be undertaken by all Service Areas - Risk assessment audit process currently being reviewed by H&S team; H&S to be included within IPRs; MT considering sufficiency of current mechanism for managing H&S;	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		
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.	H	H	High	9	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 James Evans	Replacement of existing systems; Fire prevention for server rooms; Second link from a second site within the North of the County to replicate systems; New systems which are purchased require cloud hosting capability; DR and BC within 2017/18 SIP; SLA discussions will also impact the solutions; Engagement with external provider to identify and provide a suitable BC solution.	H	H	High	9	Risk increased to High
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 Jonathan Wilkinso n	a) Our position was defended in the High Court on 30th September where we lost the case, however, we were granted the right to appeal by the High Court Judge.	H	H	High	9	
RPC6	Services delivered for less  Developing the economy	Prior to 2014 Risk updated 05/04/2016	SBP 2014/17	Regeneration, Property & Commissioning - Spatial Planning	Failure to adopt the LDP	Reputational damage to the Council and a period when the Council would determine planning applications without an adopted LDP. Financial implications due to increased costs to produce LDP.	H	H	High	9	There has been close working relationships with WG officers. However, recent correspondence suggests they consider the Plan may be unsound. Senior Management Team meet with PL-PP on a regular basis. Action Plan to respond to issues raised by WG and Inspector.	Paul Griffiths	Cllr Martin Weale	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. Examination started in March 2017 and is progressing well.
RPC12	Services delivered for less	11/12/2015	HoS	Regeneration, Property & Commissioning	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.	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 Jonathan Wilkinso n	Rolling programme of works. Funding for the urgent works has been dealt with as part of the Council's overall budget setting process.	M	H	Medium	6	

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		
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	Primary Schools Welshpool - temporary Governing Body in place and Headteachers appointment process commenced. Gwernyfed - work commenced on the building of the 5 new Primary Schools. Temporary Governing Body established for Ysgol y Mynydd Du and Headteacher appointed. Secondary Schools Mid Powys - temporary Governing Body established for the new mid powys Secondary School. South Powys - OBC approved for new build in Brecon and investment in Gwernyfed. North Powys - Business case production commissioned and ongoing.	Jeremy Patterson	CLlr Myfanwy Alexander	Secondary Schools Statutory objections re: Builth / Llandrindod to be considered by Cabinet on 27th Feb / 14th March. Consultation responses re: Brecon Welsh medium to be considered by Cabinet on 14th March.	H	H	High	9	
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.  Schools 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 Phyl Davies	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 welfare reform programme and roll out of Universal Credit has likelihood of large impact on Powys citizens, in addition to HRA income.	Customers having less income and requiring support to adjust; Resilience of service to continue to provide additional service as UC increases; In subsidy audit potential penalty imposed; Rent collection rates drop, resulting in a loss of income for the HRA.	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 advice to support people; Financial advisers employed.	David Powell	CLlr Aled Davies	Financial profiling of tenants; Using Shire meetings to notify members; Discussions around working with Credit Unions to mitigate potential loss of income.	H	M	Medium	6	Universal Credit will be rolled out in Powys by June 2018.

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	
CR16	Services delivered for less  Developing the economy	07/07/2016	Audit Committee		The impact on the Council as a result of Brexit	Interest rates, negative impact on investments and the pension fund, wider economic impact, exchange rates, European funding grants.	H	H	High	9	Close monitoring; Cabinet briefed; Advice from pension advisers; Continue to work with WEFO.	David Powell	Cllr Aled Davies	Continue to monitor economic indicators. Ongoing dialogue with external advisers.	M	M	Medium	4	
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 Aled Davies	Implement training plan previously developed for the Pensions Board, to develop members of the Pensions Committee where required.	L	M	Low	2	
ICS8	Services delivered for less  Supporting people in the community  Developing the economy  Learning	13/01/2016 (Revised 03/04/2017)	ICT SMT	ICT and Programmes	Failure to control and secure ICT systems and data against unauthorised access including Cyber-crime attack.	Corrupt data resulting in data loss. Corrupt machines resulting in system down time. Loss of internet access resulting in reputational damage. Financial consequences if we were held to ransom.	VH	H	High	12	Anti-virus software. Anti-malware software. Anti-spam software on email system. Firewalls. Security controls in place and continuously reviewed. Secure copies of data kept in the cloud to allow restoration of systems. Staff awareness of ICT security via e-learning.	David Powell	Cllr James Evans	ICT Governance reviewed and has directed a new BC to be authorised based on the results of field testing conducted on 3 products. Currently evaluating a product. Resilient systems to be implemented to allow delivery of ICT systems if main site compromised. Review to be undertaken of the NCSC 10 Steps to Cyber Security, to include: - 1. Risk Management Regime; 2. Network Security; 3. User education and awareness; 4. Malware prevention; 5. Removable media controls; 6. Secure configuration; 7. Managing user privileges; 8. Incident management; 9. Monitoring; 10. Home and mobile working. Patching (updating software to ensure they have no vulnerabilities). Implementation of Government Cyber Essentials accreditation.	M	H	Medium	6	
HTR2	Services delivered for less	2014	SIP	Highways, Transport & Recycling	Meeting the requirement of the MTFs, including achievement of savings and income generation targets.	Financial implications for the Authority - budget will suffer an overspend. Impact on other services / functions.	H	H	High	9	Regular review through the MTFs and corporate governance; Programme and Project Boards; Finance report to Cabinet	Paul Griffiths	Cllr Liam Fitzpatrick / Cllr Phyl Davies	Monitoring and reporting through corporate systems	H	H	High	9	Potential overspend of £-300k in 17/18. Note also 18/19 MTFs target of £1.7m for Commissioning and £200k of further savings on the HWRCs.

This page is intentionally left blank

## Risk Assessment Matrix

### 1. Impact:

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

This page is intentionally left blank



**CYNGOR SIR POWYS COUNTY COUNCIL****AUDIT COMMITTEE****6<sup>th</sup> July****REPORT AUTHOR: Head of Financial Services****SUBJECT: Statement of Accounts 2016/17**

---

**REPORT FOR: Information**

---

- 1.1 The Committee will be aware that the draft Statement of Accounts for 2016/17 were signed off by the Strategic Director Resources (Section151 Officer) before the statutory deadline of 30<sup>th</sup> June 2017. The audit of the Accounts by the Welsh Audit Office team is now taking place.
- 1.2 An advert will be placed in local papers and on the Powys website advertising that from 24<sup>th</sup> July to 21<sup>st</sup> August 2017, any persons interested may inspect the accounts and specified documents. From 24<sup>th</sup> August 2017 any Local Authority Electors for the area may exercise their rights to question the Auditor General about or make objections about the accounts.
- 1.3 The audit will be ongoing into September, at which point the Auditor General should be in a position to provide an opinion on the accounts. The audit opinion is scheduled to be presented to Audit Committee on 22<sup>nd</sup> September 2017. Following the Committees consideration and approval, the Chair of the Audit Committee and Strategic Director Resources (Section151 Officer) will be required to sign the Statement of Accounts to comply with the statutory deadline to publish on 30<sup>th</sup> September 2017.
- 1.4 A workshop will be held for Committee members prior to the meeting on the 22<sup>nd</sup> September 2017 to go through the completed Statement of Accounts, any recommendations, including changes and issues raised by the Auditors following their audit will be discussed with the Committee at this workshop.
- 1.5 The closure of accounts process and completion of the Statement of Accounts for 2016-17 was, as in the 2 previous years, delivered under a project management approach. The project team comprising of representatives from various service areas across the council met on a monthly basis throughout the year and this has led to improvements in process and quickly identifying and resolving issues as they appear. This approach will be essential for future years.
- 1.6 The group also identifies and discusses changes to regulations, consultations and internal procedures that affect the accounts as well as identifying any risks to the process.

- 1.7 The timescales for the 2018-19 Statement of Accounts are significantly shorter with the draft required to be completed by 15<sup>th</sup> June 2019 and published by 15<sup>th</sup> September 2019 and in 2020-21 the respective completion dates will be 31<sup>st</sup> May 2021 and 31<sup>st</sup> July 2021. The project group will be vital in identifying the potential barriers and the solutions to meeting these revised timescales.
- 1.8 Officers are already attending events to discuss and share best practice with other Authorities about how to successfully deliver a quicker completion.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>That Audit Committee notes that the Drafts Accounts were completed and signed by the Strategic Director Resources (Section151 Officer) within the required timescale.</b>	<b>To ensure compliance with the Statutory Requirements.</b>

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

## CYNGOR SIR POWYS COUNTY COUNCIL.

## AUDIT COMMITTEE

6<sup>th</sup> July 2017

## CABINET

11th July 2017

**REPORT AUTHOR:** County Councillor Aled Davies  
Portfolio Holder for Finance

**SUBJECT:** Treasury Management Qtr 4 Report

---

**REPORT FOR:** Information

---

**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> March 2017.

**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:

	<b>Jun 17</b>	<b>Sep 17</b>	<b>Dec 17</b>	<b>Mar 18</b>	<b>Jun 18</b>	<b>Sep 18</b>	<b>Dec 18</b>
<b>Bank rate</b>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
<b>5yr PWLB</b>	1.40%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%
<b>10yr PWLB</b>	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%
<b>25yr PWLB</b>	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%
<b>50yr PWLB</b>	2.50%	2.60%	2.70%	2.70%	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 March 2017 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	20,000	0.25%	N/A	Deposit A/c
BOS	11,425	0.15%	N/A	Deposit A/c
HSBC	0	0.00%	N/A	Deposit A/c
<b>Total</b>	<b>31,425</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. Since 31<sup>st</sup> March the BOS account has reduced to 0.05%. The Santander rate remains at 0.25% as a result of the original account opened with Abbey National stating that it must be at bank rate.
- 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
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 March 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.

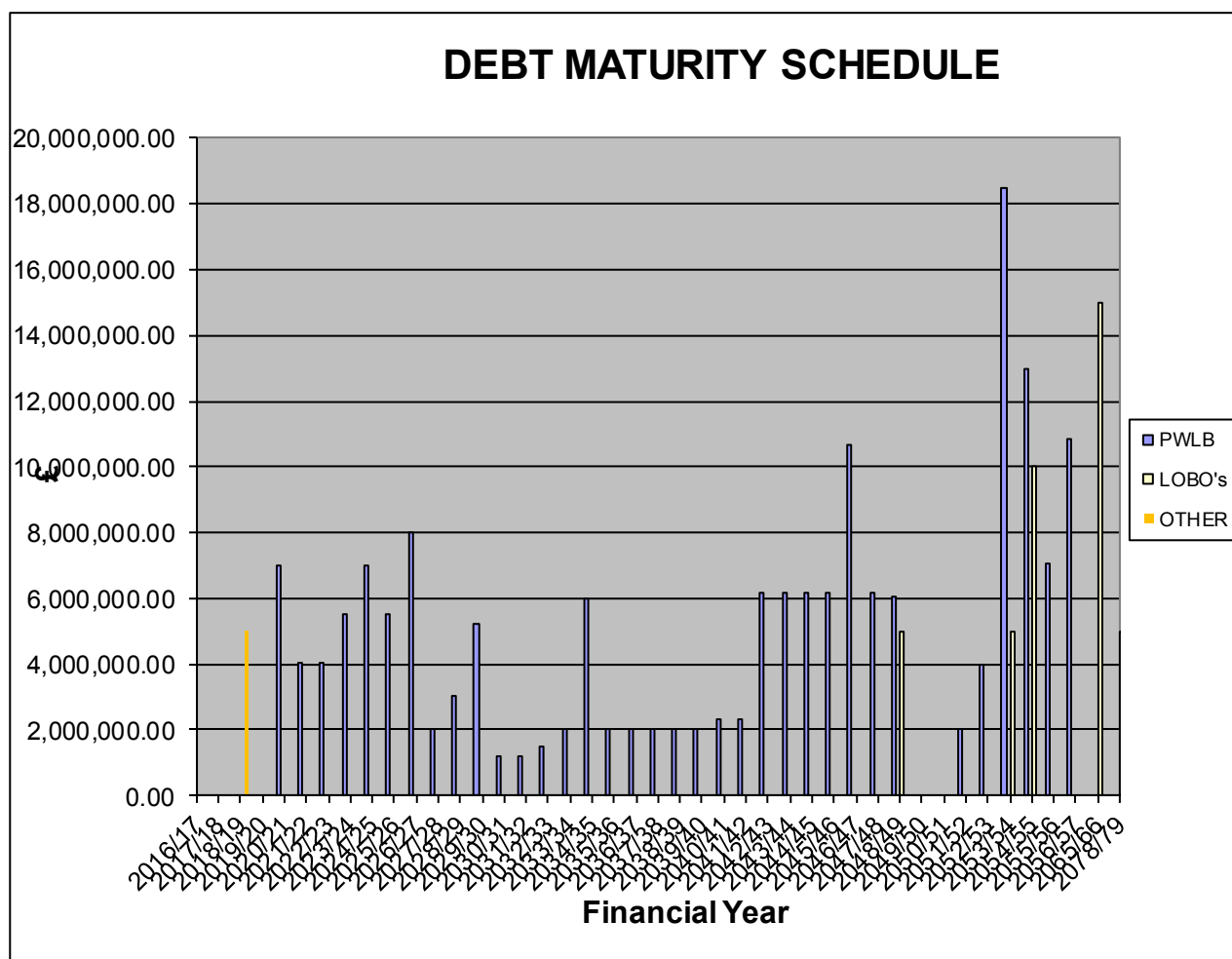
- 6.4 Capital Budget/Spend per efinancials:

<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		43,429,765	29,801,369	68.62%

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

- 6.5 *Debt Maturity Profile as at 31.03.17:*

(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 March 2017.

## 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> March 2017.

### 8.3 Key Performance Indicators:

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

## 9. **Banking Contract**

- 9.1 The current corporate banking contract with HSBC is due to expire on 30<sup>th</sup> June 2017. Following discussions and a benchmarking exercise to ensure that HSBC are competitive, a new 3 year contract has been agreed with HSBC with prices remaining the same.

## 10. **Suppliers paid by Cheque**

- 10.1 During the review of the banking contract and charges, Finance highlighted ways of reducing bank charges. One of these relates to cheque payments made to suppliers.
- 10.2 In 2016/17 2,204 creditor cheques were printed (excluding petty cash cheques for cashing by staff). The costs for producing a cheque and BACS payment are per the following table:-

	No. of cheques	Bank Charge	Postage Cost	Stationery Cost	Total Cost
Cheque	2,204	0.12p	0.38p	0.50p	£2,204.00
BACS	2,204	0.02p	Nil	Nil	£44.08
Cheques stopped as uncashed	56	£4.00			£224.00

Based on the above, the saving to the Council in 2016/17 had the relevant suppliers been paid by BACS rather than by cheque would have been £2,383.92.

- 10.3 Suppliers must have a bank account whether paid by cheque or BACS. Many local authorities have introduced a policy whereby they no longer pay any suppliers by cheque. It is proposed that this Authority does the same with effect from 1<sup>st</sup> September 2017. In order to achieve this, all suppliers currently paid by cheque will receive a letter informing them of the change taking place and a form for them to supply their bank details. Service areas will also be informed so that they can make relevant arrangements if and where necessary.

## **Proposal**

1. It is proposed that the Treasury Management quarterly report is received.
2. It is proposed that the Authority ceases to pay suppliers by cheque with effect from 1<sup>st</sup> September 2017.

## **Statutory Officers**

The Strategic Director – Resources (s151 officer) notes the content of the report and supports the recommendation. It is important that members are kept informed about this key activity. In addition, the proposal that the Authority ceases to pay suppliers by cheque (with effect from 1<sup>st</sup> September 2017) is supported, given the savings this generates. The Finance Service will ensure there is communication with suppliers about this change



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>	
That the Treasury Management Quarterly Report be received		To ensure Cabinet remains informed about current Treasury Management performance	
That Cabinet agree to cease paying suppliers by cheque wef 1 <sup>st</sup> September 2017		To reduce bank and other charges to the Authority	
<b>Relevant Policy (ies):</b>		Treasury Management Policy	
<b>Within Policy:</b>	Y	<b>Within Budget:</b>	N/A
<b>Person(s) To Implement Decision:</b>		N/A	
<b>Date By When Decision To Be Implemented:</b>		1st September 2017	
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 Moody's Ratings	Permitted S&P Ratings
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-

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

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

#### **7.6 Country limits:**

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

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

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

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

**Specified Investments:**

<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**

With many hypothetical scenarios on the table, given the shock election results, Theresa May has reshuffled her cabinet, appointing some notable ministers. Damian Green, a well-known Europhile has been appointed as the Prime Minister's deputy, prompting speculation that the government could be shifting towards a softer Brexit. There were also rumours emerging from Northern Ireland that the Democratic Unionist Party is insisting on a soft Brexit and greater investment in Northern Ireland in return for supporting a minority Conservative government... although these rumours have since been quashed by political insiders. In light of Theresa May's narrow victory, it is highly likely that controversial legislative proposals, such as the so called "dementia tax", will not be put forward in a trimmed-down legislative programme.

The headline inflation rate for the UK touched a four year high, as the rising cost of foreign package holidays, food, games and toys helped bump up the UK Consumer Price Index (CPI) to 2.9% in May, from 2.7% previously. Retailers have seemingly been more willing to pass off the higher cost of imports onto consumers in an attempt to maintain existing margins. However, there are signs that input price pressures are relaxing as Producer Prices increased by 11.6%, a slowdown from 15.6% recorded in the previous month. To add to the doom and gloom, the squeeze on UK households intensified as wage growth continued to slow, meaning that real wages (which take account of inflation) are falling at their fastest pace in three years. The UK average weekly earnings, including bonuses, slipped to 2.1% from a revised 2.3%. Meanwhile, excluding bonuses, wages grew by 1.7%, lower than the consensus of 2%. Depending on consumer resilience, falling real wages has the potential to lead the UK into a consumption driven economic slowdown. Further afield, US retail sales registered their biggest drop for 16 months in May, amid dwindling purchases of motor vehicles and discretionary spending. The Commerce Department reported a drop in retail sales of 0.3%, following an unrevised increase of 0.4% in April. Core Retail Sales, which strips out volatile food and energy, also registered a drop of 0.3% in the same period.

The release came in alongside the much anticipated US consumer price data, which also came in below market expectations. US CPI fell by 0.1% on the month in May, whilst core consumer prices rose by a paltry 0.1%, relative to the consensus of 0.2%. The year-on-year gain in the CPI in May was still larger than the 1.6% average annual increase over the past 10 years. However, muted price pressures have resulted in investors revaluating the likelihood of further rate hikes this year. As a result, the US dollar trade weighted index fell alongside US T-bill yields, whilst stock index futures pared gains.

Back on the domestic front, data showed that retail sales grew at their slowest rate in four years in May. The release by the Office for National Statistics stated that sales volumes fell by 1.2% on the month, falling more than the 0.8% forecasted by the market. The figures follow the exceptional 2.3% gain recorded the previous month, although economists have warned that the April figure was distorted by the timing of the Easter holidays. The FTSE 250, which encompasses a high proportion of consumer-focused businesses, fell by 1.3% on the back of the release.

After a two day meeting, the US Federal Reserve announced that it was raising short term interest rates by 25 basis points, marking the third consecutive quarterly increase. The Federal Funds target rate now stands at 1.00%–1.25% and the 'data dependent' Fed

expects economic conditions to improve in the upcoming months, thereby warranting another 25 basis point increase before the end of the year. The central bank also noted that they would be taking steps to “normalise” their balance sheet. This ballooned after the financial crisis of 2007-2008 prompted the use of unconventional monetary policy, leading the Fed to amass \$4.5tn worth of bonds, including \$1.8tn in mortgage securities. The statement by the Fed highlights their view that the recent sombre tone to hard data is viewed as a temporary blip. Whether this is the case remains to be seen and the sole dissenter, Minneapolis Federal Reserve Bank President Neel Kashkari, does not seem to think so.

Policymakers at the Bank of England narrowly voted in favour of keeping interest rates on hold at their current levels. The vote was split at 5-3 as Kristin Forbes, Ian McCafferty and Michael Saunders cited unsustainable levels of inflation as their rationale for an immediate rate hike. The split vote was unexpected by capital markets and placed an upward pressure on gilt yields and sterling, which has been recently undermined by the snap election outcome.

As expected, Eurozone inflation slowed in May, primarily as a result of weakening energy prices. While the headline inflation rate remained at 1.4% in May, the core inflation, which excludes energy, food, alcohol & tobacco, slipped to 0.9% from an unrevised 1.2%. The readings, which are below the 2% target, will add weight to the European Central Bank's cautious approach, despite being pressurised by Germany to remove its stimulus measures.

## **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%
Jan-17	196	14	7.14%
Feb-17	189	12	6.35%
Mar-17	284	17	5.99%

#### **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%
Jan-17	2,800	6	0.21%
Feb-17	2,539	15	0.59%
Mar-17	1,373	7	0.51%

### **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	12	18.46%
Nov-16	55	11	20.00%
Dec-16	36	6	16.67%
Jan-17	54	11	20.37%
Feb-17	49	11	22.45%
Mar-17	74	16	21.62%

### **Purchase Cards**

VAT return for	No of Purchase Card transactions for previous month for which paperwork requested for checking	No of Amazon invoices included in Purchase card check	No of Purchase Card transactions for which no response received within timescale	Value of VAT potentially claimable but recharged to budget due to non-response	No of Purchase Card transactions where VAT claimed incorrectly	%age of Purchase Card transactions available to be checked where VAT was claimed incorrectly	Value of VAT incorrectly claimed hence recharged to budget
Apr-16	0					#DIV/0!	
May-16	0					#DIV/0!	
Jun-16	0					#DIV/0!	
Jul-16	0					#DIV/0!	
Aug-16	0					#DIV/0!	
Sep-16	0					#DIV/0!	
Oct-16	0					#DIV/0!	
Nov-16	0					#DIV/0!	
Dec-16	110	22	16	£643.41	20	21.28%	£416.93
Jan-17	129	61	18	£787.97	24	21.62%	£847.21
Feb-17	143	53	41	£2,723.93	10	9.80%	£274.62
Mar-17	67	14	13	£1,448.71	5	9.26%	£14.96

**Note: Purchase card checking re-commenced when a temporary extra resource was made available to the Treasury Management team in January.**

## Voluntary Declarations

Per HMRC regulations, 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 – BSU	)
11-Jan-17	£15,223.65	Fleet - Pool cars	)
30-Jan-17	£20,592.34	Regen – invoices to YFC's	) £2,277.23

## 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. During the majority of the year, the list was posted on the Intranet and service areas had three months to source a valid document, after which time and on no receipt of a valid document, the vat amount is recharged to the service area cost centre. Towards the end of the year this process changed so that the relevant budget holder is emailed the details and asked to source a correct invoice within one month.

At 31<sup>st</sup> March 2017 the amount recharged to revenue service areas in this respect for the financial year was £22,985.12. The amount recharged to capital projects was £7,868.27.



Document is Restricted

This page is intentionally left blank

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**Audit Committee**  
**Thursday 6<sup>th</sup> July 2017**

**REPORT AUTHOR:** County Councillor Aled Davies  
Portfolio Holder for Finance

**SUBJECT:** Regulatory Tracker Update QTR4 16/17

---

**REPORT FOR:** Information & Decision

---

**Summary**

**1. Regulatory Tracker**

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

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

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

## 2. Overview of Regulatory Tracker

At end of Qtr4 2017, the overview of the tracker provides the following view of progress against National and Local recommendations received.

Status	Description	Recommendations	National Studies	National Studies %	Local Studies	Local Studies %	Combined Total %
1	Total Number of Recommendations.	84	45	53%	40	47%	100%
2	Recommendations were planned, action is complete and ready for sign off by Audit Committee	4	1	25%	3	75%	100%
3	Actions on track	59	34	58%	25	42%	100%
4	Actions mainly on track – some minor issues	21	9	43%	12	57%	100%
5	Actions not on track – with major issues or no planned action undertaken to date.	1	1	100%	0	0%	100%

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

Of the **84** recommendations made in Local and National studies the Council have currently implemented **4** (1 National and 3 Local) with a subsequent **59** (34 National

and 25 Local) recommendations on track to implementation this equates to **75%** of the total recommendations.

Of the **84** recommendations **1** (1 National and 0 Local) are not on track or have major issues or no planned action undertaken to date this equates to **1.1%** of the total recommendations.

The Council received 1 report from WAO in QTR4; “**Good Governance when Determining Significant Service Changes - Powys County Council**” This report will follow the agreed tracker process, the recommendations can be found on the tracker under local recommendations.

The **11** Recommendations RAG’d Blue at the end of QTR3 have been archived in accordance with the tracker process having approval from Audit Committee **5th April 2017**. These recommendations can be found on the blue tabs within the tracker spreadsheet.

### 3. Red Recommendations Requiring action

Ref	Recommendation	Review Type	Date Received	Service	Position Statement	Responsible Officer
<b>R4</b>	Local authorities should develop Key Performance Indicators to monitor the MTFP.	National Study	18/08/2016	<b>Finance</b>	To be progressed. Comparisons of assumptions included for forward projections around funding levels, inflation, pressures etc. against and the actual position.	Jane Thomas

#### 4. Blue Recommendations proposed to be archived

Ref	Recommendation	Review Type	Date Received	Service	Position Statement	Responsible Officer
<b>P3,P1</b>	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.	Local Study	01/08/2015 01/09/2014	<b>Scrutiny</b>	Adult and children's scrutiny work groups look at safeguarding as part of their work programme. Members are fully aware of risk with the risk register going before Scrutiny and Cabinet on regular basis  Quarterly updates on children's and adults safeguarding to Cabinet, people scrutiny, risk audit.	<b>Wyn Richards</b>
<b>P4,P2</b>	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.	Local Study	01/08/2015 01/09/2014	<b>Scrutiny</b>	Risk register is now an automatic agenda item on Audit committee on a quarterly basis	<b>Wyn Richards</b>
<b>P1</b>	Reviewing the current remit and role of the Cabinet to enable it to focus on the Council's key priorities and significant service changes	Local Study	01/03/2017	<b>Legal</b>	The Constitution was changed on 7th March 2017 to remove the right of group leaders and scrutiny chairs to speak on all matters on a Cabinet Agenda. In future group leaders have no right to speak, and scrutiny chairs can only speak if their scrutiny committee has actually scrutinised the matter	<b>Clive Pinney</b>
<b>R5</b>	Ensure that external review bodies take account of scrutiny work programmes and the outputs of scrutiny activity, where appropriate, in planning and delivering their work.	National Study	29/05/2014	<b>Scrutiny</b>	The Council approached WAO, CSSIW, Estyn etc. to meet regularly to ensure external review bodies take account of scrutiny work programmes and the outputs of scrutiny activity, where appropriate, in planning and delivering their work. There was little appetite to this request.  The Council have undertaken a lot of work to tie in regular risk and CIP vision and elements into the Scrutiny process.  PCC provide reports and updates to auditors along with minutes of meetings when requested to aid inspection when appropriate.	<b>Wyn Richards</b>

## 5. Statutory Officers

The Solicitor to the Council (Monitoring Officer) has commented as follows: “The recommendations can be supported and I have nothing to add to the report”.

The view of the Strategic Director of Resources is that: The report provides key information to Committee about our response to regulators and it supports the overall management of the council's finances.

Recommendation:	Reason for Recommendation:
<b>Recommendation 1:</b> That 4 recommendations ( <b>status blue</b> ) are approved to be archived by decision of the Audit Committee.	Recommendations were planned action is complete and desired outcomes have been achieved / embedded as required.
<b>Recommendation 2:</b> Audit Committee review and challenge Strategic Overview Board and provide comment where necessary.	Ensure there is sufficient scrutiny and challenge with regards to the councils response to regulator recommendations.

<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>Thomas Yeo</b>		
<b>Date By When Decision To Be Implemented:</b>	<b>Immediately</b>		

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



Document	Document Reference	Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG	Work Undertaken
AIR Arrangements to Support Safeguarding of Children	433A2015 343A2014	Scrutiny	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 Rachel Powell / Cllr Stephen Hayes	Wyn Richards		Adult and children's scrutiny work groups look at safeguarding as part of their work programme. Members are fully aware of risk with the risk register going before Scrutiny and Cabinet on regular basis  Quarterly updates on children's and adults safeguarding to Cabinet, people scrutiny, risk audit.
AIR Arrangements to Support Safeguarding of Children	433A2015 343A2014	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 Aled Davies	Wyn Richards		Risk register is now an automatic agenda item on Audit committee on a quarterly basis
CSSIW									
CSSIW	WG25949	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		Provider forums are ongoing and well attended by Powys domiciliary care agencies these forums have been and continue to be used to help develop Powys market requirement. Currently drafting a portfolio holder report seeking agreement four week market engagement exploring the potential development of a dynamic purchasing system for the future commissioning of domiciliary care. The number of domiciliary care providers in Powys continues to increase with new organisations wishing to be commissioned by the council
CSSIW	WG25949	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		
CSSIW	WG25949	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	Dominique Jones		The development of an 'early intervention and prevention' model for adults is underway, once complete all adult social care grants and contracts to voluntary and third sector organisations will be reviewed to ensure their strategic fit with the council's approach to early intervention and prevention.  Work has been completed over the summer with third sector partners and the local health board to design the strategic model (the 'continuum of need' and the early intervention and prevention model we will translate this into our joint strategic statement of intent.  A wider review of grants is scheduled to be completed this year. Given the scale and number of projects currently being progressed this work is being undertaken by Paul Griffiths Strategic Director of Place in line with the 'stronger communities' programme of work. This review will be much wider than grants relating to Social Care, covering all areas of the Council, and will reflect the development of the three year Medium Term Financial Strategy developed by Cabinet and Management Team.  <ul style="list-style-type: none"><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 approached to building community resilience</li></ul> Third sector organisations can build sustainable delivery models  Contracts have been awarded and letters of awards for grants and contracts and specifications for the small contracts within this review. discussions have been initiated with PTHB to seek alignment with their third sector grants and an outcomes framework has now been agreed for grants and contracting services.  Project management resource has been agreed through management of team programme to help with forward commissioning plan once VAS panel approval recruitment will take place
CSSIW	WG25949	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	Jen Jeffreys		The model; 'Adult and Social Care Promotion of Independence Continuum of Need' has been developed to provide an overarching approach within which all services will be delivered to ensure we achieve our vision. This model was developed in partnership with Powys Teaching Health Board, PAVO and stakeholders.  The framework will empower people to maintain and improve their own health and wellbeing, and build active and supportive networks among people within communities. It will also enable individuals, families and communities to meet a range of challenges which they may experience in their lives, leaving specialist social care services to concentrate on those with higher level support needs.  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; <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> Integrated working continues to progress with Ystradgynlais area having gone live and Brecon undertaking a pilot via the Vanguard methodology. Pathways continue to be embedded/developed. No pathway will be the same across the county and each integrated team will develop a pathway which meets the needs of the area/community within which they are working. The integrated teams are/will be multi-agency (eg Health, Social Care and Third Sector).  The team in Ystradgynlais have an integrated manager working across Health and Social Care and work to a single integrated assessment. Section 33 and information sharing protocols in place
CSSIW	WG25949	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		Review undertaken to improve response at the front end of the service when calling Powys People Direct (PPP), professionals are now placed at the front end with Social workers & Occupational Therapists available at the first contact. This provides appropriate screening and timely response whilst also improving the initial assessment accuracy. Additional training is currently being undertaken to improve skills and knowledge within PPP, a restructuring of management is currently being undertaken with the view for commencement June 2017.

Document	Document Reference	Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG	Work Undertaken
CSSIW	WG25949	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	Karen Arthur		<p>In April 2016 the Social Services and wellbeing Act Wales 2014. Part 7 required us to make changes to how we manage Adult safeguarding enquiries. The Act places a duty upon the local authority to make enquiries if an Adult is at risk.</p> <p>In order to ensure we are compliant with Part 7 of the Act we have made some changes regarding how Adult Safeguarding enquiries are received.</p> <p>All enquiries are now received by Powys People Direct ( PPD). This includes internal and external referrals.</p> <p>The Safeguarding Lead Manager for Adults has now commenced her post and is prioritising working on ensuring processes are in place to ensure that Powys County Council is compliant with the legislative requirement of the new Social Services and Wellbeing (Wales) Act 2014. A subsequent 2 permanent Direct line manager posts are also in place within Powys People direct.</p> <p>The Act has brought significant changes to how enquiries are managed and staff are embracing the challenge at all levels.</p> <p>The Regional Safeguarding Board for Adults has had its first meeting and the local safeguarding group has been re defined in order to meet new legislative requirements.</p> <p>The new group is Powys Local Safeguarding Groups Adults and is streamlined to form closer working links with its sister group representing Childrens Services. Moving forward both the PLOG and PLOGA will meet on the same day with a transitional session between meetings to address cross cutting issues. This will mirror the regional arrangements.</p> <p>The Safeguarding Managers of Adults and Childrens Services recently undertook safeguarding development with members.</p> <p>The Safeguarding Team continue to strengthen our relationship with Powys Teaching Health to ensure that we have a clear understanding of each other’s expertise and this is employed appropriately when managing enquiries.</p> <p>CSSIW conducted an inspection in September 17 during which they commended the Councils progress and work in relation to safeguarding.</p>
CSSIW	WG25949	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>Staff are required to offer carers assessments to all service users and people who contact the service whenever appropriate. The carers assessments have been updated in order to align with the requirements of the Social Services and Wellbeing (Wales) Act and, therefore, practitioners now ask individuals about What Matters to Them.</p> <p>Credu (previously Powys Carers) are commissioned to support carers and provide a wide range of support services which are augmented by information, advice and guidance on 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 carers. Credu provide a wellbeing assessment to all of the carers supported and follow this up with supporting actions if and when required.</p> <p>In order to raise the awareness of practitioners on carers’ issues the carers partnership has adopted an Everybody’s Business Model which promotes carers rights and supports practitioners by recruiting Carers Champions into areas of practice. These Carers Champions are now in situ within GP practices, schools and social care teams as well as within the health board services.</p> <p>Carers issues and ensuring that meaningful assessments are undertaken are essential in order to provide a holistic and robust social service. We will continue to drive forward improvements in practice and support further development.</p>
CSSIW	WG25949	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	Sarah Powell		<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 heath board.</p> <p>OD plan has been created for adults which will rolled out across social services. Work is ongoing with domiciliary care and the southern area social work team as part of the overall plan development</p> <p>RROOTS programme will look to improve this further and look at workforce plans and improved recruitment of staff and apprentices</p> <p>A Recruitment paper is being created across OD</p> <p>Communications plan being created for recruitment within Adult social care</p> <p>Meeting WG to design a integrated course for the future of social care across the council and PtHB</p>
Domiciliary Care									
Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited	692A2015	Domiciliary Care Domiciliary Contract Letting to Alpha Care	R2	In order to meet the challenges of transforming its service delivery in the light of reduced financial resources and increasing demand, the Authority has adopted a clearly defined commissioning and procurement strategy. We recommend that the Authority consider whether the issues raised in this report have wider relevance for the successful delivery of its commissioning and procurement strategy, and undertake a review of its processes for developing and letting major contracts. Particular attention should be paid to ensuring that the governance arrangements for developing, scrutinising and approving contracting exercises are appropriate and are working in practice.	01/01/2016	Cllr Stephen Hayes	Jane Thomas		<p>A suite of integrated commissioning strategies have been developed in partnership between PCC and PtHB. The Learning Disabilities, Substance Misuse, and Carers’ commissioning Strategies are all agreed, and the Older Peoples, Assistive Technology, and PDSL Strategies are currently being scrutinised by the appropriate governance boards for agreement.</p> <p>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.</p> <ul style="list-style-type: none"> <li>•Resourcing plan in development that will identify resource demands for all change capacity over the next three years.</li> <li>•The need for a new commissioning strategy has been identified and resource has been secured to take forward this activity.</li> <li>•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.</li> <li>•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</li> <li>•Responsibility for the definition of contracts on a case by case basis established in Contract Procedure Rules.</li> <li>•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.</li> <li>•Progress of major commissioning and procurement projects now being reported to C&amp;P Board</li> <li>•Gateway process introduced with the purpose of ensuring that Professional Services are integral to commissioning and procurement projects.</li> <li>•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&amp;P Board, the Cabinet and Scrutiny committees, as otherwise scrutiny is unlikely to be aware of procurement activities.</li> <li>•Guidance for Officers is being updated to include a section that advised on the approach to be adopted in conducting a lessons learnt review.</li> <li>•The draft audit plan will include a review of major contracting and commissioning exercises to ensure lessons are learnt.</li> <li>•Built in to MTFS as a permanent change from 17/18. Permanent funding now in place for existing posts that had previously been funded from Management of Change. Business Intelligence activity is now better aligned with the Council’s direction of travel.</li> <li>•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.</li> <li>•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.</li> <li>•Commercial Services and the People Directorate will work together to plan the development of capacity to support market development.</li> </ul>



Document	Document Reference	Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG	Work Undertaken
Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited	692A2015	Domiciliary Care Domiciliary Contract Letting to Alpha Care	R3	Audit work undertaken previously by the Auditor General in 2010 and 2014 on the Authority’s whistleblowing policies identified that ‘there was often a lack of an audit trail to support key decisions and events. Some key decisions were not documented and there were instances of key documents or supporting information not being found or not existing.’ Similar issues are identified in this report. The review recommended above should also consider the extent to which adequate documentation is produced and retained to support key decisions made when developing and letting tenders.	01/01/2016	CLlr Stephen Hayes	Jane Thomas		<p>The WAO report highlighted a series of risks around document management.</p> <p>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.</p> <p>Proposals to Implement a modern up to date Finance system that integrates to WCCIS are underway.</p> <p>SharePoint project - external supplier has been commissioned to help build SharePoint capability currently building proof of concept team site for IT which will enable collaborative working help with document retention policies and searching capabilities. Proof of concept to be complete end of first week of June 17.</p> <p>Social care shared and personal drives scan of network drives has been commissioned with aim to be placed on SharePoint. This has been completed for home drives (Z:) and still ongoing with (x:) due to server issues.</p> <p>Servers have since been updated but are undergoing monitoring before this can be progressed. Outcomes of the scan will highlight where issues are to inform next stage of delivery.</p>
ICT									
Section 33 arrangements – ICT Partnership	123A2015	ICT	R5	Ensure that there are clear implementation plans for the new all Wales Community Social Services and Health system. This should include: <ul style="list-style-type: none"><li>• identification of overall executive responsibility for leading the project;</li><li>• allocation of sufficient ICT and Service staff resources to the project;</li><li>• clear deliverable milestones and plans to prepare, test, and switchover to the new system; and</li><li>• 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.</li></ul>	01/04/2015	CLlr Martin Weale	Andrew Durant		<p>WCCIS has now gone live in Powys.</p> <p>The system has been implemented across the whole of Social Care and is currently being piloted across a number of service areas in PTHB.</p> <p>The WCCIS roll-out plan for all Health Services is currently being confirmed, with the aim being to complete WCCIS implementation across the Health by the end of the year.</p> <p>There is still ongoing work regarding further development of Integrated health and social care pathways. This work will continue during the health roll-out and until new business processes and procedures are fully embedded.</p>
Financial Resilience									
Financial Resilience Assessment	196A2016	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 Aled Davies	Jane Thomas		Monthly budget planning group established
Financial Resilience Assessment	196A2016	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 Aled Davies	Jane Thomas		<p>Head of Financial Services now in post and interim appointment to the Professional Lead for Finance is providing the capacity to drive the transformation. Restructure identifies new roles to build capacity at a more senior level, existing staff undertaking professional training to "grow our own" accountants, newly defined roles and skills development programme will improve financial support for services and the wider Council.</p> <p>Strategic Overview Board established</p>
Financial Resilience Assessment	196A2016	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	01/03/2016	CLlr Aled Davies	Jane Thomas		Monthly reporting of Budget position to Budget Managers, Heads of Service, Strategic Directors and Cabinet. Report includes the tracking of all Savings. Opportunities for the improvement in the report format being explored. Scrutiny committees review financial performance and carry out more intensive scrutiny of areas of concern. Joint committee formed from both People and Audit Committee to scrutinise the position on Adult Social Care.
Financial Resilience Assessment	196A2016	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 Aled Davies	Jane Thomas		Monthly savings reporting and efficiency tracking on a monthly basis. Three year budget planning process (MTFS) in place. Further developments and budgeting models being investigated. New approach being adopted for the delivery of savings from 2019/20 onwards. A review of the budget process undertaken in setting the 2017/18 budget has been completed and reported to Management, it concludes that Council seminars have been an important part of consultation with all members and these are proposed to continue as part of the councils financial planning.

Document	Document Reference	Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG	Work Undertaken
Financial Resilience Assessment	196A2016	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	01/03/2016	Cllr Aled Davies	Jane Thomas		Resource Plan in place to understand the requirements of delivering the change programme. External expert support commissioned when appropriate, with skills transfer included as part of that commissioning. The Financial Services Improvement Plan identifies the shortfall in skills now required by the Council and this is being addressed with the development of staff through accredited training. Resource Planning is also being reviewed to strengthen its alignment with the Corporate Improvement and the Prioritisation of projects.
Financial Resilience Assessment	196A2016	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 Aled Davies	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 Following a review of the budget process for 2017/18, the role and impact of the Finance Scrutiny Panel is to be reviewed to ensure that outcomes from the panel meet the expectations of the Council.
Financial Resilience Assessment	196A2016	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 Aled Davies	Vince Hanley Lee Anderson		The recommissioning of domiciliary care services is being undertaken in light of and using appropriate governance structures the project is being delivered in line with project management requirements and has its own project board chaired by the head of transformation.  The project PID and appropriate highlight reports are regularly reported and highlighted to the board. A members workshop has been held and the project continues to work with adult social care scrutiny and presents cabinet reports for decision where necessary.  Comprehensive options appraisal was undertaken resulting in the preferred option of developing a dynamic purchasing system work will commence throughout the summer including presentation to scrutiny and progress ahead of recommissioning domiciliary care in spring 2017.  A lessons learned log was created after the Domiciliary care review to ensure that mistakes and issues faced previously were not replicated and that new processes and principles were robust and correct.
Financial Resilience Assessment	196A2016	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 Aled Davies	Vince Hanley Lee Anderson		Commissioning team in Domiciliary care are working in close partnership with Commercial services to ensure that any future contracts are done so to minimize risk to the council residence and promote independence.  The Council has undertaken a general review of how processes for major projects are managed. A Commissioning Commercial and Procurement Strategy has been drafted and is currently being consulted up on undertaking wider engagement and consultation this will strengthen the processes in all major procurements including ongoing contract management governance and development of support and guidance.
Governance - PCC									
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P1	Reviewing the current remit and role of the Cabinet to enable it to focus on the Councils key priorities and significant service changes	Mar-17	Cllr Aled Davies	Clive Pinney		The Constitution was changed on 7th March 2017 to remove the right of group leaders and scrutiny chairs to speak on all matters on a Cabinet Agenda. In future group leaders have no right to speak, and scrutiny chairs can only speak if their scrutiny committee has actually scrutinised the matter.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Jeremy Patterson Clive Pinney		Member Development is required to focus the new cabinet on their need to focus on key priorities and significant service changes. Discussions have already taken place with Hay for the delivery of such training. The training will also focus on the relationship between Cabinet and scrutiny.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						David Powell Clive Pinney		Increased emphasis on the use of delegated decisions instead of cabinet reports for relatively unimportant matters
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	p2	Clarifying and strengthening the role of scrutiny committees in considering service change.	Mar-17	Cllr Aled Davies	Chair of Place scrutiny committee Clive Pinney		Increased emphasis on pre scrutiny beginning to take shape
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Wyn Richards		Consideration of additional external support for scrutiny committees in complex areas / matters.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Jeremy Patterson Clive Pinney		Member Development is required to focus Scrutiny Members of their role and their relationship with Cabinet. Discussions have already taken place with Hay for the delivery of such training.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						David Powell		Review the current resources and capabilities supporting scrutiny, democratic services and performance management
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017								The need for at least a Cabinet forward work programme is constantly being re-emphasised by officers and the Leader.



Page 117

Document	Document Reference	Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG	Work Undertaken
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P3	Aligning Cabinet and Scrutiny work programmes to include details of forthcoming service change proposals and making them easily accessible on the Council's website.	Mar-17	Cllr Aled Davies	Clive Pinney Steve Boyd Wyn Richards		Joint Chairs of Scrutiny now meet once a month to consider the cabinet Forward Work programme and to decide the matters that need to be scrutinised.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017								The scrutiny work programme will be placed on the website asap
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P4	Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes.	Mar-17	Cllr Aled Davies	All HoS		Improve the quality of the data provided to ensure well-informed business cases and robust options appraisals.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017								Improve the pre-scrutiny of robust option appraisals
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017								Greater emphasis on the need for information and options appraisals to be written in language that can be more easily understood.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017								Consideration of including Executive Summaries where it is appropriate to do so.
Good Governance when Determining Significant Service Changes - Powys County Council	nv cz\								Consideration of additional training for both members and officers, with particular emphasis on the development of option appraisals and business cases for change,
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						F1 Effective savings plans for all MTFS commitments.		
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P5	Clarify delegated authorities, particularly for significant service changes so that decisions are transparent and accountability for them is clear.	Mar-17	Cllr Aled Davies	Clive Pinney Debby Jones		A review of the current system of delegation and the recording of decision is being undertaken and thereafter a new / amended regime will be put in place with a view to ensuring greater transparency.
							Clive Pinney		The need to provide a written record of each decision (and the reason for the decision) in matters where there is significant service provision change is being re-emphasised.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P6	Strengthening arrangements for monitoring the impact of service changes including explicitly setting out at the point of decision what will be monitored, where this will be monitored and who will be responsible for doing so.	Mar-17	Cllr Aled Davies	All HoS		This is aligned with the actions under P4 above. A new report template is being developed to indicate where scrutiny of a report has been undertaken and an additional section will be added to the template to ensure that the issue of monitoring the impact of service changes and identify is addressed on the face of reports and to identify the person responsible for undertaking the monitoring and the timescale in which such monitoring should take place. The agreed monitoring regime will automatically feed into the cabinet forward work programme.

This page is intentionally left blank

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

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken  (lifted from PCP / SIP monitoring processes)
WAO National Studies								
Scrutiny								
Scrutiny	R1R2	Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.	WAO Study - Scrutiny	01/05/2014	Cllr Aled Davies	Wyn Richards		<p>Chairs invited to attend INLOGOV training course at Birmingham and 1 Member attended. WLGA training provided to all scrutiny committee members in 2012 at start of new Council. Schools scrutiny - external consultant (ex-Estyn inspector) used to provide guidance and training to the Working Group on understanding performance information and undertaking the scrutiny of schools. There is a continual dialogue between scrutiny officers and Chairs / Members to provide guidance and support on an ongoing basis. There have been 2 new chairs of the People Scrutiny Committee recently, and officers have discussed the role with those new chairs and are providing support at meetings. induction programme post election 2017 training by WLGA to chairs and scrutiny members.</p> <p>2 chairs received training by INLOGOV but no longer hold this role. Further training will be arranged for new chairs. The impact is therefore not assessable.</p> <p>All scrutiny members will be receiving training on the 13 June from WLGA - training will also be provided for chairs and vice chairs</p> <p>in the autumn 2017 work will be conducted to improve the relationships between scrutiny and cabinet.</p>
Scrutiny	R1R3	Further develop scrutiny forward work programming to: <ul style="list-style-type: none"><li>• provide a clear rationale for topic selection;</li><li>• be more outcome focused;</li><li>• ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and</li><li>• align scrutiny programmes with the council’s performance management, self-evaluation and improvement arrangements.</li></ul>	WAO Study - Scrutiny	01/05/2014	Cllr Aled Davies	Wyn Richards		<p>Pro-forma developed for use by the Joint Chairs and Vice-Chairs Steering Group to assess and score the suitability of topics for inclusion in the scrutiny work programme. Regulator reports are used on a regular basis to drive work programmes especially where improvement monitoring is required. The Joint Chairs has recently re-evaluated the scrutiny work programme as there were too many items in the programme. All items were re-prioritised to reduce the numbers of items which were active. It is the intention for this list to be revisited by the Joint chairs at each meeting to ensure that the work programme is manageable.</p> <p>Scrutiny work programme improvement has been a priority and are now focussing on key pieces of work. The WG corporate assessment recommendations to improve the cabinet work programme which will help improve the scrutiny work programme is being taken forward as a matter of priority and should yield improvements.</p> <p>Pro-forma has reduced trivial / local matters being scrutinised. The use of regulator reports has helped focus and prioritise workloads when undertaking improvement monitoring. Re-prioritising the work programme has reduced the number of active items.</p> <p>regular liaison meeting with HOS's will be conducted to highlight items coming to Cabinet which could then be pre scrutinised.</p>
Scrutiny	R1R4	Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.	WAO Study - Scrutiny	01/05/2014	Cllr Aled Davies	Wyn Richards		<p>Use of regulator reports to drive work programmes of Working Groups where improvement monitoring is being undertaken. Scrutiny has responded positively to a request by Estyn to undertake the scrutiny of schools.</p> <p>Improvement in inter-action between Audit and Scrutiny Committees required to avoid the duplication of scrutiny work so there is a more holistic view taken of services by one group only. Account is taken of internal and external regulatory reports when undertaking individual scrutiny work. Schools scrutiny - the Council was asked to undertake this by the regulator (Estyn) and scrutiny have worked with an ex-Estyn inspector to establish its schools scrutiny process.</p> <p>Assisted Council make sure that regulator recommendations are being addressed and that improvements are being made. Services which previously had been "adverse" to scrutiny realise the value of the critical friend role of scrutiny and the assistance it can provide in responding to regulator outcomes.</p>
Scrutiny	R1R5	Ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function’s effectiveness; including following up on proposed actions and examining outcomes.	WAO Study - Scrutiny	01/05/2014	Cllr Aled Davies	Wyn Richards		<p>Continuing discussions amongst scrutiny officers and chairs about committee / working group performance. The Joint Chairs and Vice-Chairs Steering Group is used as a discussion forum and a means to drive improvements / changes in scrutiny. The Council also has a periodic review of committee structures, as well as keeping terms of reference under continual review. The Council has utilised the services of an external adviser (ex Estyn inspector) in establishing schools scrutiny. The Joint Chairs and Vice-Chairs Steering Group has re-prioritised the scrutiny work programme to focus the work of scrutiny. Scrutiny is also moving to preparing more written comments for consideration by the Cabinet to improve the visibility of scrutiny recommendations to the Cabinet.</p> <p>Continual review of processes and adjustment of processes where necessary. There is a current review of committee structures by the Council due to spending cuts. Schools scrutiny - the Council has used the external adviser to check progress in the scrutiny of schools. Outcomes are still an area of weakness especially the responsiveness of the Cabinet to scrutiny recommendations. This was discussed at a recent meeting of the Joint Chairs and Vice-Chairs Steering Group who agreed to discuss any issues / blockages. A deadline for responses by the Cabinet to scrutiny recommendations has been included in the Council's Constitution. Reducing the number of active matters being considered by scrutiny will also assist in focussing scrutiny work.</p> <p>Review of effectiveness does improve processes, but judgement of effectiveness is currently in its infancy.</p> <p>More effective pre scrutiny and scrutiny prioritising</p> <p>pre scrutiny reports going to management team and cabinet to improve the evaluation and focus on key topics and pieces of work</p>



Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken  (lifted from PCP / SIP monitoring processes)
Scrutiny	R5	Ensure that external review bodies take account of scrutiny work programmes and the outputs of scrutiny activity, where appropriate, in planning and delivering their work.	Good Scrutiny? Good Question! Auditor General for Wales improvement study: Scrutiny in Local Government	29/05/2014	Cllr Aled Davies	Wyn Richards		The Council approached WAO, CSSIW, Estyn etc. to meet regularly to ensure external review bodies take account of scrutiny work programmes and the outputs of scrutiny activity, where appropriate, in planning and delivering their work. There was little appetite to this request.  The Council have undertaken a lot of work to tie in regular risk and CIP vision and elements into the Scrutiny process.  PCC provide reports and updates to auditors along with minutes of meetings when requested to aid inspection when appropriate.
Scrutiny	R1R6	Undertake regular self-evaluation of scrutiny utilising the ‘outcomes and characteristics of effective local government overview and scrutiny’ developed by the Wales Scrutiny Officers’ Network.	WAO Study - Scrutiny	01/05/2014	Cllr Aled Davies	Wyn Richards		Intention to draft a plan and undertake self evaluation to respond to the national review in Autumn 2018. This will allow time for Purdah, election and post election settlement, member training and appointment of new scrutiny committee members before looking at the self evaluation once the environment is stable.
Education								
Education	R2R5	Ensure that elected members and partners fully understand that councils have a clear responsibility for leading and co-ordinating youth services for 16 to 24 year olds.	WAO Study - NEETS	01/07/2014	Cllr Myfanwy Alexander	Freddy Greaves/Kirsty Pringle		Portfolio Holders for Youth Services and Education briefed on progress in this area.  Further redesign of Youth Services in Powys will take place in 2017/18 as part of this process we will further reiterate the councils statutory responsibilities in this area to cabinet members and other stakeholders.  Governance for the Youth Engagement Progression Framework is through the Transforming Learning and Skills programme board (chaired by the portfolio holder) this includes the development and coordination for youth support services for 16 -24 year olds. Work is being done on alternative reporting mechanisms, such as the Youth Service quarterly performance review that is presented to councillors.  Further funding to support the work with 16-24 year olds is being applied for which will improve the delivery and quality of service being delivered and raise the profile of the work among partners such as housing etc.
Environmental Health								
Environment al Health	R3R1	Revise the best practice standards to: • align the work of environmental health with national strategic priorities; • identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and • identify the benefit and impact of environmental health services on protecting citizens.	WAO Study - Env Health	01/10/2014	Cllr Martin Weale	Ken Yorston		Welsh Heads of Environmental Health Standards have been reviewed and are ready to come to LA’s for comment once received we will improve standards as per recommendations of WHOEG review
Environment al Health	R3R5	Improve strategic planning by: • identifying, collecting and analysing financial, performance and demand/need data on environmental health services; • analysing collected data to inform and understand the relationship between ‘cost: benefit: impact’ and use this intelligence to underpin decisions on the future of council environmental health services; and • agree how digital information can be used to plan and develop environmental health services in the future.	WAO Study - Env Health	01/10/2014	Cllr Martin Weale	Ken Yorston		New ICT system will enable mobile solution. The procurement of this system has been extended until by 31/03/2019.  Working with procurement to progress this inline with deadline.
Early Departures								
Early Departures	R5R1	Public bodies should use business cases to support all individual early departures. Business cases should identify the cost and service delivery implications of the individual leaving and take account of relevant wider workforce planning.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		Powys County Council already operates a business case authorisation process as recommended. The revised Management of Change and Redundancy policy specifically requires that for all redundancies (both voluntary and compulsory) a proper business case outlining the cost/benefit to the Council must be retained and held centrally.  Although we currently make use of business cases to allow early release, we have ensured that these business cases identify the cost and service delivery implications of the individual leaving and take account of relevant wider workforce planning. Moving forward, the business case will note any strain on the pension fund, the costs of any replacement staff to backfill work, a calculation of payback periods and the impact of the loss of skills and experience.
Early Departures	R5R4	Public bodies should ensure where settlement agreements are used, their records clearly identify whether a package includes an enhancement payment and if so, its value and the reason for the enhancement payment.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		The Council does not, as a matter of course, provide enhanced payments in settlement agreements and only occasionally makes use of settlement agreements. A centrally-held schedule is held by Legal Services.
Early Departures	R5R5	Public bodies should give due consideration to the equality impact of all early departure arrangements, in particular where a public body is running a specific scheme covering multiple possible departures.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		The Council has not had an early departure scheme (such as the Voluntary Severance Scheme) since the survey was conducted but will give due consideration to conducting an equality impact assessment of any future schemes.  The council must also work to ensure that employees with protected characteristics are not subject to unfair disadvantage or exclusion
Early Departures	R5R6	Public bodies should monitor and report as part of their internal governance arrangements on expected and achieved savings as a result of early departures. This will help inform future cost reduction plans.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		Monitoring and reporting on performance of previous schemes have been reported to Cabinet and Council. With regard to future voluntary/ early release schemes, Services, supported by HR, will need to monitor and report on expected and achieved savings as a result of early departures.
Early Departures	R5R7	Public bodies should review their record keeping for early departure arrangements, so that they can more readily identify key information including the number of costs of early departures in a given period, payback period information based on salary and employers' National Insurance and pension costs, and settlement agreements.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		The council needs to ensure that records on early departure are above reproach – this includes number of employees, costs, payback period information based on salary, NI contributions, pension costs and settlement agreements. With this in mind, written instructions were issued to HR practitioners, senior managers and Heads of Service and we have included these in the new Management of Change and Redundancy policy.
Older People								



Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)
Older People	R2	Improve strategic planning and better coordinate activity for services to older people by: • ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and • engaging with residents and partners in the development of plans, and in developing and agreeing priorities.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		The Older Pereons joint commissioing strategy action plan has been reviewed and updated. There has been engagement with the older persons forum in relation to day time activities and accomodation projects. This has been received well by those who parcitpated. Seapreately there has been extensive engagement throughout the county in respect of gaining views in relation to day time activities. This process has assist in informing the plans going forward. Individual feebdack and engagement is undertaken through the updated integrted assesmsent tool and reviews of older people. Integration of older peoples service with Powys Teaching Health Board continues and evaluation and feedback is being developed as the trial sites progress. Earlybindicators are that older people are fully involved in the what matters conversation and planning in relation to theirfurture needs.
Older People	R3	Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		The introduction of Powys People Direct and a single number approach has assisted in the collation of information information and provision of information and advice to individuals, their families and agencies who make enquiries. The third sector have been crucial to this development and the introduction of community connectors have assisted both within Powys People direct and within the localities where they are based. By engaging directly with individuals within their communities and the development of contingency plans will ensure that appropriate support is given in a timely manner.
Older People	R4	Ensure effective management of performance for the range of services that support older people to live independently by: • setting appropriate measures to enable members, officers and the public to judge progress in delivering actions for all council services; • ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and • establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		The implementation of the Social Services and Wellbeing (Wales)Act has seen a shift in the requirments to report to Welsh Government. Thes reports are being refined and will ensure that information is captured at a service, tema and individual level. The introduction of "sprint" enabled managers to access information which was live thus informing the performace of the service area. This is now being rebuld as a result of the move to WCCIS. Measures are in place in relation to the integrated terns and evalutaions underway. Team plans are in place and link directly to the directorate plan which reports to DMT and ultimately to execs and members. As we move forward with continuous improvement trends and comitments will be availale to team managers on a monthky basis as a measurement going forward which will assist with planning.
Finance								
Finance	R1	<b>Councils need clear strategies and plans, showing what they want to achieve and how they intend to achieve it</b> Effective strategy and planning are crucial tools to help councils develop well-considered and sustainable responses to financial pressures. And services need to work out the most cost-effective ways of using the resources at their disposal to deliver their goals.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Aled Davies	Jane Thomas		Medium Term Financial Strategy in place which covers a 3 year period, this coupled with the 3 year Financial Resource Model has improved the medium term planning . This enable the Council to focus and react to the longer term, forecasting the impact of further reductions in funding, pay and price pressures and the development of savings that will be required. The MTFS draws on the statement of Internet, One Powys Plan and other strategies to ensure alignment of the councils priorities and objectives. The development of FRM and Financial Strategy for each Directorate is now being put in place which will detail the demand, impact and mitigation being put in place, these plans will provide more detail of these areas for consideration at an overall council level, this will enable better planning and prioritisation of resources. Alignment of Revenue, Capital and reserves has progressed but continues to be developed. A report presented to Management Team explores the development of a 5 year Corporate Plan which sets out the Councils Vision and priorities for the full term of the Council this presents an opportunity for further significant improvement and much stronger alignment of the Councils' financial and corporate planning arrangements. The development of this approach has been agreed and is being progressed, together with different models of budgeting which move away from the traditional incremental budgeting approach and look to better align budgeting to priorities and outcomes.
Finance	R2	<b>Effective planning, based on good information is an efficient and effective way of supporting tough choices and developing clear priorities</b> Councils need robust information to support the detailed analysis needed to link their vision and objectives to their delivery plans. Councils often do not have a clear understanding of the demand for their services and the quality of their services from the users' perspective.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Aled Davies	Jane Thomas		
Finance	R3	<b>Council plans and strategies need closer links to longer-term financial plans</b> Councils need to strengthen the links between their strategies and plans for services and their medium- and long-term financial plans. Too many financial plans are focused on short-term pressures, and do not look further ahead to the medium- and long-term to support the achievement of broader strategic goals. And, too many councils base their budgets on small, incremental annual changes, rather than fundamentally assessing the service delivery arrangements needed to deliver the desired results – and the cost of delivering those services.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Aled Davies	Jane Thomas		
Finance	R4	<b>Councils need to explore more opportunities to work together and with other public services, to reduce costs and deliver improved outcomes for citizens</b> Collaboration is important because individual public services cannot deliver the desired improvements to the economy, health, environment and community life of Wales on their own. When public services do not work together effectively, the outcome is invariably extra costs and poorer services for service users and citizens.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Aled Davies	Jane Thomas		Community Delivery Model in place that explores the transfer of functions to town and community councils. Corporate services exploring areas for collaboration, success already achieved with provision of DBS service to other Authorities, joint working with PtHB on IT services and a number of other Section 33 agreements in place for the joint delivery of services within Adult Social Care. Internal Audit arrangements will be delivered with the South and West Wales Audit Partnership Ltd from April 2017, they also provide services for a number of Local Authorities. Further opportunities continue to be explored and we are currently collaborating with other Welsh Authorities in exploring the procurement of a Financial System.
Finance	R6	<b>Councils need to strengthen their arrangements for evaluating the impact of their financial decisions – on service standards and on citizens</b> Informed decision making requires good management information and effective feedback arrangements. Councils that understand the impact of the actions they take are more likely to respond effectively to emerging issues and make better decisions. This is more likely to lead to better, more efficient services, and more satisfied citizens.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Aled Davies	Jane Thomas		Impact Assessments in place for all proposal. Consultation and engagement inplace with citizens with the development of the Delib software to inform and engage with the electorate. The Cabinet formed a sub-committee to review the completed assessments for quality and where necessary asked for improvements or omissions to be rectified from some service areas. Tnhis has strengthened the process and quality of assessments being completed.

Area e.g.. Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)
Finance	R1	Local authorities should strengthen their financial-planning arrangements by: <ul style="list-style-type: none"><li>• developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities and service plans;</li><li>• aligning other key strategies such as workforce and asset management plans with the MTFP;</li><li>• developing comprehensive multi-year fully-costed savings plans which underpin and cover the period of the MTFP, not just the forthcoming annual budget;</li><li>• categorise savings proposals so that the shift from traditional type savings to transformational savings can be monitored over the period of the MTFP; and</li><li>• ensuring timescales for the delivery of specific savings proposals are realistic and accountability for delivery is properly assigned.</li></ul>	Financial resilience of local authorities in Wales 2015-16	18/08/2016	Cllr Aled Davies	Jane Thomas		Medium Term Financial Strategy in place which covers a 3 year period, this coupled with the 3 year Financial Resource Model has improved the medium term planning . This enable the Council to focus and react to the longer term, forecasting the impact of further reductions in funding, pay and price pressures and the development of savings that will be required. The MTFS draws on the statement of Internet, One Powys Plan and other strategies to ensure alignment of the councils priorities and objectives. Savings plans are profiled in order to understand timescales, Resource Plan developed which identifies the support required to deliver projects across the Council. There is opportunity for further improvement and a much stronger alignment of the Councils financial and and corporate planning arrangements, an approach is being progressed to develop a 5 year corporate plan over the term of the Council. The benefits of this approach are:- <ul style="list-style-type: none"><li>• The political intent and ambition of the newly elected Cabinet is described and provides policy direction for a 5 year period.</li><li>• The priorities identified in '2025: Powys Transformed' can be fully resourced and aligned with service planning:<ul style="list-style-type: none"><li>o Improving Health and Care</li><li>o Creating a Vibrant Economy</li><li>o Improving Learner Outcomes and Aspiration for All</li><li>o Enabler 1 - Developing the Workforce</li><li>o Enabler 2 - Remodelling Council Services</li></ul></li><li>• Key enabling strategies (Workforce, ICT, Property, Finance and Commissioning) can be developed alongside to support these priorities.</li><li>• Longer term planning will improve option development and lead to better informed decision making and more robust financial outcomes.</li><li>• Alignment and consistency with all other plans.</li><li>• Better Governance and Programme Management Discipline.</li><li>• Improved financial alignment and planning for both revenue and Capital.</li></ul>
Finance	R4	Local authorities should develop Key Performance Indicators to monitor the MTFP.	Financial resilience of local authorities in Wales 2015-16	18/08/2016	Cllr Aled Davies	Jane Thomas		To be progressed. Comparisons of assumptions included for forward projections around funding levels, inflation, pressures etc. against the actual position.  This would be introduced for the next financial year.
Finance	R6 R8	Local authorities should ensure that corporate capacity and capability are at a level that can effectively support the delivery of savings plans in the MTFP at the pace required.	Financial resilience of local authorities in Wales 2015-16 The financial resilience of councils in Wales	18/08/2016 02/04/2014	Cllr Aled Davies	Jane Thomas		A review of financial services was carried out in April 2016 an action plan is in place to get the recommendations from the review to develop capacity and training in the skills required to ensure that finance can effectively support all the financial requirements for the council. Financial Services Restructure nearing completion and will be implemented in 2017. Externally commissioned support brought in as required with skills transfer included in arrangements.
Finance	R1	Councils should ensure that their corporate plan: <ul style="list-style-type: none"><li>• is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure;</li><li>• maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and</li><li>• should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances.</li></ul>	The financial resilience of councils in Wales	02/04/2014	Cllr Aled Davies	Jane Thomas		Medium Term Financial Strategy in place which covers a 3 year period, this coupled with the 3 year Financial Resource Model has improved the medium term planning . This enable the Council to focus and react to the longer term, forecasting the impact of further reductions in funding, pay and price pressures and the development of savings that will be required. The MTFS draws on the statement of Internet, One Powys Plan and other strategies to ensure alignment of the councils priorities and objectives. There is opportunity for further improvement and a much stronger alignment of the Councils financial and and corporate planning arrangements, an approach is being progressed to develop a 5 year corporate plan over the term of the Council. The benefits of this approach are:- <ul style="list-style-type: none"><li>• The political intent and ambition of the newly elected Cabinet is described and provides policy direction for a 5 year period.</li><li>• The priorities identified in '2025: Powys Transformed' can be fully resourced and aligned with service planning:<ul style="list-style-type: none"><li>o Improving Health and Care</li><li>o Creating a Vibrant Economy</li><li>o Improving Learner Outcomes and Aspiration for All</li><li>o Enabler 1 - Developing the Workforce</li><li>o Enabler 2 - Remodelling Council Services</li></ul></li><li>• Key enabling strategies (Workforce, ICT, Property, Finance and Commissioning) can be developed alongside to support these priorities.</li><li>• Longer term planning will improve option development and lead to better informed decision making and more robust financial outcomes.</li><li>• Alignment and consistency with all other plans.</li><li>• Better Governance and Programme Management Discipline.</li><li>• Improved financial alignment and planning for both revenue and Capital.</li></ul>
Finance	R3	Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.	The financial resilience of councils in Wales	02/04/2014	Cllr Aled Davies	Jane Thomas		The financial position and projected forecast is reported to Cabinet on a monthly basis, the delivery of savings are monitored and reported within these reports, this includes outstanding savings from previous years as well the current. Heads of service are challenged at budget challenge events during the year to ensure that the delivery of savings and service financial position are within budget or what plans they have to redress the position. The introduction and development of Directorate FRM's will identify cost pressures, thier impact and resolution on an ongoing basis and will better inform the overarching corporate financial planning process.
Finance	R4	Councils should regularly review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.	The financial resilience of councils in Wales	02/04/2014	Cllr Aled Davies	Jane Thomas		Financial monitoring reports presented and discussed at Finance Scrutiny Panel, Panel identified areas for further scrutiny challenge with Portfolio Holders and Heads of Service. Joint working groups from FSP and Directorate scrutiny groups put in place to challenge specific areas of concern, e.g Joint Audit and People Scrutiny working group. A review of the impact of the Finance Scrutiny Panel will be undertaken to ensure that the scrutiny role and the outcomes fromthe panel meet expectations.
Finance	R7	Councils should <ul style="list-style-type: none"><li>• strengthen budget setting and monitoring arrangements to ensure financial resilience; and</li><li>• review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.</li></ul>	The financial resilience of councils in Wales	02/04/2014	Cllr Aled Davies	Jane Thomas		Budget setting commences earlier and is a continual process throughout the year. Budget monitoring and forecasting provided monthly, budget challenge events to test the delivery of service budgets and savings held. Finance Scrutiny Panel review the financial positon throughout the year and challenge Cabinet, Portfolio holders and Heads of Service on areas of concern.



Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)
Finance	R9	Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.	The financial resilience of councils in Wales	02/04/2014	Cllr Aled Davies	Jane Thomas		Budget Seminars held for all Members, general budget and financial planning sessions as well as specific annual budget seminars on the specific proposals as part of budget setting. Financial Scrutiny Panel developed and put in place supported by Institute for Public Scrutiny. Cabinet budget workshops developed and improved the knowledge and input from Cabinet members. Information for decision making being improved, more detailed seminars held around the savings proposals last year which assisted members in their understanding of the proposals and enable them to scrutinise and challenge. Elections in May resulted in new members for the Council, training will be undertaken to develop members understanding of the financial aspects of the Council.

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank