

Audit Committee

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

Meeting Date
Friday, 3 November 2017

Meeting Time
10.00 am

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

27 October 2017

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

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

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

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

4.	MINUTES
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To authorise the Chair to sign the minutes of the last meeting held on 22 September 2017 as a correct record.

(Pages 5 - 12)

5.	BUDGET RECOVERY PLAN
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To consider the report of the Portfolio Holder for Finance /Strategic Director Resources.

(To Follow)

6.	ABSENTEEISM
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To consider the report of the Acting Professional lead –Human Resources Management and Development

(Pages 13 - 26)

7.	INTERNAL AUDIT
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To consider the report of SWAP regarding half yearly performance information.

(Pages 27 - 42)

8.	CLOSURE OF ACCOUNTS
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To consider the report of the Head of Financial Services.

(Pages 43 - 44)

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

(Pages 45 - 68)

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

(Pages 69 - 88)

11.	FINANCE SCRUTINY PANEL
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To consider a scrutiny summary report.

(Pages 89 - 90)

12.	WORKING GROUPS
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12.1. Internal Audit Working Group

To consider a scrutiny summary report.

(Pages 91 - 92)

12.2. Joint Working Group - Financial Viability of Schools

To consider a scrutiny summary report.

(Pages 93 - 98)

13.	JOINT CHAIRS STEERING GROUP
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To receive the notes of meetings of the Joint Chairs Steering Group held on 19 September 2017.

(Pages 99 - 104)

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

15.	CORRESPONDENCE
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MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 22 SEPTEMBER 2017

PRESENT

County Councillors JG Morris (Chair), M Barnes, J Charlton, K Laurie-Parry, GD Price, R G Thomas, T J Van-Rees, A Williams, S L Williams and H Hulme

Officers: David Powell, Strategic Director, Resources, Jane Thomas, Head of Financial Services, Dan Paley, Financial Reporting and Policy Accountant, Peter Jones, Professional Lead, Corporate Insight, Tom Yeo, Programme Officer

Other Officers In Attendance: Messrs Phil Pugh and Anthony Veale, WAO

1. APOLOGIES

Apologies for absence were received from County Councillors Mr J Brautigam (Vice-Chair) and L George

2. DECLARATIONS OF INTEREST

County Councillor T J Van Rees declared a personal interest as a Member of the Pension Fund.

3. DISCLOSURE OF PARTY WHIPS

There were no declarations of party whips.

4. MINUTES

Documents:

- Minutes of the meeting held on 6 July 2017

Outcome:

- **The Chair was authorised to sign the minutes of the last meeting as a correct record**

5. STATEMENT OF ACCOUNTS

5.1 Closure of Accounts

Documents:

- Report of the Head of Financial Services

Discussion:

- A workshop with Audit Members had been undertaken to go through the changes agreed between the draft statement of

accounts and the final statement of accounts. The session provided members with an opportunity to ask questions and fully understand the reasons and impact of the changes.

- There had been further improvements in closing the accounts. Areas for further improvement included working papers
- The Finance section had been restructured and strengthened where appropriate and this had supported the closure process
- One member of the public had raised issues and had met with the Auditor
- Changes in the Council's delivery models for front line services will have an impact on future statement of accounts
- With impending shorter closing, the section is looking at the experience of others and are attending seminars and workshops to learn and prepare for future years.

Outcome:

- **Noted**

5.2 Audit of Financial Statements Report

Documents:

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

Discussion:

- The WAO reminded Members that they worked to a level of materiality which, for the main accounts was £4.185M and £5.982M for the Pension Fund
- Materiality by nature or context is also considered and may include sensitive issues or those which may be of particular interest to the public or press
- The draft accounts had been received at the agreed time
- The audit process continues until such time as the Auditor General signs off the accounts – this is likely to be on 28 September 2017
- It is expected that an unqualified audit report will be issued
- No misstatements were un-amended
- Further improvements could be made regarding working papers but overall the quality had improved with all information provided being reliable, relevant, comparable and easy to understand
- The WAO wished to place on record their thanks to officers and that further improvement around the statement of accounts was evident but would discuss where this could be further improved
- Generally the information provided was timely and helpful but significant delays were experienced in some areas. This was not within Finance but the annual accounts must be seen as a corporate responsibility. The WAO offered to attend workshops with officers to assist improving this area.
- The WAO had highlighted that, as reported in their audit plan issued in March 2017 there was one potential conflict of interest whereby a member of the audit team had a voluntary role as a Treasurer of a charity that had a contract to provide a service within

Adult social Care. The WAO confirmed that appropriate arrangements had been introduced to ensure that this officer did not undertake any audit work in respect of this area of the Council's operations.

- Once the Auditor General has issued his Certificate of Completion of Audit the audit will be officially closed and no further questions would be taken
- The Auditor was in correspondence with a local elector who had proposed an objection. The Auditors had sought to clarify the issues but there had been no response to date.
- If no further correspondence was received from the local elector, the Auditors would recommend to the Auditor General that the audit be certified as completed. The Certificate of Completion of an audit cannot be provided until such time as the Auditor General is content that all correspondence has been appropriately considered and responded to. If further correspondence was received there was every likelihood that the opinion on the accounts would be provided but the certificate withheld until the correspondence had been appropriately concluded.
- The Committee noted that there appeared to be a lack of responsibility in some areas with regards the provision of information and wanted to know whether this was in one particular area – the Head Of Financial Services reported that these issues were not confined to one area but that there were difficulties with schools as the bulk of the audit was carried out during school holidays. An attempt had been made to address corporate responsibility through workshops but attendance at these events had not always been good. The Strategic Director, Resources would be reporting back to Management Team with action points arising from the Audit and would indicate Audit committee's concerns. The Head of Financial Services reminded Committee that the documentation should be in place for any transaction and should not be dependent on the audit.
- A Member noted that information was not always provided to schools in a timely manner
- Within the Pension Fund Accounts there were no uncorrected misstatements and no issues arising
- The quality of the draft accounts and working papers was good
- One matter had been identified in the previous year's statement of accounts which had not been fully rectified – there was no formal agreement regarding the recharge of administration costs to the Pension Fund and whilst a draft Service Level Agreement had been prepared, this was still awaiting formal approval
- The Auditor was asked whether the Council was paying sufficient funds into the Pension Fund to ensure the backlog was being addressed – the Auditor reminded Committee that his role was to ensure information within the accounts was accurate and that it was the Council's responsibility to discuss the funding of the Pension Fund in light of any advice received from the Actuary.
- It was noted that the Pension and Investment Committee would receive a copy of the report but that the signing of the Statement of Accounts was delegated to the Audit Committee

Outcomes:

- **The Chair would write formally to the Strategic Director, Resources regarding the level of corporate responsibility for closing the accounts**

5.3 Letters of Representation

Documents:

- Letters of Representation

Discussion:

- The letters confirm that the Authority has followed the principles laid down by the Code of Practice
- There is an acknowledgement that there is a responsibility for maintaining adequate financial records and that due process has been followed

Outcomes:

- **The Letters of Representation for the Statements of Accounts, Powys County Council and Pension Fund be approved**

5.4 Statement of Accounts – Powys County Council and Powys Pension Fund

Documents:

- Statement of Accounts, Powys County Council
- Statement of Accounts, Powys Pension Fund

Discussion:

- The Committee asked if they could be advised of the issue that had prompted the question from a member of the public – the Auditor advised that this was in relation to (i) the basis supporting the creation of unusable reserves and (ii) how discretionary council tax reductions were administered by the Council. The issues had been assessed in terms of materiality to ensure the issues raised did not materially impact on the auditor's opinion on Statement of Accounts. However it was important that the issues still needed to be formally considered and responded to
- Members were of the opinion that it was to be commended that members of the public were inquisitive about the accounts and asked whether this was comparable with other authorities. The Auditor reported that this was an increasing trend. Enquiries could result in the Auditor raising a Public Interest Report or declaring to the courts that an item of account unlawful.
- The Committee noted that under Notes 36 and 40, there had been movement of significant sums and questioned why such large sums had been wrongly allocated initially – the Auditor responded that the initial generated by the system had been incorrect. Greater narrative disclosures were required which would include the dates when officers had left employment. Some information had been omitted initially and it was a question of greater assurance.
- A further question was put regarding termination benefits and whether the impact of loss of resource was considered. Termination benefits were

- assessed and disclosed accurately in the accounts. Other impacts are a matter for the Authority to determine in line with its policy and procedures
- Details regarding the HRA subsidy buyout in the previous year had erroneously been left in the accounts
 - A question regarding senior officer emoluments was raised and why salaries, fees and allowances were combined. Members also asked for clarification on a benefit in kind. It was noted that this could be the Council's contribution to the provision of a lease car in line with policy.

The Chair thanked the WAO and officers involved in the preparation of the accounts for the work undertaken and continued improvements.

Outcome:

- **The Chair of the Audit Committee was authorised to sign the Statements of Accounts for both Powys County Council and the Pension Fund**
- **The Statements of Accounts would be published by 30 September 2017**

6. EDUCATION FINANCE REVIEW - ACTION PLAN
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Documents:

- An Action Plan has been put in place in response to the findings and areas of improvement identified in the WAO Education Finance Review

Discussion:

- A whole team approach was being taken including Finance, Commercial Services and the Schools Service.
- Curriculum planning advice in the secondary sector was limited
- Financial data should be reflected in school plans
- Longer term timescales reflect development plans
- Benchmarking data is being developed including data on School Expenditure which is being assessed in conjunction with WLGA.
- The Committee were concerned that deadlines would be met and that schools were engaging with the process – schools were engaging with the process and have indicated that they would welcome as much information as possible including benchmarking
- Challenge Advisers work to a cluster of schools but there are only two for the secondary sector – this is an issue identified by the Joint Audit/Education Scrutiny Group
- The Committee noted that the outcome of a review of the Funding Formula for Schools was due in October. A fundamental review around the minimum level of curriculum expected in the secondary sector is not achievable in that timescale it was suggested that a stepped approach be taken to implementing potential changes to the Formula.

Outcomes:

- **The Joint Working Group with Education Scrutiny Group would monitor the implementation of the Action Plan alongside Scrutiny Committee B**
- **The issue would be included in the Regulatory Tracker**

7. ANNUAL IMPROVEMENT REPORT

Documents:

- Annual Improvement Report 2016/17

Discussion:

- The report provides a summary of performance work by the WAO and other Regulators in 2016/17
- Whilst there were no formal recommendations there were proposals for improvement
- The Report links to the Regulatory Tracker
- As today's Committee was primarily concerned with the Statement of Accounts, it may be opportune to invite the WAO to a more detailed discussion of the Annual Improvement Report at a future meeting

Outcome:

- **The WAO be invited to the next meeting of the Audit Committee to discuss the Annual Improvement Report in detail**

8. REGULATORY TRACKER

Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- The Tracker is now discussed with the Social Care Leadership Team
- It is also considered by Management Team, Strategic Overview Board and, finally, Audit Committee
- There are a number of finance reports on the Tracker and discussions are ongoing with the Head of Financial Services to avoid duplication
- The Programme Officer meets officers and provides comments to Management Team
- Three recommendations are blue and Audit Committee is asked to determine if these should be archived
- The Programme Officer suggested that once an item achieves blue status, the appropriate Head of Service should be asked to confirm approval to give Audit Committee greater assurance that the matter is complete
- One item is red, but this should reduce to amber following intervention in this quarter
- The Committee asked that all recommendations be dated for ease of tracking
- It was noted that the Portfolio Holders listed against some recommendations were not correct and should be amended

Outcomes:

- **The Tracker be received and that the Portfolio Holders listed against recommendations be checked for accuracy**
- **Three recommendations with blue status be archived**

- **Approve Head of Service signing off blue status recommendations to enhance levels of assurance**
- **That dates be included for all recommendations**
- **The Committee be reminded of the processes involved in the Regulatory Tracker at the next meeting**
- **Archived items should be reviewed annually**

9. FINANCE SCRUTINY PANEL

Documents:

- Scrutiny summary report

Discussion:

- A further meeting of the Panel had been held on 15 September 2017
- Three portfolio holders had been invited to discuss the Vision for their areas and how this would impact on budgets. Unfortunately only one was able to attend
- The Panel are concerned that unless they are aware of amendments to the MTFs, their work would be hampered
- A further three portfolio holders were to be invited to the next meeting of the Panel but it may be more appropriate to meet with the Leader and Portfolio Holder for Finance
- It was noted that the Panel comprised the Chair and Vice Chair of Audit, the Lay Member on Audit Committee, Chairs of Scrutiny Committees A and B and Group Leaders of opposition groups. Any remaining places were taken up Members of the Audit Committee or co-opted from the wider Council membership. It was noted that there were currently no women on the Panel. It was suggested that the parent governor representatives on Scrutiny Committee B could also be considered.
- The Panel were concerned that nearly half of the financial year had elapsed with little work having been undertaken. It was acknowledged that the majority of Cabinet were new but it was important that challenge is provided
- It was noted that a Finance and Performance Scrutiny Group had been re-established to assess the monthly budget reports

Outcomes:

- **The summary report and oral update were noted**
- **County Councillor Ange Williams be appointed to the Finance Scrutiny Panel**

10. WORKING GROUPS

11. FINANCIAL VIABILITY OF SCHOOLS

Documents:

- Scrutiny summary report

Discussion:

- A number of people had been interviewed
- The Group was concentrating on the secondary sector
- Common themes had been identified
- A copy of the report would be circulated to Members for information as soon as it was available

Outcome:

- **Noted**

12. JOINT CHAIRS AND VICE CHAIRS STEERING GROUP
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Documents:

- Notes of a meeting held on 11 July 2017

Discussion:

- The lack of attendance by Chairs was noted

Outcome:

- **Noted**

13. WORK PROGRAMME

Documents:

- Work Programme

Discussion:

- A new work programme had been developed linking Cabinet and Scrutiny items
- If items were delayed, changed or missing from the Cabinet work programme, the ability of scrutiny to react was an issue
- There were still operational issues on the Work Programme

Outcome:

- **Noted**

County Councillor JG Morris (Chair)

CYNGOR SIR POWYS COUNTY COUNCIL.**AUDIT COMMITTEE****3 November 2017**

REPORT AUTHOR: **Acting Professional Lead – Human Resources
Management and Development**

SUBJECT: **Absenteeism / Sickness Absence Rates**

REPORT FOR: **Discussion / Information**

1.0 Purpose

- 1.1 This report is provided in response to a request to update the Audit Committee on the Council's level of sickness absence. It quantifies the amount of working time lost as a result of sickness absence in the Council and compares the levels of sickness absence with other public sector organisations. An analysis of the amount of time lost to short and long term absence is also provided, along with a summary of the most common reasons for sickness absence.
- 1.2 It is recognised that having an effective and robust sickness absence management policy and procedures is key to supporting achievement of the Council's objectives. An overview of the interventions currently promoted by the Workforce and Organisation Development directorate is therefore also provided.

2.0 Background

- 2.1 This report sets out sickness absence information for the period 1 April 2015 to 30 September 2017 (i.e. 2015-16 Financial Year onwards). It covers both corporate employees and those employed directly by schools.
- 2.2 The report also includes details of comparative sickness absence figures to assist performance monitoring of sickness absence over a period of time and to enable comparisons to be drawn.
- 2.3 The Council data referenced in this report is taken from the Business Intelligence dashboard, which contains data from January 2015 onwards. It does not contain any data regarding the cost of sickness absence – this would need to be calculated separately.

- 2.4 It is recognised that a reduction in sickness absence does not always lead to significant cashable savings, though it does often result in increased productivity and an improvement in organisational performance. The main source of cashable savings will be any reduction in agency and overtime costs associated with sickness absence cover.
- 2.5 Should the Committee require a further report providing more in-depth analysis or detailing the cost of sickness absence, for example, this can be provided at a future date following more detailed calculation.

3.0 Context

- 3.1 The recent Local Government Performance 2016-17 bulletin¹, published by the Local Government Data Unit – Wales, shows the Council's performance as being in the top 25% of Welsh local authorities during FY 2016-17, with an average of 9.0 days/shifts lost per full time employee. This is an improvement of 1.6 days/shifts lost per full time employee and two quartiles, when compared with the Local Government Performance 2015-16 bulletin².
- 3.2 The bulletin states that an average of 10.3 days/shifts per full time employee were lost due to sickness during the 2016-17 Financial Year across all Welsh local authorities. This ranged from 5.5 days in Merthyr Tydfil to 12.5 days in Blaenau Gwent.
- 3.3 For the purpose of the Local Government Data Unit collection, the number of working days/shifts per full-time equivalent (FTE) local authority employee lost due to sickness absence is calculated by dividing the number of working days/shifts lost to sickness absence by the average number of FTE employees.
- 3.4 In order to seek to draw comparisons with UK public sector performance, it is necessary to consider the Council's sickness absence levels for the 2016 calendar year as opposed to the Financial Year. This is because the Chartered Institute of Personnel and Development's (CIPD) Annual Absence Management Report references the calendar year.
- 3.5 The CIPD's latest Absence Management Report³ states that an average of 8.5 days were lost per public sector employee during the 2016 calendar year. For that same reference period, an average of 8.84 days were lost per FTE within the Council.
- 3.6 It is important to note that the CIPD's measure is by headcount (per actual employee), whereas the standard measure used by the Council

¹ [Local Government Performance Bulletin 2016-17](#)

² [Local Government Performance Bulletin 2015-16](#)

³ [CIPD Absence Management: Annual Survey Report 2016](#)

(and all other local authorities in Wales) for comparison purposes is FTE, as per the requirements of the Local Government Data Unit.

3.7 This means that the Council's performance during the 2016 calendar year was in line with the UK public sector average, on the basis that the Council's average headcount during this period was 6289 whereas the average FTE was 4341.36.

4.0 Sickiness absence by function

4.1 A summary of the number of working days lost due to sickness within each function since FY 2015-16 is shown below. A further breakdown of absence by function is included within Appendix A.

Function	FY 2017-18*	FY 2016-17	FY 2015-16
Whole Council	4108.50	5835.50	5918.50
CEO and Member Services	2.00	0.00	18.50
CEO Function	N/A**	0.00	N/A**
Executive Office	N/A**	25.00	N/A**
Corporate, Legal and Democratic Services	N/A**	N/A**	2.00
People	825.00	851.00	1232.00
Place	1291.00	1495.50	1743.00
Resources	280.00	259.50	358.50
Schools & Schools Service	1668.50	3173.50	2409.50
Workforce & OD	42.00	31.00	155.00

* 1 April 2017 to 30 September 2017

** N/A represents where teams have transferred from / to different functions

4.2 It should be noted that the 'working days lost' measure is likely to be significantly higher than a 'full-time equivalent (FTE) days lost' measure, over a longer period. The reason for this is that, for example, where an employee works 3 hours per day and is absent for just 1 day, this will show as 1 whole working day lost rather than a FTE value.

- 4.3 The working days lost measure is used in this section, on the basis that the average FTE days lost measure is not currently available through the Business Intelligence dashboard for FY 2015-16.
- 4.4 There was an overall decrease of 83 working days lost between FY 2015-16 and FY 2016-17 – equivalent to a reduction of 1.40%.
- 4.5 It will be noted that FY 2016-17 saw a reduction in total working days lost across all functions, with the exception of Schools & Schools Service (31.71% increase), when compared with the previous year.
- 4.6 The functions with the highest number of working days lost during FY 2016-17 were Schools & Schools Service (54.38% of the overall total) and Place (25.63% of the overall total).
- 4.7 The People, Place and Schools & Schools Service functions have a significant number of front-line employees who undertake manual, physical work and therefore have a higher level of exposure to health risks than office based employees. The CIPD's latest Absence Management Report⁴ found that manual workers each have 2.1 more days' absence per year on average than non-manual workers.

5.0 Sickness absence by length

- 5.1 Long-term sickness absence is any period of continuous absence which lasts for 28 calendar days or more. All other sickness absences are referred to as 'short-term'. Below is a summary of the total number of posts affected by short-term and long-term absence across the Council:

Absence length	FY 2017-18*	FY 2016-17	FY 2015-16
Short-term	2156	6634	6600
Long-term	462	806	760

* 1 April 2017 to 30 September 2017

- 5.2 It will be noted that FY 2016-17 saw an increase in the number of posts affected by both short-term and long-term absence of 0.52% and 6.05% respectively, when compared with the previous year.
- 5.3 A further breakdown of sickness absence by length can be provided at a future date should the Committee require this.

⁴ [CIPD Absence Management: Annual Survey Report 2016](#)

6.0 Sickness absence by reason

6.1 Across the Council, the top 4 reasons (in order of frequency) for all sickness absence during FY 2016-17 were:

- Infections (including colds & flu)
- Stomach, liver, kidney & digestion
- Stress, depression, anxiety, neurasthenia, mental health & fatigue
- Chest & respiratory (including chest infections)

6.2 It remains difficult to determine the cause of stress absence as it may be personal, work-related or a combination of the two. In addition, it will be noted from 6.1 above that the current recording category for stress also includes other types of illness.

6.3 So far this Financial Year, the top 4 reasons for all sickness absence (in order of frequency) are:

- Stomach, liver, kidney & digestion
- Infections (including colds & flu)
- Test / treatment (including medical appointment)
- Other muscular-skeletal problems

6.4 A further breakdown of sickness absence by reason can be found at Appendix B.

7.0 Current policy and interventions

7.1 Line managers have primary responsibility for managing absence, with proactive HR advice being provided in respect of those employees who have hit the short-term sickness absence triggers or whose absence is long-term (i.e. over 28 calendar days). The CIPD's Report⁵ found such delegation of responsibility to be among the most effective methods for managing absence.

7.2 In addition, corporate service line managers have access to the Business Intelligence dashboard, where they have requested this, and can therefore directly monitor sickness absence levels for their teams. Again, the CIPD's Report⁶ recognised this provision of information as being an effective approach to absence management.

7.3 HR Business Partners regularly attend corporate service Senior Management Team meetings across the Council to further raise awareness of sickness absence levels, as well as support service areas in identifying and addressing any hotspots.

⁵ [CIPD Absence Management: Annual Survey Report 2016](#)

⁶ [CIPD Absence Management: Annual Survey Report 2016](#)

- 7.4 The Council's Sickness Absence Management Policy specifies short-term sickness absence triggers which are one, or a combination of, the following:
- 3 episodes of short-term sickness of any length in any rolling 12 month period;
 - 2 episodes of sickness which when combined total more than 3 working weeks in any rolling 12 month period.
- 7.5 In cases where an employee reaches the short-term absence trigger points or there is a recognisable pattern of absence, the Policy states that the line manager will take informal or formal action, as appropriate. Line managers receive automatic e-mail notifications when an employee has reached the short-term absence triggers.
- 7.6 In accordance with the Council's Sickness Absence Management Policy, once an employee's absence reaches around 5 months a member of the HR Team will often attend welfare meetings with the line manager, unless there is a valid reason not to – for example, where the employee's return to work is imminent. The HR Team may attend welfare meetings sooner than 5 months where the circumstances of individual cases necessitate this.
- 7.7 The Sickness Absence Management Policy is accompanied by a comprehensive toolkit which includes detailed guidance notes, Frequently Asked Questions and template letters. Line managers can access this directly via the staff intranet (page number 6275).
- 7.8 The HR Team is also in the process of developing a sickness absence training package for line managers. The e-learning element of this will be published in November 2017, with the first face-to-face training session due to be offered to Children's Services in January 2018. Wider roll-out to all other service areas will follow and training completion levels will be monitored.
- 7.9 The Council currently engages the services of Caer Health Ltd, an independent Occupational Health Service, for specific guidance and advice on managing sickness absence cases and ill-health retirement applications, as well as pre-employment and risk-based health screening.
- 7.10 The Council also provides a confidential counselling service to employees who are experiencing difficulties in both their working and personal lives. The Council funds a maximum of 6, one hour sessions per employee who accesses the service as standard.
- 7.11 There continues to be an ongoing emphasis placed on conducting and completing return to work interviews – this is the responsibility of line managers. These provide the framework for discussions between the

line manager and employee to consider reasons for the absence, explore underlying issues or trends and to identify any reasonable adaptations or supportive interventions to promote and sustain the employee's return to work.

7.12 The Council seeks to support employees wherever possible through its work-life balance and family friendly policies, including the Agile Working Policy, Flexible Working Policy, Employee Leave Policy and Supporting Working Parents Policy. Such policies underpin our commitment to becoming an employer of choice, which in turn are likely to have a positive effect on sickness absence levels.

7.13 In addition to the above, the decision was taken at September's Joint Consultative and Negotiating Committee (JCNC) meeting to reinstate the Council's Stress Steering Group, which will oversee and facilitate the implementation of the Health and Safety Executive's Management Standards in the form of a project. Membership of the Group will include managers, trade union representatives, Health and Safety and Human Resources staff.

Contact Officer Name:	Tel:	Fax:	Email:
Lorna Simpson	01597 826066		lorna.simpson@powys.gov.uk

Background Papers used to prepare Report:

Appendix A – Sickness absence by function

Appendix B – Sickness absence by reason

[CIPD Absence Management: Annual Survey Report 2016](#)

[Local Government Performance Bulletin 2015-16](#)

[Local Government Performance Bulletin 2016-17](#)

[Powys County Council's Sickness Absence Management Policy](#)

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SICKNESS ABSENCE BY FUNCTION

The data included in this Appendix relates to the total number of working days lost by Council function.

People

Service Area / Team	FY 2017-18	FY 2016-17	FY 2015-16
People (overall)	825.0	851.0	1232.0
Adult Services (overall)	617.0	540.0	778.5
Adult Services	12.0	0.0	23.0
Health & Social Care	0.0	11.0	0.0
Mental Health & Disability Services	33.0	56.0	56.0
Older People	287.0	232.0	154.5
Safeguarding – Adult Services	0.0	1.0	N/A
Social Care Delivery	273.0	214.0	526.0
Strategic Commissioning	12.0	26.0	19.0
Childrens Services (overall)	208.0	311.0	386.0
Childrens Services	8.0	0.0	0.0
Child Care & PPD	58.0	172.0	154.0
Children & Young People's Partnership	23.0	47.0	53.0
Fostering Adoption CwD & FST	118.0	85.0	133.0
Safeguarding – Childrens Services	1.0	7.0	0.0
Youth Justice & 16+	N/A	0.0	46.0
Housing (overall)	N/A	N/A	64.5

Resources

Service Area / Team	FY 2017-18	FY 2016-17	FY 2015-16
Resources (overall)	280.0	259.5	358.5
Business Services	226.0	212.0	235.5
Commercial Services	0.0	0.0	N/A
Corporate Legal & Democratic Services	0.0	1.0	2.0*
Executive Office	1.0	N/A	N/A
Financial Services	0.0	1.0	N/A
ICT and Programmes	53.0	42.0	37.0
Risk & Resilience	0.0	0.0	0.0
Audit	N/A	3.5	N/A
Professional Services & Commissioning	N/A	N/A	86.0

Workforce & Organisation Development

Service Area / Team	FY 2017-18	FY 2016-17	FY 2015-16
Workforce & OD (overall)	42.00	31.0	155.0

Place

Service Area / Team	FY 2017-18	FY 2016-17	FY 2015-16
Place (overall)	1291.0	1495.5	1743.0
Housing	56.0	68.5	N/A
Leisure & Recreation	500.0	698.5	855.5
Regeneration & Regulatory Services	72.5	N/A	N/A
Regeneration, Property & Commissioning	N/A	123.5	157.5
Highways, Transport & Recycling (overall)	662.5	601.0	730.0
Highways, Transport & Recycling Admin	24.5	6.0	0.0
Highways Operations	247.5	270.5	329.5
Highways Technical	20.5	14.5	22.5
Integrated Transport Unit	74.0	14.0	34.0
Waste & Recycling Operations	275.0	278.0	325.0
Waste & Recycling Strategy	21.0	18.0	19.0

Schools & Schools Service

Service Area / Team	FY 2017-18	FY 2016-17	FY 2015-16
Schools & Schools Service (overall)	1668.5	3173.5	2409.5
Schools (overall)	1584.0	3125.5	2316.5
Primary Schools	979.0	1947.0	1403.5
Secondary Schools	420.5	903.5	586.0
Special Schools	166.5	252.0	301.0
Through Schools	18.0	23.0	26.0
Schools Service (overall)	84.5	46.0	93.0

CEO and Member Services

Service Area / Team	FY 2017-18	FY 2016-17	FY 2015-16
CEO and Member Services (overall)	2.0	0.0	18.5

Executive Office

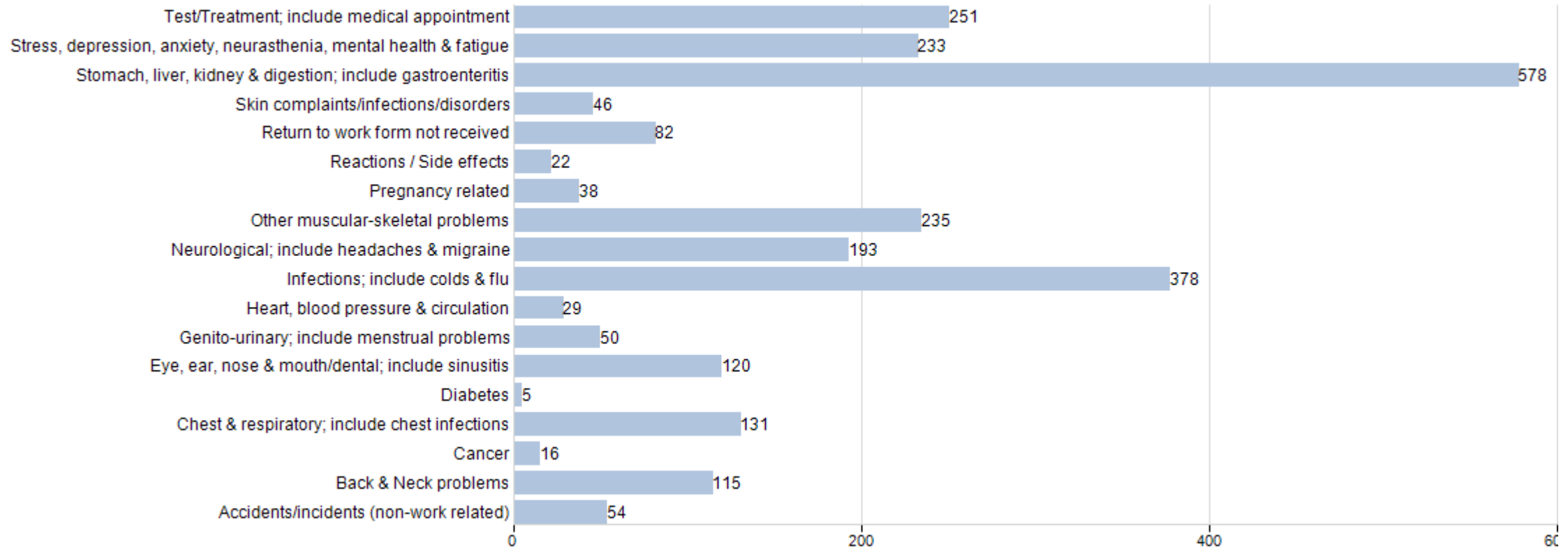
Service Area / Team	FY 2017-18	FY 2016-17	FY 2015-16
Executive Office (overall)	N/A	25.0	N/A

SICKNESS ABSENCE BY REASON

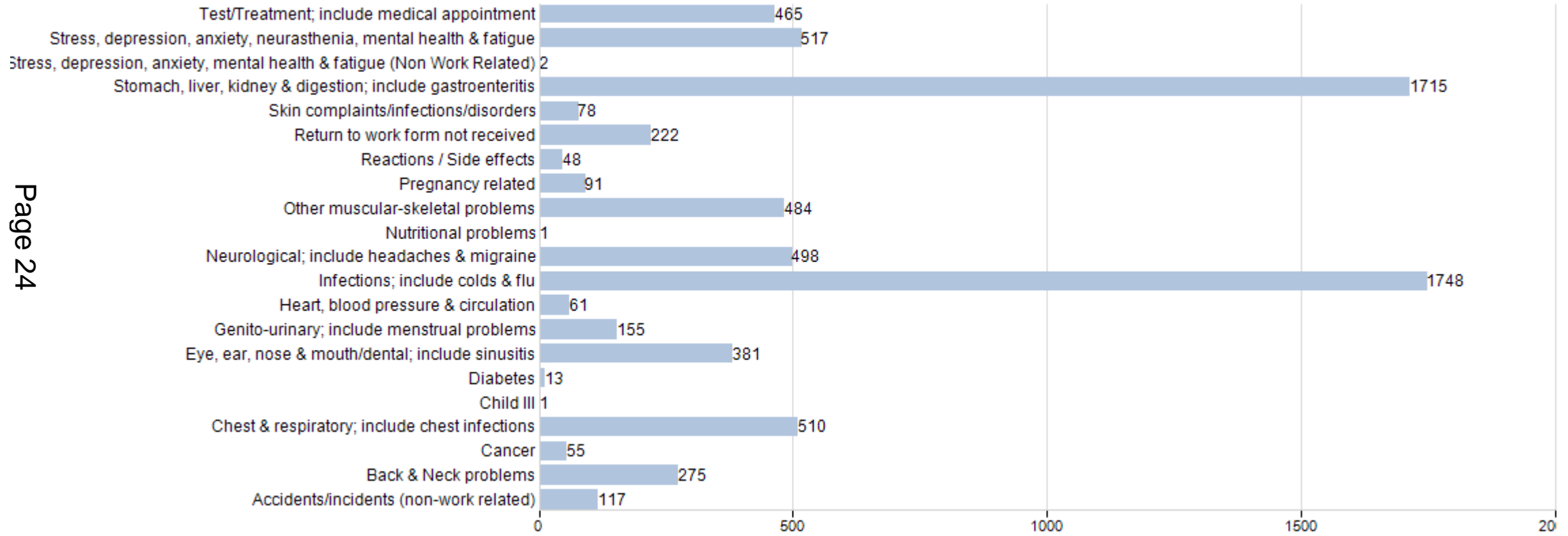
The data included in this Appendix relates to the number of posts affected by sickness absence reason, across the whole Council. This means that, for example, where an employee holds 2 posts and was absent from both posts at the same time and for the same reason, this will show as 2 posts affected.

FY 2017-18

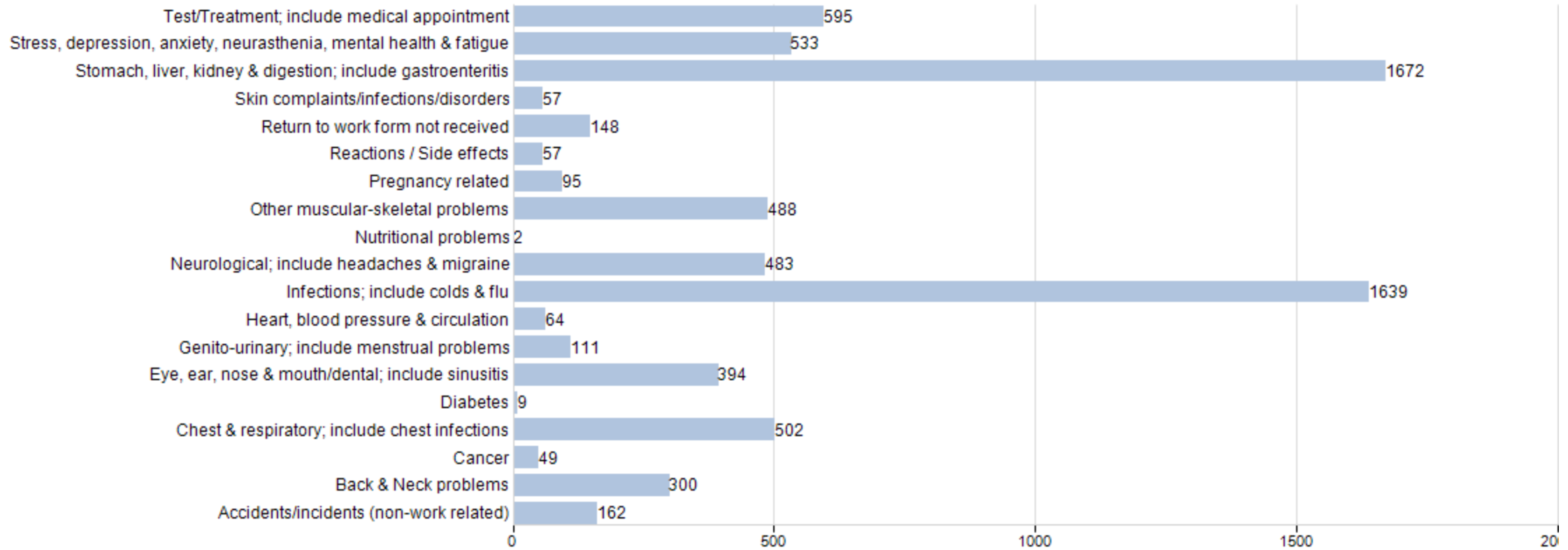
Sickness reasons for period between 01/04/2017 and 30/09/2017 (Over Last 6 months)



Sickness reasons for period between 01/04/2016 and 31/03/2017 (Over Last 12 months)



Sickness reasons for period between 01/04/2015 and 31/03/2016 (Over Last 12 months)



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Powys County Council

Internal Audit Activity 2017/18

1st April 2017 to 31st September 2017 (Quarter 2)

Our audit activity is split between:

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

See appendix A for individual audits.

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 4th April 2017.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work is categorised as:

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
- People and Asset Management

Summary of Audit Assignments
by Delivery Status

Overview of Internal Audit Activity

1. Corporate Plan- Delivering Services for Less

- In Progress – 2
- Draft / Discussion – 1
- Not Started - 2

2. Corporate Plan – Supporting People in the Community

- Audit Initiation – 3
- In Progress – 1
- Draft / Discussion – 1
- Completed – 3
- Not Started - 1

3. Corporate Plan – Developing the Economy

- In Progress – 1
- Completed – 1
- Not Started - 0

4. Corporate Plan – Improved Learner Outcomes

- Audit Initiation – 1
- In Progress – 3
- Draft / Discussion – 3
- Completed – 10
- Not Started - 8

Summary of Audit Assignments by Delivery Status

Audit Plan Progress - Continued

5. Healthy Organisation - Corporate Governance

- Audit Initiation – 1
- Completed – 1
- Not Started - 2

6. Healthy Organisation - Financial Management

- In Progress – 3
- Draft / Discussion – 3
- Completed – 3
- Not Started - 2

7. Healthy Organisation – Risk Management

- Not Started - 2

8. Healthy Organisation – Performance Management

- Not Started - 1

9. Healthy Organisation – Commissioning & Procurement

- In Progress – 2
- Completed – 1
- Not Started - 1

Summary of Audit Assignments by Delivery Status

Audit Plan Progress - Continued

10. Healthy Organisation – Information Management

- In Progress – 1
- Draft / Discussion – 1
- Completed – 1
- Not Started - 1

11. Healthy Organisation – Programme and Project Management

- In Progress – 4
- Not Started - 1

12. Healthy Organisation – People and Asset Management

- In Progress – 1
- Draft / Discussion – 1
- Completed – 1
- Not Started - 1

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Summary of plan delivery position

Conclusion

Naturally, the transfer of Internal Audit Services to the SWAP Partnership in April 2017 has meant that new protocols, procedures and systems have taken time to become familiar. It is envisaged that the embedding process has mostly been achieved but has caused the delivery of the audit plan to be slightly behind the desired position.

In addition, this position has been exacerbated by some clients delaying the start of audit projects and uncertainty over the status of certain pieces of work. The Audit Team try to reschedule projects to minimise disruption to the plan, but there may be some instances that will unavoidably result in a loss of productive days.

However, additional resources have been brought in and a revised schedule has been developed that allows the work programme to be delivered or mostly delivered in line with the agreed standards.

In summary, whilst these have been challenging times for the team, the delivery of the audit plan at this point appears to be on track.

C.P. Ref	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status
1	*Finance	Financial Transactions Management	Governance, Fraud & Corruption	National Anti-Fraud Initiative 1718 - PCC	April 2017	In progress
1	*Adult care services	Supporting Adults	Operational	Financial Overspend - Recovery Plan 1718 - PCC	April 2017	In progress
1	*Transport and infrastructure	Transport Planning	Operational	Leasing Commercial Vehicles 1718 - PCC	July 2017	Not Started
1	*Finance	Financial Transactions Management	Operational	Medium Term Financial Strategy 1718 - PCC	Oct 2017	Not Started
1	*Transport and infrastructure	Highway Development Control	Operational	Winter Maintenance 1718 - PCC	July 2017	Draft
1	*Education and skills	Access and Inclusion	Operational	Supporting Travellers Project 1718 - PCC	April 2017	In progress
2	*Housing	Enforcement	Follow Up	Gas Safety Follow-Up 1718 - PCC	April 2017	Completed
2	*Housing	Managing Tenancies	Operational	Housing - Service Charges 1718 - PCC	July 2017	Completed
2	*Adult care services	Supporting Adults	Operational	Supporting People 1718 - PCC	July 2017	Draft
2	*Children and Family's Services	Supporting Children	Operational	Grant - Youth Services 1718 - PCC	July 2017	Completed

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Draft
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2	*Adult Care Services	Supporting Adults	Operational	Social Care Payment Process 1718 - PCC	Oct 2017	Audit Initiated
2	*Children and Family's Services	Supporting Children	Operational	Looked after Children 1718 - PCC	Oct 2017	Audit Initiated
2	*Adult Care Services	Supporting Adults	Operational	Social Care Job 2 1718 - PCC	Jan 2018	Not Started
2	*Adult Care Services	Residential Homes	Operational	WQHS 1718 - PCC	Oct 2017	Audit Initiated
3	*Planning and Building Control	Building Control	Operational	Planning - Building Control 1718 - PCC	April 2017	Completed
3	*Consumer Affairs	Investigation, Inspections and Monitoring	Operational	Partnership and Collaborations 1718 - PCC	April 2017	In progress
4	*Consumer Affairs	Investigation, Inspections and Monitoring	Grant Certification	BIS - Trading Standards 1718 - PCC	April 2017	Completed
4	*Children and Family's Services	Supporting Children	Grant Certification	Welsh Gov - Schools - EIG & PDG (Final Claim) 1718 - PCC	April 2017	Completed
4	*Education and Skills	Management of Schools	School	Castle Caereinion 1718 - PCC	April 2017	Completed
4	**Education and Skills	Management of Schools	School	Llanfyllin High School 1718 - PCC	April 2017	Audit Initiated

4	*Education and Skills	Management of Schools	Follow Up	Llandrindod High School Follow-Up	April 2017	Completed
4	*Education and Skills	Management of Schools	Follow Up	Ysgol Bannau Follow-Up 1718 - PCC	April 2017	Completed
4	*Education and Skills	Management of Schools	Follow Up	Abermule CP Follow-Up 1718 - PCC	April 2017	Completed
4	*Education and Skills	Management of Schools	School	Llanbister CP 1718 - PCC	April 2017	Draft
4	*Education and Skills	Management of Schools	School	Mount Street Infant CP 1718 - PCC	April 2017	Completed
4	*Education and Skills	Management of Schools	School	Mount Street Junior CP 1718 - PCC	April 2017	In progress
4	*Education and Skills	Management of Schools	School	Leighton C.P. School 1718 - PCC	July 2017	In progress
4	*Education and Skills	Management of Schools	School	Llangedwyn C in W School 1718 - PCC	July 2017	Draft Page 10
4	*Education and Skills	Management of Schools	Operational	Grant - EIG Q1 1718 - PCC	July 2017	Completed
4	*Education and Skills	Management of Schools	Follow Up	Llanfaes CP School Follow Up 1718 - PCC	July 2017	Completed
4	*Education and Skills	Management of Schools	Follow Up	Builth Wells CP Follow Up 1718 - PCC	July 2017	Completed

4	*Education and Skills	Management of Schools	School	High School 4 1718 - PCC	Oct 2017	Not Started
4	*Education and Skills	Management of Schools	School	High School 3 1718 - PCC	Jan 2018	Not Started
4	*Education and Skills	Management of Schools	School	Guilsfield C.P. School 7 1718 - PCC	Oct 2017	Draft
4	*Education and Skills	Management of Schools	School	Primary School 8 1718 - PCC	Oct 2017	Not Started
4	*Education and Skills	Management of Schools	School	Primary School 9 1718 - PCC	Jan 2018	Not Started
4	*Education and Skills	Management of Schools	School	Primary School 10 1718 - PCC	Jan 2018	Not Started
4	*Education and Skills	Management of Schools	School	Thematic Control Review 1718 - PCC	Oct 2017	Not Started
4	*Children and Family's Services	Supporting Children	Grant Certification	Welsh Gov - Schools - EIG & PDG (Q2) 1718 - PCC	Oct 2017	In progress
4	*Children and Family's Services	Supporting Children	Grant Certification	Welsh Gov - Schools - EIG & PDG (Q3) 1718 - PCC	Jan 2018	Not Started
4	*Children and Family's Services	Supporting Children	Grant Certification	Welsh Gov - Schools - EIG & PDG (Q4) 1718 - PCC	Jan 2018	Not Started

5	*Leisure and Culture	Community Facilities	Follow Up	County Hall Restaurant Follow-Up 1718 - PCC	April 2017	Completed
5	*Democracy	Governance	Governance, Fraud & Corruption	Healthy Organisation Review 1718 - PCC	Jan 2018	Not Started
5	*Democracy	Governance	Follow Up	Follow Up Audit 4 1718 - PCC	Jan 2018	Not Started
5	*Democracy	Governance	Governance, Fraud & Corruption	GDPR Preparation	Oct 2017	Audit Initiated
6	*Leisure and Culture	Community Facilities	Operational	School Cashless System	April 2017	In progress
6	*Finance	Payroll and Pensions	Operational	Pensions 1718 - PCC	April 2017	Draft
6	*Finance	Local Taxation	Key Control	NNDR 1718 - PCC	April 2017	Completed
6	*Finance	Accounts Payable	Key Control	Accounts Payable 1718 - PCC	April 2017	Completed
6	*Finance	Financial Transactions Management	Operational	Income Generation 1718 - PCC	July 2017	In progress
6	*Education and Skills	Management of Schools	Special Investigation	School Transport Rule 5.2 1718 - PCC	July 2017	In progress
6	*Finance	Accounts Payable	Operational	Purchase Cards 1718 - PCC	July 2017	Draft

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6	*Finance	Financial Transactions Management	Operational	Income Collection - Planning 1718 - PCC	July 2017	Draft
6	*Finance	Accounts and Audit	Key Control	Fundamental System 4 1718 - PCC	Oct 2017	Not Started
6	*Finance	Accounts and Audit	Key Control	Fundamental System 5 1718 - PCC	Jan 2018	Not Started
6	*Finance	Financial Transactions Management	Key Control	Bank Reconciliation 1718 - PCC	April 2017	Completed
7	*Finance	Financial Transactions Management	Governance, Fraud & Corruption	Fraud Risk Assessment 1718 - PCC	April 2017	Not Started
7	*Risk Management and Insurance	Risk Management	Governance, Fraud & Corruption	Risk Management 1718 - PCC	Jan 2018	Not Started
8	*Democracy	Governance	Governance, Fraud & Corruption	Service Improvement 1718 - PCC	Jan 2018	Not Started
9	*Adult Care Services	Supporting Adults	Operational	Commissioning Review - Equipment Store 1718 - PCC	April 2017	Completed
9	*Consumer Affairs	Investigation, Inspections and Monitoring	Operational	Commercial Services 1718 - PCC	April 2017	In progress
9	*Democracy	Governance	Governance, Fraud & Corruption	Section 33 1718 - PCC	Jan 2018	Not Started
9	*Council Property	Maintenance of Council Property	Operational	JVC Legal Costs 1718 - PCC	Oct 2017	In progress

10	*Information and Communication Technology	Cloud and Hosted Services	ICT	Cloud/Internet Filtering 1718 - PCC	April 2017	Draft
10	*Information and Communication Technology	Information Security Management	ICT	End Point Security 1718 - PCC	April 2017	Not Started
10	*Information and Communication Technology	Threat and Vulnerability Management	ICT	Cyber Security Assessment 1718 - PCC	April 2017	In progress
10	*Information and Communication Technology	Data Centre	Deferred/Removed	Interface Files 1718 - PCC	April 2017	Completed
11	*Finance	Accounts and Audit	Operational	Supporting Cashless Project 1718 - PCC	April 2017	In progress
11	*Finance	Accounts and Audit	Advice	New Accounting Systems - Project Support 1718 - PCC	April 2017	In progress
11	*Finance	Accounts and Audit	Operational	New Revenue Systems - Project Support 1718 - PCC	April 2017	In progress
11	*Finance	Accounts and Audit	Operational	Supporting Social Care Systems 1718 - POWYS	April 2017	In progress
11	*Transport and Infrastructure	Highway Development Control	Operational	HTR - Wholly Owned Company 1718 - PCC	Jan 2018	On hold
12	*Transport and Infrastructure	Highway Development Control	Follow Up	Depot Stocks Follow-Up 1718 - PCC	April 2017	Completed

12	*Human Resources	Workforce Planning	Operational	Voluntary Severance 1718 - PCC	April 2017	Draft
12	*Human Resources	Workforce Planning	Operational	Workforce Planning 1718 - PCC	July 2017	In progress
12	*Human Resources	Occupational Health	Governance, Fraud & Corruption	Sickness Management 1718 - PCC	Jan 2018	Not Started

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CYNGOR SIR POWYS COUNTY COUNCIL**AUDIT COMMITTEE****3rd November 2017****REPORT AUTHOR: Jane Thomas, Head of Financial Services****SUBJECT: Closure of Accounts**

REPORT FOR: Information

1. Introduction

- 1.1 Committee will be aware that the Statement of Accounts for 2016/17 were issued an unqualified audit opinion by the Auditor General and approved by the Audit Committee on the 22nd September. The accounts were then published on the public website before the statutory deadline of 30th September 2017.
- 1.2 The closure of accounts process and completion of the Statement of Accounts for 2016/17 was delivered under a project management approach. The approach has been adopted for 3 years and has led to continued improvements both to the quality of the draft financial statements and the information available to support them. This was recognised within the ISA260 report presented by Wales Audit Office to Committee on 22nd September 2017.
- 1.3 The project management approach will continue for the 2017-18 closure of accounts and look to build on the improvements made in previous years.

2 Project Update

- 2.1 The project team remains in place and the project plan for 2017-18 is being developed. A review of last year's project delivery will highlight the lessons learnt, the benefits gained, and the areas for further improvement this year. The actions identified will be incorporated into the plan.
- 2.2 The Wales Audit Office Statement of Accounts Memorandum, which will be received shortly, will also provide details of any issues and make recommendations for the changes arising from this year's audit, actions identified from this report will also be incorporated into our plan.
- 2.3 In 2018-19 the Statutory deadline for both the draft and final set of accounts maybe brought forward by two weeks. The draft will need to be signed by the S151 Officers by 15th June 2019 and final version will need to be approved and published by 15th September 2019 if proposals from the Account and Audit (Wales)(Amendment) Regulations 2016 consultation are adopted. To ensure we are best placed to meet the proposed deadlines in 2019 the project plan will aim to meet the equivalent mid-month deadlines in 2018.

Proposed statutory dates for the Statement of Accounts

	2017-18	2018-19	2019-20	2020-21
Draft Version	30 June 18	15 June 19	15 June 20	31 May 21
Published Version	30 Sept 18	15 Sept 19	15 June 20	31 July 21

- 2.4 In preparation for earlier closing officers attended a Wales Audit Office led Early Closing event on 10th October 2017 where information and good practice was shared between auditors and officers. A number of authorities have already piloted working to the earlier deadlines and where shared their experiences have been noted.
- 2.5 The establishment of the joint venture, the Heart of Wales Property Services Ltd will require additional disclosures in the accounts and a separate work stream will look at meeting the financial reporting requirements.
- 2.6 The Head of Financial Services will report progress and identify issues with the Strategic Director of Resources (Section 151 Officer), and regular updates are provided under a standard item at the Resources Management Team. Regular update reports will be submitted to Audit Committee.
- 2.7 Discussions will take place with officers from the Wales Audit Office during the next few months to prepare for next year's audit, we will explore what work can be undertaken throughout the year to assist in the audit and how future workshops can be utilised to further improve the process. A clear audit plan will be requested that outlines the audit approach, and audit deliverables and timescales.

Recommendation:	Reason for Recommendation:
That Audit Committee notes the contents of the report.	To continue the improvement in accounts closure and that the continuing use of project management principles is endorsed for the closure and audit of the 2017/18 accounts.

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

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE
3rd November 2017

CABINET
7th November 2017

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

SUBJECT: Treasury Management Qtr 2 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 30th September 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:

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.50%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%
50yr PWLB rate	2.70%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%

This forecast is due to be updated shortly based on recent informed speculation that a bank rate rise will be agreed at the November Bank of England's MPC meeting.

3. Treasury Management Strategy

3.1 The Treasury Management Strategy approved by Full Council on 7th March 2017 is at Appendix A.

3.2 The Authority's investment priorities within the Strategy are: -

- (a) the security of capital and
- (b) the liquidity of its investments.

3.3 The Authority aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite has been low in order to give priority to security of investments.

4. Current Investments

4.1 The current investment market is difficult in respect of earning the level of interest rates commonly seen in previous years as rates are very low and in line with the 0.25% Bank Rate.

4.2 The Authority's investment position as at 30th September 2017 is as shown below:-

Invested with:	Principal £000's	Interest Rate	Start Date	Maturity Date
Santander	825	0.25%	N/A	Deposit A/c
BOS	15	0.05%	N/A	Deposit A/c
HSBC	0	0.00%	N/A	Deposit A/c
Total	840			

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 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 was not reached despite the provision of 3 separate legal opinions supporting the Capital Expenditure position. As such, Capita said there was little further they could do in Wales. This Authority has concurred with WAO's requirement to treat this as an investment and, as such, the amount is included in the table above and is being accounted for as an investment. Council approved this investment following a retrospective report on 16th May 2013. The £1M the Authority had in this scheme matured in August.

4.6 Redemption Penalties:

There are no current fixed investments to redeem.

- 4.7 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 Moody's updated their ratings for several UK banks on 28th September. However, this did not have any consequence for the Authority's investment situation.
- 5.2 The credit rating list for end of September is attached as a separate file to this report.
- 5.3 Moody's also updated their UK Sovereign rating in September by downgrading it from Aa2 to Aa1 and changing the outlook from Negative to Stable. The reasons for this were as follows:-
- The outlook for the UK's public finances has weakened significantly since the negative outlook on the Aa1 rating was assigned, with the government's fiscal consolidation plans increasingly in question and the debt burden expected to continue to rise
 - Fiscal pressures will be exacerbated by the erosion of the UK's medium-term economic strength that is likely to result from the manner of its departure from the European Union and by the increasingly apparent challenges to policy-making given the complexity of Brexit negotiations and associated domestic political dynamics.

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 31.03.17 Actual	2017/18 Original Estimate	2018/19 Original Estimate	2019/20 Original Estimate
	£M	£M	£M	£M
Capital Financing Requirement	307,524	326,461	357,224	382,433

- 6.3 The Authority had outstanding long-term external debt of £226.4M at 31st March 2017. In relation to the CFR figure for 31st March 2017, this equated to the Authority being under borrowed by £81M. This is a prudent and cost effective approach in the current economic climate. However, members will be aware that internal borrowing is only a temporary situation and officers have advised that, based on capital estimates, it will be necessary for the Authority to borrow at stages over the next few years. The following temporary borrowing is applicable to this financial year. It is expected that temporary borrowing will be necessary on further occasions throughout the financial year.

BORROWED					REPAID	
Date	Borrower	Type	Amount £000	Rate%	Date	Amount
28-Mar-17	Derbyshire Pension Fund	Fixed to 4/4	0	0.50	04-Apr	10,000,000
29-Mar-17	Edinburgh City Council	Fixed to 5/4	0	0.50	05-Apr	10,000,000
29-Mar-17	City of London	Fixed to 5/4	0	0.50	05-Apr	5,000,000
29-Sep-17	Manchester City Council	Fixed to 5/10	5,000	0.20	05-Oct	5,000,000

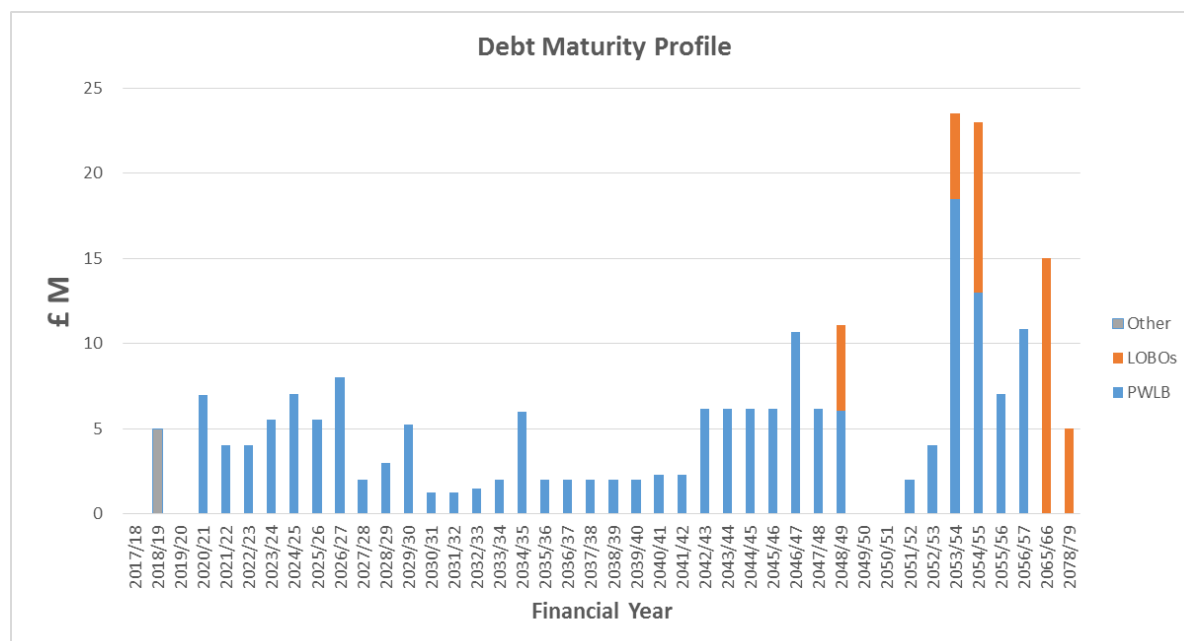
Alongside this, it is likely that some longer term borrowing will take place. This is a prudent approach to ensure some borrowing takes place whilst interest rates are at their low levels as opposed to borrowing at a future date at increased rates.

- 6.4 Capital Budget/Spend per efinancials:

Capital:	Approved Budget £	Working Budget £	Actual Capital Spend (not including commitments) £	%age spend
	74,111,259			
June		92,745,511	8,748,957	9.43%
Sept		96,322,803	19,174,168	19.91%
Dec				
March				

The financing of the approved capital budget included £17.9M of Prudential borrowing in total.

6.5 Debt Maturity Profile as at 30.09.17:



6.6 Rescheduling:

The Public Works Loans Board released a circular regarding rates on 20th October 2010. As a result of this, rates immediately increased by 0.87-0.88 basis points across the board. The overall impact of this circular was that it is far more difficult for authorities to reschedule debt.

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

7. Prudential Indicators

7.1 All TM Prudential Indicators were complied with in the quarter ending 30th September 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 30th September 2017.

8.3 Due to the current large capital spend on the 21st Century Schools in the Gwernyfed area and the Culture Hub in Brecon, the Authority's VAT claims are higher than usual. As such, HMRC carried out a sample check on the June return by requesting certain purchase and sales information. They were satisfied with the

data and, as such, released payment to us. At the time of writing this report they have requested a check on the August return but have asked for substantially more information including a hard copy of every debtor invoice raised (2,896). Based on the fact that the June return check was satisfactory and that the explanation for the higher returns remains the same, we have approached HMRC in respect of the amount of data they have requested and the fact that is required in paper format. Members will be updated verbally at Committee and Cabinet regarding this situation.

8.3 Key Performance Indicators:

The VAT KPI's for 2017/18 are attached at Appendix C.

Proposal

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

Statutory Officers

The Strategic Director – Resources (s151 officer) notes the content of the report and supports the recommendation. It is important that members are kept informed about this key activity. The report notes that, given the low interest environment, we may need to reflect whether we take out borrowing. This will be kept under review and continue to be discussed with our advisor.

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

Future Status of the Report

Not applicable

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

Background Papers used to prepare Report:

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

Appendix A:

Approved Treasury Management Strategy 2017/18:

7.5 "High" credit quality:

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

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

Permitted Fitch Ratings	Permitted Moodys Ratings	Permitted S&P Ratings
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-

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

Permitted Fitch Ratings	Permitted Moodys Ratings	Permitted S&P Ratings
F1+	N/A	A-1+
F1	P-1	A-1

7.6 Country limits:

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

Permitted Fitch Ratings	Permitted Moodys Ratings	Permitted S&P Ratings
AAA	Aaa	AAA

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

7.7 Group/Institutions - Counterparty Criteria/Limits:

Specified Investments:

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

Non-Specified Investments:

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

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

Appendix B

Economic Background

UK. After the UK economy surprised on the upside with strong growth in 2016, growth in 2017 has been disappointingly weak. Quarter 1 came in at only +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently, there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

The Monetary Policy Committee (MPC) meeting of 14 September 2017 surprised markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise. The Bank of England Inflation Reports during 2017 have clearly flagged up that they expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. Inflation actually came in at 2.9% in August, (this data was released on 12 September), and so the Bank revised its forecast for the peak to over 3% at the 14 September MPC meeting. This marginal revision can hardly justify why the MPC became so aggressive with its wording. Rather, the focus was on an emerging view that, with unemployment falling to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. This effectively means that the UK labour faces competition from overseas labour e.g. in outsourcing work to third world countries, and this therefore depresses the negotiating power of UK labour. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.

It therefore looks very likely that the MPC will increase Bank Rate to 0.5% in November or, if not, in February 2018. The big question after that will be whether this will be a one off increase or the start of a slow, but regular, increase in Bank Rate. As at the start of October, short sterling rates are indicating that financial markets do not expect a second increase until May 2018 with a third increase in November 2019. However, some forecasters are flagging up that they expect growth to improve significantly in 2017 and into 2018, as the fall in inflation will bring to an end the negative impact on consumer spending power while a strong export performance will compensate for weak services sector growth. If this scenario were to

materialise, then the MPC would have added reason to embark on a series of slow but gradual increases in Bank Rate during 2018. While there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two years will pan out.

EU. Economic growth in the EU, (the UK's biggest trading partner), has been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and now looks to have gathered ongoing substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y) and 0.6% in quarter 2 (2.3% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in August inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019.

USA. Growth in the American economy has been volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1%, resulting in an overall annualised figure of 2.1% for the first half year. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.4%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with three increases since December 2016; and there could be one more rate rise in 2017 which would then lift the central rate to 1.25 – 1.50%. There could then be another four more increases in 2018. At its June meeting, the Fed strongly hinted that it would soon begin to unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan is struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

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-17	159	5	3.14%
May-17	123	9	7.32%
Jun-17	203	11	5.42%
Jul-17	171	4	2.34%
Aug-17	182	27	4.84%
Sep-17			
Oct-17			
Nov-17			
Dec-17			
Jan-18			
Feb-18			
Mar-18			

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-17	3,429	11	0.37%
May-17	4,785	5	0.10%
Jun-17	4,497	9	0.20%
Jul-17	4,627	17	0.37%
Aug-17	3,134	12	0.38%
Sep-17			
Oct-17			
Nov-17			
Dec-17			
Jan-18			
Feb-18			
Mar-18			

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-17	32	8	25.00%
May-17	47	7	14.89%
Jun-17	25	2	8.00%
Jul-17	27	4	14.81%
Aug-17	37	8	21.62%
Sep-17			
Oct-17			
Nov-17			
Dec-17			
Jan-18			
Feb-18			
Mar-18			

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 sampled 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-17	62	18	40	£3,747.61	4	18.18%	£7.31
May-17	79	9	22	£3,330.52	3	5.26%	£266.96
Jun-17	157	114	14	£3,967.04	10	6.99%	£347.36
Jul-17	126	6	33	£4,321.97	3	3.23%	£442.14
Aug-17	156	56	48	£3,050.46	10	9.26%	£281.63
Sep-17							
Oct-17							
Nov-17							
Dec-17							
Jan-18							
Feb-18							
Mar-18							

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 and/or are ongoing in 2017. 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
01-Dec-16	£119,560.81	Leisure – BSU	To be confirmed by HMRC
11-Jan-17	£15,223.65	Fleet - Pool cars	To be confirmed by HMRC
30-Jan-17	£20,592.34	Regen – invoices to YFC's	£2,277.23

Chargebacks to service areas

As a result of the monthly Creditor invoice checking, Treasury Management produce a list of Creditor payments for which a “proper” vat document has not been received. Any VAT amounts on these invoices are held in the vat account and are not claimed until such time as a valid invoice is received. The relevant budget holder is emailed the details and asked to source a correct document. Failure to do this results in the relevant budget being charged with the vat amount that cannot be reclaimed due to the lack of a proper document.

The total charged back in 2017/18 at the end of September is £13,235.07.

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

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CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

3rd November 2017

REPORT AUTHOR: Greg Thomas, 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 Committee on 6th July 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.
- 3.4** 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 Current Position

- 4.1** The following changes have been made to the Corporate Risk Register in the reporting period for quarter 1, and are reflected in the appended Summary report: -
- i. RPC2 – the residual risk has reduced from High to Medium;
 - ii. LR24 – this risk has been escalated to the Corporate Risk Register.
- The remaining 23 risks on the register remain unchanged for this period.
- 4.2** Full detail of the risks and the mitigation identified to control the risks is included in the attached Heat Map, Risk Summary, and Risk Register.

5.0 Further Work

- 5.1** 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.
- 5.2** 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.
- 5.3** Risk Management training is currently being developed and will be delivered to Members, with initial focus on Cabinet and Audit Committee.
- 5.4** The Council is currently being subjected to the third and final thematic review as part of the Corporate Assessment process, which is being undertaken by WAO. The review is being 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.

5.5 As the budget setting process begins again, the process of co-ordinating Impact Assessments (IAs) for each of the savings identified for 2018/19 will also begin. Each of the IAs will be quality assured and agreed by the Cabinet Sub Group, before being made electronically available to the Finance Scrutiny Panel. This will be followed by electronic sign-off by the appropriate Portfolio Holder, approval by Cabinet, and submission to Council as part of the Budget pack.

5.6 The IA Project Team has reviewed the IA template and made changes according to the latest legislation, as well as user feedback. One of the changes made was to incorporate the Savings Delivery Plan Template, which was introduced at last year's budget. This will remove any unnecessary duplication and reduce workload for the services, as well as ensuring that the required information in respect of each saving is received from services.

6.0 Business Continuity Management (BCM)

6.1 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.

6.2 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.

7.0 Statutory Officers

7.1 The Strategic Director, Resources (S151 Officer) has made the following comment: "The report supplies Audit Committee with an effective summary of the Risk Management and BCM position throughout the organisation."

7.2 The Solicitor to the Council (Monitoring Officer) has commented as follows: "The recommendations can be accepted from a legal point of view"

8.0 Future Status of the Report

8.1 Not applicable

Recommendation:	Reason for Recommendation:
That the Audit Committee notes the	To ensure the adequate management

progress being made by the Business Continuity & Risk Management Officer in increasing awareness of Risk Management and BCM throughout the organisation.	of risk, and safeguard the Council.
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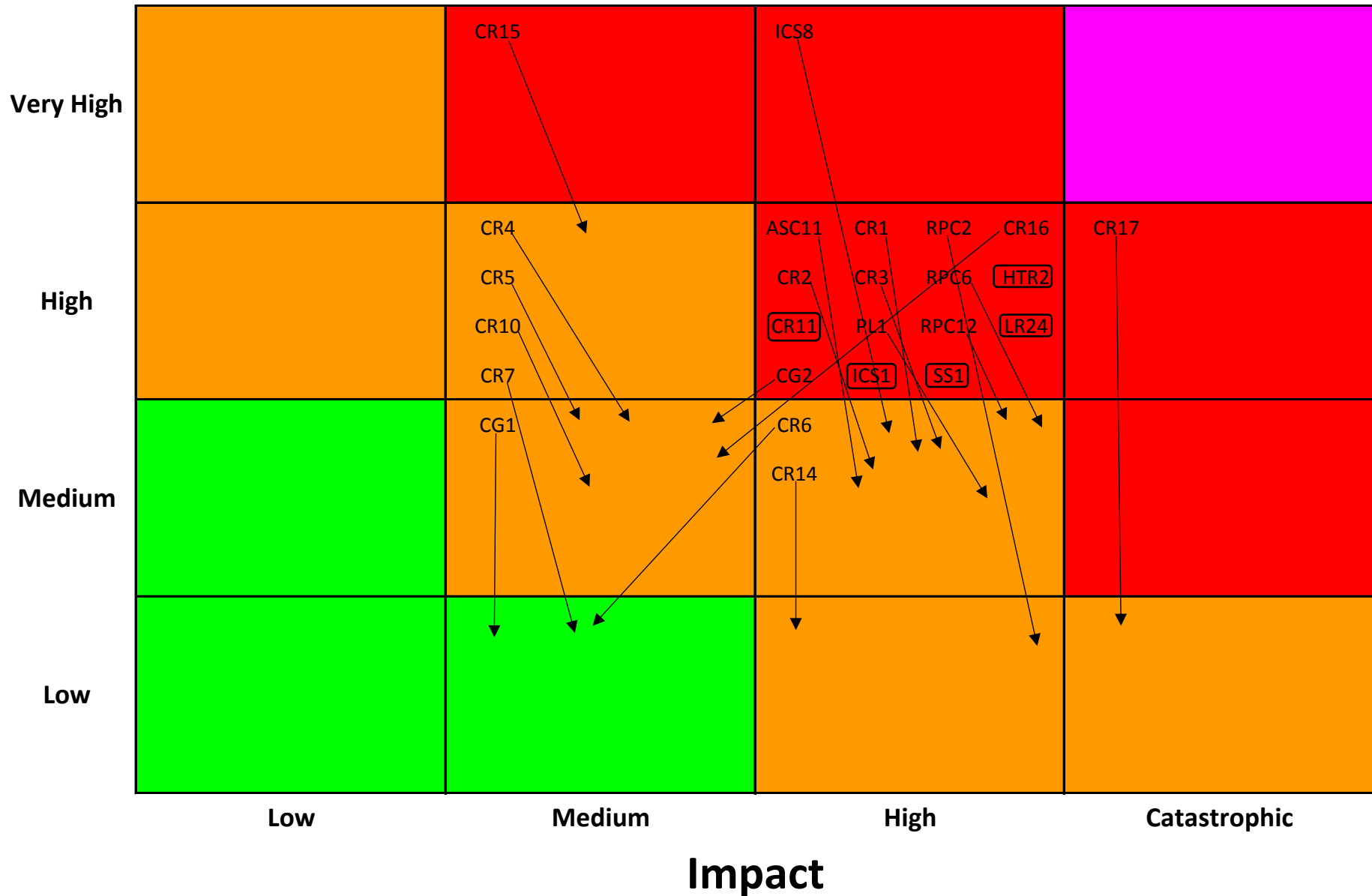
Relevant Policy (ies):	
Within Policy:	Y
Within Budget:	Y

Relevant Local Member(s):	Not Applicable
---------------------------	----------------

Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

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

Heat Map



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.

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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	↔	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	↔	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

LR24	New	Services delivered for less Supporting people in the community Developing the economy Learning	Brecon Cultural Hub cost plan under continual pressure due to inflationary increases, complexity of design programme and other factors. Potential over-run beyond agreed budget.	Paul Griffiths	Cllr Rachel Powell
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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	The Council's ability to recommission the Domiciliary Care Service by April 2018, at the end of the current framework period.	Dom Care Service fails, leaving service users at risk. Reputational and financial impact / damage. The Council would not be providing dom care services according to procurement regulations.	M	C	High	8	Bid in to Invest to Save. Implement approved provider list (Dynamic Purchasing System - DPS). Progressive rollout. Engagement with providers via contract management process. Action Plan & Accountability Framework. Action within SIP. Portfolio Holder delegated decision.	Carol Shillabeer Cllr Stephen Hayes	Improved working arrangements with PAVO to support and build capacity in the 3rd sector; Move from traditional provider / commissioner relationship to co-production with stakeholders; Develop outcome based commissioning. Integrated approach with PTHB to design a joint domiciliary service model; Portfolio Holder delegated decision 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.	I	H	Medium	3	
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		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	
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 ASC providers may remove provision; Inability to meet statutory requirements; Unaffordable within current budget.	H	C	High	12	Working with ASC providers to understand increased cost pressures; Funding identified for 2017/18 in the budget process. Identify capacity issues. All change projects allocated a project manager. Regular budget monitoring. ICF money from WG to engage with Work undertaken with Vanguard.	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 / continuity of provision of WCCIS (DRAIG replacement)	Loss of data resulting in officers being unable to access client files. Continuity of reporting; Loss of data	H	H	High	9	Ongoing support from ICT: - SIP Objective 2017 - ICT1 Support post implementation benefit release of the National WCCIS system	Carol Shillabeer Cllr Stephen Hayes		H	H	High	9	WCCIS went live 24th April 2017.

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes		
							P	I	Risk Rating					P	I	Risk Rating			
CG1	Services delivered for less	Prior to 2014	SIP.L.V 2	Legal	Failure of governance.	Council acts ultra vires; Contravenes finance regulations and EU procurement regulations. Failure to distribute	M	M	Medium	4	All work is report based and there is a mechanism in place by which appropriate checks are made - two checks are made by Finance and two checks by Legal (Section 151 Officer and Monitoring Officer).	Jeremy Patterson	Cllr Aled Davies	ModernGov Phase 2 tested and to be rolled out by December 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	<ul style="list-style-type: none"> 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	
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	

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls			Residual Risk			Notes
							P	I	Risk Rating				P	I	Risk Rating				
CR3	Services delivered for less Supporting people in the community Developing the economy Learning	21/11/2012	Risk Register 21/11/12 12.92	Corporate	Inadequate Corporate Governance arrangements for shared services and partnerships	Failure to effectively deliver services	H	H	High	9	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 currently 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) / Corporate Improvement Plan (CIP)	Failure to deliver the aims and objectives outlined within Council Plans.	H	M	Medium	6	Programme Managers lead on each of the programmes within the OPP and CIP. Programme Boards meet bi-monthly and monitor progress of projects. This is then reported to the Transformational Board and PSB. 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. Resource Hub established.	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. A Commissioning Commercial and Procurement Strategy(CCPS) has been drafted and is currently being consulted on (close 10th August) this will then be tabled to the Cabinet for approval. Contract Management Training has been undertaken between May and July and a further enhanced course will be run in September. Commissioning Toolkit embedded into the organisation and the new CCPS and staff trained across directorates.	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. Further training to be undertaken within Commercial services to enhance public procurement skills. Work also to be undertaken to enhance tendering for community/voluntary sector organisations working with Business Wales/Powys Association of Voluntary Organisations.	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	
CR10	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	

Risk Ref	Corporate Priority	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Residual Risk			Notes			
							P	I	Risk Rating				P	I	Risk Rating				
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	
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. c) Appeal heard June 2017, currently awaiting result.	Paul Griffiths	Cllr Jonathan Wilkinson	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.	L	H	Medium	3	
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. Examination process of re-submitted LDP has been completed, it went well. But currently awaiting response from Planning Inspector.	Paul Griffiths	Cllr Martin Weale	Currently awaiting response from the Planning Inspector.	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				
RPC12	Services delivered for less	11/12/2015	HoS	Regeneration, Property & Commissioning	We have identified CE1M of urgent health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Financial and reputation risk to the Council if the remedial works are not undertaken.	H	H	High	9	A further £500k capital identified to undertake work in 2017/2018.	Paul Griffiths	Cllr Jonathan Wilkinson	Rolling programme of works. Funding for the urgent works has been dealt with as part of the Council's overall budget setting process. £500k capital works (urgent works) has been completed. Programme developed for the next 2 years to address the highest priority cases.	M	H	Medium	6	
SS1	Services delivered for less Learning	13/01/2015	SMT	Schools Service	Non delivery of the Schools Transformation Programme Risk of legal challenge to consultation process which will impact of 21st Century Capital programme Political dimension with a motion that all decision making in respect of school reorganisation is made by full Council.	infrastructure which is not contributing to the Authority's efficiency agenda, and leading to poor educational outcomes. Delay in delivery of programme due to political dimension and potential loss of WG funding.	H	H	High	9	<u>Primary Schools</u> Welshpool - temporary Governing Body in place and staffing processes near completion. Gwernyfed - work commenced on the building of the 5 new Primary Schools. Temporary Governing Body established for Ysgol y Mynydd Du and staffing process near completion. <u>Secondary Schools</u> Mid Powys - temporary Governing Body established for the new mid Powys Secondary School and Head teacher appointed. South Powys - OBC approved for new build in Brecon and investment in Gwernyfed. North Powys - Business case production commissioned and	Ian Budd	Cllr Myfanwy Alexander	<u>Secondary Schools</u> Meeting with Cabinet planned for the commencement of the Autumn term to establish the transformation priorities for the term of the current Council.	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"> Breach of Equalities legislation; Failure to comply with H&S legislation; Failure to be able to provide services in a suitable way to the public, and accommodation which is suitable for staff. 	M	H	Medium	6	Strategic review of office accommodation in progress. <u>Schools</u> Review of Special Schools; 21st Century Schools Programme (prioritised according to pupil vulnerability); A new Schools Service Major Improvement Programme Scoring and Prioritisation criteria was agreed by Cabinet 3/3/15, and it was also agreed a spend of £1m per year for the next three years.	Jeremy Patterson	Cllr 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"> Revision of SLAs as part of JVC (incorporating Property Plus); Defined Client side role; Develop robust SLA with clearly defined roles; Develop a commissioning model; Understanding of how work is commissioned. 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	

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			
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. Access to IT equipment Resourcing issue, particularly in Libraries	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. Digital support being provided (training to staff). Establishment of Operational Group within Powys to co-ordinate activities of joint comms plan, joint training plan. Support from DWP - training, help with launches (Joint Powys & DWP introductions).	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. Lessons learned via UC LA Group. Training provided to all support staff within Council.	H	M	Medium	6	Universal Credit will be rolled out in Powys by June 2018.
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	

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			
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.

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	
LR24	Services delivered for less Supporting people in the community Developing the economy Learning	2016	LR SIP 2016-19 Objective LR10	Leisure & Recreation	Brecon Cultural Hub cost plan under continual pressure due to inflationary increases, complexity of design programme and other factors. Potential over-run beyond agreed budget.	Breaches in financial and project plans, resulting in project having to stop, or further funds having to be sought from Council .	H	H	High 9	Sourcing additional external funding (partially successful and ongoing). Continued working detailed design spec/materials and tender packages to determine detailed costings. Raising awareness internally and with responsible Portfolio holders, Strategic Director and senior officers, along with partners and Stakeholders. Raise concerns at early stages, and raise through Programme Board and Project Board. Project Manager in place who has building and project management experience and knowledge.	Paul Griffiths	Cllr Rachel Powell	Continuation and expansion of project development activity including cost engineering reduction exercise and design refinements and acquisition of accurate tender prices and costings	H	H	High 9	

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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			Disqualification	Imprisonment
	Prosecution/punishments				
	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					

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Audit Committee

3 November 2017

Finance Scrutiny Panel

Purpose of Report: Progress report

The Finance Scrutiny Panel met on 15 September 2017.

The Panel remain concerned that the current year's budget must be stabilized before a longer budget could be drawn up. It was noted that the Cabinet proposes to move to a 5 year budget but the Panel, to date, had not had an opportunity to scrutinize the budget going forward in light of the 2025 Vision.

The Panel had invited three Portfolio Holders present their budgets to the Panel although by the date of the meeting, only one was available to attend. Whilst recognising that many members of the Cabinet were new to either the Cabinet or the Authority, the Panel were becoming concerned at the lack of fiscal responsibility demonstrated by the Cabinet. Some service areas relied heavily on other services being underspent and this was unacceptable as each service should manage within its budget. The Cabinet had reversed a number of decisions made by the previous Cabinet and it was not clear how these additional costs would be met going forward.

The Joint Chairs and Vice Chairs Steering Group has asked that the Panel scrutinize the Social Services Budget and Savings. Work is already programmed regarding the draft 2018/19 budget.

The next meeting is scheduled to take place on 27 October and a further, oral update will be given to Audit Committee.

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

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

Background papers: Notes of meeting held on 15 September 2017

Group Membership: County Councillors J G Morris (Lead Member), M Dorrance, J Gibson-Watt, D R Jones, P Roberts, D A Thomas, E Vaughan, A Williams, G Williams and Mr J Brautigam

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Audit Committee

3 November 2017

Internal Audit Scrutiny Group

Purpose of Report: Progress report

The Internal Audit Scrutiny Group met on 15 September 2017.

Voluntary Severance	A report had highlighted a lack of process in agreeing some voluntary severances. Since that time, new procedures had been put in place including a guidance note for Heads of Service. A combined document incorporating the voluntary severance policy and management of change policy has been produced. The Group were satisfied that more robust governance had been achieved and noted that a further audit would take place in due course.
Direct Payments	Audits of direct payments had not been taking place. The service had been working to improve the situation but had been hampered by competing priorities. At the same time the popularity of direct payments had increased but the resourcing to manage the process had not. Audits were now completed by the Income and Awards Section and significant movement has been made in addressing the backlog. The service would be subject to a further audit during the next financial year.
Medium Term Financial Strategy (MTFS)	An Internal Audit had been undertaken in February 2017. Some savings were not supported by adequate business plans. The MTFS will need to be revised in light of the new Council's priorities. The Group were concerned that future planning was difficult when the present situation was unclear. An action plan arising from the audit would continue to be monitored.

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

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

Background papers: Notes of meeting held on 15 September 2017

Group Membership: County Councillors J G Morris (Lead Member), M Barnes, K Laurie Parry, A Williams and Mr J Brautigam

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Joint Audit - Education Scrutiny Working Group

Interim Report on: Financial Viability of Schools

Observations made to: Cabinet/Management Team

Background:

Joint Chairs instructed Audit and Education Scrutiny to undertake a joint piece of work assessing the Financial Viability of Schools.

The Wales Audit Office Review of Education Finance Powys published in June 2017 together with projected deficits in the Schools Service had caused the Section 151 Officer to alert the Council to the potential threat raised by schools budgets.

In July 2017 the Cabinet received a report which projected that by 2019/20 schools delegated budgets would be showing a deficit of £5.4M (not including figures for Welshpool High School which shows a deficit of £0.5M by 2017/18). Whilst it is accepted that these projections do not take into account mitigating measures that schools will put in place in the meantime this level of deficit is a risk to the Council and this, together with the WAO report, prompted the current review. We are also aware that the council are proactively looking at this issue but to date have no hard evidence on its views or planned actions.

Scope:

The project is to be undertaken in stages with Stage 1 focussing on Secondary Schools which are showing a more serious position. Discrete areas of work are to include at a high level: standards, school rolls, curriculum provision, Welsh language provision, staffing structures, teacher/pupil ratios, financial expertise within schools and support from Corporate Services. In addition we have examined the allocated proportion to delegated/non-delegated budgets and potential areas of economy.

The Scrutiny Group have met with the following people to date.

Councillor Myfanwy Alexander – Portfolio Holder for Education

Councillor Aled Davies – Portfolio Holder for Finance
 David Powell – Section 151 Officer
 Jane Thomas – Head of Financial Services
 Ian Budd – Director of Schools
 Gareth Jones – Head of Schools
 Huw Lloyd Jones – Wales Audit Office
 Graham Taylor – Chair of Schools Forum
 John Williams – Vice-Chair of Schools Forum and Head of Gwernyfed High School
 Jackie Parker – Head of Crickhowell High Schools
 Andrew Fryer – Chair of Governors Crickhowell High School
 Michael Gedrim – ALN Service.

Introduction

Financial details taken from the published accounts and budgets show that overall funding Education in Powys has remained relatively static, at c.£100m. (per pupil the 3rd highest in Wales), for the last five years. However, the delegated budget available to schools has over that period fallen by some £3.7m. The impact on schools has been exacerbated by the transfer of some costs which were paid for centrally to the individual schools' budgets.

Year	Schools Service	Delegated	Total
All £ million			
2017-18	31.0	68.9	99.9
2016-17	30.4	69.9	100.3
2015-16	30.1	70.3	100.4
2014-15	31.2	71.5	102.7
2013-14	27.5	72.6	100.1

The WAO reported that for 2016/17 the gross budgeted expenditure per pupil is the 6th highest in Wales but the percentage of that delegated to schools is the second lowest in Wales at 78%. As a result the delegated expenditure per pupil is the 5th lowest in Wales: the average for Primary is £4,000 and Secondary £4,800.

The Council's centrally retained and administered budget per pupil is the second highest in Wales at £1,305 of which the largest component is home to school transport which at £513 is by some margin the highest in Wales.

The Council has known for some time of the threat presented from delegated budget deficits at an increasing number of schools. The WAO report in June was preceded by another WAO report in 2012 and a PWC report in 2015. This is illustrated by the following:

School Balances

Actual outturn 2016/17	+£0.48m
Draft Budget 2017/18	-£1.497m
Projection to 2019/20 (Prior to any mitigation being put in place)	-£5.454m

Initial Findings (Delegated)

The increasing deficit position would suggest that the funding is inadequate to maintain the current footprint of schools with the existing staffing structures together with the present curriculum offer. It is appreciated that it is unlikely that additional funding will be available to support schools. An extra £1m per year for 3 years (a total of £6m by the end of year 3) was put into the Schools Service for 2017/18 to help support secondary schools but it appears this was distributed via the Funding Formula to support small schools and only 20% was actually available to support the secondary sector.

How then has this position arisen? Possible causes identified include:

- Falling pupil numbers (including losing sixth form pupils out of county)

The table below taken from WG data shows that the recent decline in the population under 25 is likely to accelerate through the next decade.

Powys

	2015	2020	2025	2030
People aged 0-2	3,790	3,590	3,290	3,060
People aged 3-7	6,630	6,510	6,130	5,640
People aged 8-10	4,130	4,110	4,010	3,750
People aged 11-13	4,270	4,170	4,150	3,990
People aged 14-19	7,880	8,020	7,930	7,840

However, pupil data from the WAO report would suggest that following the decline between 2009 and 2012, pupil number have remained relatively static.

The impact on the delegated schools budgets has been a reduction of over £1,7m between 2013/14 & 2016/7. Although this trend is unlikely to be

uniform across the county due to pupil movement across borders in both directions. That movement is difficult to predict and is driven by a number of factors.

- Unwillingness to intervene directly in schools' financial management.

The Council has issued letters of concern to those schools that it deemed appropriate but it has been reluctant to use its powers to intervene directly in the management of individual schools finances. In the opinion of virtually all who were questioned on this, lack of action has been perceived as a weakness. The offending schools have, as a result, sensed that little action would be taken.

The Council's reluctance on this has, in part, been due to concerns that it has neither the capacity, nor in the case of curriculum management, the necessary skills, to successfully manage and resolve the problems. The Group felt that this is a significant weakness in the Council's approach.

- Schools failing to take difficult decisions and plan for falling rolls

The reaction of schools to the financial constraints has been mixed. Some schools have taken early and difficult decisions to restructure their leadership, staffing and curriculum offer to meet projected falling rolls and are in a better position to manage decreasing budgets. Some schools have failed to take this action and their budget positions are a risk to themselves and the overall financial health of the authority. It is clearly unfair to allow well managed and financially proactive schools to be worse off due to the inaction of others.

We have discussed above the lack of curricular skills centrally within the Council. It has been suggested that a similar shortcoming of curricular/timetabling skills is evident within individual schools. We consider that such skills have to be provided either through training or the use of computer programmes within the schools themselves.

- School structures

It has been suggested that management structures have not been reviewed to take account of falling rolls. There is also apparently no template or guidance given to Governing Bodies on the management structures for schools. There is concern that the way in which TLAs are used in some schools. TLAs must be sufficiently flexible to support changing circumstances in curriculum and budget. The use of temporary TLAs could be a potential benefit. Schools must also use their teaching staff contact time efficiently and this should be monitored by Governing Bodies. The use of part time contract staff can have a beneficial effect on school budgets. The above needs to be monitored by ERW, Challenge Advisers, Governing Bodies and Senior Managers.

- Indecision and inaction

We consider that the Council's lack of a consistent policy direction and implementation has led to inaction and delays in defining School Modernisation. The capital programme surrounding it has led to uncertainty around the future of some schools, inhibited change and exacerbated falling roles.

A particular example of this is the provision of Welsh Medium education in the North of the county. A decision has been pending for some years on the provision of a new Welsh medium only school which would have a massive impact on the remaining schools in the area including a real prospect of closure. Such delays lead to uncertainty which prevents accurate longer term budget planning.

- Funding Formula Review

A comprehensive review of the funding formula is essential but we believe the current review will not address the fundamental issues. We would anticipate a more root and branch review of the formula to be progressed urgently.

Financial Structures

There has been a lack of clarity between the roles and responsibilities of schools and the finance service allowing schools to overspend. This has resulted in schools not only spending their delegated budget and reserves but also overspending of the non-delegated Council's money.

The issue of dual stream schools against the financial budgets are concerning. A policy on dual stream schools and Welsh Medium Education should be progressed within financial constraints

Initial Findings (Non-Delegated)

There are a number of areas which the Joint Scrutiny Group have concern that expenditure on each is proportionately the highest or approaching the highest in Wales. These are:

- Home to School Transport – including Post 16 transport

Costing over £9m - equivalent last year to £513 per pupil this cost is by some margin the highest in Wales. By comparison Ceredigion and Monmouthshire, the next highest, are c.£475 and £330 per pupil respectively.

It has been suggested to us that movement of pupils between schools to attend lessons could/should be a delegated responsibility to individual secondary schools. This, or perhaps a wider examination of local solutions could potentially save money. Consideration should be given to the continuation of free transport for Post 16. EMA is available to post 16 students.

- The Freedom Leisure Contract

This contract currently worth £1.8m is part of 'Other Schools Budget' costs allocated centrally. A review of this has already been started with, we understand, a revised allocation for Wet Side – swimming already agreed with agreement on the larger Dry Side to follow.

- ALN and Behaviour support.

As stated above the centrally retained expenditure for Additional Learning Needs of £4.3m represents £243 per pupil and is the third highest in Wales. As at the time of the WAO report (June 2017) the Council was reviewing the way it delivers some of its ALN services.

Conclusions

It is apparent that the present financial position is unsustainable. This has now become a very urgent matter and although this Group were informed by the Portfolio Holders for Education and Finance that there would be a clear direction on the future shape of secondary schools by the end of the Summer 2017 which would inform the financial projections going forward, this so far, has not been forthcoming. This situation cannot continue given the continuing depletion of Council reserves and urgent action is required.

Until such time as the Group receives a clear policy direction there is limited scope to take this any further.

Membership of the Joint Audit - Education Scrutiny Group

Audit representatives: County Councillor J Morris (Lead Member), Independent (Lay) Member J Brautigam, County Councillor H Hulme
Education Scrutiny Group representatives: County Councillors P Roberts, D Jones and S McNicholas

MINUTES OF A MEETING OF THE JOINT CHAIRS AND VICE-CHAIRS STEERING GROUP HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON TUESDAY, 19 SEPTEMBER 2017

PRESENT: County Councillor Mr J Brautigam (Chair)
County Councillors D R Jones, JG Morris, G I S Williams and E Durrant

Officers: Jeremy Patterson (Chief Executive), Liz Patterson (Scrutiny Officer), David Powell (Strategic Director - Resources), Lisa Richards (Scrutiny Officer), Wyn Richards (Scrutiny Manager and Head of Democratic Services) and Ian Budd (Director of Education)

1.	APOLOGIES
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Members: County Councillors Pete Roberts and Matthew Dorrance.
Officers: Clive Pinney (Solicitor to the Council), Peter Jones (Professional Lead – Corporate Insight) and Emma Palmer (Strategic Business Manager to the Chief Executive)

2.	DRAFT NOTES - FOR CONSIDERATION
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Documents Considered:

- Draft Notes – 11th July, 2017.

Issues Discussed:

- The Scrutiny Manager was asked to follow up the response on Chairs’ attendance at the Commissioning and Procurement Board and the report on the Capital Programme.

Outcomes:

Action	Completion Date	Action By
Scrutiny Manager to follow up the response on Chairs’ attendance at the Commissioning and Procurement Board and the report on the Capital Programme	10/10/17	WR <u>Update:</u> Chair of Procurement and Commissioning Board discussing with Board on 3/10/17. Capital Strategy and programme – to be considered at Joint Chairs in November.

3.	RISK BASED ASSESSMENT OF CORPORATE ARRANGEMENTS
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Documents Considered:

- Slides from the Wales Audit Office (WAO) arising from the risk based review of corporate arrangements.

Issues Discussed:

- The WAO review was split into 3 sections and was a light touch approach.

- Slides provide Green / Amber / Red indicators on the following aspects of the Council:
 - Vision and Strategic Direction;
 - Governance and Accountability;
 - Use of Resources;
 - Collaboration and Partnerships;
 - Managing Improvement;
 - Key Corporate Strengths and Challenges.
- The Council's capability in terms of numbers and skill sets is an issue as are the costs of the current social services model which are unsustainable and the schools financing model. However there are some strengths identified by the review.
- The report authors Colin Davies and Justine Morgan have offered to speak to scrutiny and the cabinet about the points raised in the review.
- Powys is driving greater change than anyone else in Wales which has identified needs in terms of capability at officer and Member levels including the need for objective scrutiny.
- WAO raised concerns about how the previous Cabinet operated, the clarity of those meetings and that too many operational issues were being considered with a need for a Cabinet to be more strategic.
- The roles of the Strategic Overview Board (SOB) and the Commissioning and Procurement Board were also the subject a comment that the Cabinet was scrutinising itself rather than scrutiny undertaking that role. Work programming was also an issue raised.
- The Council has addressed the issues regarding the operation of the Cabinet and there is now scrutiny involvement in the SOB. Work was also being undertaken on behaviours and values for Cabinet and scrutiny.
- The delivery of savings in social services remained a concern.
- In relation to schools financial compliance was being addressed with a follow up on a monthly basis and escalation where needed.
- A review of the social services base budget was being undertaken with phase 1 completed. Another phase was underway and the service was tasked with an action plan to achieve savings as well as looking at issues such as the costs for services for those under 65 which were out of kilter with the rest of Wales. Consideration was being given to how long it would take to transfer funding from the under 65s to over 65s budget.
- Concern had been expressed by Management Team and the SOB regarding Children's Services with a red RAG status. There were also concerns that changes in Children's Services were not on track.
- Financial resilience – whilst the balance sheet was strong there were risks which underlie this. The Council was 21 out of 22 in terms of delivering savings.

Outcomes:

Action	Completion Date	Action By
Colin Davies and Justine Morgan (WAO) to be invited to attend a meeting of the Joint chairs to discuss the review report.		WR <u>Update:</u> WAO being invited to make presentation to all Members - November

4.	REVIEW OF THE SCRUTINY SERVICE
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Documents Considered:

- Report by the Strategic Director – Resources.

Issues Discussed:

- Members had discussed with representatives of the Independent Remuneration Panel for Wales (IRPW) regarding honoraria for leaders of working groups. It would be for the Council to submit a case to the IRPW for consideration.
- When establishing reviews Working Groups should set timescales within the scope of the review.

Outcomes:

- **Noted.**

5.	DISCUSSION WITH THE CHIEF EXECUTIVE, STRATEGIC DIRECTORS REGARDING POTENTIAL SCRUTINY ITEMS
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Documents Considered:

- None

Issues Discussed:

- The Chief Executive outlined an issue with Children’s Services arising from a recent CSSIW (Care and Social Services Inspectorate Wales) inspection which would require a programme of work by scrutiny to review the action plan initially followed by scrutiny of individual elements of the action plan.
- A serious concern letter had been received from the Chief Inspector following receipt of the draft report and there was a risk of Ministerial intervention.
- An action plan was being drawn up and an Improvement Board established.
- This had identified a need to strengthen corporate oversight as well as corporate support. Savings and income targets as well as base budgets would need to be reviewed.

Outcomes:

Action	Completion Date	Action By
Scrutiny of the Children’s Services Improvement Plan to be included in the Scrutiny Forward Work Programme	10/10/17	WR

6.	WORK PROGRAMME
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Documents Considered:

- Cabinet Work Programme.
- Scrutiny Work Programme

Issues Discussed:

- Request from Radnorshire and County Councillor Liam Fitzpatrick, Portfolio Holder for Highways that the forthcoming Revised Policy on Car Parking be reviewed by scrutiny – the Steering Group decided that in view of other priorities it did not have the capacity to review this item.
- Request that the Vision 2025 Action Plan be reviewed – accepted.
- Absenteeism in the HTR Service is above the norm and costing around £800k per annum. This needs to be considered under workforce issues. It had also been raised at the meeting of the SOB.
- SOB – there was a need for more challenge across directorates. There was an improvement in the report presented to the SOB on issues.
- 2 issues arising from the SOB which would need to be reviewed – adult services budgets and the delivery of savings. It was suggested that the Audit Committee or the Finance Scrutiny Panel could undertake this review. However both items would need to be considered in light of the revised MTFS.
- It was suggested that minutes of the SOB should be available to all Members of Council.
- The Scrutiny Forward Work Programme (FWP) was a new version where it was being developed alongside a revised Cabinet FWP and also with Management Team and Corporate FWPs with a view that there would be a holistic view of all work programmes by the organisation.

Outcomes:

Action	Completion Date	Action By
That the request for the scrutiny of the revised car parking policy be declined due to other urgent items being included in the Forward Work Programme.	10/10/17	WR
That the Vision 2025 action plan be added to the Forward Work Programme for review.	10/10/17	WR
Adult Services budgets and the Delivery of Savings to be reviewed by the Audit Committee / Finance Scrutiny Panel in light of revised MTFS.	10/10/17	WR
Comments on items to be removed from the Forward Work programme to be send to the Scrutiny Manager	10/10/17	All Steering Group Members.

7. PUBLIC SERVICE BOARD

7.1. Arrangements for the Scrutiny of the Public Service Board in Powys

Documents Considered:

- Draft document – Arrangements for the Scrutiny of the PSB in Powys
- Welsh Government Guidance regarding the Scrutiny of PSBs
- Short Version of the Guidance regarding the scrutiny of PSBs

Issues Discussed:

- As the Draft document regarding arrangements was handed out at the meeting the Steering Group was asked to send comments to the Scrutiny Manager with the final document being considered for approval at the next meeting.

Outcomes:

Action	Completion Date	Action By
Comments to the Scrutiny Manager on the Draft document	10/10/17	All Steering Group Members
Draft report for further consideration at the next meeting	10/10/17	WR

7.2. Draft Notes of Previous Meeting(s)

Documents Considered:

- 20th July, 2017

Issues Discussed:

- None

Outcomes:

- **Noted.**

7.3. PSB Dates - For Information

- 21 September 2017
- 26 October, 2017
- 21 December, 2017

8.	DATES OF FUTURE MEETINGS - FOR INFORMATION
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- 10 October, 2017
- 7 November, 2017
- 5 December, 2017

County Councillor Mr J Brautigam (Chair)

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