Audit Committee

Meeting Venue
Council Chamber - County Hall, Llandrindod Wells, Powys

Meeting Date
Thursday, 9 May 2019

Meeting Time
10.00 am

County Hall
Llandrindod Wells
Powys
LD1 5LG

For further information please contact
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2 May 2019

Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod.
Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod gwaith cyn y cyfarfod.
You are welcome to speak Welsh or English in the meeting.
Please inform us of which language you wish to use by noon, two working days before the meeting.

AGENDA

1.	**APOLOGIES**

To receive apologies for absence.

2.	**DECLARATIONS OF INTEREST**

To receive declarations of interest from Members.

3.	**DISCLOSURE OF PARTY WHIPS**

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**

To authorise the Chair to sign the minutes of the last meeting, held on 14 February 2019, as a correct record.
(Pages 5 - 10)

5.	WAO - ANNUAL AUDIT PLANS

To consider the WAO 2019 Audit Plan for Powys County Council and the Powys Pension Fund.
(Pages 11 - 42)

6.	WAO - WELLBEING OF FUTURE GENERATIONS - AN EXAMINATION OF IMPROVE OUR SCHOOLS INFRASTRUCTURE

To consider the WAO Report – Wellbeing of Future Generations – an Examination of Improve our Schools Infrastructure.
(Pages 43 - 70)

7.	ANNUAL GOVERNANCE STATEMENT

To consider the draft Annual Governance Statement.
(Pages 71 - 126)

8.	INTERNAL AUDIT

8.1. **Internal Audit Annual Plan**

To consider the Proposed 2019-20 Internal Audit Plan and Internal Audit Charter.
(Pages 127 - 140)

8.2. **EXEMPT ITEM**

The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

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

8.3. **Internal Audit Report - Eco 2**

(Pages 141 - 172)

9.	TREASURY MANAGEMENT - Q4

To consider the report of the Portfolio Holder, Finance.
(Pages 173 - 194)

10.	CLOSURE OF ACCOUNTS

To consider the report of the Head of Finance.
(Pages 195 - 196)

11.	CIPFA ASSESSMENT

To receive an oral briefing by the Head of Financial Services.

12.	IMPLEMENTATION OF FINANCE SYSTEM

To receive an oral update by the Deputy Head of Financial Services.

13.	STRATEGIC RISK REGISTER

To consider the report of the Leader and Portfolio Holder for Risk Management.
(Pages 197 - 212)

13.1. **12.30 Social Care**

To discuss Risk ASC 19 with the Head of Commissioning.

14.	THEATR BRYCHEINIOG

To receive an update on progress from the Chair and Vice Chair.

15.	DAWNUS

To receive a briefing from the Vice Chair.
(Pages 213 - 218)

16.	WORKING GROUPS

To consider a scrutiny summary report.
(Pages 219 - 220)

17.	WORK PROGRAMME

To consider the forward work programme and whether any additional items should be included.
(Pages 221 - 228)

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MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNCIL CHAMBER - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON THURSDAY, 14 FEBRUARY 2019

PRESENT
County Councillors J G Morris, Chair, M J Jones, K Laurie-Parry, JG Morris, WD Powell, D A Thomas, R G Thomas, T J Van-Rees, A Williams, J M Williams and R Williams and Mr J Brautigam

1.	**ELECTION OF CHAIR**

RESOLVED that County Councillor J G Morris be elected Chair for the period to the Annual Meeting of the Council in May 2019.

2.	**ELECTION OF VICE CHAIR**

RESOLVED that Mr J Brautigam be elected Vice Chair for the period to the Annual Meeting of the Council in May 2019.

3.	**APOLOGIES**

An apology for absence was received from County Councillor K Lewis.

4.	**DECLARATIONS OF INTEREST**

There were no declarations of interest.

5.	**DISCLOSURE OF PARTY WHIPS**

There were no disclosures of party whips.

6.	**MINUTES**

The Chair was authorised to sign the minutes of the previous meeting, held on 16 November 2018, as a correct record.

7.	**CLOSURE OF ACCOUNTS**

Documents:

- Report of the Head of Financial Services

Discussion:

- Members were aware of the requirement for earlier closure of accounts in two years' time

- It had been proposed that a trial of early closure be undertaken during the current year and work was ongoing to achieve this
- Regular meetings are held between officers and representatives of the WAO to address issues as they arise
- CIPFA have issued new guidance and work is in hand to review all the notes to the accounts to ensure that they are relevant and required – proposals will be brought to the next Audit Committee for consideration
- The WAO advised the Committee that they would be issuing an Audit Deliverables document. Although the statutory deadline for early closure was two years hence, both bodies wished to iron out any problems in advance.
- The Committee were aware that estimates had been included within the Statement of Accounts to deal with Heart of Wales Property Services as their year-end did not coincide with that of the Authority. It was also noted that their accounts had not been published on time and Members questioned how this was dealt with. The Deputy Head of Financial Services advised the Committee that HOWPS' Management Accounts had been used as the basis for an estimate within the Authority's Accounts. When HOWPS statutory accounts were issued the estimate was proven accurate. The Portfolio Holder indicated that there had been an oversight by the parent company and that this should not recur.
- Members were reminded that HOWPS was a joint venture company with Kier. A loss had been made in the first year but the second year is more profitable and should be back in balance by their year-end. The Portfolio Holder for Finance sat on the Board of HOWPS. Any profit or loss was split equally between Kier and Powys. Members wished to discuss the matter further but the Chair agreed to refer the matter to the Scrutiny Co-ordinating Committee for further consideration as a general discussion was not appropriate at Audit Committee.

Outcomes:

- **The report was noted**
- **The Chair to refer the issue of HOWPS to the Co-ordinating Committee for consideration**

8.	**RISK MANAGEMENT**

Documents:

- Report of the Corporate Policy, Assurance and Inspection Officer
- Strategic Risk Register

Discussion:

- The Strategic Risk Register captures risks and the mitigation measures in place
- The approach had been reviewed as too many risks on the Corporate Risk Register were service based – the Corporate Risk Register had had 28 risks and these have been reduced to 12 on the Strategic Risk Register
- Members asked what criteria had been used to de-escalate risks from the former Corporate Risk Register – these risks had been discussed between the Leader and the former Corporate Policy, Assurance and

Inspection Officer. An Interim Officer had recently taken over pending a restructure within the service. The detailed criteria would be circulated to Members.

- Officers were asked if the Register could be provided in a format which showed the most expensive, financial risk at the top. The system may not allow this type of categorisation but it may be possible to include a cost against appropriate risks.
- A further challenge was made regarding the removal of risk CG1 identified as Failure of Governance. This particular risk had related to the implementation of the Modern Gov system which was used to issue Committee agendas and Minutes – the system was in place and was now deemed to be 'business as usual'.
- The Committee had previously expressed concern regarding Risk ASC 19, relating to diminishing availability of workforce against increasing demand for service within Social Care, which continued to have a residual risk rating of catastrophic. Mitigation measures had not changed and the residual risk was not improving. The WAO advised that one of the Committee's primary functions was risk and it would be appropriate for the Committee to invite a further report from the Director and discuss the issue with them at a future meeting. The Improvement and Assurance Board also considered workforce planning within its remit. There was to be a workshop later in February and an active recruitment programme was to be implemented.
- Some issues, such as the potential impact of Brexit, did not appear on the Strategic Risk Register. A recent programme on Radio 4 had indicated that Powys was not an area that young people would choose to live due to declining services, low wages etc. Members were concerned that there was a lack of detail around the Mid Wales Growth bid although the Portfolio Holder reminded Members of the difficulty the Authority currently faced in providing services in rural areas and that he hoped the Mid Wales Growth Deal would arrest and reverse this decline.
- It was noted that communication was a key area that needed to be addressed.

Outcomes:

- **The Director of Social Services and Portfolio Holder for Adult Services would be asked to attend the next meeting to discuss AGS19 in particular and general risk and assurance within Social Care**

9.	**INTERNAL AUDIT**

Documents:

- SWAP Report of Internal Audit Activity – Q3

Discussion:

- The Assistant Director, SWAP, continues to meet Directors and service teams
- Some delivery issues have been encountered in arranging timely meetings or agreeing actions. Greater engagement is required.

- There is a need to ensure that clients realise the added value that can be provided by SWAP
- Three areas of work have been given partial opinions
    - Section 33 Agreements – a number of agreements were not in place or signed promptly. Of seven areas audited, only one had the appropriate agreement in place. This highlights a lack of governance and oversight by the Joint Partnership Board.
    - Members' Expenses – the policy in place was appropriate and the Trent system for submitting claims was effective. A number of failed licence and insurance checks were found demonstrating a lack of governance and rigour in the checking of claims. There had also been a failure to publish online for some periods and some claims lacked key information.
    - Crickhowell High School – the School had failed to notify the Authority of monthly spend and of an increasing deficit. The deficit had not been licensed. There were inconsistences in costings that were not reflective of spending.
- The Assistant Director proposed continuing to report audits with partial opinions to Audit Committee but monitoring of recommendations would be undertaken by the Internal Audit Working Group which was to be re-established
- The Internal Audit Plan, approved by Audit Committee annually, does not accommodate reactive work
- An audit of the main accounting system was to be deferred to Q1 2019/20 as a new financial system was in the process of implementation
- Overall, delivery of the Plan was on track
- The Committee challenged the partial opinion on Crickhowell High School – this had been the subject of a scrutiny meeting and it seemed as though the position had deteriorated since that time. The school had many successful aspects although there were concerns in some key financial areas, hence the partial opinion given.
- The Committee remain concerned regarding the overall level of school budget deficits. The Section 151 Officer reminded Members that a process was in place to licence deficits. However, there was the wider issue of rising deficits – individual schools could be subject to scrutiny but the wider issue could only be resolved by the Council. The Portfolio Holder informed the Committee that the Head of Schools, supported by Finance, had initiated significant intervention in some areas.
- There had been an item regarding Section 33 Agreements on the Risk Register in 2017 with a new process implemented in 2018 to mitigate that risk. It appeared therefore, that this risk had not been managed.
- It was suggested that the Authority needed to be aware of the potential impact on one area of using a successful professional to support other areas
- The Committee asked the Assistant Director if SWAP was providing good value for money and whether a better resource was being provided? The Assistant Director reported that SWAP was more inclusive with greater benefits in terms of support, systems and resources. In terms of delivery, the same resource was provided to the Authority. The Section 151 Officer confirmed that there would be no budget cut for internal audit services. The Authority was part owner of SWAP but distance was provided

between the function and the Authority. Internal Audit continued to provide approximately 1000 days of service.

- Members had been aware that there had been a lack of engagement by services at the beginning of the new arrangements and questioned whether this had been resolved. Relationships were developing but there remained issues in some areas. If this continues the matter will be referred to Audit Committee. Meetings with the senior management team have improved. The Chair agreed to discuss the issue with the new Chief Executive once she had taken up post.

Outcomes:

- **The Chair would discuss issues of engagement by service areas with Internal Audit with the new Chief Executive once she had taken up her post.**

10. IMPLEMENTATION OF FINANCE SYSTEM

The Deputy Head of Financial Services gave an oral update on implementation of the new Finance System.

This was progressing and on target to go live on 1 April 2019. There remained a significant amount of work still to do. Work with the Communications Team will provide a number of different delivery methods. Training is critical as the system aims to minimise face to face contact and be delivered via webinars etc. Data cleansing and general housekeeping will be undertaken up to the implementation date to ensure the live data is as 'clean' as possible.

The user interface will be more intuitive. However, there is an element of risk given the levels of ongoing organisational change. The Chair questioned whether this was included on the Service or Strategic Risk Register to ensure that it could be challenged at the appropriate level.

The system will also be used in schools.

11. FINANCE PANEL

The Committee was invited to appoint two Members of the Committee to sit on the Finance Panel alongside the Lay Member.

RESOLVED that County Councillors J G Morris and D A Thomas be appointed to the Finance Panel.

12. INTERNAL AUDIT WORKING GROUP

To appoint three Members to the Internal Audit Working Group.

RESOLVED that County Councillors W D Powell, R G Thomas and A Williams be appointed to the Internal Audit Working Group along with the Chair and Vice Chair of the Committee.

13.	WORK PROGRAMME

Documents:

- Audit Committee Work Programme 2019/20

Outcome:

- **The Work Programme would be updated with items discussed**

County Councillor J G Morris
Chair

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – **Powys County Council**

Audit year: 2018-2019

Date issued: April 2019

Document reference: 1219A2019-20

This document has been prepared as part of work performed in accordance with statutory functions. Further information on this is provided in Appendix 1.

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

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2019 Audit Plan

Summary

1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Well-being of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:

- examine and certify whether your financial statements are 'true and fair';
- assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
- audit and assess whether you have discharged the duties and met the requirements of the Measure; and
- undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.

2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.

3 There have been no limitations imposed on me in planning the scope of this audit.

4 My responsibilities, along with those of management and those charged with governance, are set out in Appendix 1.

Audit of accounts

5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:

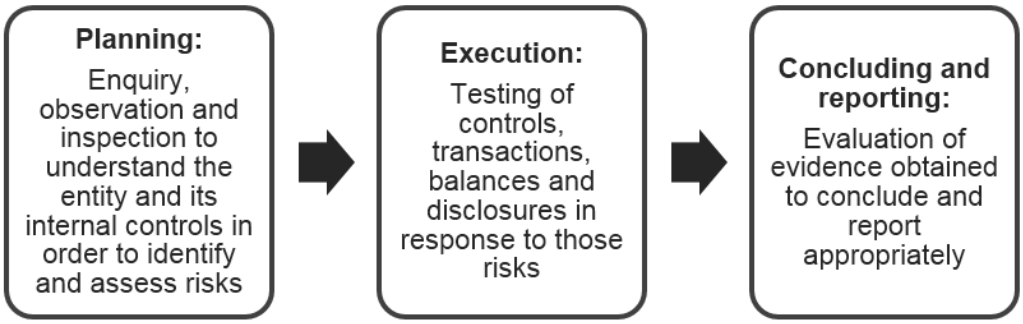
- are free from material misstatement, whether caused by fraud or error;
- comply with statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

6 I also consider whether or not Powys County Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.

7 Appendix 1 sets out my responsibilities in full.

8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in Exhibit 1.

Exhibit 1: my audit approach



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in Exhibit 2 along with the work I intend to undertake to address them. Also, included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
Significant risks	
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; • evaluate the rationale for any significant transactions outside the normal course of business.

Financial audit risk	Proposed audit response
Other areas of audit attention	
Revaluation of Council Properties A significant proportion of Council owned land and buildings will be subject to revaluation as at 31 March 2019 in order to comply with the requirement of the CIPFA Code of Practice. The assets being revalued include: • all of the Council's Housing stock, • all County Farms, and • some operational Land and Buildings. These assets were last revalued five years ago and consequently it is possible that the results of the 2019 revaluation exercise could result in material movements on the Council's Balance Sheet.	My audit team will: • review management's processes and assumptions for the calculation of the estimate, including review of the work performed by management experts; • review the competence, expertise and objectivity of any management experts used; • undertake testing to ensure information on revaluations is correctly input to the Council's Fixed Asset Register; and • evaluate management's processes to ensure the carrying value of assets not revalued during the year is not materially different from the current value at the balance sheet date.
Disclosure of Senior Officers' Remuneration The senior management team of the Council was restructured in February 2019 which resulted in some senior management departures. There were also several changes to senior manager posts and postholders during the 2018-19 financial year. We consider that the disclosure of Senior Officers' remuneration is material by nature, and given the level of changes that occurred during the year there is a risk to the accuracy and completeness of the disclosure.	My audit team will: • review the remuneration disclosures made against the requirements of the CIPFA Code of Practice; • review the disclosures against HR and payroll records; and • ensure that any compensation payments have been processed in line with Council policies and procedures and that the payments have been correctly calculated.
Long Term Liability The Council has a material long-term liability under a Section 106 agreement with an energy company to 'make good' the Nant Helen open cast mining site. Mining at the site ceased a few years ago but recent developments indicate that mining could recommence. The recent developments could impact upon the Council's accounting treatment of the liability.	My audit team will: • discuss the latest developments with Council officials; • look for evidence of a formal decision made by the Council on the site; and • consider the impact of the decision on the liability shown on the Council's Balance Sheet.

Financial audit risk	Proposed audit response
Other areas of audit attention	
New accounting standards **IFRS 9** financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses and will impact on how the bad debt provision is calculated. **IFRS 15** revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration a body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.	My audit team will assess the likely impacts of the new IFRSs and undertake work to respond to any identified risks of material misstatement.
The wider economic and political uncertainty Local Government funding continues to be stretched with increasing cost pressures and demand from residents. The 2018-19 month 11 Financial Report to the Cabinet indicated that the Council has only been able to achieve around 50% of the £12.3 million savings it needed to break even. It also reported the forecast year-end position is a budget deficit of £2.5 million which reflects assurances from budget managers that further savings will be achieved. The Medium Term Financial Strategy 2019-2023 reports that savings of £26 million are needed over the next four years and that a transformational approach is needed to the way in which services are delivered. At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements currently remain uncertain. The Authority will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.	My audit team will: • compare the final budget outturn position to the forecast to gain an understanding of the financial position of the Council and the impact on the financial statements; and • consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.

10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. When setting materiality for account balances and transactions, we take into consideration both quantitative and qualitative aspects such as legal and regulatory requirements and political sensitivity. For the purposes of our audit planning, we have identified related party transactions and senior officer remuneration as sensitive areas of disclosure (as referred to in Exhibit 2) The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.

11 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.

12 My fees and planned timescales for completion of the audit are based on the following assumptions:

- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
- information provided to support the financial statements is in accordance with the agreed audit deliverables document[1];
- appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
- all appropriate officials will be available during the audit;
- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

13 I am also responsible for the audit of Powys County Council's pension fund accounts. A separate audit plan has been prepared for the audit of the pension fund.

14 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

15 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.

16 If I do receive questions or objections, I will discuss potential audit fees at the time.

[1] The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

Performance audit

17 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities, I will continue to seek to strike the most appropriate balance and add value by:

- providing assurance on the governance and stewardship of public money and assets;
- offering insight on the extent to which resources are used wisely in meeting people's needs; and
- identifying and promoting ways by which the provision of public services may be improved.

18 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will continue to minimise work that focuses on the process of improvement planning.

19 In my audit plan for 2018, I explained that in previous years I had placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future it is likely that I will be unable to rely on my work under the Measure, in 2019-20, and subsequent years, the focus of my local performance audit programmes will continue to be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.

20 In 2018-19, I undertook an examination of the extent to which you are acting in accordance with the sustainable development principle in taking steps to meet your well-being objectives. During 2019-20, I will undertake a further examination to assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives. This will be the final piece of work I will undertake to discharge my duties under the Well-being of Future Generations Act at the Council prior to laying my first cyclical report with the National Assembly in 2020. During 2019-20, I will also be considering how to discharge my duties under the Act over the period 2020 to 2024 and I will seek to engage with local authorities as well as other stakeholders in developing my approach.

21 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.

22 Taking all these factors into consideration, my 2019-20 programme of work will comprise:

Exhibit 3: performance audit programme

This table sets out my 2019-20 performance audit programme which will include local projects and national studies.

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its wellbeing objectives. Focused on the North Powys Hub development.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges
Mid Wales Growth Deal	To provide assurance that the arrangements being developed are fit for purpose.
Delivering Vision 2025	A detailed review of the progress the Council is making delivering Vision 2025.
2019-20 Local Government Studies	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly.

23 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in Appendix 2.

Certification of grant claims and returns

24 I have been requested to undertake certification work on Powys County Council's grant claims and returns. In 2017-18, we audited 17 grant claims with a combined value of approximately £99 million. We currently anticipate that a similar number of grant claims will require audit again this year. We plan to issue a report summarising the results of our 2017-18 grants work in the near future.

25 As was the case last year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes.

26 My estimated audit fee for this work together with the actual cost of auditing the 2017-18 grant claims is set out in Exhibit 4.

Fee, audit team and timetable

Fee

27 Your estimated fee for 2019 is set out in Exhibit 4. There have been some small changes to my fees rates for 2019, however, my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you. Our proposed fee is in line with the actual fee for 2018.

Exhibit 4: audit fee

This table sets out the proposed audit fee for 2019, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£)[2]	Actual fee last year (£)
Audit of accounts[3]	207,830	207,830
Performance audit work[4]	110,180	110,142
Grant certification work[5]	60,000	60,072
Total fee	**378,010**	**378,044**

28 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council's Head of Finance and Deputy Head of Financial Services (Resources). ..

29 Further information on my fee scales and fee setting can be found on our website.

[2] Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

[3] Payable November 2018 to October 2019.

[4] Payable April 2019 to March 2020.

[5] Payable as work is undertaken.

Audit team

30 The main members of my team, together with their contact details, are summarised in Exhibit 5.

Exhibit 5: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director and Engagement Lead – Financial Audit	02920 320585	anthony.veale@audit.wales
Huw Rees	Engagement Lead – Performance Audit	02920 320599	huw.rees@audit.wales
Phil Pugh	Financial Audit Manager	02922 677839	phil.pugh@audit.wales
David Burridge	Financial Audit Team Leader	02922 677839	david.burridge@audit.wales
Jeremy Evans	Performance Audit Manager	07825 052861	jeremy.evans@audit.wales

31 There is one potential conflict of interest that I wish to bring to your attention. This relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which has a contract to provide a service within Adult Social Care. I have introduced appropriate arrangements to ensure that this officer does not undertake any audit work in respect of this area of the Council's operations. I can confirm that, with the exception of the above, all other members of my team are independent of the Council and your officers.

Timetable

32 I will provide reports, or other outputs as agreed, to Powys County Council covering the areas of work identified in this document. My key milestones are set out in Exhibit 6.

Exhibit 6: timetable

This table sets out the proposed timetable for completion and reporting of my audit work at the authority.

Planned output	Work undertaken	Report finalised
2019 Audit Plan	January to March 2019	April 2019
Financial accounts work: • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum	March to September 2019	August 2019 August 2019 October 2019
Performance work: • Improvement Plan Audit • Assessment of Performance Audit • Assurance and Risk Assessment • WFG Act Examinations • Financial Sustainability • Mid Wales Growth Deal • Delivering Vision 2025	June 2019 November 2019 April to Dec 2019 April to Sept 2019 Quarter 2/3* Quarter 4* Quarter 3/4* (Estimated)*	June 2019 November 2019 Informs Audit Plan December 2019 Quarter 3* Quarter 4* Quarter 4* (Estimated)*
Annual Improvement Report	April 2019 to May 2020	June 2020
2020 Audit Plan	October to December 2019	February 2020

* Subject to timely clearance of draft findings with Powys County Council.

Future developments to my audit work

33 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in Appendix 3.

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with the statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Powys County Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Powys County Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Powys County Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Powys County Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

(a) setting wellbeing objectives; and

(b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 9: performance work in last year's audit outline still in progress

Two pieces of performance audit work included in last year's audit plan remain outstanding.

Performance audit project	Status	Comment
Workforce Planning	Agreed project brief	Authority request to delay delivery until autumn 2019
Environmental Health	Not started	Summer 2019

Appendix 3

Other future developments

A. Forthcoming key IFRS changes

Exhibit 11: changes to IFRS standards

This table details the key future changes to International Financial Reporting Standards.

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance.

Further information, including details of forthcoming GPX events and outputs from past seminars.

C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with the Brexit vote of 2017, the United Kingdom will potentially cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. On 19 February, the Auditor General issued a report[6] on preparations in Wales for a 'no-deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

[6] www.audit.wales/publication/preparations-wales-no-deal-brexit

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – **Powys Pension Fund**

Audit year: 2018-19

Date issued: April 2019

Document reference: 1217A2019-20

This document has been prepared as part of work performed/to be performed in accordance with statutory functions. Further information on this is provided in Appendix 1.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or auditors acting on behalf of the Auditor General in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

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2019 Audit Plan

Summary

1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether Powys Pension Fund (the Pension Fund) accounting statements are 'true and fair'.

2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.

3 There have been no limitations imposed on me in planning the scope of this audit.

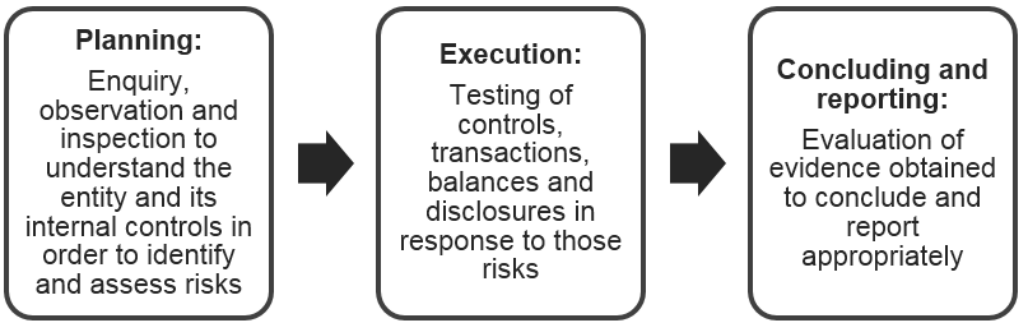
4 My responsibilities, along with those of management and those charged with governance, are set out in Appendix 1.

Audit of Pension Fund accounts

5 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in Exhibit 1.

Exhibit 1: my audit approach

This table summarises the three phases of my financial audit approach, being planning, testing and reporting.



6 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in Exhibit 2 along with the work I intend to undertake to address them. Also included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

This table summarises financial audit risks and the corresponding audit work planned in response.

Financial audit risks	Proposed audit response
Significant risks	
Management Override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
All Wales Pension Partnership The eight Pension Funds in Wales have created an 'all-Wales' pooled investment vehicle which will be overseen and reported on by a joint governance committee the Wales Pension Partnership. An inter-authority agreement has been signed by the Welsh Pension Funds and the joint committee will be producing financial statements for the 2018-19 financial year. We understand that the Pension Fund has transferred approximately £72 million of funds into this new arrangement during 2018-19.	My audit team will review the accounting arrangements supporting the transfer of funds into the new arrangement coupled with any additional disclosures required. My team will also be working with the auditors of the joint governance committee to assess the most effective method of obtaining the relevant assurances on the valuation and ownership of the funds transferred.
Investment Management The systems and records of the investment managers generate account entries made to the Pension Fund Account and Net Assets Statement. The investment managers provide internal control reports on the investments held on behalf of the Pension Fund. These are independently audited and provide the Pension Fund with assurance on a wide range of controls e.g. the valuation of the investment portfolio held. There is a risk that the internal controls' reports will not be available in the necessary timescales and, when received, highlight specific control weaknesses.	My audit team will: • assess the investment managers as a service organisation; • check that investments have been made in accordance with the Investment Strategy Statement; • obtain direct confirmation from the investment managers and custodian of year-end investment balances and holdings; and • assess whether the investment managers' internal control reports for all investment managers provide assurance over a wide range of relevant controls, including the valuation of investments held.

Financial audit risks	Proposed audit response
Private Equity Investments The year-end valuation of private equity investments are provided by investment managers which are based upon forward looking estimates and judgements and industry guidelines. As there is no quoted market price information, there is a greater risk with regard to the reasonableness of the valuation basis of these investments.	My audit team will: • confirm the reasonableness of the estimation basis of the value of these investments included within the financial statements; and • seek additional assurance over the valuation basis from control assurance reports where available.
Other areas of audit attention	
Changes to the CIPFA 2018/19 Accounting Code IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses.	My audit team will assess the likely impacts of IFRS 9 and undertake work to respond to any identified risks of material misstatement.

7 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. When setting materiality for account balances and transactions, we take into consideration both quantitative and qualitative aspects such as legal and regulatory requirements and political sensitivity. For the purposes of our audit planning, we have identified related party transactions as a sensitive area of disclosure. The levels at which I judge such misstatements to be material will be reported to the Audit Committee as those charged with governance, prior to completion of the audit.

8 For reporting purposes, I will generally treat any misstatements below a trivial level (set at 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.

9 My fees and planned timescales for completion of the audit are based on the following assumptions:

- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
- information provided to support the financial statements is in accordance with the agreed audit deliverables document[1];
- appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;

[1] The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

- all appropriate officials will be available during the audit;
- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Internal Audit's planned programme of work is complete, and management has responded to issues that may have affected the Pension Fund financial statements.

Statutory audit functions

10 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

11 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.

If I do receive questions or objections, I will discuss potential audit fees at the time.

Pension Fund annual report

12 Administering authorities are required to publish a pension fund annual report which must include the pension fund accounts.

13 I am required to read the Pension Fund annual report and consider whether the information it contains is consistent with the audited Pension Fund accounts.

Fee, audit team and timetable

Fee

14 Your estimated fee for 2019 is set out in Exhibit 3. There have been some small changes to my fee rates for 2019 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed onto you. The estimated fee for 2019 is in line with the actual fee for 2018.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2019 alongside the actual audit fee for 2018.

	Proposed fee for 2019 (£)[2]	Actual fee for 2018 (£)
Audit of pension fund accounts	£34,599	£34,599

15 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Head of Financial Services.

[2] The fees shown in this document are exclusive of VAT, which is not charged to you.

16 Further information on my fee scales and fee setting can be found on our website.

Audit team

17 The main members of my team, together with their contact details, are summarised in Exhibit 4.

Exhibit 4: my audit team

Alt text: this table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Lead – Financial Audit	02920320585	Anthony.Veale@audit.wales
Phil Pugh	Financial Audit Manager	02920 320645	Phil.pugh@audit.wales
Melanie Williams	Financial Audit Team Leader	02921 051815	Melanie.williams@audit.wales

18 There is one potential conflict of interest that I wish to bring to your attention. This relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which is an admitted body within the Pension Fund. I have introduced appropriate arrangements to ensure that this officer does not undertake any audit work in respect of contributions received from or benefits payable to any member of this charity. I can confirm that, with the exception of the above, all other members of my team are independent of the Council and your officers.

Timetable

19 I will provide reports, or other outputs as agreed, to the Pension Fund Committee, the Audit Committee and Council, covering the areas of work identified in this document. My key milestones are set out in Exhibit 5.

Exhibit 5: timetable

Planned output	Work undertaken	Report finalised
2019 Audit Plan	December 2018 to March 2019	April 2019
Financial accounts work:		
• Audit of Financial Statements Report	February to August 2019	September 2019
• Opinion on Financial Statements	September 2019	September 2019
• Opinion on Pension Fund Annual Report	October 2019	October 2019
• Financial Accounts Memorandum	October 2019	October 2019

Future developments to my audit work

20 Details of other future developments including the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit are set out in Appendix 2.

Appendix 1

Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Appendix 2

Other future developments

A. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance. Further information, including details of forthcoming GPX events and outputs from past seminars can be found on the GPX section of the Wales Audit Office website.

B. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with the Brexit vote of 2017, the United Kingdom will potentially cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he will compile a baseline summary of arrangements being put in place. On 29 February, the Auditor General issued a report[3] on preparations in Wales for a 'no deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

[3] The Auditor General Report on preparations for a 'no-deal' Brexit is available **here**.

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Auditor General for Wales

Well-being of Future Generations: An examination of 'Improve our Schools Infrastructure' – **Powys County Council**

Audit year: 2018-19

Date issued: April 2019

Document reference: 1192A2019-20

This document has been prepared for the internal use of Powys County Council as part of work performed in accordance with the Well-being of Future Generations Act (Wales) 2015.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

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

This document is also available in Welsh.

The team who delivered the work comprised Jeremy Evans, Lisa Williams and Richard Hayward under the direction of Huw Rees.

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The Council has acted in accordance with the sustainable development principle in setting the 'step' Improve our Schools Infrastructure and is taking account of the five ways of working in the actions it is taking to deliver it.

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The Council designed the step to meet the short-term need for schools to deliver the current curriculum and has considered the long-term by creating flexible spaces that can be adapted to accommodate future changes in educational delivery methods 6

The Council has considered how the step will address key problems such as building condition, school budget deficits, poor student offer at sixth form and limited Welsh-medium provision, the problem of surplus places is recognised but the Council needs to be clearer on how the step will prevent this issue getting worse 7

The Council has considered the need to take an integrated approach to deliver the step which includes debate of the wider benefits beyond an improved school estate 8

The Council has considered the need to collaborate internally and externally to deliver the step; this is at an early stage but is central to the revised approach to school modernisation 9

The Council considered how to involve stakeholders to design and deliver the step: its new approach to school reorganisation emphasises this as well as recognising its statutory duty to consult on school re-organisation proposals 10

Part Two: Council's response 11

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Summary report

Summary

Why we undertook the Examination

1 In accordance with the Well-being of Future Generations (Wales) Act 2015 (the Act), the Auditor General for Wales (the Auditor General) is statutorily required to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when:

a. setting their well-being objectives; and

b. taking steps to meet them.

The Act defines the sustainable development principle as acting in a manner: '…which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'

2 The Auditor General must provide a report on his examinations to the National Assembly for Wales at least a year before each Assembly election. The first such report must be published by 2020, before the 2021 Assembly election.

3 During 2018-19 the Auditor General is undertaking examinations across the 44 bodies covered by the Act to inform his report to the National Assembly.

4 In May 2018, the Auditor General published his report, 'Reflecting on Year One – How have public bodies responded to the Well-being of Future Generations Act (2015)'. He concluded that public bodies support the principles of the Act and are taking steps to change how they work.

5 In developing our approach to undertaking the examinations during 2018-19, we engaged with a range of stakeholders including through our pilot work during 2017-18. We also worked closely with the Future Generations Commissioner.

6 As the preliminary work in year one included a consideration of how public bodies had set their well-being objectives the principal focus of this work is the way in which public bodies are then taking steps to meet their well-being objectives.

7 The findings in this report are based on fieldwork that we undertook during the period October to December 2018.

8 This report sets out our findings from our examination of 'Improve our Schools Infrastructure', a step the Council is taking to meet its well-being objective 'We will strengthen learning and skills'.

9 It also sets out the Council's initial response to our findings.

What we examined

10 We examined the extent to which the Council is acting in accordance with the sustainable development principle when improving its school infrastructure. To act in accordance with the sustainable development principle, public bodies must take account of the following 'ways of working':

Exhibit 1: the 'five ways of working'

The table below sets out the 'five ways of working' as defined in the Welsh Government's 'Well-being of Future Generations (Wales) Act 2015 The Essentials[1]' document.

The Five Ways of Working
Long-term The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
Prevention How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
Integration Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
Collaboration Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.
Involvement The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

11 Our examination found that: **The Council has acted in accordance with the sustainable development principle in setting the 'step' Improve our Schools Infrastructure and is taking account of the five ways of working in the actions it is taking to deliver it.**

[1] Well-being of Future Generations (Wales) Act 2015 The Essentials, Welsh Government (2015)

Detailed report

Part 1 – Examination findings

The Council has acted in accordance with the sustainable development principle in setting the 'step' Improve our Schools Infrastructure and taking account of the five ways of working in the actions it is taking to deliver it

The Council designed the step to meet the short-term need for schools to deliver the current curriculum and has considered the long-term by creating flexible spaces that can be adapted to accommodate future changes in educational delivery methods

What we looked for

12 We looked for evidence of:

- a thorough understanding of current and long-term needs and the associated challenges and opportunities;
- planning over an appropriate timescale;
- resources allocated to ensure long-term benefits; and
- appropriate monitoring and review.

13 Our examination was also informed by the positive indicators for the 'long-term' that we have identified and used as part of this examination.[2]

What we found

14 We identified the following strengths:

- the Council recognises that schools that have a 40-50 year lifespan and provide for both current and future learners, for example appropriate IT infrastructure and flexible spaces;
- data was used to develop an evidence base and inform the vision document and delivery plan proposals: pupil numbers on roll (current and forecast), projected surplus places, building condition surveys and standards of attainment';

[2] See Appendix 1

- the Council continues to build and develop its data analytics capability further supporting its considerations;
- the Council is developing schools on a long term and sustainable footing for example Ysgol Bro Hyddgen will be the first 'Passivhaus' accredited all-through school in the UK; and
- an outline delivery plan has been developed for the School Organisation Plan in the short and medium term (until 2025) - the Council recognises it is difficult to plan beyond 2025 due to uncertainty about funding for future projects.

15 We identified the following opportunities for improvement:

- the Council could give more consideration to the broader use for school premises for community activities and other public services in the longer term, although we recognise this is more challenging for re-fits to older buildings than new builds;
- the council could consider developing plans to address concerns regarding managing the ongoing capital costs after the funding from 21st Century Schools has been ended; and
- following the restructuring process the Council could consider re-stating its commitment to the School Organisation Plan. It could think about how it can reduce the impact of any implications of the restructure on the transformation programme and those delivering it.

The Council has considered how the step will address key problems such as building condition, school budget deficits, poor student offer at sixth form and limited Welsh-medium provision, the problem of surplus places is recognised but the Council needs to be clearer on how the step will prevent this issue getting worse

What we looked for

16 We looked for evidence of:

- a thorough understanding of the nature and type of problem the step could help prevent from occurring or getting worse;
- resources allocated to ensure preventative benefits will be delivered; and
- monitoring and review of how effectively the step is preventing problems from occurring or getting worse.

17 Our examination was also informed by the positive indicators for 'prevention' that we have identified and used as part of this examination.[3]

What we found

18 We identified the following strengths:

- there is a specific team in place to complete the school transformation programme – the team is well regarded by Council officers and schools, but there is a need to develop effective workforce planning to build resilience and address the capacity issues identified within the team; and
- the Council uses data for pupil forecasting and has arrangements in place to monitor the performance of key problems via the Learning and Skills Board and as part of the Corporate reporting framework.

19 We identified the following opportunity for improvement:

- the Council could consider more if and how the fundamental problem of excess surplus places and associated costs will be prevented via its approach set out in the School Organisation Plan 2018.

The Council has considered the need to take an integrated approach to deliver the step which includes debate of the wider benefits beyond an improved school estate

What we looked for

20 We looked for evidence of consideration of:

- how this step could contribute to the seven national well-being goals;
- how delivery of this step will impact on the Council's well-being objectives and wider priorities; and
- how delivery of this step will impact on other public bodies' well-being objectives.

21 Our examination was also informed by the positive indicators for 'integration' that we have identified and used as part of this examination.[4]

What we found

22 We identified the following strengths:

- the Council has considered how improving the schools infrastructure will contribute to the national Well-being goals. Key links include the contribution

[3] See Appendix 1

[4] See Appendix 1

of growing Welsh provision in Powys that will directly influence 'A Wales of vibrant culture and thriving Welsh language'; and

- the Council has considered the wider implications of the step in terms of benefits beyond improving the school estate. This includes consideration on the future modernisation works in Newtown and the links to growing mid Wales themes for example improved skills and training at post-16, more inward investment, and business growth / employment opportunities.

23 We did not identify any opportunities for improvement in this area.

The Council has considered the need to collaborate internally and externally to deliver the step; this is at an early stage but is central to the revised approach to school modernisation

What we looked for

24 We looked for evidence that the Council:

- has considered how it could work with others to deliver the step (to meet its well-being objectives, or assist another body to meet its well-being objectives);
- is collaborating effectively to deliver the step; and
- is monitoring and reviewing whether the collaboration is helping it, or its stakeholders meet well-being objectives.

25 Our examination was also informed by the positive indicators for 'collaboration' that we have identified and used as part of this examination.[5]

What we found

26 We identified the following strengths:

- collaboration is a key principle in the new School Organisation Plan 2018 for example all through schools and federations;
- the Council has considered how it can work with others, including identifying the need to work with external partners such as the Health Board, Neath Port Talbot College and Dyfed Powys Police for school reorganisation in Newtown; and
- the Council has considered how the step can contribute to wider organisational aims for example to strengthen relationships with communities and promoting Powys as a place to live. The use of data analytics is developing fast and clearly supports a range of planning decisions.

[5] See Appendix 1

27 We did not identify any opportunities for improvement in this area.

The Council considered how to involve stakeholders to design and deliver the step: its new approach to school reorganisation emphasises this as well as recognising its statutory duty to consult on school re-organisation proposals

What we looked for

28 We looked for evidence that the Council has:

- identified who it needs to involve in designing and delivering the step;
- effectively involved key stakeholders in designing and delivering the step;
- used the results of involvement to shape the development and delivery of the step; and
- sought to learn lessons and improve its approach to involvement.

29 Our examination was also informed by the positive indicators for 'involvement' that we have identified and used as part of this examination.[6]

What we found

30 We identified the following strengths:

- the Council is clear who to involve in the design and delivery of the step and involvement, for example: teachers, governing bodies, communities, external partners and the Church in Wales;
- school pupils have been involved well; including choosing school names and involvement during the design and build process, supported by sessions with building contractors;
- current post 16-survey underway to help shape the post-16 education provision of the future; and
- the Council has learnt lessons and improved its approach to school reorganisation to be more consultative and listen and engage with stakeholders so they are involved in the process.

31 We identified the following opportunity for improvement:

- the Council should consider how it can demonstrate it has involved all sections of society and people with protected characteristics in a more formal and structured way.

[6] See Appendix 1

Part Two: Council's response

32 Following the conclusion of our fieldwork we presented our findings to senior officers of the Council at a workshop in March 2018. At this workshop the Council began to consider its response to our findings and because of discussions at the workshop, and further reflection on our findings, the Council has developed the following actions under specific themes.

Long-term
Create clearer links between capital and revenue budgets and the Council Medium Term Financial Strategy
Celebrate the success community uses of school buildings to encourage greater acceptance of community use ideas in all sites.
Prevention
Create clear links to workforce planning to ensure capacity and capability to drive transformational change.
Collaboration
Supporting the provision of ideas from community events and more collective discussions with the community to hear the ideas put forward
Involvement
Involve of decision makers (councillors) more in the wider programme with the provision of 'big picture' whole county data to provide the information needed to support difficult decisions.
School transformation planning day in May 2019 to consider data, numbers to refresh ownership and remodel the forward programme
Corporate
Continue to develop methods to provide assurance at a corporate level that the Council is considering the five ways of working in setting and taking action to deliver its well-being objectives.
Develop a process to take the learning and embed it across the Council.

33 We will continue to monitor the Council's progress in implementing these actions, and the extent to which they address the issues we have identified in our findings.

Appendix 1

Positive Indicators of the Five Ways of Working

The table below sets out 'positive indicators' for each of the five ways of working that we have identified and will use to help inform our assessments of the extent to which bodies may be applying the sustainable development principle (SDP). We do not intend to use the indicators as a 'checklist'. They should be viewed as 'indicators' that will help us to form conclusions, rather than 'determinants' of the extent to which a body is acting in accordance with the SDP in taking steps to meet its wellbeing objectives.

Exhibit 1: Positive indicators of the five ways of working

What would show a body is fully applying the long-term way of working?
• There is a clear understanding of what 'long-term' means in the context of the Act. • They have designed the step to deliver the well-being objective(s) and contribute to their long-term vision. • They have designed the step to deliver short or medium-term benefits, which are balanced with the impact over the long-term (within the project context). • They have designed the step based on a sophisticated understanding of current and future need and pressures, including analysis of future trends. • Consequently, there is a comprehensive understanding of current and future risks and opportunities. • Resources have been allocated to ensure long-term as well as short-term benefits are delivered. • There is a focus on delivering outcomes, with milestones/progression steps identified where outcomes will be delivered over the long-term. • They are open to new ways of doing things which could help deliver benefits over the longer term. • They value intelligence and pursue evidence-based approaches.
What would show a body is fully applying the preventative way of working?
• The body seeks to understand the root causes of problems so that negative cycles and intergenerational challenges can be tackled. • The body sees challenges from a system-wide perspective, recognising and valuing the long-term benefits that they can deliver for people and places. • The body allocates resources to preventative action that is likely to contribute to better outcomes and use of resources over the longer-term, even where this may limit the ability to meet some short-term needs. • There are decision-making and accountability arrangements that recognise the value of preventative action and accept short-term reductions in performance and resources in the pursuit of anticipated improvements in outcomes and use of resources.

What would show a body is taking an 'integrated' approach?
• Individuals at all levels understand their contribution to the delivery of the vision and well-being objectives. • Individuals at all levels understand what different parts of the organisation do and proactively seek opportunities to work across organisational boundaries. This is replicated in their work with other public bodies. • Individuals at all levels recognise the cross-organisation dependencies of achieving the ambition and objectives. • There is an open culture where information is shared. • There is a well-developed understanding of how the well-being objectives and steps to meet them impact on other public sector bodies. • Individuals proactively work across organisational boundaries to maximise their contribution across the well-being goals and minimise negative impacts. • Governance, structures and processes support this, as do behaviours.
What would show a body is collaborating effectively?
• The body is focused on place, community and outcomes rather than organisational boundaries. • The body has a good understanding of partners' objectives and their responsibilities, which helps to drive collaborative activity. • The body has positive and mature relationships with stakeholders, where information is shared in an open and transparent way. • The body recognises and values the contributions that all partners can make. • The body seeks to establish shared processes and ways of working, where appropriate.
What would show a body is involving people effectively?
• Having an understanding of who needs to be involved and why. • Reflecting on how well the needs and challenges facing those people are currently understood. • Working co-productively, working with stakeholders to design and deliver. • Seeing the views of stakeholders as a vital source of information that will help deliver better outcomes. • Ensuring that the full diversity of stakeholders is represented and they are able to take part. • Having mature and trusting relationships with its stakeholders where there is ongoing dialogue and information is shared in an open and transparent way. • Ensure stakeholders understand the impact of their contribution. • Seek feedback from key stakeholders which is used to help learn and improve.

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Llesiant Cenedlaethau'r Dyfodol: Archwiliad o 'Gwella Seilwaith ein Hysgolion' – **Cyngor Sir Powys**

Blwyddyn archwilio: 2018-19

Dyddiad cyhoeddi: Ebrill 2019

Cyfeirnod y ddogfen: 1192A2019-20

Mae'r ddogfen hon wedi'i pharatoi ar gyfer defnydd mewnol Cyngor Sir Powys fel rhan o waith a gyflawnwyd yn unol â Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015.

Nid yw'r Archwilydd Cyffredinol na staff Swyddfa Archwilio Cymru yn cymryd unrhyw gyfrifoldeb o ran unrhyw aelod, cyfarwyddwr, swyddog neu gyflogai arall yn rhinwedd eu swyddi unigol, neu o ran unrhyw drydydd parti.

Os derbynnir cais am wybodaeth y gallai'r ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan Adran 45 Deddf Rhyddid Gwybodaeth 2000.
Mae Cod Adran 45 yn cyflwyno'r arfer o ran ymdrin â cheisiadau sy'n ddisgwyliedig gan awdurdodau cyhoeddus, gan gynnwys ymgynghori â thrydydd partïon perthnasol. O ran y ddogfen hon, mae Archwilydd Cyffredinol Cymru a Swyddfa Archwilio Cymru yn drydydd partïon perthnasol. Dylid anfon unrhyw ymholiadau yn ymwneud â datgelu neu ailddefnyddio'r ddogfen hon i Swyddfa Archwilio Cymru ar swyddog.gwybodaeth@archwilio.cymru.

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

Mae'r ddogfen hon hefyd ar gael yn Saesneg.

Roedd y tîm a gyflawnodd y gwaith yn cynnwys Jeremy Evans, Lisa Williams a Richard Hayward o dan arweiniad Huw Rees.

Cynnwys

Mae'r Cyngor wedi gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth osod 'cam' Gwella Seilwaith ein Hysgolion ac mae'n ystyried y pum ffordd o weithio yn y camau gweithredu y mae'n eu cymryd i'w gyflawni.

Adroddiad cryno

Adroddiad manwl

Rhan Un: Canfyddiadau'r archwiliad 6

Dyluniodd y Cyngor y cam i ateb yr angen byrdymor i ysgolion ddarparu'r cwricwlwm presennol ac mae wedi ystyried yr hirdymor trwy greu mannau hyblyg y mae modd eu haddasu i weddu i newidiadau mewn dulliau o ddarparu addysg yn y dyfodol 6

Mae'r Cyngor wedi ystyried sut bydd y cam yn mynd i'r afael â phroblemau allweddol megis cyflwr adeiladau, diffygion cyllidebau ysgolion, cynnig gwael i fyfyrwyr yn y chweched dosbarth a darpariaeth cyfrwng Cymraeg gyfyngedig. Caiff problem lleoedd dros ben ei chydnabod ond mae angen i'r Cyngor fod yn fwy eglur ynglŷn â sut bydd y cam hwn yn atal y broblem hon rhag gwaethygu 7

Mae'r Cyngor wedi ystyried yr angen am ddull integredig o weithio i gyflawni'r cam, sy'n cynnwys trafod y manteision ehangach y tu hwnt i well ystad ysgol 8

Mae'r Cyngor wedi ystyried yr angen i gydweithio'n fewnol ac yn allanol i gyflawni'r cam; mae hyn ar gam cynnar ond mae'n ganolog i'r dull diwygiedig o foderneiddio ysgolion 9

Ystyriodd y Cyngor sut i gynnwys rhanddeiliaid yn y gwaith dylunio a chyflawni'r cam: mae ei ddull newydd o ad-drefnu ysgolion yn pwysleisio hyn yn ogystal â chydnabod ei ddyletswydd statudol i ymgynghori ar gynigion i ad-drefnu ysgolion 10

Rhan Dau: Ymateb y Cyngor 11

Atodiad

Atodiad 1 – Dangosyddion cadarnhaol o'r pum ffordd o weithio 12

Adroddiad cryno

Crynodeb

Pam y gwnaethpwyd yr archwiliad

1 Yn unol â Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 (y Ddeddf), mae gan Archwilydd Cyffredinol Cymru (yr Archwilydd Cyffredinol) ddyletswydd statudol i archwilio cyrff cyhoeddus i asesu i ba raddau y maent wedi gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth:

a. bennu eu hamcanion llesiant; a

b. chymryd camau i'w bodloni.

Diffiniad y Ddeddf o'r egwyddor datblygu cynaliadwy yw gweithredu mewn modd: '…sy'n ceisio sicrhau bod anghenion y presennol yn cael eu diwallu heb beryglu gallu cenedlaethau'r dyfodol i ddiwallu eu hanghenion hwythau'

2 Rhaid i'r Archwilydd Cyffredinol ddarparu adroddiad ar ei archwiliadau i Gynulliad Cenedlaethol Cymru o leiaf flwyddyn cyn pob etholiad y Cynulliad. Rhaid cyflwyno'r adroddiad cyntaf o'r fath erbyn 2020, cyn etholiad y Cynulliad yn 2021.

3 Yn ystod 2018-19, mae'r Archwilydd Cyffredinol yn ymgymryd ag archwiliadau ar draws y 44 o gyrff a gwmpesir gan y Ddeddf, i lywio ei adroddiad i'r Cynulliad Cenedlaethol.

4 Ym mis Mai 2018, cyhoeddodd yr Archwilydd Cyffredinol ei adroddiad 'Myfyrio ar Flwyddyn Un – Sut mae cyrff cyhoeddus wedi ymateb i Ddeddf Llesiant Cenedlaethau'r Dyfodol 2015'. Daeth i'r casgliad fod cyrff cyhoeddus yn cefnogi egwyddorion y Ddeddf ac yn cymryd camau i newid eu ffordd o weithio.

5 Wrth ddatblygu ein dull o gynnal yr archwiliadau yn ystod 2018-19, gwnaethom ymgysylltu ag amrywiaeth o randdeiliaid, gan gynnwys trwy ein gwaith peilot yn ystod
2017-18. Gwnaethom weithio'n agos hefyd â Chomisiynydd Cenedlaethau'r Dyfodol.

6 Fel rhan o'r gwaith rhagarweiniol yn y flwyddyn gyntaf, ystyriwyd sut y bu i gyrff cyhoeddus osod eu hamcanion llesiant, felly prif ganolbwynt y gwaith hwn yw'r ffordd y mae cyrff cyhoeddus yn cymryd camau i gyflawni eu hamcanion llesiant.

7 Mae'r canfyddiadau yn yr adroddiad hwn yn seiliedig ar waith maes a wnaed gennym rhwng mis Hydref 2018 a mis Rhagfyr 2018.

8 Mae'r adroddiad hwn yn nodi ein canfyddiadau o'n harchwiliad o 'Gwella Seilwaith ein Hysgolion', sef cam mae'r Cyngor yn ei gymryd i gyrraedd ei amcan llesiant 'Byddwn yn cryfhau dysgu a sgiliau'.

9 Mae'n nodi ymateb cychwynnol y Cyngor i'n canfyddiadau hefyd.

Yr hyn a archwiliwyd

10 Archwiliwyd i ba raddau mae'r Cyngor yn gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth wella seilwaith ei ysgolion. I weithredu yn unol â'r egwyddor datblygu cynaliadwy, mae'n rhaid i gyrff cyhoeddus ystyried y ffyrdd canlynol o weithio:

Arddangosyn 1: y 'pum ffordd o weithio'

Mae'r tabl isod yn gosod y 'pum ffordd o weithio' fel y'u diffinnir yn nogfen 'Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015: Yr hanfodion[1]' gan Lywodraeth Cymru.

Y pum ffordd o weithio
Hirdymor Pwysigrwydd sicrhau cydbwysedd rhwng anghenion byrdymor a'r angen i ddiogelu'r gallu i ddiwallu anghenion hirdymor hefyd.
Atal Sut gall gweithredu i atal problemau rhag digwydd neu waethygu helpu cyrff cyhoeddus i gyflawni eu hamcanion.
Integreiddio Ystyried sut gall amcanion llesiant y corff cyhoeddus effeithio ar bob un o'r nodau llesiant, ar ei amcanion eraill, neu ar amcanion cyrff cyhoeddus eraill.
Cydweithio Gallai cydweithio ag unrhyw unigolyn arall (neu wahanol adrannau yn y corff ei hun) helpu'r corff i fodloni ei amcanion llesiant.
Cyfranogiad Pwysigrwydd cynnwys pobl sydd â diddordeb mewn cyflawni'r nodau llesiant, a sicrhau bod y bobl hynny'n adlewyrchu amrywiaeth yr ardal y mae'r corff yn ei gwasanaethu.

11 Canfu ein harchwiliad y canlynol: **Mae'r Cyngor wedi gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth osod 'cam' Gwella Seilwaith ein Hysgolion ac mae'n ystyried y pum ffordd o weithio yn y camau gweithredu y mae'n eu cymryd i'w gyflawni.**

[1] 'Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015: Yr hanfodion', Llywodraeth Cymru (2015)

Rhan Un: Canfyddiadau'r archwiliad

Mae'r Cyngor wedi gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth osod ‘cam’ Gwella Seilwaith ein Hysgolion ac mae'n ystyried y pum ffordd o weithio yn y camau gweithredu y mae’n eu cymryd i'w gyflawni

Dyluniodd y Cyngor y cam i ateb yr angen byrdymor i ysgolion ddarparu'r cwricwlwm presennol ac mae wedi ystyried yr hirdymor trwy greu mannau hyblyg y mae modd eu haddasu i weddu i newidiadau mewn dulliau o ddarparu addysg yn y dyfodol

Yr hyn yr edrychom amdano

12 Edrychom am dystiolaeth o'r canlynol:

- dealltwriaeth drylwyr o'r anghenion presennol a hirdymor a'r heriau a'r cyfleoedd cysylltiedig;
- cynllunio dros amserlen briodol;
- adnoddau a ddyrannwyd i sicrhau manteision hirdymor; a
- monitro ac adolygu priodol.

13 Hefyd, cafodd ein harchwiliad ei lywio gan y dangosyddion cadarnhaol ar gyfer yr ‘hirdymor’ yr ydym wedi'u nodi a'u defnyddio fel rhan o'r archwiliad hwn.[2]

Yr hyn a ganfuwyd

14 Nodwyd y cryfderau canlynol:

- mae'r Cyngor yn cydnabod bod gan ysgolion oes o 40-50 o flynyddoedd ac maent yn darparu ar gyfer dysgwyr presennol a dysgwyr y dyfodol – er enghraifft, seilwaith TG a mannau hyblyg;
- defnyddiwyd data i ddatblygu sylfaen dystiolaeth a llywio'r ddogfen weledigaeth a chynigion y cynllun cyflawni: nifer y disgyblion cofrestredig

[2] Gweler Atodiad 1

(presennol a rhagweledig), nifer y lleoedd dros ben a ragwelir, arolygon o gyflwr adeiladau a safonau cyrhaeddiad;

- mae'r Cyngor yn parhau i adeiladu a datblygu ei allu i ddadansoddi data, gan gefnogi ei ystyriaethau ymhellach;
- mae'r Cyngor yn datblygu ysgolion ar sail hirdymor a chynaliadwy – er enghraifft, bydd Ysgol Bro Hyddgen yr ysgol gyntaf yn y DU sydd wedi'i hachredu'n llawn gan 'Passivhaus'; ac
- mae cynllun cyflawni bras wedi cael ei ddatblygu ar gyfer y Cynllun Ad-drefnu Ysgolion yn y byrdymor a'r tymor canolig (tan 2025) – mae'r Cyngor yn cydnabod ei bod yn anodd cynllunio ar gyfer y tu hwnt i 2025 yn sgil ansicrwydd ynglŷn â chyllid ar gyfer prosiectau yn y dyfodol.

15 Nodwyd y cyfleoedd canlynol ar gyfer gwella:

- gallai'r Cyngor roi mwy o ystyriaeth i'r defnydd ehangach o safleoedd ysgolion ar gyfer gweithgareddau cymunedol a gwasanaethau cyhoeddus eraill yn yr hirdymor, er ein bod yn cydnabod bod hyn yn fwy heriol ar gyfer hen adeiladau sydd wedi'u hadfer nag ar gyfer adeiladau newydd;
- gallai'r cyngor ystyried datblygu cynlluniau i fynd i'r afael â phroblemau sy'n ymwneud â rheoli'r costau cyfalaf parhaus ar ôl i'r cyllid gan raglen Ysgolion ar gyfer yr 21ain Ganrif ddod i ben; ac
- yn dilyn y broses ailstrwythuro, gallai'r Cyngor ystyried ailddatgan ei ymrwymiad i'r Cynllun Ad-drefnu Ysgolion. Gallai ystyried sut y gall leihau effaith unrhyw oblygiadau'r broses ailstrwythuro ar y rhaglen drawsnewid a'r rheiny sy'n ei chynnal.

Mae'r Cyngor wedi ystyried sut bydd y cam yn mynd i'r afael â phroblemau allweddol megis cyflwr adeiladau, diffygion cyllidebau ysgolion, cynnig gwael i fyfyrwyr yn y chweched dosbarth a darpariaeth cyfrwng Cymraeg gyfyngedig. Caiff problem lleoedd dros ben ei chydnabod ond mae angen i'r Cyngor fod yn fwy clir ynglŷn â sut bydd y cam hwn yn atal y broblem hon rhag gwaethygu

Yr hyn yr edrychom amdano

16 Edrychom am dystiolaeth o'r canlynol:

- dealltwriaeth drylwyr o'r math o broblem a natur y broblem y gallai'r cam helpu i'w hatal rhag digwydd neu waethygu;
- adnoddau a ddyrannwyd i sicrhau y cyflawnir manteision ataliol; a
- monitro ac adolygu pa mor effeithiol mae'r cam yn atal problemau rhag digwydd neu waethygu.

17 Hefyd, cafodd ein harchwiliad ei lywio gan y dangosyddion cadarnhaol ar gyfer ‘atal’ yr ydym wedi'u nodi a'u defnyddio fel rhan o'r archwiliad hwn.[3]

Yr hyn a ganfuwyd

18 Nodwyd y cryfderau canlynol:

- mae tîm penodol ar waith i gwblhau'r rhaglen drawsnewid ysgolion – mae gan y tîm enw da ymhlith swyddogion ac ysgolion y Cyngor, ond mae angen datblygu gwaith cynllunio gweithlu effeithiol i fod yn fwy gwydn ac i fynd i'r afael â'r problemau o ran capasiti a nodwyd o fewn y tîm; ac
- mae'r Cyngor yn defnyddio data ar gyfer rhagweld niferoedd disgyblion ac mae ganddo drefniadau i fonitro perfformiad problemau allweddol trwy'r Bwrdd Dysgu a Sgiliau ac fel rhan o'r fframwaith adrodd corfforaethol.

19 Nodwyd y cyfle canlynol ar gyfer gwella:

- gallai'r Cyngor roi mwy o ystyriaeth i a fydd problem hanfodol gormod o leoedd dros ben a chostau cysylltiedig yn cael ei hatal trwy ei ddull a nodir yng Nghynllun Ad-drefnu Ysgolion 2018 a sut bydd hyn yn digwydd.

Mae'r Cyngor wedi ystyried yr angen am ddull integredig o weithio i gyflawni'r cam, sy'n cynnwys trafod y manteision ehangach y tu hwnt i well ystad ysgol

Yr hyn yr edrychom amdano

20 Edrychom am dystiolaeth o ystyried y canlynol:

- sut y gallai'r cam hwn gyfrannu at y saith nod llesiant cenedlaethol;
- sut y bydd cyflawni'r cam hwn yn effeithio ar amcanion llesiant a blaenoriaethau ehangach y Cyngor; a
- sut y bydd cyflawni'r cam hwn yn effeithio ar amcanion llesiant cyrff cyhoeddus eraill.

21 Hefyd, cafodd ein harchwiliad ei lywio gan y dangosyddion cadarnhaol ar gyfer ‘integreiddio’ yr ydym wedi'u nodi a'u defnyddio fel rhan o'r archwiliad hwn.[4]

Yr hyn a ganfuwyd

22 Nodwyd y cryfderau canlynol:

- mae'r Cyngor wedi ystyried sut bydd gwella seilwaith ysgolion yn cyfrannu at y nodau llesiant cenedlaethol. Ymhlith y cysylltiadau allweddol mae

[3] Gweler Atodiad 1.

[4] Gweler Atodiad 1.

cyfraniad darpariaeth Gymraeg sy'n tyfu ym Mhowys, a fydd yn dylanwadu'n uniongyrchol ar 'Cymru â diwylliant bywiog lle mae'r Gymraeg yn ffynnu'; ac

- mae'r Cyngor wedi ystyried goblygiadau ehangach y cam o ran manteision y tu hwnt i wella ystad ysgolion. Mae hyn yn cynnwys ystyried gwaith moderneiddio yn y dyfodol yn y Drenewydd a'r cysylltiadau â themâu sy'n tyfu yng nghanolbarth Cymru – er enghraifft, gwell sgiliau a hyfforddiant ar lefel ôl-16, rhagor o fuddsoddi mewnol, a thwf busnes / cyfleoedd am gyflogaeth.

23 Ni nodwyd dim cyfleoedd ar gyfer gwella yn y maes hwn.

Mae'r Cyngor wedi ystyried yr angen i gydweithio'n fewnol ac yn allanol i gyflawni'r cam; mae hyn ar gam cynnar ond mae'n ganolog i'r dull diwygiedig o foderneiddio ysgolion

Yr hyn yr edrychom amdano

24 Edrychom am dystiolaeth fod y Cyngor:

- wedi ystyried sut y gallai weithio gydag eraill i gyflawni'r cam (i gyflawni ei amcanion llesiant, neu i helpu corff arall i gyflawni ei amcanion llesiant);
- yn cydweithio'n effeithiol i gyflawni'r cam; ac
- yn monitro ac yn adolygu a yw'r cydweithio'n ei helpu ef neu ei randdeiliaid i gyflawni eu hamcanion llesiant.

25 Hefyd, cafodd ein harchwiliad ei lywio gan y dangosyddion cadarnhaol ar gyfer 'cydweithio' yr ydym wedi'u nodi a'u defnyddio fel rhan o'r archwiliad hwn.[5]

Yr hyn a ganfuwyd

26 Nodwyd y cryfderau canlynol:

- un o'r egwyddorion allweddol yn y Cynllun Ad-drefnu Ysgolion newydd ar gyfer 2018 yw cydweithio – er enghraifft, trwy bob ysgol a ffederasiwn;
- mae'r Cyngor wedi ystyried sut y gall weithio gydag eraill, gan nodi'r angen i weithio gyda phartneriaid allanol megis y bwrdd iechyd, Coleg Castell-nedd Port Talbot a Heddlu Dyfed–Powys ar gyfer ad-drefnu ysgolion yn y Drenewydd; ac
- mae'r Cyngor wedi ystyried sut gall y cam gyfrannu at nodau ehangach y sefydliad – er enghraifft, cryfhau perthnasau â chymunedau a hyrwyddo Powys fel lle i fyw ynddo. Mae'r defnydd o declynnau dadansoddi data yn datblygu'n gyflym ac mae'n amlwg yn cefnogi amrywiaeth o benderfyniadau ar gynllunio.

[5] Gweler Atodiad 1.

27 Ni nodwyd dim cyfleoedd ar gyfer gwella yn y maes hwn.

Ystyriodd y Cyngor sut i gynnwys rhanddeiliaid yn y gwaith dylunio a chyflawni'r cam: mae ei ddull newydd o ad-drefnu ysgolion yn pwysleisio hyn yn ogystal â chydnabod ei ddyletswydd statudol i ymgynghori ar gynigion i ad-drefnu ysgolion

Yr hyn yr edrychom amdano

28 Edrychom am dystiolaeth fod y Cyngor wedi:

- nodi pwy y mae angen iddo ei gynnwys yn y broses o ddylunio a chyflawni'r cam;
- cynnwys y rhanddeiliaid allweddol yn effeithiol yn y broses o ddylunio a chyflawni'r cam;
- defnyddio canlyniadau'r cyfranogiad i lywio'r ffordd y caiff y cam hwn ei ddatblygu a'i gyflawni; a
- cheisio dysgu gwersi a gwella ei ddull o gyfranogi.

29 Hefyd, cafodd ein harchwiliad ei lywio gan y dangosyddion cadarnhaol ar gyfer 'cyfranogiad' yr ydym wedi'u nodi a'u defnyddio fel rhan o'r archwiliad hwn.[6]

Yr hyn a ganfuwyd

30 Nodwyd y cryfderau canlynol:

- mae'r Cyngor yn gwybod yn union pwy i'w gynnwys yn y broses o ddylunio a chyflawni'r cam a chyfranogiad – er enghraifft: athrawon, cyrff llywodraethu, cymunedau, partneriaid allanol a'r Eglwys yng Nghymru;
- mae disgyblion ysgol wedi bod yn cyfranogi'n dda, gan gynnwys dewis enwau ysgolion a chymryd rhan yn y broses ddylunio ac adeiladu, gyda chymorth sesiynau â chontractwyr adeiladu;
- mae'r arolwg presennol o addysg ôl-16 wedi cychwyn i helpu i lywio darpariaeth addysg ôl-16 y dyfodol; ac
- mae'r Cyngor wedi dysgu gwersi ac wedi gwella ei ddull o ad-drefnu ysgolion i ymgynghori'n fwy a gwrando ar randdeiliaid ac ymgysylltu â nhw fel eu bod yn rhan o'r broses.

31 Nodwyd y cyfle canlynol ar gyfer gwella:

- dylai'r Cyngor ystyried sut y gall ddangos ei fod wedi cynnwys pob rhan o gymdeithas a phobl â nodweddion gwarchodedig mewn ffordd fwy ffurfiol a strwythurol.

[6] Gweler Atodiad 1.

Rhan Dau: Ymateb y Cyngor

32 Yn dilyn ein gwaith maes, cyflwynwyd ein canfyddiadau i uwch-swyddogion y Cyngor mewn gweithdy ym mis Mawrth 2018. Yn y gweithdy hwn, dechreuodd y Cyngor ystyried ei ymateb i'n canfyddiadau ac, o ganlyniad i'r trafodaethau yn y gweithdy a rhagor o fyfyrio ar ein canfyddiadau, mae'r Cyngor wedi datblygu'r camau gweithredu canlynol dan themâu penodol.

Hirdymor
Creu cysylltiadau cliriach rhwng cyllidebau cyfalaf a refeniw a Strategaeth Ariannol Tymor Canolig y Cyngor.
Dathlu llwyddiant defnydd cymunedol o adeiladau ysgolion i annog derbyn syniadau o ddefnydd cymunedol yn amlach ar bob safle.
Atal
Creu cysylltiadau cliriach â gwaith cynllunio'r gweithlu i sicrhau capasiti a'r gallu i sbarduno newid trawsnewidiol.
Cydweithio
Cynorthwyo'r ddarpariaeth o syniadau o ddigwyddiadau cymunedol a mwy o sgyrsiau ar y cyd â'r gymuned i glywed y syniadau a gyflwynir.
Cyfranogiad
Cynnwys y sawl sy'n gwneud penderfyniadau (cynghorwyr) yn fwy yn y rhaglen ehangach, gan ddarparu data sir gyfan 'y darlun mawr' i ddarparu'r wybodaeth sydd ei hangen i gefnogi penderfyniadau anodd.
Diwrnod cynllunio gwaith trawsnewid ysgolion ym mis Mai 2019 i ystyried data, niferoedd i adnewyddu perchenogaeth ac ailfodelu'r rhaglen ymlaen.
Corfforaethol
Parhau i ddatblygu dulliau i ddarparu sicrwydd ar lefel gorfforaethol fod y Cyngor yn ystyried y pum ffordd o weithio wrth osod a chymryd camau gweithredu i gyflawni ei amcanion llesiant.
Datblygu proses i ddefnyddio'r hyn a ddysgwyd ledled y Cyngor.

33 Byddwn yn parhau i fonitro cynnydd y Cyngor wrth gyflawni'r camau gweithredu hyn, ac i ba raddau y mae'n mynd i'r afael â'r problemau a nodwyd yn ein canfyddiadau.

Atodiad 1

Dangosyddion cadarnhaol o'r pum ffordd o weithio

Mae'r tabl isod yn gosod ‘dangosyddion cadarnhaol’ ar gyfer pob un o'r pum ffordd o weithio yr ydym wedi'u nodi ac y byddwn yn eu defnyddio i helpu i lywio ein hasesiadau o'r raddfa y gallai cyrff fod yn gweithredu'r egwyddor datblygu cynaliadwy. Nid ydym yn bwriadu defnyddio'r dangosyddion fel ‘rhestr wirio’. Dylid eu hystyried yn ‘ddangosyddion’ a fydd yn ein helpu i greu casgliad, yn hytrach na ‘phenderfynyddion’ o'r raddfa y mae corff yn gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth gymryd camau i gyflawni ei amcanion llesiant.

Arddangosyn 1: Dangosyddion cadarnhaol o'r pum ffordd o weithio

Beth fyddai'n dangos bod corff yn gweithredu'r ffordd hirdymor o weithio yn ei chyfanrwydd?
• Mae dealltwriaeth glir o ystyr ‘hirdymor’ yng nghyd-destun y Ddeddf. • Mae'r corff wedi dylunio'r cam i gyflawni'r amcan(ion) llesiant a chyfrannu at ei weledigaeth hirdymor. • Mae wedi dylunio'r cam i ddwyn manteision byrdymor neu dymor canolig, sy'n cydbwyso â'r effaith dros yr hirdymor (o fewn cyd-destun y prosiect). • Mae wedi dylunio'r cam ar sail dealltwriaeth soffistigedig o'r angen a'r pwysau presennol, a'r rheiny yn y dyfodol, gan gynnwys dadansoddi tueddiadau'r dyfodol. • O ganlyniad, mae dealltwriaeth gynhwysfawr o'r risgiau a chyfleoedd presennol a'r rheiny yn y dyfodol. • Mae adnoddau wedi'u dyrannu i sicrhau manteision hirdymor yn ogystal â byrdymor. • Mae canolbwynt ar gyflawni canlyniadau, wrth nodi cerrig milltir / camau cynnydd lle bydd canlyniadau'n cael eu cyflawni dros yr hirdymor. • Mae'n agored i ffyrdd newydd o gyflawni pethau a allai helpu i ddwyn manteision yn yr hirdymor. • Mae'n rhoi gwerth ar ddeallusrwydd ac yn mabwysiadu dulliau o weithio ar sail tystiolaeth.
Beth fyddai'n dangos bod corff yn gweithredu'r ffordd ataliol o weithio yn ei chyfanrwydd?
• Mae'r corff yn ceisio deall gwreiddiau problemau fel bod modd trechu cylchoedd negyddol a heriau rhyng-genedlaethol. • Mae'r corff yn gweld heriau o safbwynt system gyfan, gan gydnabod a rhoi gwerth ar y manteision hirdymor y gallant eu cyflawni i bobl ac i lefydd. • Mae'r corff yn dyrannu adnoddau i weithredoedd ataliol sy’n debygol o gyfrannu at well canlyniadau a gwell defnydd o adnoddau dros y tymor hwy, hyd yn oed pan allai hyn gyfyngu ar y gallu i ddiwallu rhywfaint o anghenion byrdymor. • Mae trefniadau penderfynu ac atebolrwydd sy'n cydnabod gwerth gweithredoedd ataliol ac yn derbyn gostyngiadau byrdymor mewn perfformiad ac adnoddau i fynd ar drywydd gwelliannau rhagweledig o ran canlyniadau a'r defnydd o adnoddau.

Beth fyddai'n dangos bod corff yn gweithio mewn ffordd ‘integredig’?
• Unigolion ar bob lefel yn deall eu cyfraniad at gyflawni'r weledigaeth a'r amcanion llesiant. • Unigolion ar bob lefel yn deall yr hyn mae gwahanol rannau o'r sefydliad yn ei wneud ac yn ceisio cyfleoedd yn rhagweithiol i weithio ar draws ffiniau sefydliadol. Mae hyn yn digwydd yn eu gwaith â chyrff cyhoeddus eraill hefyd. • Mae unigolion ar bob lefel yn cydnabod y cyd-ddibyniaethau ar draws y sefydliad o ran cyflawni'r uchelgais a'r amcanion. • Mae diwylliant agored lle caiff gwybodaeth ei rhannu. • Mae dealltwriaeth dda o'r ffordd y mae’r amcanion llesiant a chamau i'w cyflawni'n effeithio ar gyrff eraill yn y sector cyhoeddus. • Mae unigolion yn rhagweithiol wrth weithio ar draws ffiniau'r sefydliad i gynyddu eu cyfraniad i'r eithaf ar draws y nodau llesiant ac i leihau effeithiau negyddol. • Mae'r llywodraethiant, y strwythurau a'r prosesau, yn ogystal ag ymddygiad, yn hybu hyn.
Beth fyddai'n dangos bod corff yn cydweithio'n effeithiol?
• Mae'r corff yn canolbwyntio ar lefydd, cymunedau a chanlyniadau yn hytrach na ffiniau sefydliadol. • Mae gan y corff ddealltwriaeth dda o amcanion ei bartneriaid yn ogystal â'u cyfrifoldebau, sy'n helpu i sbarduno gweithgareddau ar y cyd. • Mae gan y corff gydberthnasau cadarnhaol ac aeddfed â rhanddeiliaid, lle caiff gwybodaeth ei rhannu mewn ffordd agored a thryloyw. • Mae'r corff yn cydnabod ac yn rhoi gwerth ar y cyfraniadau y gall yr holl bartneriaid eu gwneud. • Mae'r corff yn ceisio sefydlu prosesau a ffyrdd o weithio ar y cyd, lle bo'n briodol.
Beth fyddai'n dangos bod corff yn cynnwys pobl yn effeithiol?
• Bod â dealltwriaeth o bwy y mae angen eu cynnwys a pham. • Myfyrio ar ba mor dda y caiff yr anghenion a'r heriau sy'n wynebu'r bobl hynny eu deall ar hyn o bryd. • Gweithio'n gydweithredol a gweithio gyda rhanddeiliaid i ddylunio a chyflawni. • Ystyried barn rhanddeiliaid yn ffynhonnell wybodaeth hollbwysig a fydd yn helpu i gyflawni gwell canlyniadau. • Sicrhau y caiff amrywiaeth lawn y rhanddeiliaid ei chynrychioli a bod modd iddynt gymryd rhan. • Bod â pherthnasau aeddfed a ffyddlon â'i randdeiliaid, lle mae deialog barhaus a chaiff gwybodaeth ei rhannu mewn ffordd agored a thryloyw. • Sicrhau bod y rhanddeiliaid yn deall effaith eu cyfraniad. • Ceisio adborth gan randdeiliaid allweddol a ddefnyddir i helpu i ddysgu a gwella.

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Annual Governance Statement

Section 1. Executive Summary

This Annual Governance Statement (AGS) provides an account of the processes, systems and records the council has in place to demonstrate effectiveness of its governance arrangements. It principally covers the period April 2018 to March 2019, as well as covering the period to September 2019, when the accounts are signed.

Powys County Council adopted a system of corporate governance in June 2008, which is consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government (2016 Edition). This statement is structured around the seven core principles, which are set out in Section 3, and gives an account of how the council has discharged its responsibilities during 2018-19 as well recommendations for development.

Based on the evidence set out in this annual governance statement, we consider the level of assurance to be Partial.

Assurance levels for annual opinion:

Substantial	▲★★★	We are able to offer substantial assurance that the council's arrangements adequately reflect the principles of good governance as indicated in the CIPFA Governance Framework. Processes are in place and operating effectively and risks to effective governance are well managed.
Reasonable	▲★★★	We are able to offer reasonable assurance that the council's arrangements adequately reflect the principles of good governance as indicated in the CIPFA Governance Framework. Generally, risks are well managed but some processes could be improved.
Partial	▲★★★	We are able to offer partial assurance that the council's arrangements adequately reflect the principles of good governance. Some key risks are not well managed and processes require the introduction or improvement of internal controls to ensure effective governance.
None	▲★★★	We are not able to offer any assurance. The council's arrangements were found to be inadequately controlled. Risks are not well managed and processes require the introduction or improvement of internal controls to ensure effective governance.

Section 2. Introduction

2.1 Ensuring Good Governance

Powys County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for; and is used economically, efficiently and effectively. Powys County Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, Powys County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

This Annual Governance Statement will explain how Powys County Council has complied with the code.

Powys County Council is the Administering Authority for the Powys Pension Fund (the Pension Fund). The governance arrangements detailed in this Annual Governance Statement apply to the council's responsibilities to the Pension Fund. There are further specific requirements for the Pension Fund which are:

- The Investment Strategy Statement
- Funding Strategy Statement
- A full Actuarial Valuation to be carried out every third year

2.2 The Governance Framework

The Powys County Council governance framework comprises the systems, processes, cultures and values, by which the council is directed and controlled and through which it engages, leads and is accountable to residents and communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of outcome-focused and cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Powys County Council's policies, aims and objectives. In addition, it assists in evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The following sections summarise the governance framework and the system of internal control, which has been in place in Powys County Council for the year ended 31 March 2019. In addition, the council's constitution can be found at: Link to Council Constitution

Section 3. The Core Principles

3.1 Core Principle A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

How we do this:

- **Our Values**

The council places a high value on upholding the highest standards in public office for both Members and Officers.

Creating a council of the future that is driven by the right culture and behaviours is important. The council wants to deliver high performance and value for communities by listening to, and working with, the public as well as private, voluntary and community sectors.

The council has a set of values that underpin all the work of the council and guide the behaviours that are expected of everyone engaged in our work, or working with us. Our values are embedded into staff appraisals. Awareness of the values are tested out by means of the Council's staff survey conducted every two years. The 2018 survey showed that staff were aware of and had embraced the values.

Professional	Whatever role we play in the council, we act with professionalism and integrity
Positive	We take a proactive attitude in all we do
Progressive	We take a proactive and responsible approach to planning for the future
Open	We keep each other informed, share knowledge and act with honesty and integrity
Collaborative	We work constructively and willingly on joint initiatives

These values are detailed in Vision 2025 – the Corporate Improvement Plan (CIP) 2018/2023. Which can be found at: Link to Corporate Improvement Plan

✓ **Members' Code of Conduct / Standards Committee**

For elected Members, the council has adopted the Model Code of Conduct for County Councils in Wales, which came into force on 1 April, 2016. Conduct of Members is monitored by the Public Services Ombudsman and the council's Standards Committee. The council has adopted other protocols for elected Members such as one relating to gifts and hospitality and in respect of Planning Applications / Matters. Mandatory training for Members in relation to the Code of Conduct was undertaken following the election in 2017. The council, following the recommendation of the Public Services Ombudsman for Wales, has adopted a Local Resolution Process whereby low level complaints between Members (or between officers and Members) can be resolved locally rather than being referred to the Public Services Ombudsman for Wales.

The Standards Committee is active in trying to assist Members, either individually or collectively, in taking part in discussions where they might otherwise be debarred from taking part by the Code of Conduct by the granting of individual or general dispensations. By this means, the Standards Committee seeks to ensure that the representative role of Members is protected as well as protecting the council's decision making processes from being brought into disrepute.

The Standards Committee will also monitor attendances at Mandatory Member Development Sessions to ensure that Members complete the Mandatory Training.

The Standards Committee monitors the attendances of Members at committees. Failure to comply with the 60% attendance requirement will lead to the Member having to account for their absences to the Committee.

✓ **Officers' Code of Conduct**

For officers, the council follows the statutory Code of Conduct. Conduct and behaviour is the responsibility of the individual officer and a breach may constitute a disciplinary matter. In addition, the council has within its Constitution a protocol for Member and Officers relations as well as relationships between officers and political groups.

✓ **Fraud / Corruption and Whistleblowing**

The council has an Anti-Fraud and Anti-Corruption Strategy and a Whistle Blowing Policy which allows matters of concern to be raised and sets out how they will be investigated.

✓ **Audit Committee**

The Audit Committee is responsible for examining, approving and reviewing the adequacy of risk assessment, risk management and internal controls, including compliance.

✓ **Complaints and Compliments**

The council has a formal compliments and complaints procedure that enables complaints to be escalated and investigated independently of the service concerned.

✓ **Information Governance**

Powys County Council continues to develop its information governance maturity working to its agreed framework, to initiate, develop, and monitor policies and practices in relation to information security, management, assurance and risk, in order to improve and ensure on-going compliance with relevant information legislation and standards.

The council has robust information personal data breach reporting and management processes in place, which ensures swift containment action, enables informed identification of information risks and mitigation, and supports regulatory reporting requirements.

The council continues to provide those who choose to exercise their right of access to information held by the council, or who choose to exercise their data protection rights with an effective and professional service. Further reporting has been developed to not only identify timeline compliance for requests for information, but also includes disclosure and exemption data, indicating the extent of disclosure of information to the public.

The training of staff in the basics of data protection and information handling continues to be an important reported measure in the council's information assurance design. There is also a programme of refresher training available to staff.

Powys County Council continues to progress its information management, assurance and governance policies, procedures, and practices. In addition, the Corporate Governance Information Group comprising of the Senior Information Risk Owner (SIRO) and Directors developed appropriate planning and response strategies to the implementation of the General Data Protection Regulations and the UK Data Protection Act 2018.

The SIRO receives an annual Information Governance Report.

Review of effectiveness:

- **Standards Committee**

The Standards Committee undertakes monitoring of attendances of Members at mandatory training. Member's mandatory development sessions commenced in February 2018, and monitoring was reported in October, 2018. Initially by July 2018, 13 Members had not completed the development. Following the July 2018 training only three Members remained having not completed the Mandatory Treasury Management Development during July 2017 to July 2018. The three Members were advised by the committee that they were required to attend the next session in January 2019. Should they fail to attend they would be required to provide a verbal explanation to the Standards Committee and could face sanctions in accordance with the council's policy. All Members completed this Mandatory Development.

In relation to the monitoring of attendances at committees, there are few Members who fall beneath the 60% requirement, and those that do have valid reasons such as a period of illness. In 2018/19 no Members were reported to the Standards Committee for a failure to achieve the minimum level of attendance.. Mandatory Code of Conduct training for Members – all Members received training on the Code of Conduct including any new Members elected or appointed following the election in 2017. A refresher session will be held during 2019-20.

The Standards Committee is informed at meetings of the numbers of referrals to the Ombudsman. There were seven complaints against Members referred to the Public Services Ombudsman for Wales in 2018 /19 (April to March) of which three are being investigated. Of those remaining 2 were closed following receipt by the Ombudsman's Office (i.e. no evidence that there was a suggested breach of the

Code of Conduct) and 2 are awaiting a decision as to whether the Ombudsman is to investigate or not.

- **Local Resolution Process**

There have been three complaints dealt with under this process in 2018/19. 2 issues were resolved and 1 was not resolved.

- **Whistleblowing Policy**

There has been one referral in the year under the Whistle Blowing Policy. This has yet to be completed.

- **Information Governance**

There have been 176 information security incidents reported throughout the year, with 25, considered appropriate for notification to the Information Commissioner. No further regulatory action considered necessary in these cases. The changes in data protection legislation during the year changed reporting requirements.

The General Data Protection Regulations came into force in May 2018, with the UK's Data Protection Act 2018. The council had previously identified those components of the new data protection legislation to be identified and timescales for doing so. The council's plan had also been the subject of scrutiny by a Scrutiny Committee working group, as well as an internal audit examination.

- **Our Values**

The Results from our most recent Staff Engagement Survey are outlined below, which give an insight into how staff are embracing the council's values:

- 62% are proud to work for the council (also 62% in 2016) and 65% are proud of the work that they do
- 73% feel confident making decisions without having to seek permission from their line manager
- 88% will go that extra mile to get the job done (compared to 85% in 2016)
- 43% don't feel involved in discussions around changes in their service area (44.5% in 2016)

Recommendations for development:

The following objectives are included in Vision 2025: Our Corporate Improvement Plan (2019 Update) or Services Improvement Plans:

Objective	Responsible Service
We will continue to embed the council's values and guiding principles (5 ways of working) into strategic and service planning and staff appraisals to encourage staff to think differently, act differently and therefore deliver differently.	All Services

3.2 Core Principle B

Ensuring openness and comprehensive stakeholder engagement

How we do this:

✓ **Engagement and consultation**

Powys County Council and a number of its PSB partners strive to work to the National Principles for Public Engagement in Wales to ensure conversations are meaningful, timely and resourced. Both the Public Service Board (PSB) and the council have also signed up to these principles. In addition, the former Joint Chairs and Vice-Chairs of the Scrutiny Committees have formally signed up to the national principles for any scrutiny consultations undertaken in future.

We believe all our citizens, partners and businesses should be engaged and consulted so their voice influences future decisions and service provision. We continue to engage citizens in a number of ways using both traditional methods like surveys, focus groups and meetings and are working to develop the use of digital tools such as online platforms, surveys and social media channels. The council has a corporate Facebook, Twitter, Instagram and Flickr account and its own You-tube channel where films are posted. LinkedIn and Facebook is used to advertise job vacancies. The Cabinet, and new Chief Executive have their own Twitter account, as well as a number of other services to engage and inform residents about the work we do and engage in conversations directly with our citizens.

Plans are being progressed to move to a digital Citizen's Panel for the county which will operate through the Council's My Account platform. Residents will be able to log into their account and select to join the Panel. They will then receive alerts when consultations go live.

✓ **Committee Agendas and Reports**

The council publishes its agendas, reports and minutes of the council, the Cabinet and committees on its public website. In addition, the increasing use of webcasting ensures that the public have a greater ability to access meetings. The council will also continue to respond to requests for factual information regarding services through a mix of channels including our website, local media and social media.

✓ **Members' Annual Reports**

All Council Members produce an Annual Report on their activities which is published on the council's public website. Some Members only produce information regarding their attendances at meetings and training sessions whilst others provide additional information about activities undertaken in their electoral division and attending outside bodies as representatives of the council.

✓ **Public Participation at Council Meetings**

The council has implemented a Public Participation Process where Members of the public can submit a written question to a Cabinet Member or Chairs of Committees (excluding regulatory committees) which are considered at meetings of the council. The questioner is also allowed to attend the council meeting and ask one supplementary question following the response, or submit a supplementary question in writing. This has resulted in 8 questions in 2018/19.

Review of effectiveness:

- **Public Participation Process**

The council had eight questions asked during 2018/19. Of those 4 people attended the council meeting where they were able to ask a supplementary question if they wished to do so. All the questions were to Cabinet Members.

- **Engagement and Consultation**

The council regularly engages with, and consults residents when considering new policies and changes to the services it delivers across the county.

Powys County Council recognises the importance of early engagement and dialogue to shape policy and services alongside the more traditional consultation type exercises whereby residents are asked to comment on a draft strategy or preferred options to help inform decisions.

During 2018/19 a number of engagement and consultation exercises took place in support of both Vision 2025 and requirements set out in statute.

Vision 2025 Consultation Programme

Economy:

- *Regional Economic Development Action Plan Survey* – a regional survey was developed to establish the most important support measures that businesses within Powys and Ceredigion felt would help their businesses grow. 279 responses were received. Improved digital communication (superfast broadband), less business regulation and being able to recruit skilled staff were key findings.
  The effect: The findings will now contribute to and support the production of a regional economic development plan.

- *Business Breakfast Sessions* – during Spring 2018 the Regeneration Team hosted a series of business breakfast sessions across the county to share the council's Procurement and Powys Pound campaign. They listened to, and answered queries/concerns raised by local businesses about bidding for Powys contracts. The effect: Feedback has helped the service to consider how best to simplify and ensure smaller firms can compete for work. Evaluation forms have been analysed so as to inform future sessions.

- *LDP consultations* - Following the conclusion of the Examination in Public of the Powys LDP and the receipt of the Inspector's Report, the Council adopted the LDP

on the 17th April 2018. Feedback from interested stakeholders throughout the process shaped the final version of the plan. A follow up survey seeking feedback on the process resulted in 59 respondents. The majority had accessed the plan via the website and agreed that their representation was processed in a timely manner and they knew what would happen next. Some criticism around language used, too much information to consider and lack of feedback given on individual representations. The effect: The feedback given will be used to inform future processes and reduce the use of technical language.

Health and Care:

- *North Powys health and wellbeing* - The council is working together with Powys Teaching Health Board to identify a health and wellbeing model for the north of Powys. Early conversations have been taking place – primarily with involved partners - but more detailed engagement and consultation will follow with all key stakeholders and residents to help shape the project.

- *Substance misuse relocation* – In Welshpool, the council engaged with the local community prior to moving the town's substance misuse service to a town centre location. The effect: This has enabled the smooth transfer of services from one location to another.

Learning and skills:

- *Transport consultation* - A consultation on home to school and college transport was carried out in the summer of 2018. One of the key points in the proposed revised policy was consideration of charging students for travel to post 16 education – sixth forms and colleges. The effect: There was significant opposition to this and Cabinet voted to carry out more research into the potential impact of such charging before taking this further. Some 400 people took part in the consultation.

- *School formula* - A consultation to create a revised funding formula for schools in Powys was carried out with the school communities to look at the framework for allocating funding to schools. The effect: The feedback and analysis of the responses led to a new formula being successfully implemented and allocations to all schools have been completed.

- *Llanidloes All through School survey* – The two schools in Llanidloes – the high school and the primary school – approached the county council with a view to seeking Federation status for the two establishments. The council supported this move in principle and helped the two governing bodies run a consultation process – online and offline – on a proposal to federate. The effect: The proposal garnered widespread public support and the two governing bodies agreed at their joint-meeting of February 20, 2019 to proceed with Federation from September 2019.

- *Llanfyllin All through school survey* - In a situation similar to Llanidloes, the two schools in Llanfyllin approached the county council with a view to seeking to form an All Through School (although not a Federation as in Llanidloes). Again, the county

council supported this proposal in principle and helped the two governing bodies carry out the consultation. Some 80 responses were received to the proposal with broad support. The effect: On March 12, the council agreed to the proposal and published a Statutory Notice, which is open to comment until April 17.

- *Llanerfyl and Banwy primary schools* – The council consulted on a proposal to close Llanerfyl Church in Wales School and Banw CP School and re-open a school on the site of one of the two establishments' sites. A consultation was carried out – a mixture of drop ins and an online survey, the latter of which received 250 responses. There was a mixed reaction to the proposal with arguments for and against both sites. The effect: Cabinet discussed this on March 12 2019 but deferred the decision until a date in April to consider further information.

Residents and communities:

- *Blue Badge Survey* – Following early engagement work conducted during 2017/18 a survey was promoted to capture views of blue badge holders to inform a new policy proposal. The proposal was to give all blue badge holders one hour's free parking but seek payment for additional time parked in a council car park. Blue badge holders responded to say that they can struggle to get in/out car and spaces provided, get to a ticket machine, handle coins and even walk very far. The majority of respondents wanted the status quo to continue whereby they parked for free. The proposal to pay for an hour and get an hour free was rated second choice from four options listed. The effect: Although the council's preferred proposal was put forward as part of the budget proposals, the Full Council voted to retain the status quo with blue badge holders retaining the ability to park for free in council car parks during 2019/20.

- *Active Travel Survey* – this survey captured feedback on how frequently people walk or cycle short distances in the 11 designated Active Travel towns. 92 responses were received with residents in Brecon, Presteigne and Llandrindod in particular giving compliments regarding the ethos of active travel and requests for more collaboration and partnership working with TCCs and others (nature reserves) etc. The effect: Views expressed around pavement conditions, cycle racks, safety for pedestrians will be used as evidence when submitting bids and developing future projects.

- *Library Adults Satisfaction* – this national survey runs across all libraries in Wales for one week seeking views on satisfaction with the core service. Just under 300 responses were received. The feedback was positive overall regarding services used. Borrowing books, browsing books, magazines and reading newspapers are still some of the key reasons people go to the library alongside use of the free PCs. The effect: Feedback is used by Welsh Government to calculate a Wales picture around library usage. Comments given by individuals in Powys will be used to improve customer satisfaction and some have already been used as part of consultation materials developed to engage residents about a review of all branches as they seek for find savings of £200k during 2020/21.

- *Welshpool Library Co-location* - A review of buildings in the north of the county led to a proposal to co-locate the current library with the museum in Welshpool so as to provide employees with office space as they move out of a building that is surplus to requirements and being sold on the open market. The decision was taken to consult residents in the town about the preferred proposal although this would potentially be opposed. An online survey was sought by the service to capture views. Alternative options were also listed and residents asked to give their preferences. The effect: There was opposition to the proposal to co-locate the library into the museum and some alternative options put forward. However, in giving these due regard and following discussions with the town council about their proposal, it was determined that the co-location was the best approach to enable staff to relocate into the library building and continue to provide services like housing advice, social care and trading standards to residents whilst also retaining a combined library and museum service – albeit in a smaller space. The relocation of the library into the museum building will contribute savings to the £200k target set for the service.

- *Rights of Way Improvement Plan* – During the year an engagement exercise was undertaken to consult users and those interested in the rights of way network prior to a review and / or development of a revised ten-year plan as set out by statute. Focus groups and an online survey captured feedback which was used to produce a draft plan. Once produced, a 12-week consultation period then followed to enable users and interested parties to comment on said plan via a comprehensive on-line survey which sought ranking and prioritisation The effect: The early engagement, focus group sessions and targeted surveys helped users to feedback information which informed and shaped the first draft. The council received compliments about the consultation process followed. The final findings report was appended to the Cabinet report and the plan has now been adopted.

- *Public Toilet Strategy* – The Welsh Government placed a duty on all local authorities to produce a strategy by May 2019. Based on research and stakeholder mapping the council conducted some targeted focus groups to engage some of the key users including mothers with young children, families with disabled children, carers and the physical disability and sensory loss group. An online form was also sent out to all known providers of toilets and a public survey launched alongside the focus groups as part of Phase I to capture additional feedback. The effect: The feedback gathered around the lack of baby changing facilities and Changing Places for adults contributed to the actions listed in the final draft plan which is currently being consulted upon.

- *Green Garden Waste* – Powys is one of the few local authorities that is still providing green garden banks in car parks across the county. Plans to introduce a paid for green garden waste service were consulted upon so as to capture resident feedback on costs, bin type, frequency of collections and payment options. Over 2000 residents responded. Half stated they were interested in the service and would be happy to pay between £30 and £40 a year for a kerbside collection. The effect: The responses from residents have been used to establish frequency, costs and bin sizes and the service is due to be launched in April 2019.

- *Newtown Active Travel bridge survey* – The council had successfully bid for funding from Welsh Government under the Active Travel scheme to build a cycle/footbridge across the River Severn crossing from Pool Road to Canal Road. The council worked in partnership with Newtown and Llanllwchaiarn Town Council to engage with residents and business about how the bridge should look and also asked for ideas for possible names. An online survey was run along with two drop in sessions. The effect: This feedback has fed into the design process and a name for the bridge will be decided at a later date.

Recommendations for development:

The following objectives are included in Vision 2025: Our Corporate Improvement Plan (2019 Update) or Services Improvement Plans:

Objective	Responsible Service
Improve the Cabinet Forward Work Programme	Legal and Democratic Services
Adult Services Re- Shaping Plan 2018-2023 Priority Area B: Practice, Quality and Assurance	Adult Services
We will develop tools to enable residents to be heard, and engage in ongoing communication and dialogue with our communities to inform decision making.	Digital and Communication Services
Children's Service Improvement Plan – 2. Partnership Working	Children's Services
Develop and support the implementation of a Welsh Language Standards	Communications

3.3 Core Principle C

Defining outcomes in terms of sustainable economic, social, and environmental benefits

How we do this:

✓ **Corporate Planning Cycle**

The Council has a set process in place for annually reviewing its objectives and corporate plans to ensure that they remain relevant and focussed on improving the right outcomes for residents and communities.

✓ **Vision 2025: Our Corporate Improvement Plan (CIP)**

The council's long term vision and objectives for improving the economic, social, environmental and cultural well-being of Powys are set out in Vision 2025: Our Corporate Improvement Plan. The plan was approved and published in April 2018 and covers the term of the current Cabinet. Using the findings of a Well-being

Assessment and associated engagement, the council agreed to focus on four Well-being Objectives to deliver its vision, these are:

- **The Economy -** We will develop a vibrant economy
- **Health and Care -** We will lead the way in providing effective, integrated health and care in a rural environment
- **Learning and Skills -** We will strengthen learning and skills
- **Residents and Communities -** We will support our residents and communities

To help us deliver the above outward facing objectives, we also have an internal facing objective called Making it Happen, which focusses on improving communication and engagement, leadership and governance and changing how we work.

The Plan provides an important framework for engaging residents, councillors, staff and other stakeholders, such as regulators, in the vision and the council's key objectives. It sets out 40 aspirational outcomes for improving well-being for Powys residents, communities and businesses.

Our Corporate Improvement Plan shows our contribution to the strategies that we are working on with our partners. These include the Powys Public Services Board Towards 2040, and the Powys Regional Partnership Board Joint Area Plan.

The plan also shows how we are embracing the Well-being of Future Generations (Wales) Act 2015, by ensuring that our objectives contribute to the seven national well-being goals and that we are considering the 5 ways of working in the way we plan our services.

- **Medium Term Financial Strategy**

The MTFS is the financial strategy for Powys County Council for the period 2018 to 2023. It has been developed as part of the overall strategic planning process alongside Vision 2025: Our Corporate Improvement Plan which captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach. It also incorporates the plan for delivering a balanced budget for 2019/20, and indicative budgets for the following 3 years to March 2023 This means the Council has an ongoing financial plan to enable service transformation within the funding levels available.

This financial strategy includes all Council services activity funded by the revenue budget, the Housing Revenue Account and the Capital programme. This information is presented in a 5 year budget model and a 5 year Capital Strategy Programme.

- **Strategic Equality Plan**

This plan sets out our equality objectives and action plans for making Powys a fairer place to live where people can achieve their potential, thrive and prosper. It focuses on three things: improving our services, making our organisation a better place to work, and improving the most important life outcomes for local people.

- **Service Improvement Plans**

  All the Council's Services produce individual Service Improvement Plans to show how it will deliver continuous service improvements in line with the council's strategic vision.

  Our Children Services and Adult Services Improvement Plans were reviewed during the year in response to Care Inspectorate Wales Inspection Findings. Progress against these plans is monitored monthly by an Improvement and Assurance Board.

- **Integrated Impact Assessments**

  As part of the corporate planning cycle, Impact Assessments are undertaken for budget proposals and significant service and policy changes to support effective decision making and ensuring compliance with respective legislation. A new Impact Assessment, which considers the requirements of the Well-being of Future Generations Act, the Equalities legislation and the Welsh Language Standards as well as the corporate objectives and risk has been implemented.

✓ **Budget Principles**

The Cabinet adopted a set of Budget Principles which provide a greater link between the Council's vision, the strategic plan (One Powys Plan) and the use of resource. The budget principles are key in order to deliver our priorities and achieve our efficiency targets by shaping our decisions to allocate resources.

Budget Principle	Definition
Valued Services	• In future services must support the Council's outcomes. Those that don't will have to be provided by others.
Supporting the Vulnerable	• Scarce resources mean we must focus on the truly vulnerable not those who have historically received support and services.
Local Delivery	• Services delivered within communities by communities are more responsive and efficient.
Personal Responsibility	• Nationally we must move from the entitlement culture; our population and our employees will be encouraged to take more control of their lives and take on greater responsibility.
Value for Money	• The council must look for value for money in everything that it does.
Improving Productivity	• Once the preserve of private enterprise productivity and performance now matters in the public sector.
Supporting the Local Economy	• Whilst ensuring that we remain within procurement and local government financial legislation we will seek to spend as much of our funding within Powys if it is Value for Money to do so
Keeping the Authority Safe	• We will ensure non-frontline services are effective and value for money whilst recognising the key role they play ensuring the Authority uses its resources effectively.

✓ **Scrutiny**

The review of Scrutiny for 2018-19 is set out in Appendix 3.

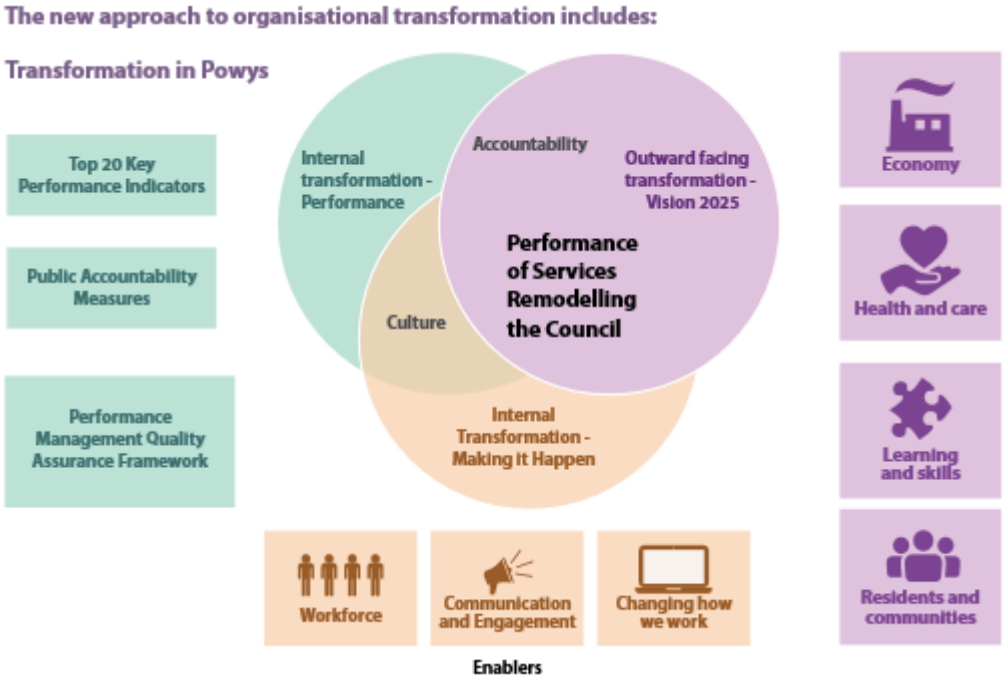
Review of effectiveness:

- **Vision 2025: Our Corporate Improvement Plan**

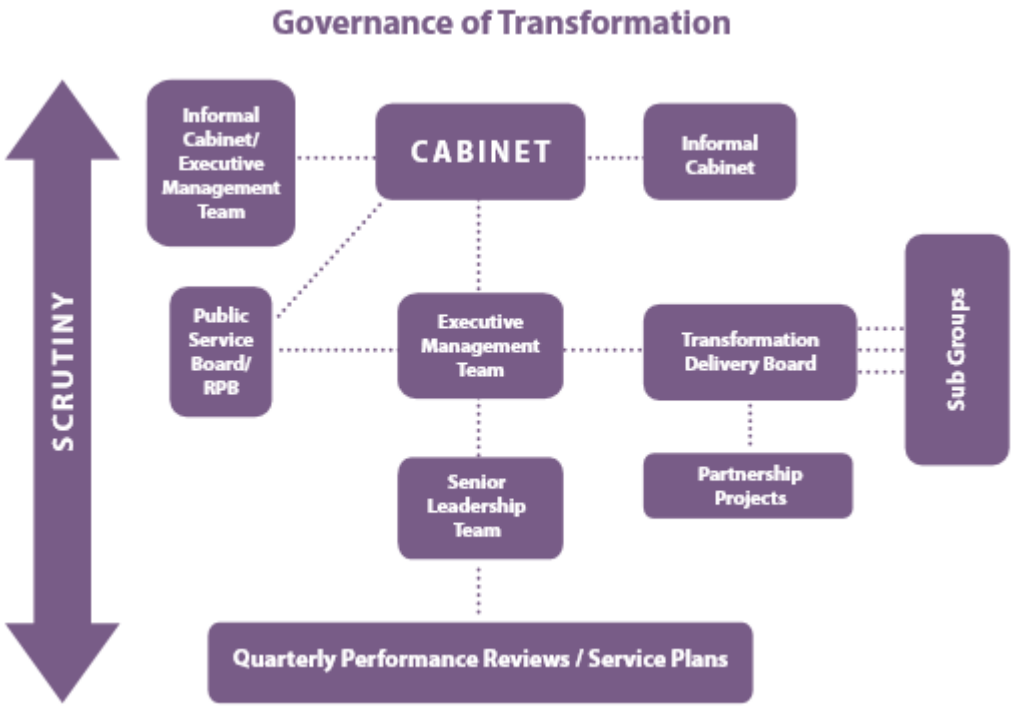
In line with approval of Vision 2025: Our CIP, a governance structure was put in place to drive forward its delivery. This consisted of a series of Programme Boards who were accountable for delivering the five objectives. During 2018-19 it became evident that this governance structure was creating duplication and that there were no clear lines of accountability. Therefore, we redefined our approach to delivering Vision 2025 to ensure improved accountability and a greater focus on outcomes. This includes:

- Adopting a new strategic approach to council performance

- Changing the organisation culture and promoting positive behaviour
- Internal transformation and remodelling the council



Governance of Vision 2025 has also been streamlined. There is now one Transformation Programme that will focus purely on significant transformational projects that need to be delivered by more than one service. Other service improvement work that will help us deliver Vision 2025, is now being managed and governed separately at a service level, with Individual Heads of Service acting as the accountable officers.



Progress against the activities and performance measures were monitored quarterly throughout the year and reported to EMT and Cabinet, following challenge at a Service Performance Review meeting.

In line with the Corporate Planning Cycle, an Annual Review of Vision 2025: Our CIP has been undertaken which analysed a range of information including corporate performance, financial position, regulator feedback, strategic risk, customer feedback and legislative duties. The review provides a corporate insight into the key strengths and weaknesses in relation to delivery of the plan, as well as identifying opportunities and threats which need to be addressed in the plan in future years. After reflecting on performance in 2018-19 and reviewing the challenges ahead, the Cabinet agreed that it would remain focussed on the current well-being objectives for 2019 onwards. However, some of the activities for delivering them would need to change. This is to ensure we focus more on transformational improvement; we think about longer term outcomes, that we listen to what our residents are telling us is important to them and we use our resources more effectively.

An Annual Performance Report was published in October 2018, which set out how the council had performed during the 2017-18 financial year, against the priorities and objectives in its previous Corporate Improvement Plan. Overall, the council made a judgement that one of the priorities had ‘good’ performance and three were ‘adequate’, based on the following criteria:

- Excellent – All commitments completed and outcomes achieved
- Good – Majority of commitments on track and outcomes improving
- Adequate – Commitments broadly on track, but limited impact on outcomes
- Poor – Majority of commitments off-track and outcomes not improving

- **Integrated Impact Assessment**

The impact assessment approach continued to be embedded successfully, with all proposals requiring Cabinet decision being subject to an assessment. All budget proposals were also supported by Impact Assessment to ensure any adverse impacts were properly identified. Officers continued to be trained on the effective completion of an impact assessment and the form has also been digitised to make the process simpler and allow results to be analysed.

- **Annual Report of the Director of Social Services / Annual Council Reporting Framework (ACRF)**

The Annual Director's Report on Social Service in Powys (ACRF) was presented to Full Council on 12th July 2018. It provided an objective assessment of the impact and performance of the work of social services and demonstrated how the council has promoted wellbeing and accounted for the delivery of the well-being standards contained within the Social Services and Well-being Act. However, the CIW report in 2018 criticised the Council on its adoption of the Social Services and Well-Being Act.

Recommendations for development:

The following objectives are included in Vision 2025: Our Corporate Improvement Plan (2019 Update) or Services Improvement Plans:

Objective	Responsible Service
Improved decision making through the embedded use of analytics, research and horizon scanning	Strategy, Performance and Transformation Programmes
To design and implement our digital transformation, setting the map for how the Council will take advantage of digital technologies to transform service delivery through the way we work, how we use information, support our customers, improve resident opportunities and help our businesses to compete	Strategy, Performance and Transformation Programmes
We will continue to embed the council's values and guiding principles (5 ways of working) into strategic and service planning and staff appraisals to encourage staff to think differently, act differently and therefore deliver differently	All Services
Children's Service Improvement Plan – 2. Partnership Working	Children's Services

3.4 Core Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

How we do this:

✓ **Performance Management and Quality Assurance Framework**

The Council has a Performance Management and Quality Assurance Framework in place to ensure a consistent approach and clear accountability for performance improvement. Our organisation is large, complex and needs to work with multiple external partners to deliver overall results for our residents. A performance management framework is therefore essential as it lays out the common system and methods needed to perform and improve, helping us to work as one 'joined up' community rather than separate services. The framework ensures that staff can clearly understand their responsibilities regarding performance management on which the council's governance arrangements will hold them to account.

✓ **Improvement and Assurance Board**

A multi-agency improvement and assurance board (whose membership is independent of the council) monitors the implementation of the Improvement Plans for Childrens Services and Adult Services. Up until December 2018 it also monitored implementation of the Corporate Leadership and Governance Plan, however it was agreed that this plan could be closed down as the necessary steps had been put in place to strengthen leadership and governance across the council. The independent board meets monthly. The independent chair reports to the Leader and Welsh Government.

- Organisational Transformation

  During 2018-19, the Acting Chief Executive led a project on organisational transformation which included proposals to change the council's operating model and senior leadership team in order to drive forward cultural change. The transformation is intended to make the council organisationally smaller and tightly aligned to its priorities. This requires a senior management structure that is fit for purpose, providing clear direction to staff and focussed on addressing the strategic challenges ahead.

- Workforce Planning

  Both Childrens Services workforce strategy has been developed and is being delivered, it will be supported by the Corporate Workforce Strategy which will be put in place once the new Senior Leadership Team is operational

  A refreshed approach to Workforce Planning, including a new tool to help managers is being embedded into Annual Performance Cycle as part of the PMQAF

  The Individual staff Performance Review process has been simplified to focus on individual's objectives linked to the Vison 2025: Our Corporate

Improvement Plan, and changed to an annual appraisal and 6-month review. Managers are being trained on its use

Review of effectiveness:

- **Performance Management and Quality Assurance Framework**

- The Performance Management Quality Assurance Framework (PMQAF) has refreshed the whole Council's approach to improving and maintaining service performance. It is part of the new Managers Induction Programme mandatory training, and Executive Management Team (EMT) and Cabinet have attended a training session. Performance Assurance is embedded, and all services are clear on their targets. This enables challenge and accountability to be made at all levels
- EMT has a Corporate Dashboard of service performance, providing timely, relevant and accurate performance and quality assurance information. And systems and processes have been established to ensure corporate visibility of all services.
- Performance is now reported on a quarterly basis to EMT and Cabinet, and is available in the public domain. EMT and Cabinet have access to Corporate, Directorate, and Service level live performance data. All staff have access to a Benchmarking Repository, and Wellbeing Information Bank so they can view data about the organisation and compare the Council with other organisations
- During quarter two of 2018-19, the method for reporting quarterly performance and progress against Vision 2025: Our CIP was refined following officer feedback and a change in governance. All performance reporting is now based on a simplified 'Achievements, Issues, Actions' principle.

- Organisational Transformation

The transformation delivered by the Acting Chief Executive has a strong focus on a culture change of the whole organisation to be accountable and highly performing, and this has been communicated to all staff clearly. A number of new appointments have been made and a new Senior Leadership Team became operational from 1 March 2019.

- Workforce Planning

The new Annual Appraisal is ensuring individuals are accountable for and receive feedback on their performance. The organisation is becoming more attractive to work for, and attracting new recruits, to reduce agency staff reliance. The Workforce Analysis Report presented to the Improvement and Assurance Board regarding Childrens Service Performance contains a high level of analysis of performance and is being used as a benchmark by other Local Authorities. The organisational culture is changing as a result of the performance and workforce improvement work, and this evidenced in the enhanced challenge happening in EMT on a fortnightly basis, and will continue as new posts are appointed to enhanced job descriptions with a strong focus on performance.

Recommendations for development:

The following objectives are included in Vision 2025: Our Corporate Improvement Plan (2019 Update) or Services Improvement Plans:

Objective	Responsible Service
We will review and embed a Performance Management and Quality Assurance Framework to ensure our decisions are underpinned by accurate information which are aligned to the council's vision and priorities.	Strategy, Performance and Transformation Programmes
We will review and re-design our services to ensure that they are more efficient and focus on our customers' requirements	Strategy, Performance and Transformation Programmes
To design and implement our digital transformation, setting the map for how the Council will take advantage of digital technologies to transform service delivery through the way we work, how we use information, support our customers, improve resident opportunities and help our businesses to compete	Strategy, Performance and Transformation Programmes
We will continue to embed the council's values and guiding principles (5 ways of working) into strategic and service planning and staff appraisals to encourage staff to think differently, act differently and therefore deliver differently	All Services
Strengthened Public Service Board, Regional Partnership Board, Powys County Council golden thread alignment of planning and reporting	Strategy, Performance and Transformation Programmes
To increase the number of processes available on line	Customer Services
We will Improve, further develop and streamline the ICT Governance process to ensure the effective and efficient use of IT in enabling an organization to achieve its goals.	ICT
Adult Services Re- Shaping Plan 2018-2023 Priority Area D: Re-shaping and reforming	Adult Services

3.5 Core Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

How we do this:

✓ **Constitution**

The council's Constitution sets out the roles and responsibilities of Members and Officers so that accountability for decisions made and actions taken are clear.

The council has processes in place for the appointment by political groups to committees, as well as processes for the appointment of the Parent Governor Representatives onto the Learning, Skills and Economy Scrutiny Committee and the appointment of Independent “Lay” Members on the Standards Committee and Audit Committee.

There are clear schemes of delegation to officers as well as limits to such delegation set out within the Constitution. The council implemented a new Constitution (using a new model format) as from 1 September 2015 which is published on the council’s website. Revisions of the Constitution are ongoing and future changes are incorporated in a new full version being published each time which will make easier the identification of versions in force at a particular point in time, which was not the case previously. The sixth version of the council’s constitution was approved by full council on the 24 January 2019.

✓ Cabinet

The council operates a Leader and Cabinet model of governance. The council is responsible for appointing the Leader. The Leader appoints the remainder of the Cabinet. The council retains responsibility for approving the council’s CIP and the annual budget.

The Cabinet has delegated responsibility for a number of functions, including:

- Strategic leadership and direction
- Developing and proposing to Council for approval the CIP, the Medium Term Financial Strategy and the Annual Budget
- Ensuring delivery of the CIP
- Consulting with relevant Scrutiny Committees in the development of policy
- Delivering services in line with adopted policies and budgets.

In addition, the Leader has delegated authority to individual Cabinet members to take decisions on all matters within their individual Portfolios, and there is a process set out in the Constitution so that the decision making process is open and transparent.

✓ Scrutiny

The review of Scrutiny for 2018-19 is set out in Appendix 3.

✓ Integration with Powys Teaching Health Board

Integration makes good sense as both our organisations serve the same population and we experience many of the same challenges providing services in a large rural county. We know how effective integrated working is, but we recognise we are not currently doing enough. We know we must go much further and at a greater pace.

By joining the teams, pooling resources and shared processes the organisations can tailor services to meet the needs of the individual in a more holistic way.

In order for the council and local health board to respond to these changes, a Joint Partnership Board (JPB) will govern and oversee our ambitious change agenda set out in the Area Plan and CIP.

The JPB brings together nominated strategic leaders from Powys County Council and Powys Teaching Local Health Board. It provides strategic leadership and makes key decisions in accordance with a scheme of delegation, agreed by both bodies, to ensure effective partnership working across organisations within the county for the benefit of Powys' citizens.

The key responsibilities of the JPB are to:

- oversee the integration of health and social services, together with related enabling services
- assist in the development of a health and social care system that delivers co-ordinated care in the community to enable people to live longer and live better
- ensure that NHS and Local Authority resources are directed to support integration as required
- oversee organisational development and a culture change to deliver integration, innovation and transformation
- work to the following principles:
    - Make a positive difference for the people of Powys
    - Always consider integration as the default position
    - Adding value not cost whilst diverting demand/cost avoidance
    - Design and deliver through dialogue with staff and the people of Powys
    - Challenge the status quo through supportive enquiry
    - Working to common frameworks and systems e.g. project management
    - Share learning and use evidence based approaches and standards

A Joint Management Team (JMT), consisting of the Chief Executives and Directors of both organisations, will support the work of the JPB. Work of the JMT will be incorporated within the reporting arrangements to the JPB.

✓ Officer roles and responsibilities

The Chief Executive is the Head of Paid Service who leads the council's officers and chairs the Executive Management Team and Senior Leadership Team.

All staff have clear conditions of employment and job descriptions which highlight their roles and responsibilities. This is supported by a range of Human Resources policies.

During 2018/19, the following officers held statutory roles:

- The Solicitor to the council was designated as Monitoring Officer and carried overall responsibility for legal compliance
- The Deputy Chief Executive was the Section 151 Officer appointed under the Local Government Act 1972 who was responsible for the proper administration of the financial affairs of the council.
- The Director of Social Services was the Statutory Director for Social Services
- The Director of Education was the Chief Education Officer and the Lead Director for Children and Young People
- The Scrutiny Manager was the Head of Democratic Services
- The Strategic Director – Place was appointed as the Senior Information Risk Owner (SIRO). However this transferred to the Interim Strategic Director - Resources from end of April 2018.

✓ **Member Development**

The review of Member Development for 2018-19 is set out in Appendix 2.

✓ **Officer Development**

All new Officers receive induction training, and are required to complete corporate mandatory training and any other related to their role. A range of role based training is available across the council, in particular to ensure staff operate in a safe manner to protect themselves, the public and their colleagues. The council offers specific training based around staff reviews to provide the opportunity to develop existing skills or learn new skills.

A new 3-day face to face Induction Programme was introduced in May 2018 specifically for all Managers / Supervisors / Team Leaders etc. who line manage staff, and are requested to attend within 3 months of commencing the post.

The council implemented a new process for staff Appraisals in September 2018. This consists of an annual appraisal during March to May, and a formal 6-month Appraisal during September to November. All employees should have an Appraisal, and this is monitored by the council's Executive Management Team.

The Appraisal process helps managers and staff have a greater focus on performance management to ensure work is directed towards achieving the goals of the individual services and the organisation as a whole. Therefore, the golden thread linking the council's strategic plans to the work of individual officers and operational staff is ensured.

The council has continued to implement the Develop, Discover and Executive Leadership Programmes, alongside the Level 5 Coaching Programme.

Review of effectiveness:

- **Constitution**

The Constitution is updated on a regular basis with version 6 being approved by Council on 24 January 2019.

- **Scrutiny**

The review of Scrutiny for 2018-19 is set out in Appendix 3.

- **Officer Development**

The table below outlines the number of council staff who completed Institute of Leadership and Management (ILM) programmes, to date, to strengthen leadership skills across the council.

Programme	Completed course
ILM Coaching and Mentoring	58
ILM Level 3 in Leadership & Management	222
ILM Level 5 in Leadership & Management	222
Powys Executive Programme	31
Total	**533**

- **Statutory Officers**

The council's Statutory Chief Officers have a range of functions with respect to the overall review of the council's effectiveness. These include:

  - The Chief Executive is signatory to the council's Annual Governance Statement;
  - The Chief Finance Officer is responsible for certifying that the council's Accounts present a true and fair view of its financial position and income and expenditure;
  - The council's statutory Director of Social Services is responsible for an annual review of the council's social services under the ACRF.

Recommendations for development:

The following objectives are included in Vision 2025: Our Corporate Improvement Plan (2019 Update) or Services Improvement Plans:

Objective	Responsible Service
Improve the effectiveness of scrutiny	Legal and Democratic Services
We will develop initial workforce strategy in order to improve the recruitment, retention and quality of leadership (at all levels), across our schools with a specific focus on secondary schools	Workforce and OD

We will re-model the council's staffing structure to embed changes in organisational culture, while making significant financial savings	Workforce and OD
We will equip the workforce with the right skills, attitude, behaviours and experience and develop our own talent through apprenticeships and training, to enable them to reach their potential	Workforce and OD
To support services in developing short to medium term workforce resourcing plans to ensure we have the required skilled and competent workforce in place. Facilitate an internal talent management pipeline/process to ensure services have succession plans in place as part of their Workforce Planning. This will link into effective sub-regional workforce planning key areas such as Social services	Workforce and OD
We will review and re-design our services to ensure that they are more efficient and focus on our customers' requirements	Strategy, Performance and Transformation Programmes
We will continue to embed the council's values and guiding principles (5 ways of working) into strategic and service planning and staff appraisals to encourage staff to think differently, act differently and therefore deliver differently	All Services
Adult Services Re-Shaping Plan 2018-23 – Priority Area A: Leadership and Governance	Adult Services
Adult Services Re- Shaping Plan 2018-2023 Priority Area C: Workforce	Adult Services
Children's Service Improvement Plan – 7. Workforce	Children's Services

3.6 Core Principle F

Managing risks and performance through robust internal control and strong public financial management

How we do this:

✓ **Risk Management**

We are continuously improving and updating our approach to risk management to help better understand and manage the risks the council faces, prepare for future challenges 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, to safeguard the organisation and in turn make it more resilient.

The Portfolio Holder for Risk Management is the Leader of the council. The portfolio holder is updated on the progress of the risk management programme on a quarterly basis. The Strategic Risk Register is also reported to Cabinet on a quarterly basis.

Consideration of risk is an integral part of quarterly performance reviews held with Portfolio Holders, Directors and Heads of Service. The Audit Committee has a key role in monitoring and challenging the council's risk register.

✓ **Performance Management and quality assurance framework**

See Core Principal D for details on the PMQAF.

We monitor a set of Public Accountability Measures which consist of "outcome focussed" indicators. They reflect those aspects of local authority work which local authorities agree are considered to be important in terms of public accountability. For example, Social Care, educational attainment and waste. This Data allows us to compare our performance in key areas, against the 21 other local authorities in Wales.

✓ **Financial Management**

Monthly reports are provided to Budget Holders, Heads of Service, Strategic Directors and Cabinet. The reports monitor performance against budget with full year forecasting and variance reporting, the delivery of savings and the forecast use of reserves are included.

Budget Challenge events are undertaken throughout the year to challenge financial performance at a service level. No service area should plan to overspend, all expenditure must be consistent with approved service priorities and the overall approved budget.

✓ **Powys Pension Fund**

The Fund's Governance Policy and Compliance Statement sets out in detail the Governance arrangements of the Fund.

Link to Pension Fund Policy and Compliance Statement

Powys are one of eight LGPS Administering Authorities in Wales who make up the Wales Pension Partnership. A Joint Governance Committee (JGC) for the Partnership was formally established in 2017/18 and comprises of one elected member from each of the Authorities. The JGC oversees the operations of the Partnership and is supported by an Officer Working Group.

✓ **Internal Audit (SWAP)**

The detailed review for SWAP is set out in Appendix 7.

✓ **Responding to external regulatory inspections**

The council recognises the value of regulatory inspections in helping to drive improvement. Our main regulators are Care Inspectorate Wales, Wales Audit Office and Estyn, who carry out routine inspection on our services. All recommendations and proposals for improvement that we receive from our core regulators are recorded on a corporate Regulatory Signposting tracker, which shows which service is responsible for taking action to make improvements. Services are required to embed any recommendations they receive into their Service Improvement Plans to ensure that they are being addressed through appropriate improvement objectives. The objectives then get monitored quarterly to ensure the necessary improvement is being made. This information is also monitored as part of the council's key Performance Indicators (Top 20 PI set), to determine whether our assessments from regulators are improving overall.

Review of effectiveness:

- **Risk Management**

An audit into risk management in Powys County Council was published in March 2018. It concluded that partial assurance can be given, that is, in relation to the areas reviewed and the controls found to be in place, some key risks are not well managed. Systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

- Performance Management and Quality Assurance

  See Core principal D for details.

  Quarterly Performance Reports detailing progress against Vision 2025: Our Corporate Improvement Plan were presented to the Cabinet and can be found on the council's website:

  Link to Cabinet meetings page

  A report on our performance against the national Public Accountability Measures was presented to Cabinet on 9 October 2018 (Annual Performance Report 2017-18) and can be found here.

  Link to Performance Report

- **Budget Setting / Financial Management**

The final 2018/19 budget settlement for the council was announced by Welsh Government on 20 December 2017. The settlement awarded the council a 0.4% budget reduction for the financial year against a Welsh average increase of 0.2%. This amounts to a reduction in cash terms of £0.679m compared with the settlement for 2017/18.

Importantly this means that the per capita funding for Powys is £1,287 compared with a Welsh average of £1,320. Many of the council's current services and facilities were developed when the County received one of the highest per capita allocations within Wales. The council's future service provision needs to reflect

this shift of funding away from rural areas which is likely to continue and the Cabinet's budget proposals acknowledge this requirement.

The setting of the budget and Medium Term Financial Strategy in the face of continuing reductions in grant income from Government remains the most critical challenge facing Powys County Council. Our response has moved to a three year balanced Medium Term Financial Strategy (MTFS). The strategy also recognises that the future may well be even more challenging.

The council's budget strategy centres on the council's Vision 2025 and the four organisational priorities that aim to meet the challenges presented by the combination of reduced funding and service pressures.

A shift in cost of this magnitude, estimated at £40m over the next four years, cannot be achieved through an annual budget process of targeting services with savings. This requires a comprehensive understanding of each services cost base and the application of a model of key cost cutting themes which require consistent and coherent cross council action.

We will set out to reduce our cost base through transforming services by undertaking whole council and sector reviews and reduce the amount of property we use. We will also develop a community delivery and neighbourhood management approach which will focus upon the needs of specific communities and the services they need.

- **Feedback from our regulators** Appendix 3, 4 and 5 detail the key feedback that we have received from our regulators during 2018-19 and the plans we have in place to address them to ensure continuous improvement.

Recommendations for development:

The following objectives are included in Vision 2025: Our Corporate Improvement Plan (2019 Update) or Services Improvement Plans:

Objective	Responsible Service
Improve the effectiveness of scrutiny	Legal and Democratic Services
We will re-model the council's staffing structure to embed changes in organisational culture, while making significant financial savings	Workforce and OD
To support services in developing short to medium term workforce resourcing plans to ensure we have the required skilled and competent workforce in place. Facilitate an internal talent management pipeline/process to ensure services have succession plans in place as part of their Workforce Planning. This will link into effective sub-regional workforce planning key areas such as Social services	Workforce and OD
To develop, agree and implement an audit/improvement plan in high risk service areas	Workforce and OD
We will review and embed a Performance Management and Quality Assurance Framework to ensure our decisions are underpinned by accurate information which are aligned to the council's vision and priorities	Strategy, Performance and Transformation Programmes
Embed the Risk Management Toolkit to ensure effective risk management throughout the council. Ensuring all decisions are underpinned by a well-managed risk management approach	Strategy, Performance and Transformation Programmes
Adult Services Re- Shaping Plan 2018-2023 Priority Area C: Workforce	Adult Services
Children's Service Improvement Plan – 5 Independent Reviewing, Quality Assurance and Complaints	Children's Services

3.7 Core Principle G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

How we do this:

✓ **Constitution**

The council's Constitution sets out how the council operates and the process for policy and decision making. Within this framework, decisions are taken by Council, Cabinet, individual Cabinet Members and Officers. Certain specific decisions are taken by the Planning, Taxi Licensing and Rights of Way

Committee, The Licensing Act 2003 Committee, Pensions and Investment Committee and the Employment and Appeals Committee.

✓ Meetings and Reporting Documents

The council presumes that reports will be publicly available unless certain, specific tests are met. There are seven categories of exempt information and these include:

- Information relating to a particular individual
- Information relating to legal matters

For information to be treated as exempt, an assessment of public interest has to be made, to ensure proper balance is achieved between the right to know, the right to personal privacy and the delivery of efficient government.

Agendas, reports and minutes of the council's committees are published online and are accessible to the public unless an item contains information which is classed as exempt.

There is a presumption that most meetings will be open to the public, again except where information is to be discussed which is classed as exempt.

The council now webcasts all Council and Cabinet meetings and is considering whether other meetings could also be webcast in the future.

✓ Quarterly and Annual Performance Reporting

As outlined in Core Principle F, the council publishes its quarterly performance reports on its website as part of the Cabinet Meeting agendas. This ensure transparency and accountability.

In line with the requirements of the Local Government (Wales) Measure 2009 and Well-being of Future Generations Wales Act 2015, the council also publishes an annual Performance Report (Well-being Report) which sets out an open and honest assessment of performance against the Well-being objectives, activities and performance measures in its Corporate Improvement Plan. Powys County Council agreed its 2017-18 Annual Performance Report on 18 October 2018 and this detailed performance against the Corporate Improvement Plan 2016-20 that was implemented during 2017-18. During 2018-19, the council focussed on implementing its new Vision 2025: CIP and a performance report against the first year of this plan is due to be agreed and published in July 2019.

The council contributes to a set of Public Accountability Measures. Results of these are submitted to the Local Government Data Unit who in turn publish an annual performance bulletin, which considers performance across all 22 Welsh local authorities. The council's position on the indicator sets is published as part of the council's annual performance summary and evaluation. In 2017/18 the Council ranked 10 out of 22 (This was based on information that was available for 20 out of the 26 indicators. For the remaining 6 measures that are all Social Care, all Wales figures only (no breakdown to authority level) have been released by Welsh Government (WG) for the 3 quantitative measures. The remaining 3 qualitative

measures have not had figures released. This decision has been made by Welsh Government due to data collection system changes across Wales.) The 2018/19 assessment will be available during late summer 2019.

✓ **Scrutiny**

The review of Scrutiny for 2018-19 is set out in Appendix 3.

- **Internal Audit**

From 1 April 2017 the council's internal audit service was provided by South West Audit Partnership (SWAP). SWAP is a not for profit organisation that was originally set up in 2003 and the arrangement sees Powys County Council become a partner in the company that provides audit services to various public sector bodies including Somerset County Council and Herefordshire Council.

In accordance with the recognised standards, the Head of Audit is required to give an opinion on the overall internal control environment based on the work undertaken throughout the year. The Head of Audit's opinion on internal control for 2018/19 will be presented to the Audit Committee in June / July 2019.

Recommendations for development:

The following objectives are included in Vision 2025: Our Corporate Improvement Plan (2019 Update) or Services Improvement Plans:

Objective	Responsible Service
Improve the effectiveness of scrutiny	Legal and Democratic Services
Improve the Cabinet Forward Work Programme	Legal and Democratic Services
To develop, agree and implement an audit/improvement plan in high risk service areas	Workforce and OD
We will review and embed a Performance Management and Quality Assurance Framework to ensure our decisions are underpinned by accurate information which are aligned to the council's vision and priorities	Strategy, Performance and Transformation Programmes
Strengthened Public Service Board, Regional Partnership Board, Powys County Council golden thread alignment of planning and reporting	Strategy, Performance and Transformation Programmes
Improved decision making through the embedded use of analytics, research and horizon scanning	Strategy, Performance and Transformation Programmes

Children's Service Improvement Plan – 5 Independent Reviewing, Quality Assurance and Complaints	Children's Services
Children's Service Improvement Plan – 6. Infrastructure and Support	Children's Services

Section 4. Conclusions – Main Governance Issues Facing the Council and Requiring Action

The table below identifies the most significant governance issues (prioritised from the recommendations for development outlined in section 3 above) and how we will address them during 2019 / 20.

Governance Issue	How we are addressing the Issue
•	•
•	•
•	•
•	•
•	•

Section 5. Certification of the Annual Governance Statement 2018-19

Signed on behalf of Powys County Council:

…… ……

Chief Executive Leader of the Council

Date: 6 September 2019 Date: 6 September 2019

Section 6. Appendices

Appendix 1: Areas for improvement identified in the Annual Governance Statement 2017/18

Areas for Improvement	Our progress in 2018/19
Core Principle A • To review the council's implementation plan following the commencement of the General Data Protection Regulations in May 2018.	• Implement the GDPR Implementation Plan in line with the Information Management Assurance Governance Plan. The majority of the components of the GDPR Implementation plan were implemented, and further improvement and compliance work is planned • Monitoring by the Corporate Information Operational Governance Group chaired by the Data Protection Officer. Meeting and scrutiny undertaken regularly, with increased attendance due to concerns over GDPR by Information Asset Owners. • Reporting to the Corporate Information Governance Group chaired by the Senior Information Risk Officer. Regular meetings have continued with GDPR compliance as a specific agenda item. • Scrutiny Review of implementation of GDPR – Last scrutiny oversight was January 2018, with report to Cabinet following.
• To produce statistics for Members' attendances at mandatory sessions and attendances at committees during 2018/19.	• Members attendances at Mandatory Development Sessions are recorded and monitored and any failures to attend are reported to the Standards Committee in accordance with the Council's decision. • This has resulted in 3 Members being reminded by the Standards Committee of the need to complete Mandatory Treasury Management Development in January 2019, and the successful completion of that development by those 3 Members. • Member attendances at committees for 18 May 2017 to 16 May 2018 were reported to the Standards Committee on 27 June 2018. • In addition Member attendance at the Scrutiny Committee considering Adults and Children's Services matters are monitored and reported in the Performance reports for Adults and Children's Services. • Attendance by Members at mandatory sessions are displayed on the training record for each individual Member on their web page on the council's internet.

Areas for Improvement	Our progress in 2018/19
• The issue regarding Our Values and organisational learning needs to be incorporated within the Corporate Governance and Leadership Improvement Plan.	• Officer Leadership and Workforce Strategy were two of the priorities of the Corporate Leadership and Governance Plan during 2018-19. A number of actions to strengthen organisational learning and ensure a focus on values were delivered. Monthly progress reports were developed to evidence progress against these actions.
Core Principle B • Engagement and Consultation The recommendations around stakeholder voice and involvement will be implemented during this financial year to help support the values and the CIP to help residents understanding of and ability to influence decisions being made around budgetary pressures and customer expectations. The review highlighted that "*There's a clear opportunity to improve the clarity of corporate priorities and consequential matching of communication resources and focus accordingly, leading to a clearer and consistent narrative for the council.*" [Independent report on the Communications Service by Peter Holt]	• The council has purchased a new engagement platform called Citizen Space. It allows the local authority to create its own online consultations using a range of tools which will enhance the ability of residents to engage with the council in a more timely, efficient and meaningful manner. The platform will allow better co-ordination and auditing all consultation and engagement activity across the organisation and allows more detailed analysis of feedback given by residents so their views can be given due regard. This platform will support Vision 2025's ethos to ensure "communities have an active role in the design and delivery of the services they need". • The existing Consultation Framework has been reviewed, refreshed, and feedback from staff users gained, to improve how we engage with residents.
Core Principle C • To undertake an annual review of our corporate priorities	An Annual Review of Vision 2025: Our Corporate Improvement Plan was undertaken starting with a comprehensive analysis of a range of corporate information including, financial, performance, customer feedback, regulator feedback, strategic risk, legislative

(well-being objectives) to ensure they are the most relevant for delivering social, economic, cultural and environmental benefits in line with the national well-being goals.	requirements and wellbeing statistics. This helped draw up a picture of the council's strengths, weaknesses, opportunities and threats, which were considered, by Heads of Service and Corporate Directors. As a result, a number of recommendations were made to change activities and measures within the current CIP, to come into effect from April 2019 onwards. These changes will aim to ensure that the Plan is focused on key transformation and improvement activity, rather than business as usual; that it removes duplication and that it doesn't conflict with the proposed savings and budgetary pressures. Cabinet agreed the recommendations at a meeting on 5 March 2019. The Economy, Residents, Communities and Governance Scrutiny Committee were also given the opportunity to comments on the recommended changes.
• Continue to strengthen alignment between our strategic, workforce and financial planning to ensure the council has the resources to deliver transformational change.	• The revised Medium Term Financial Plan will ensure that there is strengthened alignment between our strategic, workforce and financial planning alongside its capital strategy, and reserves policy • Implementation of the Corporate Leadership and Governance Plan, specifically priority D, which focussed on Strategic and Financial Planning. • The implementation of the CLGP was scrutinised monthly by the Improvement and Assurance Board • A refreshed approach to Workforce Planning, including a new tool to help managers is being embedded into Annual Performance Cycle as part of the PMQAF Deliver bi-monthly workshops with Managers to raise awareness of their role in effectively implementing the framework
• Ensure our dedicated Improvement Plans (for Children's and Adults services and Corporate Leadership and Governance) are delivered.	• Dedicated and improved Performance reports developed • Monitoring of Action Plans / Performance reports by o Executive Management Team; o Cabinet o Health and Care and Housing Scrutiny Committee o Improvement and Assurance Board • Portfolio Holder meetings with officers Regular reporting to Welsh Government Ministers
• Continue to ensure we respond to regulators recommendations and incorporate these into our planning	• Recommendations that were received from our regulators were incorporated in to the Adults Improvement Plan, Childrens Improvement Plan and Corporate Leadership and Governance Plan, with appropriate actions put in place to address the issues

arrangements where applicable	raised. These plans were monitored monthly by the Improvement and Assurance Board. • A Regulatory Sign-posting Tracker is also held corporately by the Strategic Planning and Performance Team, which records all the formal recommendations that the council receives and assigns these to a Responsible service. • The Service Improvement Plan template requires all services to record the recommendations or proposals for improvement that they have received from regulators and their service improvement objectives should be developed to address these. • Strategic and financial planning was included as a priority within the Corporate Leadership and Governance Plan • The implementation of the CLGP is scrutinised monthly by the Improvement and Assurance Board • Budget planning commenced in March 2018 recognising the need to develop the plan earlier. This will ensure that all aspects of the plan are robust and deliverable and that all savings plans are sufficiently well developed for inclusion in the annual budget The Council recognised that it needed to update its Medium Term Financial Strategy to enable the council to live within its means going forward, and design and implement actions to address the weaknesses identified in respect of its corporate and financial arrangements

Core Principle D • Merging the Performance Management Framework with a robust Quality Assurance Framework to ensure we implement a culture of continuous evaluation, challenge and improvement to meet expected standards.	During 2018-19, the Performance Management Framework was reviewed in order to strengthen the council's focus and approach around Quality Assurance. The framework was re-named the Performance Management and Quality Assurance Framework and set out a detailed requirement that at the start of each financial year all Heads of Service will inform the Strategy, Performance and Transformation Programmes team of the quality assurance information they will be submitting for their service area quarterly. Heads of Service should use a selection of tools (listed below) alongside their respective service specific methods, and must agree these with their Corporate Director and Portfolio Holder(s).

• Continue to implement a programme management approach to delivering and monitoring the council's CIP	In quarters 1 and 2, delivery of Vision 2025: Our CIP was managed by four council programme boards and through the Regional Partnership Board governance structure. However, following a review of the programme governance a more streamlined approach was implemented from quarter 3. There is now one Transformation Programme that will focus purely on significant transformational projects that need to be delivered by more than one service. Other service improvement work that will help us deliver Vision 2025, is now being managed and governed separately at a service level, with Individual Heads of Service acting as the accountable officers. Each Head of Service has developed a Service Improvement Plan with clearly defined objectives and action plans, showing how they will contribute to delivery of Vision 2025: Our CIP objectives, efficiency objectives and strategic equality objectives (where appropriate).
• Implementation of a new independent Improvement and Assurance Board to oversee progress against the Children and Adults Improvement Plans and Corporate Leadership and Governance Plan	The Improvement and Assurance Board has been in operation since March/ April 2018 and has met monthly to oversee the implementation of the Children and Adults Improvement Plans. It also monitored the implementation of the Corporate Leadership and Governance Plan up until December 2018, when the plan was closed down as the majority of actions were completed or moved to business as usual.

• Implement a robust quarterly monitoring process for monitoring the CIP and service performance	Performance is now reported on a quarterly basis to EMT and Cabinet, and is available in the public domain. EMT and Cabinet have access to Corporate, Directorate, and Service level live performance data. All staff have access to a Benchmarking Repository, and Wellbeing Information Bank so they can view data about the organisation and compare the Council with other organisations During quarter two of 2018-19, the method for reporting quarterly performance and progress against Vision 2025: Our CIP was refined following officer feedback and a change in governance. All performance reporting is now based on a simplified 'Achievements, Issues, Actions' principle. Quarterly Performance Review Meetings for each service continued to be undertaken. These are attended by the Heads of Service, Corporate Directors, Portfolio Holder(s) and a representative from the Strategic Planning and Performance Team who challenges the quality of data and progress against targets etc. Where there are exceptions (red and amber BRAG status), EMT are required to identify remedial action to bring the activity/ Performance Indicator back on track.
Continue to strengthen our data reporting capabilities by automating processes.	• Work is underway to ensure WCCIS functionality is supporting and providing Social Care practice and process improvements, and to further develop the National Health and Social Care system

Core Principle E • The council is continuing its ILM programme, and is also introducing an induction training process for managers	The council is continuing with the ILM Programmes, however will be reviewing the Leadership & Management training at all levels of the Council during the first quarter of 2019
• The effectiveness of the restructure of scrutiny once completed can be tested and reviewed during 2018/19	The scrutiny committee structure approved in May 2018 was reviewed during the summer of 2018 and led to recommendations for further revisions including the establishment of a Scrutiny Development Board. The Board made recommendations on further revisions to the scrutiny committee structure which were approved in January 2019 and implemented from February 2019. A further review of the latest structure will be undertaken in the Autumn of 2019.

• The role of the FSP will need to be reviewed to determine its future role.	As part of the review of the scrutiny committee structure in the summer of 2018 it was recommended that the role of the Finance Scrutiny panel be amended, It was renamed the Finance Panel, its membership was revised to include the Portfolio Holder for Finance (who could not be the Chair of the Panel) and its terms of reference was amended to consider strategic financial matters only with the other scrutiny committees undertaking the financial scrutiny of services.
• Implement the Corporate Governance and Leadership Improvement Plan.	The Corporate Leadership and Governance Plan continued to be implemented and monitored up until December 2018, at which point a decision was made to close the plan, as the majority of actions were completed. Any remaining actions were moved to business as usual.

Core Principle F • Risk Management In the period April to August 2018 risk management in Powys County Council will be significantly transformed, an action plan has been developed, and will take into account the recommendations from the audit:	• Risk register monitoring by Executive Management Team, Cabinet and the Audit Committee • Electronic risk management software (JCAD) currently being implemented, which will enable greater linkage between all of the risk registers across the organisation.
• Regulator Comments • In order to remove duplication in terms of reporting against regulatory recommendations, the council will integrate the regulatory recommendations it received from its key regulators into its existing Improvement Plan action plans (Children's, Adults and Corporate Leadership and Governance Improvement Plan). These action plans are being monitored by the independent	Recommendations that were received from our regulators were incorporated in to the Adults Improvement Plan, Childrens Improvement Plan and Corporate Leadership and Governance Plan, with appropriate actions put in place to address the issues raised. These plans were monitored monthly by the Improvement and Assurance Board. A Regulatory Sign-posting Tracker is also held corporately by the Strategic Planning and Performance Team, which records all the formal recommendations that the council receives and assigns these to a Responsible service. The Service Improvement Plan template requires all services to record the recommendations or proposals for improvement that they have received from regulators and their service improvement objectives should be developed to address these.

Improvement board, and going forward will be monitored monthly at the newly formed Improvement and Assurance Board (May 2018)	
• Performance Management Implement Performance Management Quality Assurance Framework.	• Implementation of Vision 2025 and supporting plans. • The revised Medium Term Financial Plan will ensure that there is strengthened alignment between our strategic, workforce and financial planning alongside its capital strategy, and reserves policy • Implementation of the Corporate Leadership and Governance Plan, which was scrutinised monthly by the Improvement and Assurance Board • Managed performance effectively through quarterly programme boards (Quarters 1 and 2), review meetings, improvement and assurance board, management team and Cabinet • The Performance Management Quality Assurance Framework (PMQAF) has refreshed the whole Council's approach to improving and maintaining service performance. It is part of the new Managers Induction Programme mandatory training, and Executive Management Team (EMT) and Cabinet have attended a training session • Delivered bi-monthly workshops with Managers to raise awareness of their role in effectively implementing the framework • The new Annual Appraisal process is ensuring individuals are accountable for and receive feedback on their performance • The organisational culture is changing as a result of the performance and workforce improvement work, and this evidenced in the enhanced challenge happening in EMT on a fortnightly basis, and will continue as new posts are appointed to enhanced job descriptions with a strong focus on performance

Core Principle G • Scrutiny ○ Review of the role and terms of reference of the Finance Scrutiny	As part of the review of the scrutiny committee structure in the summer of 2018 it was recommended that the role of the Finance Scrutiny panel be amended, It was renamed the Finance Panel, its membership was revised to include the Portfolio Holder for Finance (who could not be the Chair of the Panel) and its terms of reference was

Panel to be undertaken to determine whether the Panel continues to function as currently or whether its roles and terms of reference are amended or the Panel's functions are subsumed into the Audit Committee's functions.	amended to consider strategic financial matters only with the other scrutiny committees undertaking the financial scrutiny of services.
There will be a need to review the effectiveness of Scrutiny once the new Scrutiny Committees have been in operation for 12 months.	The scrutiny committee structure approved in May 2018 was reviewed during the summer of 2018 and led to recommendations for further revisions including the establishment of a Scrutiny Development Board. The Board made recommendations on further revisions to the scrutiny committee structure which were approved in January 2019 and implemented from February 2019. A further review of the latest structure will be undertaken in the Autumn of 2019.

Appendix 2: Member Development

Core Principles to which this section relates:
• Core Principle E

The council aims to provide a wide range of opportunities for Members and Officers to be more effective.

All newly elected Members receive induction training. There is also specific training relating to whichever committees they are appointed. Powys County Council was re-awarded the Wales Charter for Member Support and Development in March 2018 (having first gained the award in 2011 and then re-awarded in 2015). An annual Member Development Programme is in place and the council has identified mandatory and discretionary training as well as possible sanctions which can be utilised by the Standards Committees for Members failing to achieve Mandatory training set by the council. Members in receipt of Senior Salaries (e.g. Cabinet Members and Committee Chairs) have undertaken personal development reviews (PDRs) to assess their individual training needs. This is undertaken on a two yearly basis or within three months of their initial appointment.

In light of the CIW Report into Children's Services, the Improvement and Assurance Board required the undertaking of additional training by Members. These included modules for Cabinet, Scrutiny and all Members as set out below. The Council approved these as Mandatory sessions.

A Member Development Working Group consisting of Councillors and Officers develops and monitors the implementation of the Member training programme. Work is ongoing on the Member Development Programme for 2018/19 and onwards.

Members received a number of seminars between April 2018 /March 2019. These help to build background knowledge and help Members in fulfilling their Scrutiny and Audit roles. In addition, other development was undertaken as a result of membership of committees.

A programme of Member Development Sessions / Seminars have been delivered for 2018 - 2019 which included:

Member Development Sessions:
[M] – Mandatory Member Development Sessions

- Treasury Management [M]
- Corporate Parenting [M]
- Corporate Safeguarding [M]
- Violence Against Women, Domestic Abuse and Sexual Violence [M]
- Child Sexual Exploitation (CSE) and County Lines
- Social Media
- Equalities and Diversity [M]

Seminars:
- Credu (carers voluntary organisation)
- Powys Youth Forum
- Brexit
- Budget Seminars
- Social Care Budget
- Care Inspectorate Wales briefing
- School Funding Formula Review
- Social Services Performance Data
- Discussion on Revised Scrutiny Structure

The council has also as a result of the inspection of Children's Services by CIW identified and delivered additional Member Development Sessions including:

- Roles and Responsibilities of Councillors in Council Improvement
- Opposition Group Leaders and Deputies
- Cabinet
- Scrutiny
- Chairs and Vice-Chairs of Committees
- Corporate Parenting

Some of these modules could not be completed due to the cancellation of sessions, but they were delivered in April, 2018.

Appendix 3: Scrutiny

Core Principles to which this section relates:
• Core Principle C • Core Principle E • Core Principle G

✓ Scrutiny

The Constitution sets out clear terms of reference for all Committees of the council. The Cabinet, and the Scrutiny and Audit Committees have rolling work programmes.

Scrutiny Committee Structure.
From April to May 2018 the Council operated 3 scrutiny committees namely:

- Scrutiny Committee A
- Scrutiny Committee B
- Audit Committee (designated in the Constitution as a scrutiny committee)

Following criticism of the effectiveness of Scrutiny in the Care Inspectorate Wales report on Children's Services, a review of Scrutiny Committee structure was undertaken and proposals for a new structure was considered by the Council at its Annual Meeting in May 2018. The proposals for three scrutiny committees together with an Audit Committee were rejected and two scrutiny committees together with an Audit Committee undertaking scrutiny was approved as follows:

- Learning, Skills and Economy Scrutiny Committee
- Health, Care and Housing Scrutiny Committee
- Audit (designated in the Constitution as a scrutiny committee)

The Council decided to retain the 3 scrutiny committee structure (including audit), to expand the membership to 21 Members (plus co-opted Members) meeting every two weeks, and to reflect the council's Vision 2025 in the revised terms of reference. In addition, it was decided to move away from using Member and Officer Working Groups, to have all meetings in public (excluding where confidential items are discussed) and to consider webcasting scrutiny meetings.

Following the revision to the scrutiny committee structure which took place in May 2018, concerns were expressed by both Members and Officers regarding the way that the new structure was operating. External support was sought and a further review was undertaken which made a series of suggestions to the Council as to the way forward. One of those proposals led to the establishment of a Scrutiny Development Board in October 2018 comprising representatives of the Cabinet,

Scrutiny Chairs and Vice-Chairs and the Executive Management Team. The role of the Development Board was to review the effectiveness of the revised structure and to bring forward proposals to Council.

The Development Board concluded that the revised structure was not providing the scrutiny structure that the Council required and suggested the following amendments:

Creation of 3 scrutiny committees based on Vision 2025 namely:

- Health and Care Scrutiny Committee
- Learning and Skills Scrutiny Committee
- Economy, Residents, Communities and Governance Scrutiny Committee

The Audit Committee would not undertake any scrutiny and would return to its statutory financial functions.

The Finance Scrutiny Panel would be renamed the Finance Panel, with the Portfolio Holder for Finance becoming a member of the Panel (but could not Chair the Panel). In addition, the Panel would undertake strategic financial scrutiny only with the scrutiny of individual services being undertaken by the 3 scrutiny committees.

The establishment of a Co-ordinating Committee comprising representatives of the Cabinet, Chairs and Vice-Chairs of the Scrutiny and Audit Committees and representatives of the Executive Management Team to undertake the development of the Scrutiny Forward Work Programme. The Co-ordinating Committee will not undertake any scrutiny with that function transferred to the Economy, Residents, Communities and Governance Scrutiny Committee. It is hoped that this wider group will improve the programming of scrutiny by bringing a wider perspective to the prioritisation of items for scrutiny. It will also approve the establishment of any Working Groups as well as undertake a further review of the effectiveness of the structure following 6 months on its implementation.

The proposals were discussed with members at a Members' Seminar in January 2019 and approved by Council at its meeting on 24 January, 2019. The new structure was implemented during February, 2019.

Scrutiny 2018-19

Scrutiny Committees undertake reviews and inquiries, within the Committee as a whole or within Working Groups. The findings of Scrutiny reviews and inquiries are presented to Cabinet with recommendations for action. Since December 2016, greater emphasis is now placed on pre-decision scrutiny of significant strategic policy issues and service changes.

The Health and Care Scrutiny Committee has overseen the Council's recovery plans following adverse reports by external regulators to ensure that the required improvement is achieved and this work is ongoing.

The Scrutiny Committees are independent of the Cabinet. The Audit Committee undertook a 'Scrutiny' function as allowed by the Local Government (Wales) Measure 2011 (up to February 2019), as audit and financial scrutiny is an integral part of any scrutiny process, as well as the statutory 'regulatory' functions. It oversees the work of Internal Audit, Risk Management and receives the reports of the Wales Audit Office. It has responsibility for approving the council's Accounts. It did monitor the council's performance in relation to its budget and achievement of performance targets, but this function is now undertaken by the Cabinet.

The council's committees also include some representatives who are not County Councillors. The Audit Committee has an independent "lay" member, the Learning, Skills and Economy Scrutiny Committee has co-opted Members in respect of education scrutiny. The Health and Care Scrutiny Committee has a co-opted member in respect of crime and disorder matters, although this role is currently vacant (role transferred to the Economy, Residents, Communities and Governance Scrutiny Committee from February 2019).

The council's Joint Chairs and Vice-Chairs Steering Group (Scrutiny Committees) which meets monthly undertakes the challenge of the Draft CIP and any updates as well as the Annual Performance Evaluation, the Well-Being Assessment and the Draft Well-Being Plan. Its main focus at each meeting is to co-ordinate the work programmes of the Scrutiny Committees, decide if joint working needs to be undertaken between committees and to ensure resources are available to undertake reviews or pre-decision Scrutiny.

In 2014 – 15 the council established a Finance Scrutiny Panel as part of a project funded and supported by the Centre for Public Scrutiny. The Panel's composition included Scrutiny chairs, opposition group leaders and representatives of the Audit Committee with the Chair of the Audit Committee being Chair of the Panel.

The role of the Panel is not only to undertake the Scrutiny of the draft budget from Cabinet prior to its consideration by the council, but in addition to scrutinise elements underlying the budget process to assess whether base assumptions being used by the council were sound. The Panel will also look at the Medium Term Financial Strategy and the deliverability of financial targets in forthcoming years.

✓ Public Service Board Scrutiny

The council has established a PSB Scrutiny Committee comprising those agencies who currently make up the PSB with the first meeting held in September 2018. Its role is to scrutinise the implementation of the Powys Well-Being Plan as well as integration projects between the Council and the Powys Teaching Local

Health Board. A schedule of meetings and a work programme is being developed for the committee. At the September 2018 meeting the PSB Scrutiny Committee decided to scrutinise step 10 in the implementation of the Well-Being Plan.

Review of effectiveness:

The Finance Scrutiny Panel (FSP) provided an interim report on the 2019/20 budget to Cabinet in December 2019. This was supplemented with strategic comments on the budget process in to both Cabinet and County Council in February and March 2019.

Scrutiny has been the subject of 2 reviews during 2018 -19, one concluding with the decision in May, 2018 and a subsequent one concluding with the Council decision in January 2019. It was also decided in January that the Co-ordinating Committee would review the effectiveness of the current structure once it had been in operation for 6 months.

The areas which were scrutinised during 2018/19 are set out below. This included pre-decision scrutiny, monitoring of improvement plans, scrutinising corporate plans.

The PSB Scrutiny Committee has had a difficult start with the first meeting being inquorate and the second in January being cancelled due to the unavailability of participants an other items being withdrawn.

There is a focus on developing the Cabinet Work Programme in line with a recommendation from the Wales Audit Office, who have suggested that the council should have an 18 month Cabinet Work Programme. This would assist in the development of the Scrutiny Work Programme. Progress in achieving an 18 month Cabinet Work programme whilst slow is improving with continued action being taken to remind services of the need to populate this Work programme.

Reports from Scrutiny reviews containing the findings together with any recommendations are presented to Cabinet for their consideration. The Cabinet is expected to produce an action plan to respond to any recommendations made by Scrutiny. In respect of pre-decision Scrutiny the comments of the Scrutiny review group are made to the Cabinet / Executive Management Team meetings. A final report will be included with the Cabinet papers setting out the original recommendations to the Cabinet / Executive Management Team together with an update regarding amendments to the final Cabinet report as a result of those initial Scrutiny recommendations. It is hoped to develop this further in 2019-20 by monitoring how many recommendations from scrutiny committees are accepted in full or partially or rejected.

Recommendations for development:

- **Scrutiny**

- Co-ordinating Committee to review the effectiveness of the new scrutiny structure agreed in January 2019 following 6 months of operation.
- Monitor recommendations from scrutiny committees to Cabinet that are accepted in full, partially accepted or rejected.
- Undertake self assessment of scrutiny to assess its effectiveness.

The following are examples of areas which were scrutinised / Pre-scrutinised during 2018/19:

Audit Committee:
- Financial Overview and Forecast and Capital Reports
- Corporate Risk Register and its transition to a Strategic Risk Register
- Treasury Management
- WAO Reports
- Statement of Accounts
- WAO reports – Transformation Review and Overview and Scrutiny
- Internal Audit reports
- Children's Services Budget
- Theatr Brycheiniog
- Joint meeting with Pensions and Investment Committee regarding the Actuary's report

Finance Scrutiny Panel:
- Children's Services Budget
- Review of roles and responsibilities of the Panel
- Budget Process and Planning including monitoring of the funding gap and savings proposals

April to May 2018

Scrutiny Committee A:
- Corporate Safeguarding
- North Powys Office Accommodation Review
- Corporate Leadership and Governance Plan

Scrutiny Committee B:
- Corporate Leadership and Governance Plan

May 2018 – January 2019

Health, Care and Housing Scrutiny Committee:
- Crime and Disorder
- Adult Social Care Improvement Plan
- Dynamic Purchasing
- Social Services Annual Report

- Adult and Children's Services Performance Reports
- Bannau Camlas Inspection
- CIW Inspection
- Children's Improvement Plan
- Improvement and Assurance Board minutes
- Fostering Inspection Report
- Integrated Youth Support
- Integrated Family Support
- LAC Strategic Framework
- Homelessness Strategy
- Love Where You Live
- Management of Powys Residential Care Homes
- Damp and Thermal Comfort Strategies
- Daytime Activities for Older People

Learning, Skills and Economy Scrutiny Committee:
- Schools Funding Formula Review – June, August, December and January
- Welshpool Primary Schools and Ysgol Calon Cymru – referral from Cabinet
- Education Improvement Plan – pre-Cabinet scrutiny
- County Farms – pre-Cabinet scrutiny
- Home to School Transport Policy – pre-Cabinet scrutiny
- ALN and Digital Learning – updates
- Schools Asset Management Plan – pre-Cabinet scrutiny
- School Budgets – pre-Cabinet scrutiny
- Provisional Learner Outcomes – Performance monitoring
- Heart of Wales Property Services – Performance monitoring
- Review of pre-school provision - monitoring

February to March 2019

Health and Care Scrutiny Committee:
- Monitor Children's and Adults Performance Reports

Social Care Working Group:
- Update on Dynamic Purchasing Scheme for domiciliary care
- Briefing on Delayed Transfers of Care
- Children's Charter - Pre-decision scrutiny

Learning and Skills Scrutiny Committee:
- Schools Major Improvements Programme
- School Standards – Attendance and Exclusions
- National Categorisation

Economy, Residents, Communities and Governance Scrutiny Committee:
- Gender Pay Report
- Removing Barriers to Employment
- Feasibility Study (pre Cabinet decision scrutiny)

Appendix 4: Wales Audit Office

Wales Audit Office (WAO) is the public sector watchdog for Wales. Their aim is to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.

During the course of the 2018-19 financial year, the Auditor General issued 6 reports that included a number of proposals for improvement as outlined below

WAO Overview and scrutiny, fit for the future? (Report issued September 2018)

- P1 Be specific in the reports presented to overview and scrutiny why the committee is receiving the information and how this relates to the role of the scrutiny committee.
- P2 Provide more training specifically for Chairs and Vice Chairs of overview and scrutiny committees to enable them to be more effective in their role.
- P3 Make arrangements for further training for scrutiny committee members on the Well-Being of Future Generations (WFG) Act in order to help embed WFG considerations into the Council's decision-making processes
- P4 Strengthen arrangements for public and other stakeholder engagement in overview and scrutiny.
- P5 Clarify the arrangements for feeding back overview and scrutiny committees' views to Cabinet and for Cabinet to respond to recommendations made.
- P6 Put in place arrangements for assessing the effectiveness and impact of overview and scrutiny.

WAO Service User Perspective Review - Housing Services (August 2018)

- P1 The Council should urgently strengthen the future delivery of the WHQS by accelerating its development of a comprehensive strategy and action plan to address the issues facing tenants who are living in cold homes.
- P2 The Council should work with tenants to strengthen its approach to assisting people experiencing problems with condensation and damp.
- P3 The Council should strengthen its approach to engagement and explore more innovative ways to reach the many people who are hard to reach due to the geographical challenges of living in Powys.

WAO - Review of PCC Transformation and Efficiency Savings Programme (October 2018)

- Need to increase the scale of change from service improvement to bigger transformational change
- Need to address the organisations track record of under delivery of target savings
- Need to address the gaps in savings plans going forward
- Need to establish clear outcomes for all aspects of the transformation programme
- Need to ensure that the performance measures you are using are the right ones to help drive transformation

WAO – Well-being of future Generation Wales Act: 21 Century Schools

WAO - Audit of Powys County Council's 2018-19 Improvement Plan (issued July 2018)

- As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

WAO - Audit of Powys County Council's assessment of 2017-18 performance (Issued November 2018)

- As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Appendix 5: Care Inspectorate Wales

Care Inspectorate Wales (CIW) encourages the improvement of social care, early years and social services by regulating, inspecting, reviewing and providing professional advice to ministers and policy makers.

Since 2017 the Council has been addressing the recommendations of highly critical CIW reports into both children's and adult's social services. These inspection reports highlighted failings, not only in these services, but also in the corporate leadership of the authority. In order to address the recommendations, the council has been focussed on delivering its Childrens and Adults Improvement Plans during 2018-19, both of which have been reviewed in light of further monitoring visits and inspections, as outlined below:

During 2018-19, the council received the following key inspections:

CIW Adults Inspection Report May 2018 - Their report set out six priority recommendations and a further ten where they expect to see improvement in the next 12 months.

- R1 - senior leaders must continue to provide strong political and corporate support for adult services to ensure service improvements;
- R2 - ensure all safeguarding enquiries are undertaken within statutory timescales;
- R3 - ensure clear management oversight and understanding of demand, capacity and prioritisation of workflow within adult safeguarding;
- R4 - strengthen the existing adult services improvement plan;
- R5 - urgently improve systems to ensure the management and prioritisation of allocation, assessment and service delivery to prevent delays in people receiving services.
- R6 - produce a robust workforce strategy including short, medium and long term plans for recruitment and retention of the adult services workforce.

CIW Childrens and Adults services monitoring visit July 2018 – In July 2018 CIW carried out monitoring activity to review the council's progress in delivering its improvement plans

for Adult and Children's services. Their fieldwork focussed on safeguarding and quality assurance arrangements.

"We saw revisions and development of systems of quality assurance in both Adult and Children's Services. We were aware of the auditing work in Children's Services and now have increased confidence in the local authority's capacity and intent to scrutinise process and practice, through your appointment of Quality Assurance Managers and Policy Officers. Additional resource within the Independent Reviewing Officer team has greatly enhanced the challenge role within Children's Services.

We are satisfied management supervision discussions are occurring regularly and this continues to be a priority area. We note a rise in complaints received, which you have responded to by additional resourcing and an increased senior management focus on the quality of initial investigations and staff learning from themes identified."

Areas of concern/for improvement

Quality assurance

- Managers in Adult Services completed fewer file audits in May and June than expected. This was attributed to capacity issues, which is likely to continue to be a challenge across social services.

Complaints

- Social Services are receiving 20 complaints per month. Almost half relate to poor communication by social work staff. Senior managers are looking at the quality of stage one investigations, while Complaints Officers provide reports

Supervision

- Some supervision records showed more attention than others did to professional development and personal issues. It was not usual for actions set by managers to have a timeframe for completion. In two instances, we saw sections of text had been copied and pasted from the previous supervision record.

Partnership working

- Health representatives believe there have been opportunities for greater collaboration between statutory agencies on strategy documents. Senior managers in the local authority agreed more collaboration would advantage multi agency working.
- Health representatives were concerned they are not routinely involved in the initial stages of safeguarding work and/or informed of outcomes. We saw evidence of this in our review of files.
- Police believed multi agency working in adult safeguarding would benefit from greater contact at a senior management level.

Safeguarding boards

The work agenda of the local operations groups could ensure all measures to explicate and improve multi agency working in safeguarding are prioritised.

CIW Childrens Services Inspection October 2018 (CIW Report issued January 2019)

Powys County Council's children's services has achieved significant improvements in certain areas, and some improvement in others. There continue to be areas of practice where we have serious concerns.

Areas for development

The report identifies many areas for continued development; we find the priority areas for action are:

- *Ensure there is a clear strategic vision to direct overarching planning and the delivery of a seamless service for children and families, incorporating effective early help and family support services alongside statutory intervention.*
- *Clearer focus on improving strategic relationships with partners to increase collaborative working to the benefit of children and families.*
- *Development of a commissioning strategy and social work practice to anticipate children's accommodation needs, reduce the numbers of emergency placements and enable PCC to better fulfil its duty to access a sufficient range of accommodation for looked after children close to home. To minimise the number of children placed without agreed educational provision.*
- *Ensure the safeguarding process incorporates multi-agency information sharing as soon as possible following referral to ensure informed practice and best outcomes for children.*
- *Ensure an immediate multi-agency response to safeguard children at risk of sexual exploitation (CSE).*
- *Ensure investigations of complaints are thorough and timely in accordance with Welsh Government guidelines.*

CIW monitoring visit for Adults Services - December 2018

The council has accepted and welcomed CIW findings following a formal monitoring visit of adult services, undertaken in November and December. During the visit inspectors examined care and support in adult services and found overall improvement and the 'beginnings of a cultural shift towards continuous improvement'. Inspectors said they found good and excellent examples of care and support planning and had spoken to 'highly committed staff'. They also identified areas requiring improvements, particularly within domiciliary care provision, which it said the council needed to improve service consistency.

Appendix 6: Estyn

Estyn is the Office of Her Majesty's Chief Inspector of Education and Training in Wales. Their mission is to achieve excellence for all learners in Wales through raising the standards and quality in education and training. Estyn has a wide range of statutory inspection and reporting responsibilities which include inspection of all publicly funded education and training across Wales.

Estyn Improvement Conference April 2018

Powys was selected to be one of three councils involved in piloting the new improvement conference inspection activity. The schools service has carried out a lot of work to ensure that it responds to the scrutiny which takes place in these meetings as well as the recommendations made by HMI. A Self-Assessment Report was developed in preparation for the second Improvement conference held in April 2018. The conference focussed on:

- The council's plans for addressing the underperformance of secondary aged pupils, including the response to the recommendations from the initial improvement conference
- The effectiveness of central finances support in overseeing schools budgets

The Estyn outcome letter, which was published following the improvement conference in April 2018 states:

Inspectors sought assurance that the authority:

- *has taken appropriate action since the initial improvement conference*
- *is making suitable progress in securing better outcomes for learners*
- *has coherent plans to continue to address the issues raised at the initial improvement conference, and that these plans may need to be revised to take into account changing circumstances*
- *has sufficient resources to implement its plans*
- *has rigorous processes in place to monitor the implementation of its plans and evaluate the impact*

<u>The authority's plans for addressing the underperformance of secondary aged pupils</u>
Estyn remains assured that the local authority understands the reasons behind the relative weak performance of its secondary schools in recent years. Two-thirds of secondary schools in Powys have been identified locally as requiring significant support and are amber or red category. Although progress has been slow and the local authority acknowledged that its monitoring of schools had not been rigorous enough, the authority is strengthening its work to quicken the pace of improvement in schools. This includes new staff to support school improvement work, a more robust approach to challenging, supporting and monitoring schools causing concern and tighter performance management arrangements.

Four secondary schools have appointed a new head teacher since the initial conference, and the authority has ensured that there is support available to these new head teachers, though it is not possible to evaluate this as part of the conference process. Only two secondary schools have middle leaders participating in the professional learning programme for middle leaders available through ERW, and I am concerned at this low take-up. I recommend that the authority works with ERW to ensure that middle leaders in other schools are receiving appropriate professional learning to meet their needs and to strengthen the quality of leadership and management in schools where this is an area for improvement.

<u>The effectiveness of central finance support in overseeing school budgets</u>
The local authority knows that its current budget position is unacceptable and has a good understanding of the reasons that have caused this. The authority has detailed financial data on the position of every school as well as its internal service areas.

School leaders and governors as well as senior offices and elected members are all aware of relevant financial information to enable them to fulfil their responsibilities. Over the last 12 months, the authority has issued a warning notice to six secondary schools and two primary schools, requiring these schools to take action to address their deficit budgets. The local authority has recently ensured that Brecon High School, which is in a very poor deficit position, agreed a plan to address their budget. I note that, as a result, the local authority has not used its powers to suspend the governing body's right to a delegated budget.

No further improvements were requested, but there is now a clear mandate to continue on the improvement journey that the service has commenced and to show clear evidence of impact. A new cycle of local government education services inspections commenced in September 2018.

Appendix 7: Internal Audit

During 2017/18, Internal Audit was subject to the requirements and principles of:

- Public Sector Internal Audit Standards in the UK - 2017
- CIPFA Local Government Application Note – 2013

Reviews

An Internal Audit Charter was agreed by the Audit Committee in 2018/19 that defines the purpose, authority and responsibility in terms which are consistent with the professional standards.

Internal Audit undertook a programme of risk-based work, formulated using an approved planning strategy, to review the council's internal control environment.

Each audit undertaken contained an opinion on the control framework and agreed actions by Management to correct the areas of risk identified. Internal Audit undertake a programme of follow-up reviews on high risk areas.

Internal Audit routinely considers the likelihood of fraud occurring within the systems being audited. Where necessary, it undertakes investigatory work in respect of fraud and corruption which can result in a Police referral and/or disciplinary action. The Council has a zero tolerance attitude towards fraud and corruption.

In accordance with the recognised standards, the Head of Audit is required to give an opinion on the overall internal control environment based on the work undertaken throughout the year. This report is presented to the Audit Committee annually in July.

Details of the Internal Audit's Annual opinion report will be added when available.

Glossary:

ACRF	Annual Council Reporting Framework
AGS	Annual Governance Statement
CIP	Corporate Improvement Plan
CIPFA	Chartered Institute of Public Finance and Accountancy
CIW	Care Inspectorate Wales
CLGP	Corporate Leadership and Governance Plan
CSE	Child Sexual Exploitation
EMT	Executive Management Team
ERW	Education through Regional Working
FSP	Finance Scrutiny Panel – now the Finance Panel from January 2019 (FP)
GDPR	General Data Protection Regulations
HMI	Her Majesty's Inspectorate
ILM	Institute of Leadership and Management
JCG	Joint Governance Committee (of the Wales Pension Partnership)
JMT	Joint Management Team (Powys County Council and Powys Teaching Local Health Board)
JPB	Joint Partnership Board
LAC	Looked After Children
LDP	Local Development Plan
LGPS	Local Government Pension Scheme
MTFS	Medium Term Financial Strategy
PDR	Personal Development Review
PMAQAF	Performance Management and Quality Assurance Framework
PSB	Public Service Board
SIRO	Senior Information Risk Owner
SOLACE	Society of Local Authority Chief Executives
SWAP	South West Audit Partnership
WAO	Wales Audit Office
WFG	Well-Being of Future Generations Act

SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

Powys County Council

8.1

Proposed 2019-20 Internal Audit Plan and Internal Audit Charter

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Unrestricted

The Internal Audit Plan: Summary

This internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver within the first quarter of the 2019/20 financial year

Given the significant Senior Management change towards the end of the financial year, it is deemed appropriate to adopt an agile approach to Internal Audit Planning. This allows a constant focus to ensure that internal Audit's work programme is risk based

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable SWAP to provide a well-informed and comprehensive year-end annual internal audit opinion.

Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plans is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide officers and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's Annual Governance Statement.

It is the responsibility of the Authority's Executive Management Team and the Audit Committee, to determine that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming quarter appropriate?
- Does the internal audit plan provide coverage of the organisation's key risks as they are recognised by EMT and the Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

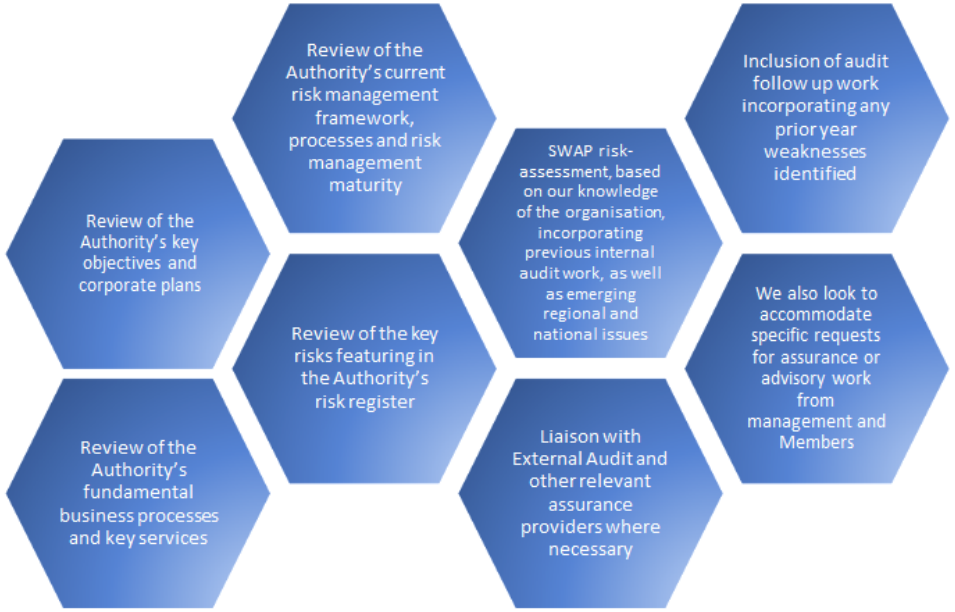
The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with Service Management Teams and Executive Directors as well as reviewing the consolidated risk register for Powys County Council, in order to obtain an understanding of the organisation's key risks, and initial assurance priorities.

The audit planning process for 2019/20 will be a unique year as the Council has a new management structure. We will therefore update our internal audit plans quarterly to align with the emerging issues and risks.

Approach to Internal Audit Planning 2019/20

The factors considered in putting together the initial 2019/20 internal audit plan have been set out below:



The Council has gone through significant leadership change and therefore our approach to internal audit planning for 2019/20 has therefore also changed to reflect this. Instead of preparing a full twelve-month plan, we will prepare and update quarterly 'Agile', risk-assessed work plans, containing key areas of coverage, to ensure that we are auditing the right areas at the right time.

We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems and controls. Our 2019/20 audit plan will also include an increased proportion of audit time still to be specifically allocated, in order that the plan can remain flexible to respond to new and emerging risks as and when they are identified.

The Internal Audit Plan: Risk Assessment

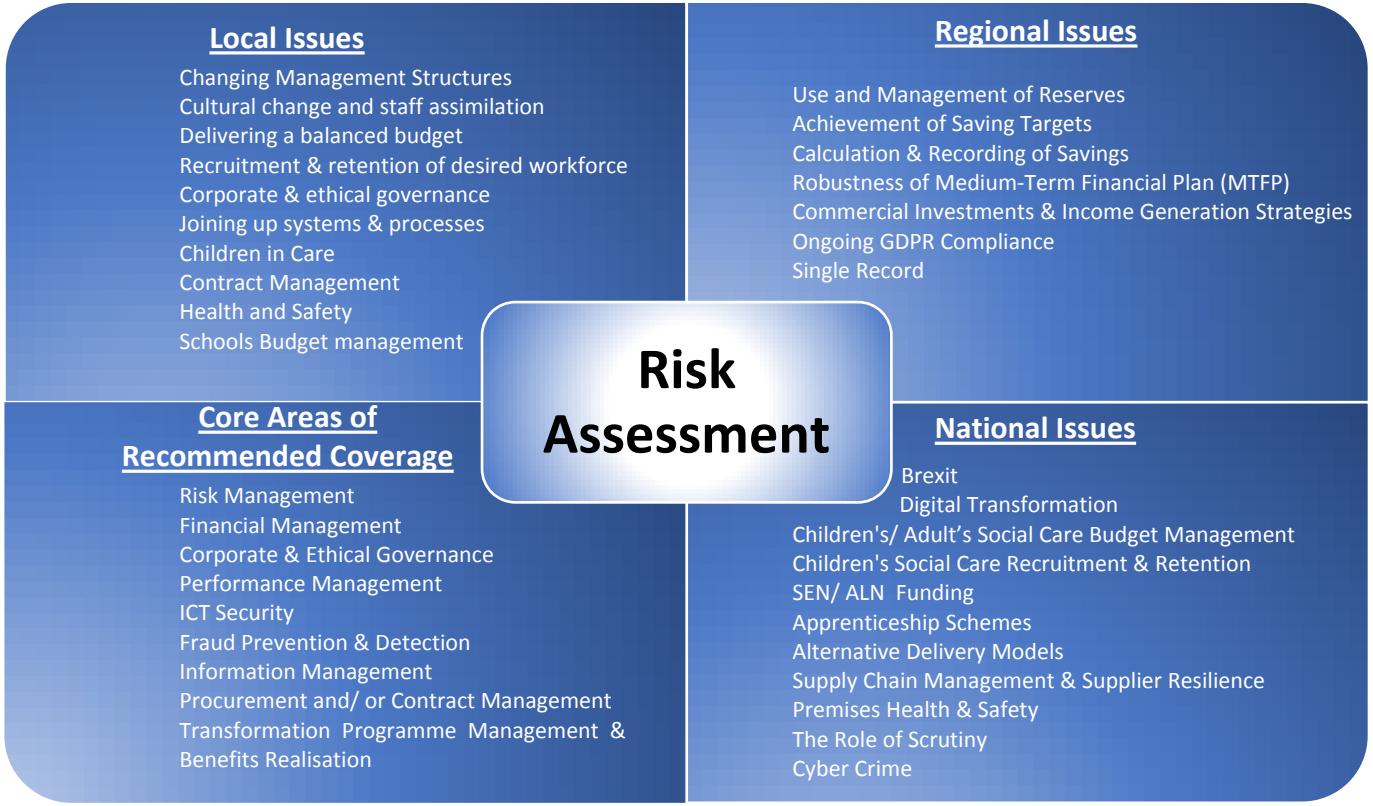
A documented risk evaluation prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

As above, it is the responsibility of the Authority's Executive Management Team and the Audit Committee to ensure that, following our risk assessment, the proposed plan contains sufficient and appropriate coverage.

Internal Audit Annual Risk Assessment

Our 2019/20 internal audit programme of work is based on a documented risk assessment, which SWAP will re-visit at least quarterly. The input of senior management as well as review of the Authority's risk register will be considered in this process.

Below we have set out a summary of the outcomes of our initial risk assessment for the Powys County Coucil:



The Internal Audit Plan: Coverage

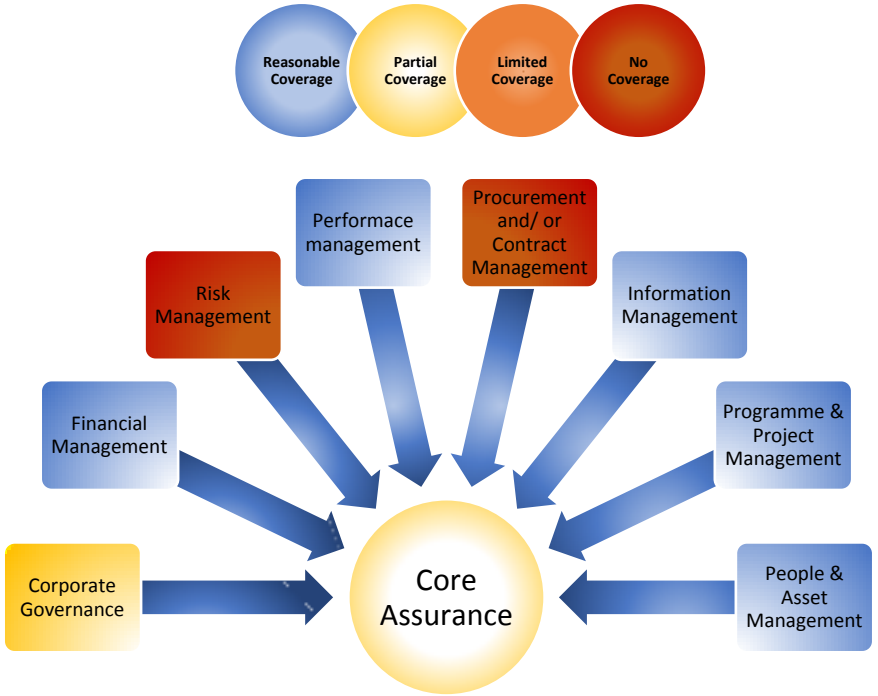
Following our SWAP Risk Assessment above, we have set out in Appendix 1 below our proposed areas of coverage for the first quarter.

Going forwards, we will look to align our audit programme of work with the Authority's Corporate objectives, as well as our core areas of recommended coverage.

Internal audit is only one source of assurance; therefore, where we highlight gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.

Internal Audit Coverage in 2019/20

Following our SWAP risk assessment, we have set out below the extent to which the proposed plan presented in Appendix 1 provides coverage of our core areas of recommended coverage. Where we have highlighted limited or no coverage, Senior Management and Members should seek and document assurance from alternative sources, or consider re-focussing internal audit resource to provide coverage of these areas:



Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

Unrestricted

The Internal Audit Plan: SWAP

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 26 public sector partners, crossing eight Counties, but also providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- **Candid**
- **Relevant**
- **Inclusive**
- **Innovative**
- **Dedicated**

Your Internal Audit Service

Audit Resources

The 2019/20 internal audit programme of annual work will be equivalent to 1,000 days. The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for Powys County Council will be:

Ian Halstead, Assistant Director – ian.halstead@swapaudit.co.uk,

Conformance with Public Sector Internal Audit Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in March 2016 which confirmed conformance with the Public Sector Internal Audit Standards.

Conflicts of Interest

We are not aware of any conflicts of interest within Powys County Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

The Internal Audit Plan: SWAP

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- **Benchmarking and sharing of best-practice between our public-sector Partners**
- **Regular newsletters and bulletins containing emerging issues and risks**
- **Communication of fraud alerts received both regionally and nationally**
- **Annual Member training sessions**

Our Reporting

A summary of internal audit activity will be reported quarterly to the Executive management Team and the Audit Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

Internal Audit Performance:

As part of our regular reporting to Senior Management and the Audit Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
Delivery of Annual Internal Audit Plan Completed at Year End	>90%
Quality of Audit Work Overall Client Satisfaction (*did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation*)	>90%
Outcomes from Audit Work Value to the Organisation *(client view of whether our audit work met or exceeded expectations, in terms of value to their area*)	>90%

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review. Potential audit work areas for consideration later in the year has been included in a separate Appendix for completeness

Link to Core Assurance Area	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead
Corporate Governance *Corporate Governance refers to the strategic management practices and values and beliefs by which the Council operates.*	**Health Organisation** *(C/F)* *Carry over work to complete the helicopter view of the Council's control frameworks. The results will inform he remainder of the work programme for the year.*	**EMT**
Financial Management *Effective Financial Management is the bedrock of any successful organisation and is vital to the ongoing ability of local programme governance authorities to deliver services that the public wants.*	*As systems, processes and procedures are brought together across the course of the year we would want to provide regular core assurance around 'key' financial controls.* **Audit of Financial Systems:** *Debt Management* *Council Tax – Refund System* **National Fraud Initiative** *To assist the Council to monitor investigation of matches.* ***Stand-by system and Payments*** *This is to ensure that Cover is effective and the system represents value for money* ***Budgeting (carried forward)*** *To review the effectiveness of the Council's budgeting process*	Relevant Executive Director

Risk Management *Organisations which can demonstrate and operate under a structured and active risk management approach, are far more likely to be able to focus upon their key priorities and outcomes and, in doing so, take informed and robust decisions*	No Areas in Q1	
Performance Management *Performance management provides a transparent platform upon which the service is accountable to its citizens and service users for the effectiveness of its service provision and delivery of its objectives.*	**Follow up work** *An allocation of time to ensure that key audit recommendations made during the last year have been or will be actioned.* **School Audits** *Based on intelligence from Education Services and Finance to undertake school audits on specific areas of concern as and when required (either as thematic school audits, or individual specific schools* **Deprivation of Liberty Safeguarding (DoLS)** To ensure that the Council is compliant with the DoLS statutory framework and code of practice.	**Relevant Executive Director**
Commissioning & Procurement *Assessing Procurement & Commissioning activity of a Local Authority is a critical determinant in establishing its effectiveness in both being able to deliver benefit for its community, but also in showing whether it can maximise value for money for its taxpayers*	No Areas in Q1	
Information Management *Effective Information Management will facilitate and support effective working, better decision-making, improved customer service and*	**Change Management** To ensure that the Council is protected from threats and vulnerabilities by ensuring the Council's ICT network is operating with the most up to date versions of Software.	**Relevant Executive Director**

business transformation.		
Programme & Project Management *Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus their efforts and successfully achieve the delivery of anticipated outcomes.*	**Benefits realisation- transformation Budget** *Carry forward of review to determine whether benefits are being achieved and the budget is spent on transformational activities.*	**Relevant executive Director**
People & Asset Management *Organisations which can demonstrate and operate under a structured and active approach to asset management are far more likely to be able to focus any available investment against key priorities and, as a direct result, deliver improved outcomes.*	**Corporate Health and Safety** *To ensure that activities support keeping both members of the public and employees safe* **Safer Recruitment** To ensure that pre- employment measures are carried out to make sure that safeguarding principles are followed.	**Relevant executive Director**
Other	**ECO 2 (t) Requested work** **Grant Certifications** **Contingency for Emerging Risk Areas and Specific Management Requests** **Ad Hoc Requests for Audit Advice & Guidance** **Audit Planning and Committee Reporting** **Professional Development (as agreed by the Partners)**	**Relevant executive Director**

The Internal Audit Charter

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Powys County Council, and to outline the scope of internal audit work.

Approval

This Charter will be presented for review and approval each year to confirm it remains accurate and up to date.

Provision of Internal Audit Services

The internal audit service is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the Head of Internal Audit and Section 151 Officer, in consultation with the Chief Executive of SWAP.

Role of Internal Audit

The Accounts and Audit (Wales) Regulations 2016, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management and of Internal Audit

Management[1]

Management is responsible for agreeing the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Audit Committee.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Authority. Management is also responsible for the appropriate and effective management of risk.

Internal Audit

Internal audit is responsible for operating under the policies established by management in line with best practice.

[1] In this instance Management refers to the Senior Leadership Team

Unrestricted

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS); SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive of SWAP and the Assistant Director also report to the Head of Finance (S151 Officer), and will report to the Audit Committee as set out below.

Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of Powys County Council.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether Dorset Council is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.
- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy.
- at the specific request of management, internal audit may provide consultancy services provided:

    - the internal auditor's independence is not compromised
    - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
    - the scope of the consultancy assignment is clearly defined, and management have made proper provision for resources within the annual audit plan
    - management understand that the work being undertaken is not internal audit work.

Unrestricted

Planning and Reporting

SWAP will submit to the Audit Committee for approval, an internal audit plan, setting out the recommended scope of their work in the period.

The plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Corporate/ Executive Director. SWAP will report at least four times a year to the Executive Management Team and Audit Committee. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The final detailed report will also be copied to the Chief Executive, Head of Finance (S151 Officer), relevant Executive Director, Head of Service and to other relevant line management.

The Chief Executive of SWAP will submit an annual report to the Audit Committee providing an overall opinion of the status of risk and internal control within the council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and the Assistant Director have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council's Chief Executive Officer or the External Audit Manager.

April 2019

Unrestricted

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Energy Company Obligation (ECO2t) Scheme

Investigation Report - Final

8.3

Issue Date: 18th April 2019

Executive Summary

Background

A referral was made by the Section 151 Officer (David Powell) based on a letter of complaint from Powys Plumbing Group (PPG) that was sent to all Powys County Council Councillors on the 22nd January 2019. This made allegations that Powys County Council had committed widespread fraud with regards to the administration of the ECO2t scheme.

The Energy Company Obligation (ECO) is a government energy efficiency scheme in Great Britain to tackle fuel poverty and help reduce carbon emissions. It was first introduced in 2013, as an energy efficiency scheme that places legal obligations on larger energy suppliers to deliver energy efficiency measures to domestic premises. The ECO1 scheme ran between 1 January 2013 and 31 March 2015. A new obligation period was established under the Electricity and Gas (Energy Company Obligation) Order 2014. The scheme was then extended by the Electricity and Gas (Energy Company Obligation) (Amendment) Order 2017. The 2014 Order as amended by the 2017 Order were collectively called the ECO2 Order in this document. The extension to the obligation period ran from 1 April 2017 to 30 September 2018 and was referred to as ECO2t. The scheme is governed by Ofgem.

Definitions of parties Involved with delivery of ECO2t as provided by the Public Sector Housing Team:

- **ECO agent**: An entity that facilitates the application/survey process, connecting applicants with the council and enabling delivery of funded measures. Funding may be sourced direct from energy companies or via brokers. ECO agents can undertake installations direct or subcontract work to appropriately accredited installers. ECO agents may also employ canvassers and surveyors.
- **ECO Installer**: Accredited company who install ECO funded measures within the home. Installers require properties to have been surveyed and have funding in place prior to installation. Consequently, they are unable to independently deliver measures without a funding relationship with an ECO agent or energy supplier.
- **ECO Assessor/Surveyor**: An individual who undertakes property surveys using DEEMED scoring. This enables an ECO agent to calculate eligible grant value and make an application to a funding provider. Funders require sight of property survey prior to funding approval. Surveyors may also operate as canvassers.
- **Canvasser**: An individual who contacts clients to establish if they wish to be considered for ECO funding. Canvassers may facilitate completion of client application forms and are required to work with an ECO agent.

Note: The term 'ECO Agent' used by the Private Sector Housing Team is not formally recognised by the guidance. However, the term 'ECO Provider' is recognised by the guidance and has very closely aligned activities.

The obligated energy suppliers work with ECO Agents who commission ECO installers to introduce certain efficiency measures into the home, such as loft or wall insulation, or heating measures. For an ECO installer to be eligible to undertake work on the ECO2t scheme, they must meet the criteria defined by Ofgem, with the main one being they must be PAS2030 accredited, which allows them to undertake work under the Green Deal schemes. Unfortunately, this requirement precluded many local Powys installers from working on ECO2t.

For a measure to be completed, suppliers must provide Ofgem with a Local Authority (LA) declaration stating that that the households listed in the declaration are either:

- living in fuel poverty (FP)
- living on a low income and vulnerable to the effects of living in a cold home (LIVC)
- non-fuel poor but located in an immediately adjacent building to, in the same building as, or in the same terrace as households identified by an LA as FP or LIVC (SWI in-fill).

The Department for Business, Energy and Industrial Strategy (BEIS) Local Authority guidance was available regarding ECO2t LA Flex, which was not prescriptive, but gave flexibility to allow Councils to create their own control and governance frameworks. Local Authorities are expected to manage and deliver schemes locally with cost being recovered by charging an administration fee. This necessitated a new way of working that supported the principles of an enterprising Council by providing services to ECO agents to enable the delivery of the Council's statement of intent whilst preventing and detecting potential cases of fraud and corruption.

ECO3 was launched nationally in October 2018, the accompanying BEIS guidance for Local Authorities was released 4 months later (February 2019).

Powys County Council have used the Welsh Assembly definition of FP for the purposes of this scheme, which states;
'*A household in Wales is in fuel poverty if they spend 10% or more of their income on energy costs, including Housing Benefit, Income Support or Mortgage Interest or council tax benefits on energy costs'.*

To make a declaration, a LA must produce a Statement of Intent regarding its delivery of the ECO flexible eligibility provision. This Statement of **I**ntent should be publicly available (e.g. published on a LA's website) so that it can be easily accessed by interested parties.

The LA is responsible for making the determination that a household is eligible (including SWI in-fill). Ofgem does not require suppliers to undertake supplementary checks to determine eligibility once an LA declaration is made. Contractors are entitled to rely on the LA having made an accurate assessment of eligibility. If Ofgem become aware of a LA making false declarations, or where it does not follow the targeting methodology outlined in its Statement of **I**ntent, they will pass this information to BEIS.

Powys County Council charge a fee of £150 (£125 plus VAT) for every declaration they approve to cover administration costs associated with the scheme. This fee was payable by the agent and not the individual.

Scope

To determine if Council Officers have acted reasonably in developing a strategy and delivering the vetting process in accordance with Ofgem requirements to ensure rigour around preventing and detecting fraud.

As part of the process, interviews took place with the following:

- Julian Preece – Private Sector Housing Team Leader, Powys County Council
- Oliver Denton – Housing Standards and Improvement Officer, Powys County Council
- Powys Plumbing Group

Supporting documentation was obtained and reviewed.

During this review, it must be noted that there were limitations in place that were outside of SWAP Audits control;

- SWAP Internal Audit only have the jurisdiction to require answers from employees of Powys County Council staff
- The relationship between the ECO Agent and the claimant is outside of the responsibility of the Council

Conclusion

ECO Scheme

The Council's approved statement of intent is in accordance with the ECO2t guidelines and rules, in that it prioritises those people experiencing fuel poverty who live in an energy inefficient property. The Powys Statement of Intent, like some other Welsh Local Authorities, contained a minimal number of qualifying criteria, whereas others had additional requirements. The regulatory framework that surrounds the ECO2t scheme is not prescriptive, flexible and open to interpretation. More prescriptive guidelines from BEIS/OFGEM would have provided a much more robust control over the effective spending of the funds.

Measures Delivered

Powys was targeted by ECO Agents due to its rural nature and its high level of off-gas housing in Wales i.e. the high level of electric heating, LPG boilers and the high number of oil powered boilers in use. In Great Britain, there were 15,500 completed measures under ECO2t from January 2018 until September 2018. The County of Powys for the same period had over 2,000 completed measures. This is the equivalent of 13% of the total.

Responsibilities

The responsibility for completing the assessment form accurately lies with the applicant and this is expressly stated in the Powys application process. Therefore, if that form has been incorrectly completed and signed by the applicant with the intention of gaining something to which they were not entitled, then they may potentially be committing a fraudulent offence. Allegations were made by the Powys Plumbing Group of widespread fraud; however, they did not provide any evidence to supports these claims when given the opportunity. No evidence was found to suggest that Powys County Council employees have committed or been complicit in fraudulent or irregular activities. There is no formal contractual relationship between the ECO Agents and the Council for the service it provided. Notwithstanding, the Council have a moral responsibility as stewards to put systems in place to prevent and detect fraud.

Accurate Assessment of Eligibility

The rules specified by BEIS require that the Council should determine household eligibility by making an accurate assessment. The Private Sector Housing Team developed a self-assessment process that allowed applicants (possibly guided by Surveyors) to simply claim eligibility without having to provide supporting information to corroborate the validity of their application. The Council's approach was to rely heavily on the applicant's assessment of the position and therefore not to undertake a suitable level of independent and robust checking to ensure an accurate assessment. In addition, there was an element of ambiguity because of a lack of guidance around definitions of income and fuel costs which would be required to determine fuel poverty. Therefore, it is the Auditor's opinion that a more robust process around financial eligibility would have offered more of a deterrent against potentially fraudulent or irregular applications.

Records

The records maintained by in the Private Sector Housing Team were minimal. The analysis of cases has been made more difficult due to poor management records and initially the Council could not easily demonstrate cases where applications had been denied as a result of failing to meet the eligibility criteria. However, evidence has subsequentially been provided to show incomplete and ineligible applications.

EPC Checking

An examination of a sample of records found that 21% of the properties (21/100) did not meet the EPC requirements as a result of their current rating (B/C/D rating), yet the applications were still approved by Powys County Council. One case (1%) exists where there is no record of the application. Three applications (3%) where missing key elements and therefore should be considered as incomplete. And a further 11 cases (11%) were found where the applicant clearly applied using the EPC self-assessment matrix route because they stated they did not have an EPC. Checking found that they did in fact have an EPC rating of E, but that the Private Sector Housing Team had determined that the applicant would gain eligibility on the grounds of vulnerability (E rated EPC and over 60 years of age). It is Auditors opinion that even though the applicants were probably eligible, these applications should have been returned as 'Incomplete' requesting resubmission as the required agents checks on vulnerability were not undertaken.

Approved Agents List

The Private Sector Housing Team stated that they produced a list of ECO Agents, which was based on green deal approved accredited companies that had expressed a wish to work in the area. Whilst Powys County Council did not actively promote the use of any provider, the selection process did restrict the number of ECO Agents that could operate in Powys. It was stated that this list was produced on a first come first served basis. Therefore, it is the Auditors opinion that the selection process lacked structure and transparency and could not demonstrate that all eligible Provider/ Eco Agents had been treated equally.

A detailed examination of the list found that 18 out of 19 nominated providers were on the Green Deal Approved List (Green Deal Oversite and Registration Body (ORB) list), but there was one ECO Agent that did not meet the stated qualifying criteria. Powys County Council were aware of this but continued to promote them via its promotional literature issued to perspective applicants. The Auditors can see no demonstratable and justifiable reason why this Eco Agent was allowed onto the nominated list and other possible more eligible organisations have been precluded. Whilst the Private Sector Housing Team maintain that the Company did not have to be Green Deal approved, the Auditors have not been presented with any clear rational to justify why 18 out of 19 were selected using one criterion and 1 was selected using a different criteria.

Local Economy

The Council has a corporate objective to support the local economy. There was only 1 ECO Agent in Powys that met the criteria defined by Ofgem to independently deliver ECO funded measures. The Private Sector Housing Team stated that no other local ECO Agent existed/expressed a desire to be included on the list. It was also stated by the Private Sector Housing Team that some agents on the list that made use of local contractors to undertake installations.

Finance

The administration of the ECO2t scheme generated £231,898 (1855 LA declarations) for the Council that could be used to support other Council activities after administration costs have been deducted. There is a minor discrepancy between the number of measures delivered (2048) and the number of measures billed (2018). It is unclear why these figures are not the same, but the Private Sector Housing Team need to reconcile the declarations listing to the invoices raised.

The Council's approach to the identification of debt relies heavily on those that owe the debt to make the Council aware of the need to collect it. Clearly this is a conflict of interest which increases the risk of the Council failing to raise invoices. Outstanding Debt as at 15/04/ 2019 was £20,352 or 163 LA declarations. The ECO2t scheme closed on the 30th September 2018 which gives concerns over the likelihood of the recovery of the debt. A number of these debtors are ECO agents that may require declarations for future ECO Schemes. Therefore, it would be considered prudent that LA declarations for ECO3 should only be processed for ECO agents that have cleared their outstanding levels of debt.

The Council had no influence over the delivery of the measures, but under current arrangements it was committed to undertake the eligibility assessment. The Council absorbed the cost of processing 1782 applications for which the Council was unlikely to be compensated. It is the Auditors opinion that future schemes, whenever possible, should transfer the financial risk to the Agent and make them pay a fee on the production of the eligibility certificate rather than after the delivery of the measure. This approach would have generated a further £267K additional revenue, although this would have probably lowered the number of speculative claims.

Opinion

In conclusion, the Council and its residents have significantly benefitted from the implementation of the ECO2t scheme. The Council's approach to the vetting of claims did not demonstrate due diligence and did not deter or prevent the approval of fraudulent claims. All parties involved in the scheme i.e. applicant, agents, contractors and the Council are mutually benefiting from maximising the volume of measures approved. However, the Council as the stewards of the activity should ensure that only cases are approved that legitimately comply with an evidential based assessment process. This will ensure the Council fulfils its moral obligation in that it improves fuel poverty for those who need it most whilst reducing carbon emissions.

Recommendations

1	Vetting Process		
The Council should implement a fit for purpose and robust vetting process for future ECO schemes that are based on independent evidence and ensure an accurate assessment of eligibility.		Priority Score	1
Agreed Action		Timescale	Before ECO3 Implementation
This is a fundamental principle of the new guidance issued by BIES in February and will need to be incorporated into any ECO3 scheme adopted by Powys. Income & Awards or Robert Owen could determine applicant fuel poverty under ECO3 (if adopted) as opposed to applicant self-assessment.		Responsible Officer	

2	Documentation		
The Council should keep adequate records to support the outcome of their decisions.		Priority Score	2
Agreed Action		Timescale	Before ECO3 Implementation
The Council will ensure a more robust record keeping system is employed.		Responsible Officer	

3	Approved Agent Selection		
The Council should define the criteria used for the selection of contractors and ensure that these are robustly applied during the selection process.		Priority Score	1
Agreed Action		Timescale	Before ECO3 Implementation
Procurement Services have been consulted and will be involved with selection of agents utilised with ECO3 in Powys should a scheme be adopted.		Responsible Officer	

4	ECO Agent Selection Anomaly		
There is a lack of clarify around the selection of one company as they do not appear on the accreditation website. Therefore, the Council should consider obtaining an opinion from Ofgem/BEIS to seek clarification about the legitimacy of using an agent that was not Green Deal approved.		Priority Score	1
Agreed Action		Timescale	Before ECO3 Implementation
Not Agreed. The company in question do not need to be Green Deal Oversight and Registration Body (Green Deal ORB) accredited as they do not independently install measures or provide finance. Their subcontracted delivery partners hold these accreditations instead.		Responsible Officer	

5	Approved Applications		
Given the concerns of the Auditors on the accuracy of ECO2t assessments, the Council should undertake a review of past claims to ensure those approved were in fact eligible. Those cases where the errors occurred in the checking process, which resulted in measures being delivered to ineligible applicants, should be referred to the Regulator.		Priority Score	1
Agreed Action		Timescale	Before ECO3 Implementation
		Responsible Officer	

6	Billing Discrepancies		
Given the discrepancy over the number of measures delivered (2048) and the number of measures billed (2018), the Council should investigate the reason for the difference and arrange to invoice agents for any unbilled completed measures.		Priority Score	1
Agreed Action		Timescale	Before ECO3 Implementation
Agreed		Responsible Officer	

7	Outstanding Debt		
The Council has outstanding Debts with Eco Agents who may require declarations under future ECO schemes. Therefore, the Council should consider withdrawing the LA declaration service from those ECO Agents until outstanding invoices have been settled.		Priority Score	1
Agreed Action		Timescale	Before ECO3 Implementation
Agreed		Responsible Officer	

8	Income Collection Criteria		
The Council undertook a significant amount of work in producing declaration certificates for measures that will not be delivered. Therefore, the Council should review its charging policy to ensure that agents are billed upon the issue of the declaration certificate.		Priority Score	1
Agreed Action		Timescale	Before ECO3 Implementation
This was a fundamental principle of the ECO3 proposal shared with the Powys Plumbing Group who accepted this proposal by the Council. Any revised ECO3 Statement of Intent presented to Cabinet for approval will have this process included.		Responsible Officer	

9	ECO3 Scheme		
ECO2t declaration certificates are only valid for ECO2t measures. Therefore, the outstanding ECO2t declarations should not be considered as eligible for the ECO3 scheme.		Priority Score	1
Agreed Action		Timescale	Before ECO3 Implementation
Agreed		Responsible Officer	

Findings and Outcomes

Investigation

Findings

Scheme Interpretation

Ofgem and BEIS are the governing bodies responsible for ECO2t Scheme. They have numerous documents that relate to how the scheme should be operated by all parties involved in the process, including the Local Authority responsibilities. These instructions allow for a flexible interpretation by each LA, as a result of this, each LA can decide how much input it would like to have in the process including the content of their Statement of Intent. This document defines the requirements that each household must meet in order to be considered for the scheme. Powys County Council have based their Statement of intent on the template issued by BEIS. However, the Private Sector Housing Team removed large portions of the model form when they developed their own internal processes. The model form contained additional information that could have been used in a much more robust checking process. Both the BEIS and Powys County Council SoI forms which are attached. It is the Auditors opinion that the rules and requirements defined within Powys County Council's Statement of intent fall within the remit of the BEIS/ OFGEM guidance issued.

Council Vetting Responsibilities

Powys County Council charge a fee of £125 plus VAT for each completed measure which is payable by the agents; this is an admin fee to cover the accurate determination of eligibility, production of the declaration certificate as well as the administration associated with fielding calls from clients, agents and other enquiries and complaints. There is no formal contract in place that specifically defines what is expected from Powys County Council during the verification process. Furthermore, no evidence was provided to the Auditors to demonstrate that Powys County Council have a defined internal process they follow in order to ensure the applications are correctly verified before issuing the declaration.

The official guidance states that;

'*The LA is responsible for making the determination that a household is eligible (including SWI in-fill). Ofgem does not require suppliers to undertake supplementary checks to determine eligibility once an LA declaration is made. Suppliers are entitled to rely on the LA having made an accurate assessment of eligibility'*.

The guidance explicitly states the Council is responsible for determining an applicant is eligible based on the criteria it has approved in the Statement of Intent. In addition, there is an expressed responsibility that the Council should have made an accurate assessment of eligibility.

Application Process

Powys County Council have opted for the low threshold approach in terms of qualification criteria, with the minimum requirements defined on their Statement of Intent. This was based on the Welsh Government fuel poverty definition along with the EPC rating (in conjunction with the client vulnerability criteria). The Auditors examined 8 Welsh Local Authority 'Statement of Intent' and found that 4 had a similar scheme to Powys. The remainder had specified more stringent qualifying criteria such as income thresholds and more detailed financial information. Powys' Statement of Intent' conforms to the Ofgem scheme requirements.

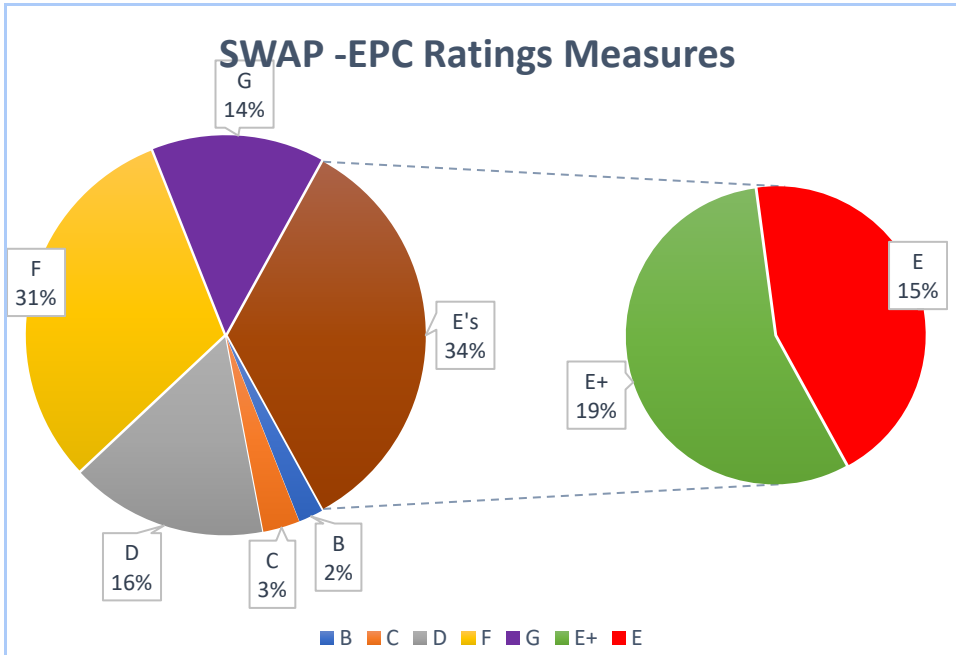
The application form is split into 3 parts;

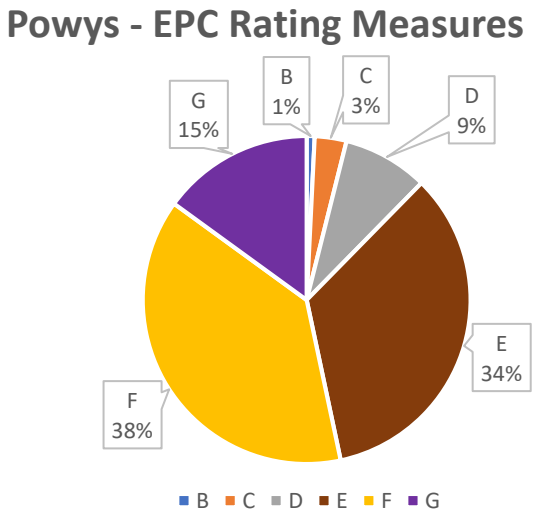
- **Part 1** is the fuel poverty section; this is a simple a circling of yes or no to declare if your household is in fuel poverty. There is no requirement to submit any financial details or supporting documentation.
- **Part 2** refers to the EPC rating (if available) of the property. The property should be F or G rated to qualify, if it is rated as 'E' then additional vulnerability criterion needs to be met. In order to qualify this can be based on age, health or having children in the house. If the vulnerability is medical related it should be authorised by a doctor, if it is age or child related it is approved by the surveyor and not Powys County Council. If there is no EPC rating available for a property, or the current EPC has expired, then the applicant must complete a short matrix which was adapted from approved BEIS guidance and details items such as number of bedrooms, type of insulation etc. The applicant needs to score 10 to 14 points with a vulnerability or 15 or more in order to qualify. This information is not verified by Powys County Council.
- **Part 3** is the declaration section where the applicant signs to confirm all the details are correct, it also states that if a false declaration is made, they may be prosecuted.

Powys County Council have adopted the approach that if a household has submitted a signed self-certified application stating their circumstances meets the criterion for the scheme, no further financial checks are required. Although not a requirement, Powys County Council opted not to include any additional financial checks to ensure fuel poverty upon receipt of the signed completed application.

It was stated that Powys County Council checked all properties to see if they had a valid EPC rating to ensure they were F or G rated or E if they meet the vulnerability criteria. Any property that has an EPC of A-D are ineligible.

Housing records of the checking process were inadequate for the process of effectively auditing all applications. An initial sample of 20 measures of properties with an EPC rating were originally selected, but the sample was extended to include an additional 80 completed measures. The results are as follows;





SWAP Audit Findings

SWAP Tested a sample of 100 cases:

21% (21 cases) of the properties selected did not meet the criterion that Powys County Council had defined in their own Statement of intent i.e. they were the 'B', 'C' and 'D' properties

1% (1 case) was E rated, but there is no record of the application.

3% (3 cases) were missing key pieces of information or process that would have been required to make an accurate assessment

11% (11 cases) were completed as if there was no EPC on the property and therefore used the EPC self-assessment matrix. Checking found that these properties were E rated and therefore should gone through the vulnerability tests. The Private Sector Housing Team have reviewed these applications and determined that the applicants are eligible because they were over the age of 60. However, this method by-passes the need for the agent to verifying the age of the applicant. To ensure due diligence, these applications should have been rejected as incomplete and applicants required to resubmitted based on the genuine grounds for eligibility.

Private Housing Sector Team Findings

This shows the breakdown of the 1020 properties that had a valid EPC rating where a declaration certificate had been issued. This is for all measures regardless of their status, and not just the completed ones which were used in the SWAP Audit sample above.

The figures have not been verified by SWAP Audit, and no further analyses of 'E' rated properties was undertaken. As can be seen, 12% (126 properties) did not meet the criterion that Powys County Council had defined in their own Statement of Intent.

Powys County Council claimed they vetted all applications to see if they had a valid EPC rating that met the criteria. Therefore, Powys County Council have approved applications that should have failed the vetting process. It is likely that these properties did not meet the eligibility criteria as specified in the Statement of intent.

Following concerns raised by the Auditors about the EPC checking process, the Private Sector Housing Team acknowledged there was confusion during the first 2 months where agents thought that they could use the matrix instead of the EPC. This issue was identified and corrected. However, the Auditors believe that this should have been identified normally as part of an accurate and robust eligibility assessment.

Other Welsh Local Authorities were contacted to determine their checking process. The response rate was disappointing; however, one did reply stating that they used a self-assessment, but performed some secondary checks such as spot checking, means testing, additional financial information and proof of vulnerability.

Agent Listing

Discussion with the Private Sector Housing Team identified that they had created a nominated list of ECO agents based on the criteria of being Green Deal approved. Green Deal are the body that are responsible for maintaining registers of participants for Green Deal approved schemes, of which ECO2t is one, on behalf of the Secretary for State for DECC. They do not refer to the term ECO Agent, but instead refer to participants as either a Provider, Installer or Assessor. Whilst the Auditors consider that the term ECO Agent is most closely aligned with a Provider, it has considered the accreditation to be valid if the Companies appear in the other categories.

Powys County Council decided to limit the number of ECO agents to 22 as they thought this figure was manageable regarding customer ability to find a preferred ECO Agent to deliver the installation and they fitted into the available space on the ECO Agent listing Sheet. The list was populated on a first come first served basis and any further companies were refused. Subsequently 3 have been removed due to various reasons such as using the Powys County Council logo on their documentation, failure to deliver measures and a lack of ECO funding.

Upon inspection and through discussion with Housing Standards and Improvement Officer (OD), it became apparent that one ECO agent did not meet Powys' selection criteria. Powys County Council continued to promote them via the document despite knowing they did not meet the selection criteria. Therefore, the Council's revised list contained 18 Agents that were Green Deal approved and 1 agent that was not. The auditors have not been able to give assurance that the selection of Agents on the list was done in a consistent, structured and transparent manner.

Whilst an applicant has the choice to use any ECO Agent on the list, Powys County Council have in effect created an advantage for the ECO contractors that they promote via their document. The Authority has sought legal advice in readiness of the start of the ECO3 scheme regarding the legality of restricting the number of ECO Agents that Powys County Council would allow to canvas the area. The legal advice that came back was;

'The BEIS guidance states that suppliers, installers and local authorities are "free to establish their own working relationships and processes with each other, as long as in doing so, no regulatory breach occurs." This guidance is very broad and does not directly deal with the question of restricting the number of agents. Our preliminary advice is that Powys could put measures in place to recognise and promote agents that align with its strategic aims of, inter alia, putting in place economic/community benefits measures, thereby allowing Powys to 'regulate' a sub-set of agents. However, the extent to which Powys could refuse to issue declarations to 'un-certified' agents is not clear. Our preliminary view is that this would be contrary to the overall aims of the ECO 3 scheme'.

Ofgem set the criteria that installers must meet in order to be included on the approved list. The main criteria being that they are PAS2030 approved which allows you to complete Green Deal work. It was stated by the Private Sector Housing Team that at the time of the ECO2t scheme that only 1 installer in Powys held the PAS2030 qualification.

The lack of a structured approach to the selection/promotion of Green Deal ECO Agents means that the Auditors cannot give assurance that all potential ECO Agents were treated equitably and without bias.

Finance

It must be noted that Powys County Council do not provide any funding for the completion of the measures. The finance is made available from the main energy suppliers for the purpose of reducing carbon emissions from the housing stock; fuel poverty is used as a tool to target those in greatest need.

In their role of approving eligibility, the Authority has collected £231,898 in income, with their outlay being the administration costs of both running the scheme and creating the Eligibility Declaration Certificate for the applicant. The Council financial ledger shows:

Payment Status	Income (£'s)	Measures (Income/125)
Paid in Full	224,750	1,798
Part Paid	7,148	57
Yet to be Paid	20,352	163
Total	252,250	2,018

Powys County Council's Statement of Intent has a statement regarding the generation of the £150 fee. (£125 +VAT). The Statement of Intents says; '*Costs associated with Powys declaration - The administration charge levied by Powys County Council in providing the declaration necessary for clients to access the ECO Flexible scheme is £150. This charge must be paid by the energy supplier or their agent on completion of the works …'*

The Council must rely on an external organisation (ECO Agent) to notify them of the completion of the measure, otherwise there is a possibility that the Council will not bill for the service they have provided. This has caused general uncertainty over the number of measures that have been completed because it is outside of the Council's circle of influence. Therefore, the Auditors can only give limited assurance the Council has collected all the income that is due for the services delivered.

Currently Powys County Council have issued approximately 3,800 certificates under ECO2t and only collected income for 2018 measures (£231,898 / £125) which means about 1782 applications have been completed and have either not been paid or will never be billed as the measure cannot be completed in accordance with section 5.84 of the Energy Company Obligation (ECOt2) – Guidance: Delivery V1.1 Dec 2017 which states;

5.84. LA declarations, including those with SWI in-fill, will remain valid for the entire ECO2t period (i.e. from 1 April 2017 to 30 September 2018), unless otherwise stated by the LA. There is no requirement to reassess households once a LA declaration has determined a household to be eligible within this period.

Therefore, the outstanding LA declarations should not be considered as valid for any future ECO scheme.

ECO3

The Authority has currently deferred its decision on approving the ECO3 remit, based on the outcome of this investigation. The Statement of Intent was prepared to be presented to Scrutiny for approval but not delivered for consideration, following receipt of the complaint from PPG. Scrutiny committee therefore deferred its decision pending the outcome of this investigation. It is believed that there are approximately 1800 pre-approved measures that have met the ECO2t qualifying criteria. It is the Auditors opinion that the process used to judge eligibility was not robust enough to protect against fraud, error or corruption. Therefore, it is envisaged that the outstanding approved measures from ECOt2 will not automatically be carried forward, and individuals will have to apply again, this is also in accordance with paragraph 5.84 - Energy Company Obligation (ECOt2) – Guidance: Delivery V1.1 Dec 2017 mentioned above.

Appendix

Questions submitted by PPG with the response from the Private Sector Housing Team.

1) Why did the council officials running ECO LA Flex continue to sign off many hundreds - possibly thousands - of ECO2t applications up to the end of September 2018, and not set up an immediate investigation, after they were informed at a meeting at County Hall on 10th July 2018 that we had evidence to support the suspicion that the ECO Flex agents were committing widespread fraud under the ECO2t scheme in Powys?

Anecdotal claims made by the Powys Plumbing Group were discussed at the meeting but no detailed evidence was provided that could have been investigated to substantiate any accusation of fraud. Consequently, officials and Cabinet agreed to withdraw the Powys ECO Flex Statement of Intent at the end of September 2018, coinciding with the end of ECO 2t. The aim was to address any issues by the introduction of a more robust scheme under new proposals for the role out of ECO3 in Powys.

2) What was the reasoning behind PCC's decision not to put a robust, independent vetting procedure in place, similar to that of most other councils, when setting up their ECO2t LA Flex scheme to ensure that all the applications they received from the ECO Flex agents were genuine, and complied with the Council's fuel poverty and EPC qualification criteria?

Powys was the second council in Wales to introduce a scheme, in accordance with OFGEM Guidance, using the Welsh Government definition of fuel poverty. The scheme used a self-certification process to establish client fuel poverty but introduced a more rigorous concept that eligible clients also needed to reside in exceptionally fuel inefficient properties (F and G EPC rated homes). This was absent from the process adopted by Ceredigion, (first Welsh authority to adopt) but mirrored by other Welsh authorities who subsequently adopted an ECO Flex Statement of Intent. Checks ensure clients sign an appropriate declaration that they spend in excess of 10% of income on fuel and live in a property with an appropriate EPC or scored in excess of 15 property points on their application form.

3) Why, despite the concerns we've raised for the past 8 months about potential widespread abuse of the ECO2t scheme in Powys, are the Council currently still not planning to put in place a robust, independent vetting procedure to check that all applications received for their upcoming ECO3 scheme are genuine, and meet the Council's fuel poverty and EPC qualification criteria, when the evidence from the way other councils ran their ECO2t schemes confirms that this is the only way to guarantee that widespread fraud can't take place, whilst still ensuring that those vulnerable households living in fuel poverty in the county receive the full range of measures they're entitled to?

Any proposed scheme formally adopted by Cabinet will have sufficient measures in place to comply with BEIS and OFGEM requirements to eliminate where practicable, the possibility of fraudulent applications.

4) Why are the Council officials responsible for running the ECO LA Flex scheme for Powys CC still so resistant to the idea of outsourcing the running of the upcoming ECO3 scheme to an independent, not-for-profit, organisation like the Marches Energy Trust, even though the Trust has shown from the way they've run previous schemes for other councils, like Shropshire and Herefordshire, that they have the staff, and experience, - which evidently Powys CC doesn't - to be able to thoroughly vet *all* applications and ensure that widespread fraud can't take place? (Having contacted the Trust ourselves we've received an email from them confirming that they would be prepared to undertake this role in Powys for the Council - ***at no cost to the Council, in fact the Council could still earn an income from the scheme if they wish*** - as long as the Trust are allowed to run a targeted campaign that's aligned with OFGEMs' national ECO LA Flex guidelines).

New guidance issued by BEIS for the introduction of ECO3 during February 2019 means the council has been required to alter its approach. New tighter, more robust ECO Flex scheme conditions now supersede those the Powys Plumbing Group were consulted on. Implementation will subsequently be very different to the way ECO2t operated, necessitating a new delivery approach.

5) Are the Council still planning to automatically 'roll over' to ECO3 the 1800 measures that they signed off under ECO2t but which were not completed by the end of that phase of the scheme on 30th of September 2018, when it's likely that a significant number of them - possibly up to 70% - could be fraudulent, or are these applications going to be reassessed, and thoroughly vetted, to ensure they're valid before any work is authorised under ECO3?

Should the council adopt ECO 3, we do not intend to reissue declarations without receipt of a new application. New applications will be subject to restrictions in funding and new OFGEM eligibility criteria. Properties that attracted funding under ECO2t will not by default attract ECO3 funding and existence of a declaration certificate does not equate to provision of funding. The allegation of a 'roll over' of 1,800 properties is simply incorrect. This figure included many applications subsequently wilfully withdrawn, duplicate applications and 25% would likely have been for insulation measures. All new applications will be assessed using new ECO3 qualification criteria.

6) With the Council having total responsibility for the way they set up ECO2t LA Flex in Powys, and taking into account that the Council state that to date they've benefited to the tune of around £200,000 from the 'administration fee' they charge the ECO Flex agents to sign off each application - of course it's likely that much of this money may well have been generated as a result of widespread abuse of the scheme - do the Council intend to contact OFGEM and ask them to investigate the activities of the ECO Flex agents who ran the ECO2t scheme in Powys for the Council as it would appear they have a duty to do, if there is any suspicion that fraud may have taken place, under OFGEM's 'zero tolerance approach to fraud and scheme abuse'?

Without substantiated evidence, neither the Council nor OFGEM are able to investigate activities of ECO Flex agents. Agents currently undergo rigorous scrutiny by energy companies and evidence of fraudulent activity would result in immediate withdrawal of funding. Should the Powys Plumbing Group have substantiated evidence of fraudulent activity, this needs to be provided to the council or OFGEM. To date, no evidence has been provided.

7) Is the Council's position regarding their ECO LA Flex policy motivated by a desire to run the scheme along OFGEM's national guidelines, and target measures at those vulnerable households living in fuel poverty in poorly insulated properties in the county, or is the Council using the scheme as a way of generating a significant additional income, so they can plug some of the gap in their budget deficit, even if the consequence of this approach is likely to results in the failure of many local businesses and will damage local employment prospects in Powys?

The Council's position has always been to make use of the Government scheme by targeting measures to assist vulnerable households living at risk of fuel poverty, within the most poorly insulated of homes. Income generated has been utilised to cover administration costs. Consequently, there has not been significant surplus income associated with the scheme as suggested. The authority has devoted significant time to the development of a mutually beneficial scheme in Powys in conjunction with local contractors, including the Powys Plumbing Group and remains committed to the aims of Vision 2025.

8) Based on the fact that virtually all the work, and money, associated with the Council's ECO LA Flex scheme to date has gone to companies and installers from outside Powys, and considering that the potential widespread abuse of the ECO2t scheme has resulted in local plumbing and heating companies losing around £4,500,000 of work, how does the Council reconcile their ECO LA Flex policy, and their current proposals for running ECO3 - which, from the evidence of ECO2t, if implemented without a robust, independent vetting procedure in place to prevent fraud, will result in local businesses losing tens of millions of pounds more work to scheme abuse - with their stated aim to support local businesses and protect the 'Powys Pound'?

If adopted, any ECO 3 scheme will have completely different criteria as indicated above, in accordance with new guidance from BEIS. Powys remains committed to the aims of Vision 2025, including supporting local businesses and protecting the 'Powys Pound.' However, this scheme is not one where the council is responsible for directly commissioning work. If there were agents locally who had access to DEEMED Score surveyors and funding links with energy companies, there would be significantly more local benefit. It is unfortunate that this was not the case, the council would welcome the opportunity of working with local agents and this is an area we wish to develop with interested local contractors. Some local businesses have benefited from work as a subcontractor under ECO2t and should ECO3 be adopted by Cabinet, the authority is committed to promoting use of local contractors by agents, where it has the ability to do so, via terms of the Government's scheme and OFGEM guidance.

Should local installers wish to engage with the Government's ECO scheme, opportunities exist now and remain independent of the adoption of ECO3 LA Flex by Powys. The Government initiative 'Home Heating Cost Reduction Obligation' (HHRCO) is currently delivered by agents operating in Powys and eligibility criteria to access this element of ECO has been widened to include most state benefits and allowances. Powys contractors seeking to become involved in delivery of this scheme will need to formulate direct relationships with an ECO broker or agent. The Council would seek to encourage such relationships and are considering ways in which it can help to facilitate this.

Audit Framework and Definitions

Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Authors and Distribution

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.

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Statement of Intent template

1) Name of the local authority *(or local authorities if this is a joint SoI)*
2) Local authority you are acting on behalf of *(if relevant)*
3) Date of publication [DD/MM/YY]
4) Version number
5) Publication on website [provide specific URL to the website where it is published]

1) Intro [this section is optional but best practice]

Outline the LA's ambitions for Flexible Eligibility, how this fits with local policies and priorities and any additional services or support that are available.

You can also include a statement to make clear to members of the public that the final decision on whether a household receives an ECO measures is made by the energy suppliers or their agents/contractors. For example you may note that inclusion in a Declaration made by the LA to a supplier will not guarantee installation of measures, as the final decision will depend on i) survey carried out by suppliers agents/contractors and installation costs calculated, ii) the energy savings that can be achieved for a property, and iii) whether suppliers have achieved their targets or require further measures to meet their ECO targets

2) How the LA intends to identify eligible households [this section is mandatory]

Outline how the LA intends to identify households that may benefit from the installation of measures under "flexible eligibility", ie households that are living in fuel poverty (FP) or living on a low income and vulnerable to the effects of living in a cold home (LIVC) ("relevant households"). In doing this, you should have regard to BEIS guidance on targeting.

In the SoI, you should include:

(a) Criteria for identifying households in fuel poverty

Please specify your targeting criteria, including as minimum information on the the following:

- Households not in receipt of benefits
- Households in receipt of benefits, if so which benefits?
- Low income threshold/s, or other indicators
- Indicators of high energy cost

(b) Criteria for identifying low income and vulnerability to cold

Please specify your targeting criteria, including as a minimum information on the following:

- Low income threshold/s, or other indicators
- Health and vulnerability conditions

(c) Any details of scheme requirements for SWI "in-fill" projects

- Including whether the LA intends to facilitate solid wall insulation schemes under flexible eligibility including households that are not in fuel poverty or vulnerable ('in-fill') and any details of scheme requirements and eligibility criteria

3) Acting on behalf of another local authority [this section is mandatory]

In some cases, an LA might make declarations on behalf of another LA. In this case you must include the name(s) of the LA on behalf of which you are making declarations.

4) Joint statement of intent [this section is mandatory]

In some cases, LAs may wish to issue a joint SoI, if they intend to use common criteria across their areas. In this case you must list the names of the LAs who are signatories to the SoI.

5) Governance [this section is optional but best practice]

While this is optional, we strongly encourage LAs to include details of the person responsible for signing "local authority declarations" on behalf of the LA, including role and address. If this is a joint SoI, this should be done for all the LAs issuing declarations under the joint SoI.

In addition, an LA should provide any details of governance structures in place to oversee the process of identifying eligible households under "flexible eligibility". This section should include details of the decision making organogram.

6) Referrals [this section is optional but best practice]

While some LAs may not know the following information at the stage of developing an SoI, this is information that is valuable to residents to know if available. Alternatively, it could be included in (annual) reports.

a) Details of any referrals route from fuel poverty/vulnerability/social care or health organisations, or any partnership with a selected obligated supplier and/or agents/contractors
b) Expected information flows with obligated suppliers and their agents/contractors

7) Evidence, monitoring and reporting [this section optional but best practice]

This section should cover, if available at the stage of developing the SoI:

a) What data will be collected and the mechanisms in place for monitoring the effective targeting of relevant households;

b) What reporting mechanism will be in place to monitor which households of those targeted have subsequently received a measure;
c) The method and frequency with which information is reported to those with governance and decision-making responsibilities;
d) What internal auditing will be carried out on the above data collection and monitoring mechanism; and
e) What controls are place to deter, prevent and detect fraud.

8) Signature [this section is mandatory]

The SoI should be signed by the Chief Executive Officer for the LA or other senior officer nominated on their behalf who is at least at Director level.

In case of a joint SoI, signatures by all the LAs involved should be included.

LA Declaration template

This declaration must be used to demonstrate eligibility of premises under the flexible eligibility provision of Affordable Warmth. Only LAs can make a declaration. This declaration can be used for all Affordable Warmth measure types except for projects including solid wall insulation (SWI) "in-fill".[1] More than one premise can be listed on this form.

We recommend that each page includes a date, signature and page number:

Page number:……/…… Signature: …….Date: ……....

Name of local authority making the declaration	
Name of local authority you are acting on behalf of (where applicable)	
Declaration URN[2]	
Statement of Intent publication date and version number	
Statement of Intent internet link	
Optional: Name of the installer or supplier to which you have provided the declaration	
Optional: time validity of your declaration	
Address of premises **(Add rows where necessary)** **Please insert: Building number/name, Street name, Town, City, County, Postcode**	**The premises are occupied by (one of the following):** **1. A household living in fuel poverty** **2. A household living on a Low income and vulnerable to the effects of living in a cold home (LIVC)** **(Please insert "Fuel Poor" or "low income and vulnerable" into the box below)**

[1] A separate declaration is available for SWI projects that include "in-fill" properties in Annex 3.
[2] URNs will be based on a local authority's ONS code – guidance is provided in Chapter 5.

Local authority declaration	
I declare that:	
☐	the Statement of Intent (SoI) for this local authority was published on or before the date this declaration was made and is currently available to view at the above location.
☐	the local authority has been consulted on the installation of a measure ("heating qualifying action") at the premises listed above. We confirm this consultation took place prior to the installation of measures.
☐	in the opinion of the local authority, the premises listed above are occupied by a household(s) either: a) living in fuel poverty, OR b) are occupied by a household(s) living on a low income and vulnerable to the effects of living in a cold home.

Local authority officer name	
Local authority officer signature	Date: _ _ / _ _ / _ _ _ _
Job title	
Local authority address	
Local authority telephone number	

Page number:……/…… Signature: ……Date: ……....

LA Declaration template for “in-fill”

This declaration must be used to demonstrate eligibility of premises under the flexible eligibility provision of Affordable Warmth. Only LAs can make a declaration. **This declaration can only be used for solid wall insulation (SWI) projects including “in-fill”.**

We recommend that each page includes a date, signature and page number.

Page number:……/……Signature: ……Date: …….

Name of local authority making the declaration		
Name of local authority you are acting on behalf of (where applicable)		
Declaration URN[3]		
Statement of Intent publication date		
Statement of Intent internet link		
Optional: Name of the installer or supplier to which you have provided the declaration		
Optional: time validity of your declaration		
Address of premises **(Add rows where necessary)** **Please insert: Building number/name, Street name, Town, City, County, Postcode**	**Relevant eligibility criteria** *(please see the Notes section on how to fill this section)*	**Premises type** *(please see the Notes section on how to fill this section)*
Project 1		
Percentage of households listed in project that are either living in fuel poverty or are low income and vulnerable to the effects of living in a cold home _____%[4]		
Project 2		

[3] Guidance for LAs on how to produce a URN is set out in chapter 5.

[4] Ofgem will check the percentages in the declaration are correct – if not. the declaration will be invalid. Ofgem will not check that the percentages are correct based on measures installed and notified to them.

Percentage of households listed above that are either living in fuel poverty or low income and vulnerable to the effect of living in a cold home %
(You can include more projects if needed)

Local authority declaration

I declare that:

☐	the Statement of Intent (SoI) for this local authority was published on or before the date this declaration was made and is currently available to view at the above location.
☐	the local authority has been consulted on the installation of the solid wall insulation at the premises listed above prior to the installation of a measure. We confirm this consultation took place prior to the installation of measures.
☐	• (**tick box only if relevant**) the premises listed in the project list [insert project number(s)] above are situated in a semi-detached house, a semi-detached bungalow or a building containing no more than two domestic premises; and • to the best of the local authority's knowledge and belief, both houses or bungalows in the pair of semi-detached properties or both premises in the building in that list are private domestic premises; and • in the opinion of the local authority, at least one of the premises in the pair of semi-detached properties or in the building is occupied by a household living in fuel poverty; or • in the opinion of the local authority, at least one of the premises in the pair of semi-detached properties or in the building referred to in the list is occupied by a household living on a low income and vulnerable to the effects of living in a cold home.
☐	• (**tick box only if relevant**) all of the premises included in the project list(s) [insert project number(s)] above are situated in the same building, in immediately adjacent buildings or in the same terrace; and • to the best of the local authority's knowledge and belief, all of the premises included in the project list(s) above are private domestic premises; and • in the opinion of the local authority, at least 66% of the premises included in that list are occupied by households living in fuel poverty or by households living on a low income and vulnerable to the effects of living in a cold home.

Local authority officer name	
Local authority officer signature	Date: _ _ / _ _ / _ _ _ _
Job title	
Local authority address	

Local authority telephone number	

Notes

For each premise, one of the following must be selected for relevant eligibility criteria:

1. **"Fuel poor" (if the premise is occupied by a household living in fuel poverty)**
2. **"Low income and vulnerable" (if the premise is occupied by a household living on a low income and are vulnerable to the effects of living in a cold home**
3. **"SWI In-fill 50"%" (if the premise is not occupied by a household in fuel poverty or low income and vulnerable. The percentage is dependent on the property type (see table below)).**
4. **SWI In-fill 66%" (if the premise is not occupied by a household in fuel poverty or low income and vulnerable. The percentage is dependent on the property type (see table below)).**

For each premise, one of below property types must be selected for each address:

SWI in-fill property types	in-fill %
• Semi-detached house; or • semi-detached bungalow; • building that contains no more than 2 domestic premises	No less than 50%
• All properties listed are in the same building; or • in immediately adjacent buildings; or • same terrace	No less than 66%

Page number:...../……Signature: ……Date: …….

Powys County Council Flexible Eligibility Statement of Intent

This statement sets out Powys County Council's flexible eligibility criteria for the ECO: Help to Heat programme from April 2017 forward. The scheme will be subject to funding and may be closed at any time. It aims to support households living in Powys who are most likely to experience fuel poverty and those vulnerable to the effects of a cold home.

Introduction - Powys County Council welcomes the introduction of Flexible Eligibility and intends to utilise it for the purposes of reducing fuel poverty within the county. The Council has worked for many years to improve homes across Powys with the aim of increasing energy efficiency and reducing fuel poverty.

What is flexible eligibility - Local Authorities working with Energy suppliers obligated under ECO, have the opportunity to extend eligibility criteria for energy efficiency measures to households not covered by existing schemes of support.

Identifying households - Funding is only available for private owner occupiers and private rented tenants. Qualification of flexible eligibility in Powys is restricted to those **in fuel poverty** (spending more than 10% of income on household fuel). Eligibility will be determined by criteria listed below and requires a signed declaration by the property owner.

Qualifying measures - The energy efficiency measures that can be installed in eligible properties include new central heating systems, heating upgrades and insulation.

Contractors - Energy suppliers and/or their agents involved with flexible eligibility surveys and identified works, will be expected to comply with the Data Protection Act. They will need to undertake work in accordance with Ofgem requirements and act in accordance with industry best practice in relation to consumer care and quality standards.

Cost Associated with Powys Declaration - The administration charge levied by Powys County Council in providing the declaration necessary for clients to access the ECO Flexible Eligibility scheme is £150. This charge must be paid by the energy supplier or their agent on completion of works and may **NOT** under any circumstances, be passed on to the client receiving assistance via the scheme.

Final decision - The decision on whether a household receives a measure under flexible eligibility or other ECO funding streams will be made by the **energy supplier** or their **agent/contractor**. Qualification in the statement of intent or the Declaration by Powys County Council will **NOT** guarantee installation of any measures, as the final decision will **lie with the supplier**.

Question 1 - Qualifying Criteria

To qualify:

i) you must indicate you are in fuel poverty by answering **yes** to the initial qualifying question and sign the declaration at the end of the form.

ii) the property must be rated an **F or G** on an **EPC** or score **15 points or more** in Table 1 below; or .

iii) the property must have a rating of an **E** on an EPC or have a score between **10 and 14** points in Table 1 below **and** a member of the household is **vulnerable** and at greater risk due to living in a cold property. Vulnerability is ascertained by answering **yes** to one or more of the situations/conditions in Question 2.

Table 1 - Property Condition

House features	Type	Points	Tick box	Score
Bedrooms	1	1		
	2	2		
	3+	3		
Household occupants	1	1		
	2	2		
	3+	3		
Loft Insulation	None	5		
	Up to 150mm	3		
	150mm and above	1		
Wall Type	System built	5		
	Solid stone/brick	3		
	Cavity construction/Unknown	1		
Wall insulation	External	1		
	Internal	1		
	Cavity	2		
	None	5		
Heating fuel	Mains gas	1		
	Oil	2		
	LPG	3		
	Electric	5		
	Solid fuel	5		
Central Heating system age	Less than 10 years old	1		
	Over ten years old	3		
	Broken system	5		
	No system	5		
			Total	

Question 2 - Client Vulnerability

If it is necessary to demonstrate that householders are at a greater risk to the effects of living in a cold home, Powys County Council adopt the following approach:

Powys County Council will target households containing people from the following list, which reflects the National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes.

'Excess winter deaths and illness and the health risks associated with cold homes' states that: a wide range of people are at greater risk to the cold. This is either because of a medical condition, such as heart disease; a disability that, for instance, stops people moving around to keep warm, or makes them more likely to develop chest infections; or personal circumstances, such as being unable to afford to keep warm enough.

A member of the household is/has

i. Aged over 60 (proof of age necessary)
ii. Children under 5 and those in primary and secondary school education or is pregnant
iii. Respiratory disease (COPD, asthma)
iv. Cardiovascular disease (e.g. ischaemic heart disease, cerebrovascular disease)
v. Moderate to severe mental illness (e.g. schizophrenia, bipolar disorder)
vi. Substance misusers
vii. Dementia
viii. Neurobiological and related diseases (e.g. fibromyalgia, ME)
ix. Cancer
x. Limited mobility
xi. Haemoglobinopathies (sickle cell disease, thalassaemia)
xii. Severe learning disabilities
xiii. Autoimmune and immunodeficiency diseases (e.g. lupus, MS, diabetes, HIV)

Signed declaration by doctor or health practitioner necessary to confirm any health related issues listed above (iii – xiii).

Governance
The following Private Sector Housing Officers will be responsible for signing declarations on behalf of the Local Authority -

Private Sector Housing Lead, Service Improvement Officer, Environmental Health Officer, Housing Standards & Improvement Officer, Affordable Warmth & Renewable Energy Officer.

Monitoring
The number of households contacted and eligible for ECO Flexible Eligibility, together with the number of ECO Flexible Eligibility funded measures installed along with numbers of homes improved will be recorded by Powys County Council.

Signature
Signed by: J Williams Date: 19 FEBRUARY 2018.

Housing Portfolio Holder, Powys County Council

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CYNGOR SIR *POWYS* COUNTY COUNCIL.

AUDIT COMMITTEE
9th May 2019

CABINET
21st May 2019

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

SUBJECT: **Treasury Management Qtr 4 Report**

REPORT FOR: **Information**

1. Summary

1.1 CIPFA's 2009 Treasury Management Bulletin suggested:
"In order to enshrine best practice it is suggested that authorities report formally on treasury management activities at least twice a year and preferably quarterly."

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

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

1.2 In line with the above, this report is providing information on the activities for the quarter ending 31st March 2019.

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:

	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21
Bank rate	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%
5yr PWLB	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.50%
10yr PWLB	2.30%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%
25yr PWLB	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.40%
50yr PWLB	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%

3. Treasury Management Strategy

3.1 The Treasury Management Strategy approved by Full Council on 8th March 2018 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 0.75% Bank Rate.

4.2 The Authority had the following investments at 31st March 2019:-

Invested with:	Principal £000's	Interest Rate	Start Date	Maturity Date
BOS	7,815	0.55%		
HSBC	1,145	0.50%		
Total	**8,960**			

4.3 Higher return rates have been difficult to achieve as the Authority is not in a position to invest its cash for more than a short period of time.

4.4 Redemption Penalties:
There are no current fixed investments to redeem.

4.5 Investment returns in future years:
Our advisors' current suggested earning rates for investments for budgeting purposes were as follows:-

2018/19	0.75%
2019/20	1.00%

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

5. Credit Rating Changes

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

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

6. Borrowing / Re-scheduling

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

6.2 The Authority's Capital Position:

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

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

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

Original CFR Position:

	As at 31.03.18 Actual	2018/19 Original Estimate	2019/20 Original Estimate	2020/21 Original Estimate
	£M	£M	£M	£M
Capital Financing Requirement	318,036	382,916	416,618	434,710

Updated CFR position as at 31.03.19:

	As at 31.03.18 Actual	2018/19 Current Actual	2019/20 Current Estimate	2020/21 Current Estimate
	£M	£M	£M	£M
Capital Financing Requirement	324,483	368,124	432,170	445,327

6.3 The Authority had outstanding long-term external debt of £251.4m at 31st March 2018. In relation to the CFR figure for 31st March 2018, this equated to the Authority being under borrowed by £73.1m. Using cash reserves as opposed to borrowing has been a prudent and cost effective approach over the last few years. However, members will be aware that internal borrowing is only a temporary situation and officers have advised that, based on capital estimates, it would be necessary for the Authority to borrow at stages over the next few years.

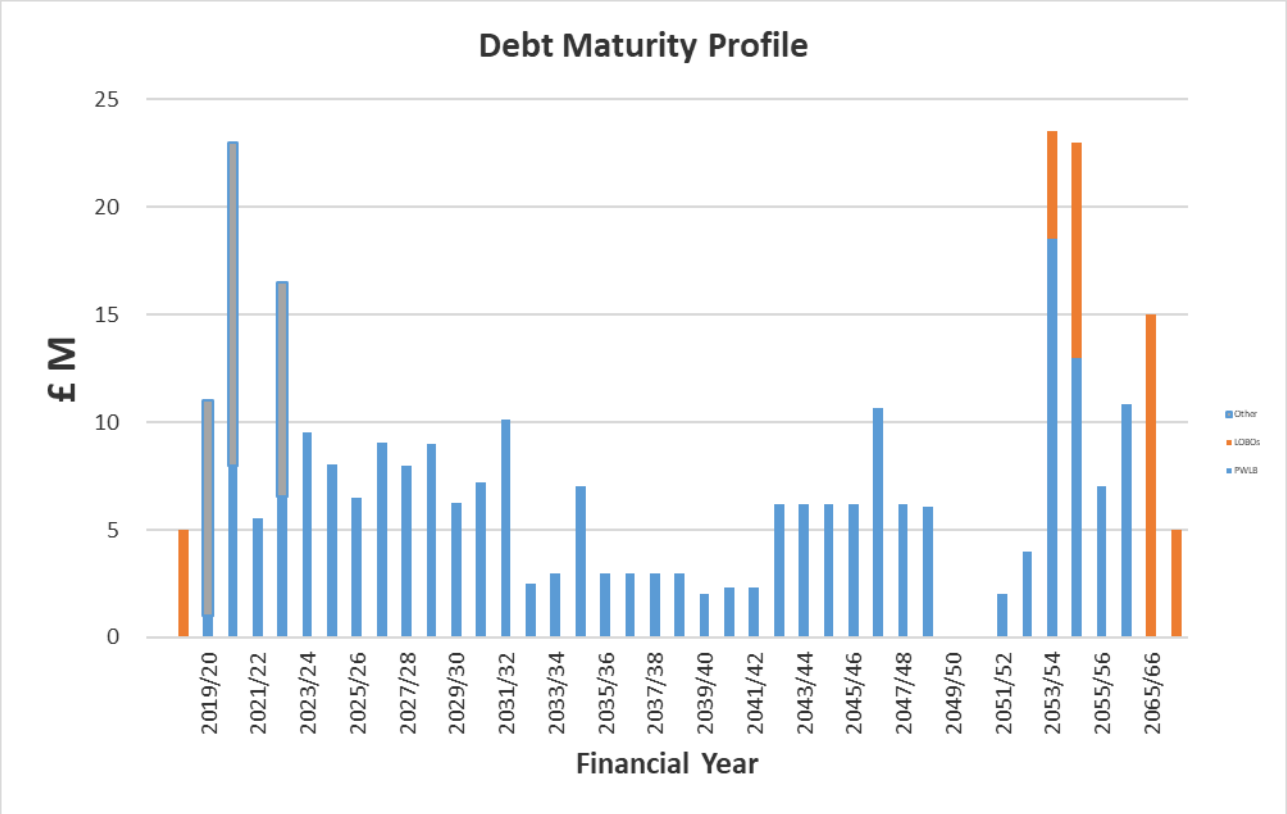
In line with this, £57.9m of longer-term borrowing has taken place in the 2018-19 financial year. The revenue cost of this borrowing was within budget and the first year annual effect of this new borrowing is £729k. This figure will decrease slightly year on year as a £20m loan included in the £57.9m is an EIP loan, whereby the principal is repaid equally year on year and hence the interest reduces in line with the decreasing principal.

6.4 Capital Budget/Spend per efinancials:

Capital:	**Approved Budget £**	**Working Budget £**	**Actual Capital Spend *(not including commitments)* £**	**%age Actual Spend**
	85,725,189			
June		124,856,235	6,518,210	5.22%
Sept		126,377,477	25,547,244	20.20%
Dec		120,156,720	45,531,273	37.89%
March (at time of report)		102,439,225	75,891,955	74.08%

The financing of the approved capital budget included £17.9m of Prudential borrowing in total.
It remains a significant challenge to manage the Authority's cashflow and its need to borrow when the Capital working budget continues to decrease significantly during the year and, despite this, actual spend is still significantly below the working budget.

6.5 *Debt Maturity Profile as at 31.03.19:*



6.6 PWLB Loans 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. PWLB interest rates in the last quarter have not been conducive towards any rescheduling.

7. Prudential Indicators

7.1 All TM Prudential Indicators were complied with in the quarter ending 31st March 2019.

8. VAT

8.1 The Technical Section of Finance act as the authority's VAT section. 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 31st March 2019.

8.3 Key Performance Indicators:

The VAT KPI's for 2018/19 are attached at Appendix C.

Members will see that, despite further advice and training provided to service areas, the amount of vat potentially recoverable totalled £105,087.63.

Further to this, £19,454.54 of errors took place whereby vat was incorrectly accounted for and had to be adjusted by Finance. This related to sample checking that took place as Finance do not have the resources to check all transactions. The time taken to do the current vat checking undertaken and any associated adjustments takes Finance time away from doing more proactive tasks.

These errors continue to be concerning, particularly as Making Tax Digital comes into being for local authorities in October 2019.

Proposal

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

Statutory Officers

The Head of Financial Services (acting s151 officer) notes the content of the report and supports the recommendation.

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:		Email:
Ann Owen	01597 826327		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 2018/19:

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 Link's matrices and the Authority's definition of a high credit rating
Foreign Banks	5	Up to 364 days	As per Link'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 (£5M limit with any one institution)	Up to 2 years	As per Link's matrices and the Authority's definition of a high credit rating
Foreign Banks	2	Up to 2 years	As per Link'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
Other Local Authorities	10	Up to 5 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

March began with the Manufacturing PMI which fell to 52 in February from 52.6 the previous month. Construction PMI dropped into negative figures falling to 49.5 from 50.6 the month before. This was caused by Brexit uncertainty and the slowing housing market delaying new building projects. Services PMI rounded the figures off with a rising score of 51.3 in February from a previous 50.1. This left the Composite figure at 50.3 from 51.5.

The UK's trade deficit continued to rise in January; the trade deficit in goods rose to £13.08bn and the overall deficit rose to £3.83bn, well above the forecasted £2.6bn.

One of the key economic indicators, CPI inflation, rose slightly in February to 1.9% y/y from 1.8% the previous month, moving closer to the Bank of England's 2% target. However, core inflation, which strips out the more volatile components, edged down to 1.8%.

The UK's labour market continued to defy forecasts; the unemployment rate fell to 3.9%, with employment increasing by 220,000, above expectations of 150,000. Meanwhile, wage growth excluding bonuses maintained its 3.4% y/y figure, with the overall figure falling from 3.5% to 3.4%. British consumers are currently enjoying a period of relief as "real wages" continue to be maintained, as wage growth is well above inflation.

A warm month of February caused retail sales figures to unexpectedly keep up their good start to 2019; retail sales y/y growth slowed slightly to 4% from January's 4.1% figure, well above forecasts of 3.3%, and showing that consumer spending continues to be a source of strength for the British economy at a time when Brexit uncertainty is looming over the nation. Prospects for retail sales continue to look strong as wage growth continues to exceed the pace of inflation. In another measure of nationwide consumer sentiment, GfK Consumer Confidence remained at -13.

On the 21st March, the Bank of England's Monetary Policy Committee (MPC) voted unanimously to keep the base rate on hold at 0.75%. Governor Mark Carney has remained dovish due to the prospect of Brexit, but did imply in his press conference that in case of a long Brexit extension, the MPC may move to raise rates in the summer.

The UK's public finances were once again stronger than expected as the resilient labour market boosted income tax revenue. Public borrowing for February fell to £0.2bn from £1.2bn a year earlier, below forecasts of £0.6bn. With just one month remaining of the financial year, government borrowing totalled £21.3bn, down 44% from the same point in the previous tax year, and the government is broadly on track to meet its fiscal targets. Alongside this, Chancellor Hammond suggested in his Spring Statement that spending on public services will be increased if an orderly Brexit can be achieved.

The Confederation of British Industry (CBI) data for the month was weaker than expected; the CBI Distributive Trades survey fell from 0 in February to -18 in March, despite being expected to rise to 5. The Industrial Trends survey also suffered a drop, from 6 in February to 1 in March.

To end the month, the final estimate of Q4 GDP growth showed a fall to 1.4% y/y from 1.6% in Q3. However, this is higher than the 1.3% earlier estimated. On the quarter, the UK achieved a final estimate of 0.2% growth, a fall from Q3's 0.7%.

In the USA, February's Nonfarm Payrolls figure came in at just 20,000, a massive drop from 311,000 in January and below forecasts of 190,000. These numbers were amid a contraction in payrolls in construction among other sectors, raising concerns about a sharp slowdown in activity. This was also reflected in the final Q4 GDP estimate, which came in at 2.2%, a further downward revision and down from 3.4% in Q3. The Federal Reserve's Open Market Committee (FOMC) chose to keep rates on hold as signs of a global slowdown start to take hold.

The Eurozone's unemployment rate remained at 7.8% in January, below predictions of a rise to 7.9%. In terms of growth, the 3rd estimate of Eurozone Q4 GDP growth came in at 1.1% y/y, a sharp drop from Q3's 1.6% figure, partly caused by the largest economy in the bloc, Germany, falling to nearly zero growth.

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-18	130	17	13.08%
May-18	108	5	4.63%
Jun-18	169	11	6.51%
Jul-18	222	11	4.95%
Aug-18	220	18	8.18%
Sep-18	220	11	5.00%
Oct-18	273	8	2.93%
Nov-18	222	4	1.80%
Dec-18	189	11	5.82%
Jan-19	123	16	13.01%
Feb-19	187	10	5.35%
Mar-19	144	8	5.56%

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-18	907	15	1.65%
May-18	810	8	0.99%
Jun-18	848	6	0.71%
Jul-19	499	10	2.00%
Aug-18	882	34	3.85%
Sep-18	529	5	0.95%
Oct-18	524	5	0.95%
Nov-18	540	15	2.78%
Dec-18	312	1	0.32%
Jan-19	751	1	0.13%
Feb-19	444	2	0.45%
Mar-19	908	11	1.21%

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-18	38	7	18.42%
May-18	50	4	8.00%
Jun-18	40	8	20.00%
Jul-19	57	11	19.30%
Aug-18	72	11	15.28%
Sep-18	64	5	7.81%
Oct-18	98	26	26.53%
Nov-18	69	10	14.49%
Dec-18	78	6	7.69%
Jan-19	76	8	10.53%
Feb-19	96	8	8.33%
Mar-19	145	19	13.10%

Purchase Cards

VAT return for	No of transactions for previous month for which paperwork requested for checking	No of Amazon invoices included in check	Resolvable errors discovered	No of transactions for which no response received within timescale	Value of VAT potentially claimable but recharged to budget due to non-response	No of transactions where VAT claimed incorrectly	%age of transactions available to be checked where VAT was claimed incorrectly	Value of VAT incorrectly claimed hence recharged to budget
Apr-18	260	13	12	6	£1,395.07	6	2.36%	£674.06
May-18	240	10	20	11	£1,127.77	15	6.55%	£563.64
Jun-18	440	15	14	9	£2,055.92	11	2.55%	£596.35
Jul-18	190	8	15	11	£2,003.66	8	4.47%	£300.39
Aug-18	107	4	5	5	£575.32	2	1.96%	£18.16
Sep-18	231	20	46	26	£3,664.29	25	12.20%	£1,936.26
Oct-18	251	18	22	18	£1,942.88	19	8.15%	£762.99
Nov-18	378	44	26	22	£1,499.17	18	5.06%	£1,270.13
Dec-18	377	37	18	16	£2,411.11	21	5.82%	£1,410.98
Jan-19	272	27	16	12	£608.37	17	6.54%	£502.36
Feb-19	334	61	11	9	£658.92	14	4.31%	£422.59
Mar-19	487	41	38	26	£3,322.13	57	12.36%	£1,780.08

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.

There are no voluntary declarations in 2018/19. However, Finance continue to look at areas where there appears to be incorrect vat accounting.

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 the vat amount that cannot be reclaimed due to the lack of a proper document.

Further to the above, the upload of appropriate documents to the Barclaycard purchase card system to enable vat recovery was made mandatory in September 2017 as a result of the lack of response from service areas/establishments to provide documents when requested. Where no document has been uploaded, any VAT amount input against the transaction is charged to the service area as there is no evidence to support the vat recovery.

The total amount charged back to service areas in 2018/19 to date is £124,542.17. The breakdown of this is as follows:-

Reason	**£**
Not a tax invoice	16,402.03
Not a tax invoice – no response from service area	10,783.95
PCC not the named customer	31,693.76
No VAT registration number on invoice	93.20
No invoice uploaded to Barclaycard system	36,521.00
Invoices uploaded do not match the payment	1,486.01
No evidence supplied to enable vat recovery	8,107.68
Foreign VAT (not recoverable)	441.05
No VAT amount on invoice in first place	6,145.16
Supplier not vat registered	111.97
Supply not to PCC	4,251.58
Overaccounting for VAT	4,738.60
PCC Internal payment	1.23
Document spoilt	2.00
Pool car adjustment	3,762.95
Total	**124,542.17**

Of the above £105,087.63 was potentially recoverable. The majority of these errors are in respect of purchase card transactions. 34% of these errors were schools, 35% social care (including invoices for legal fees), 7.83% Highways, 5.8% members and 5% Housing.

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
9th May 2019

REPORT AUTHOR: **Jane Thomas, Head of Financial Services**

SUBJECT: **Closure of Accounts**

REPORT FOR: **Information**

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1. Introduction

1.1 Committee will be aware that the Statement of Accounts for 2017/18 were issued an unqualified audit opinion by the Auditor General and approved by the Audit Committee on the 12th September. The accounts were then published on the public website before the statutory deadline of 30th September 2018.

1.2 The closure of accounts process and completion of the Statement of Accounts for 2017/18 was delivered under a project management approach. The approach has been adopted for 4 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 12th September 2018.

1.3 The project management approach will continue for the 2018-19 closure of accounts and look to build on the improvements made in previous years.

2 Project Update

2.1 In line with CIPFA guidance on streamlining the accounts, officers have reviewed and highlighted notes that were below materiality in 2017-18 and are not statutorily required. In doing so they have agreed that the following notes and associated policies will be removed from the 2018-19 accounts so long as the materiality threshold is not breached for each note.

Note	Value 2017-18 £'000
Heritage Assets	1,433
Intangible Assets	1,786
Impairment Losses and Re-recognition of Non-enhancing Expenditure	1,998
Inventories	813
Assets Held for Sale	1,378

2.2 The Account and Audit (Wales) (Amendment) Regulations 2018 issued in February 2018 allow Welsh administering authorities of Pension Funds the option of reporting the accounts of the Pension Fund separately to the Authority's accounts. Each year the Pension Fund must publish an Annual Report by 1 December, this report includes the accounts approved by Audit Committee. In 2018-19 it is proposed that the Pension Fund accounts will only be included in the Pension Fund Annual Report. Audit Committee will remain responsible for approving the accounts included in the Annual Report. Pension and Investment Committee will continue to approve the Annual Report. CIPFA issued their guidance for Preparing the Annual Report in April 2019.

2.3 Regular meetings with WAO have been held. They have sampled tested income and expenditure up to period 8. Samples from period 9 to 11 have been distributed to the finance team and the relevant documentation is being collected at the time of writing this report.

2.4 Key dates to note in the project plan are as follows.

Date	Action
2nd May	Closing management accounts
31st May	Draft Accounts Completed (section 151 officer sign-off), Statutory deadline 15th June
31st May	Working papers to Wales Audit Office
10th June	Seminar to Audit Committee
6th September	Audit Committee Approval

2.5 The audit seminar scheduled in June will highlight any significant changes or variations between 2018/19 and 2017/18. It will also aim to draw the Committees attention to any issues identified by audit/officers up to that date.

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 2018/19 accounts.**

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

CYNGOR SIR *POWYS* COUNTY COUNCIL.

CABINET EXECUTIVE
30th April 2019

REPORT AUTHOR:	**Executive Leader County Councillor Rosemarie Harris** **Portfolio Holder for Risk Management**
SUBJECT:	**Strategic Risk Register Report Quarter 3 2018/19**
REPORT FOR:	**Discussion / Information**

1. Summary

The Council is in a process of continuously improving and updating its approach to risk management to help better understand and manage the risks the Council is facing, and to increase the likelihood of achieving its objectives. Risk management is a core management discipline that supports organisational delivery. The risks that Powys County Council face 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. Risk Management Improvement

The electronic risk management software (JCAD Core) is currently being rolled out across the organisation on a phased approach. Users for each service are being identified, and guidance and training is being rolled out to those users. The system will promote greater ownership of risks, as services will be required to update their risk registers themselves. Challenge and support to services on their risk registers will still take place on a quarterly basis.

Reporting will be much less onerous using JCAD, with the ability to generate reports at the touch of a button.

JCAD has so far been rolled out across the following services: -

- Adult Services
- Children's Services
- Schools Service
- Highways, Transport and Recycling
- Housing
- Regeneration
- Leisure and Recreation
- Planning, Policy and Public Protection

Following completion of rollout of JCAD at service level, the system will be rolled out to EMT and Cabinet, to enable monitoring of the strategic risk register via this tool. Appropriate training will be provided to users.

3. Strategic Risk Register

The strategic risk register was previously reviewed and refined, to provide a more concise document for review, enabling greater clarity. As a result of this review, a number of risks were de-escalated to service risk registers, and those risks will be reviewed quarterly by Director and Portfolio Holder. The remaining 12 risks are also reviewed quarterly by services, but remain on the strategic risk register.

Appendix A details the current risks on the strategic risk register.

4. Options Considered / Available

N/A

5. Preferred Choice and Reasons

N/A

6. Impact Assessment

5.1 Is an impact assessment required? No

7. Corporate Improvement Plan

7.1 The Corporate Risk Register outlines the key risks to the Council's 'business as usual' activities, as well as risk to delivery of objectives contained within the Corporate Improvement Plan.

8. Local Member(s)

8.1 This report impacts all Members equally and does not affect local Members individually.

9. Other Front Line Services

Does the recommendation impact on other services run by the Council or on behalf of the Council? Yes

10. Communications

Have Communications seen a copy of this report? Yes

Awaiting comment

11. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

11.1 Legal – awaiting comment

11.2 Finance – "The Finance Business Partner notes the contents of the report."

12. Scrutiny

Has this report been scrutinised? No

13. Statutory Officers

13.1 Section 151 Officer –

13.2 Monitoring Officer –

14. Members' Interests

14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	**Reason for Recommendation:**
That Cabinet notes the risk register and the current risks faced by the organisation.	**To ensure the adequate management of risk, and safeguard the Council**

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

Relevant Local Member(s):	**N/A**

Person(s) To Implement Decision:	**N/A**
Date By When Decision To Be Implemented:	**N/A**

Is a review of the impact of the decision required?	**~~Y~~ / N**
If yes, date of review	

Person responsible for the review	
Date review to be presented to Portfolio Holder/ Cabinet for information or further action	

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Email: bets.ingram@powys.gov.uk

Background Papers used to prepare Report:

CABINET REPORT TEMPLATE VERSION 6

							Inherent Risk							Residual Risk				
Risk Ref	Corporate or Service	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating		Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		Notes
ASC14	Corporate (Linked to CS22)	14/09/2015	CEO	Social Services	Continuity of provision / availability of WCCIS, due to system and network issues	- Inability to access client files - Clients at risk as files do not contain the most up-to-date information - Continuity of reporting - Loss of data - Reduction in staff capacity - Impact on staff morale	H	H	High	9	- Ongoing support from ICT - Support post implementation benefit release of the National WCCIS system. Some data will became available beginning of November 2017 enabling reporting and practice. - Work is ongoing to utilise different packages within WCCIS, and work is ongoing with the Business Intelligence team to draw accurate information as required.	Alison Bulman	Cllr Stephen Hayes	- Delivery plan for the proposed WCCIS finance module - Business Intelligence working on data reporting and performance measures from WCCIS	H	H	High	9	
CR1	Corporate	21/11/2012	Risk Register 21/11/12 12.100	Financial Services	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 Strategy - 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 - Panel made up of Leader, Deputy Leader, Chief Executive, Deputy Chief Executive and Head of Financial Services	Jane Thomas	Cllr Aled Davies	Re-establishment of the Income & Cost Improvement Board.	M	H	Medium	6	
CR6	Corporate	21/11/2012	Risk Register 21/11/12 12.90	Policy, Planning and Public Protection	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 - Disruption to business as usual activities	M	H	Medium	6	- Education and training programme - Business Continuity Management (BCM) Group - Service Business Continuity Plans (BCP) - Corporate BCP - Major Incident Plan - 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	Nigel Brinn	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)	L	M	Low	2	
CR10	Corporate (Incorporated E1 & CR14)	21/11/2012	Risk Register 21/11/12 12.97	HR, Workforce and Organisational Development Department	Lack of a robustness risk assessment process for the management of Health and Safety across the organisation, to ensure compliance with the Health and Safety at Work Act	- Injury to individuals (staff and public) - Exposure to litigation - Breach of legislation	H	M	Medium	6	- Health and Safety meetings, reviews, training and audit - Public liability insurance - Management Team (MT) briefing cascaded to ensure learning is understood by all staff responsible for H&S	Paul Bradshaw	Cllr James Evans	- Full review of risk assessments to be undertaken by all Service Areas - Risk assessment audit process currently being reviewed by H&S team - Strategic Outline Plan for 21st Century Schools and Capital Investment Programme - Revision of Schools Service Asset Management Plan	M	M	Medium	4	
ICS1	Corporate	Prior to 2014	SIP.ICT.?	ICT and Programmes	Loss of use of, or access to ICT systems, due to a cyber-crime attack or other issue, as current ICT systems are not being covered by a fully resilient Disaster Recovery 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 to provide both a backup solution and disaster recovery solution, and ability to instantly power up all replicated servers in the cloud - Microsoft Data Protection Manager will perform nightly backups to on-site storage, this will then be replicated as an off-site back for long-term storage	Ness Young	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 - SLA discussions will also impact the solutions - Engagement with external provider to identify and provide a suitable BC solution	H	H	High	9	
PPPP12	Corporate	11/12/2015	HoS	Property, Planning & Public Protection	We have identified C£1M of health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Financial and reputational risk to the Council if the remedial works are not undertaken.	H	H	High	9	A further £500k capital identified to undertake work in 2018/2019, which will be rolled out on a priority basis. With request for a further £500k rejected by Cabinet.	Nigel Brinn	Cllr James Evans	- 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 - Underspend from 17/18 rolled forward to 18/19	M	H	Medium	6	Programme developed for £500k spend for 2018/2019.
CR16	Corporate	07/07/2016	Audit Committee	Regneration	The impact on the Council as a result of Brexit	- Interest rates - Negative impact on investments - Negative impact on pension fund - Wider economic impact - Negative impact on exchange rates - Loss of European funding grants	H	H	High	9	- Close monitoring - Cabinet briefed - Advice from pension advisers - Continue to work with WEFO - Brexit Working Group established	Nigel Brinn	Cllr Aled Davies	- Continue to monitor economic indicators - Ongoing dialogue with external advisers	H	H	High	9	

							Inherent Risk							Residual Risk				
Risk Ref	Corporate or Service	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating		Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		Notes
CS4	Corporate	14/11/2017	SMT	Corporate	The Council receives a negative regulatory / inspection report.	- Meeting regulatory and legislative duties - Managing demand on the service - Recruitment and retention of staff - Staff morale - Reputational damage	H	H	High	9	- Improvement and Assurance Board - Improvement Plans - Communications strategy (internal/external) - Close working relationships with regulators - Corporate support provided to services - Close working relationships with WG	Caroline Turner	Cllr Rosemarie Harris	- Continuation of current controls	H	H	High	9	
CR19	Corporate	28/11/2017	CIOG	ICT and Programmes	Non Compliance of the principles of the General Data Protection Regulation (GDPR)	- Potential fine of up to £20,000,000 or 4% of annual turnover - The Council is subject to regulatory data protection audits - Reputational damage - Regulatory enforcement action - Detriment to the data subjects - Civil action and associated consequences	H	C	High	12	- Development of Communication Plan - Provision of information to EMT, HoS, and Team Meetings - Presentations to schools - GDPR Surgeries - Information Asset Audit (IAA) - Development of internal records of processing - Staff training - Technical controls - Policies and Procedures - Compliance Policy - Information sharing protocols - Data sharing agreements - Review existing Data Processing agreements	Ness Young	Cllr James Evans	- Develop processes and provide awareness to all staff - Actions from Information Asset Audit - Identify where information sharing takes place - Implement revised WASPI Accord and templates - Review current ISP in line with revised versions - Train more ISP facilitators - Revised centralised ISP register to link to information Asset and Record of Processing Activities (ROPA) - Create policy on services undertaking due diligence potential processors - Create log of data processors and agreements linking to information asset and ROPA - Ensure signed agreements are appropriately stored - Develop data controller vs data Processor check list for services	M	C	High	8	- Data Protection Officer planning aspect in hand, however there are concerns over service area management of their responsibilities in terms of considering legal basis for processing, developing privacy notices etc.
ASC19	Service	23/10/2017	HoS	Adult Social Care	Ensuring an adequate caring and professional workforce in light of the projected demographics of Powys, which suggest a significant increase in older people, and a significant decrease in the working age population	Care provision and assessment provision becomes scarce, leaving service users at risk of no care	V H	C	Very High	16	- Recruitment campaign - Technology Enabled Care / Telecare	Alison Bulman	Cllr Stephen Hayes	- PSB to consider the decrease in the population of working age in Powys and its impact upon services and the wider community - Consideration of workshop to brainstorm future strategy - Developing the economy being considered as a major strand of the Workforce Transformation Group - Elected members to Lobby Welsh Government to receive acknowledgement of the challenging and unique issue in Powys - Research to be commissioned. This will look at the possibility of carers, stay at home parents, retired individuals, and others becoming part time support workers or carers for service users. - Improve IAA services to divert demand away from ASC	V H	C	Very High	16	Linked to ASC 18. Needs consideration across wider Council and not just in ASC. Audit Committee will be reporting on this.
CS12	Corporate	02/02/2018	HoS	Children's Services	Savings within Children's Services are insufficient to meet the service overspend	Financial implications for the Authority - budget will suffer an overspend. Impact on other services / functions.	H	H	High	15	- Development of transformation plan - Being considered within the 2019/20 budget setting process	Alison Bulman	Cllr Rachel Powell	- Review of residential placements - Decrease use of agency staff	V H	H	High	15	

							Inherent Risk							Residual Risk				
Risk Ref	**Corporate or Service**	**Date Identified**	**Source**	**Service Area**	**Risk Identified**	**Potential Consequence**	**P**	**I**	**Risk Rating**		**Current Controls**	**Risk Owner**	**Portfolio Holder**	**Proposed Further Actions / Controls**	**P**	**I**	**Risk Rating**		**Notes**
HS9	Corporate	05/08/2015	Environment Management Team	Housing / Property, Planning, and Public Protection	Heart of Wales Property Services (HOWPS) ability to meet contractual requirements, and the stability of the company as an ongoing concern.	- Failure of statutory functions - Failure to perform repairs and maintenance - Failure to achieve projected savings - Reputational damage to PCC - Cost to PCC for compensating residents for poor performance - Officer time costs (due to additional workload) - Financial risk to HRA and wider Authority - Critical WAO Report - Non-delivery of key projects due to lack of resources	VH	H	High	12	- Director of Environment and Portfolio Holder on HOWPS Board of Directors - Escalation of risk and concerns to Chief Executive and Directors - Recovery plan submitted by Kier on behalf of HOWPS - Additional resources allocated by Kier (3.5 FTE Change Managers) - Close monitoring by Directors / Portfolio Holder / Chief Executive	Nigel Brinn	Cllr Aled Davies Cllr Phyl Davies	- Performance monitoring - Utilisation of contract document to escalate issues - Development of evidence and fall-back systems - Introduced weekly officer level meetings - Development of contingency plans for contract failure - Potential to invoke step-in clauses for specific parts of the contract, in line with contract - Awaiting consultation resource plan	H	H	High	9	

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	15	De-escalate to service level
	1	Proposed to be deleted
	12	Remain on corporate register
	28	

							Inherent Risk					Residual Risk					
Risk Ref	Corporate or Service	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating		Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		Notes	Rationale as to de-escalation
ASC9	Service	15/07/2015	SIP	Adult Social Care	The Council's ability to recommission the Domiciliary Care Service without increased costs as a result of Dynamic Purchasing System (DPS).	Domiciliary Care Service fails, leaving service users at risk. Reputational and financial impact / damage. The Council would not be providing domiciliary care services according to procurement regulations. Increase in spend on Domiciliary Care.	M	C	High	8	Progressive rollout. Engagement with providers via contract management process. Action Plan & Accountability Framework. Action within SIP. Portfolio Holder delegated decision report was agreed for Domiciliary Care Framework Options (July 2017). Market position statement will lead into a Domiciliary Care Strategy. Implement approved provider list. Currently developing the DPS which will aim to manage costs by adopting floor and ceiling prices.	Alison Bulman	Cllr Stephen Hayes	Improved working arrangements with PAVO to support and build capacity in the third 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. Revisit Adult Scrutiny Group with further proposals on the DPS.	L	H	Medium	3		Work to introduce a dynamic purchasing system and stronger working arrangements with PAVO to build capacity in the third sector has led to the residual risk being reduced to a level that no longer requires strategic oversight but will continue to be monitored within the service risk register.
CR17	Service	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		Service improvement plan (SIP) activity and transformation projects funded through ICF are in place and reduces the residual risk rating. The service will now monitor implementation of actions and montior the risk through SIP monitoring and reporting.
ASC14	Corporate (Linked to CS22)	14/09/2015	CEO	Social Services	Continuity of provision / availability of WCCIS, due to system and network issues	- Inability to access client files - Clients at risk as files do not contain the most up-to-date information - Continuity of reporting - Loss of data - Reduction in staff capacity - Impact on staff morale	H	H	High	9	- Ongoing support from ICT - Support post implementation benefit release of the National WCCIS system. Some data will became available beginning of November 2017 enabling reporting and practice. - Work is ongoing to utilise different packages within WCCIS, and work is ongoing with the Business Intelligence team to draw accurate information as required.	Alison Bulman	Cllr Stephen Hayes	- Delivery plan for the proposed WCCIS finance module - Business Intelligence working on data reporting and performance measures from WCCIS	H	H	High	9		
CG1	Corporate	Prior to 2014	SIP.L.V2	Legal	Failure of governance.	- Council acts ultra vires - Contravenes finance regulations and EU procurement regulations	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).	David Powell	Cllr Aled Davies	ModernGov Phase 2 project started. 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.	Controls and actions identified now implemented reduce the residual risk to low.
CR1	Corporate	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 Strategy - 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 - Panel made up of Leader, Deputy Leader, Chief Executive, Deputy Chief Executive and Head of Financial Services	David Powell	Cllr Aled Davies	Re-establishment of the Income & Cost Improvement Board.	M	H	Medium	6		
CR6	Corporate	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 - Disruption to business as usual activities	M	H	Medium	6	- Education and training programme - Business Continuity Management (BCM) Group - Service Business Continuity Plans (BCP) - Corporate BCP - Major Incident Plan - 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	Nigel Brinn	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)	L	M	Low	2		

							Inherent Risk								Residual Risk					
Risk Ref	Corporate or Service	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating		Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		Notes	Rationale as to de-escalation
CR10	Corporate (Incorporated E1 & CR14)	21/11/2012	Risk Register 21/11/12 12.97	Corporate	Lack of a robustness risk assessment process for the management of Health and Safety across the organisation, to ensure compliance with the Health and Safety at Work Act	- Injury to individuals (staff and public) - Exposure to litigation - Breach of legislation	H	M	Medium	6	- Health and Safety meetings, reviews, training and audit - Public liability insurance - Management Team (MT) briefing cascaded to ensure learning is understood by all staff responsible for H&S	Mark Evans	Cllr James Evans	- Full review of risk assessments to be undertaken by all Service Areas - Risk assessment audit process currently being reviewed by H&S team - Strategic Outline Plan for 21st Century Schools and Capital Investment Programme - Revision of Schools Service Asset Management Plan	M	M	Medium	4		
E1	Service (Corporate risk merged with CR10)	Prior to 2014	SIP	Environment Directorate	The authority does not 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, reviews, 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	Nigel Brinn	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		This risk has been dealt with by: a) The Health & Safety (H&S) team undertaking assurance work. b)Each HOS is required to undertake risk assessments and log any risks as an ongoing service risk. c) The H&S team carry out audits and inspections from time to time to assure the system is robust
ICS1	Corporate	Prior to 2014	SIP.ICT.?	ICT and Programmes	Loss of use of, or access to ICT systems, due to a cyber-crime attack or other issue, as current ICT systems are not being covered by a fully resilient Disaster Recovery 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 to provide both a backup solution and disaster recovery solution, and ability to instantly power up all replicated servers in the cloud - Microsoft Data Protection Manager will perform nightly backups to on-site storage, this will then be replicated as an off-site back for long-term storage	Mark Evans	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 - SLA discussions will also impact the solutions - Engagement with external provider to identify and provide a suitable BC solution	H	H	High	9		
PPPP12	Corporate	11/12/2015	HoS	Property, Planning & Public Protection	We have identified ££1M of health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Financial and reputational risk to the Council if the remedial works are not undertaken.	H	H	High	9	A further £500k capital identified to undertake work in 2018/2019, which will be rolled out on a priority basis. With request for a further £500k rejected by Cabinet.	Nigel Brinn	Cllr James Evans	- 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 - Underspend from 17/18 rolled forward to 18/19	M	H	Medium	6	Programme developed for £500k spend for 2018/2019.	
CR14	Service (Corporate risk merged with CR10)	13/01/2015	SMT	Corporate	Condition and security of buildings, premises and sites.	• 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.	David Powell	Cllr Phyl Davies	Strategic Outline Plan for 21st Century Schools and Capital Investment Programme; Revision of Schools Service Asset Management Plan including: - • 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		Action Plans developed from audit and reviews in current controls reduce the residual risk rating. The irsk moves to service montioring to ensure actions are monitored.
CR15	Service	25/01/2016	PCC Welfare Reform Advisory Group	Business Services	The welfare reform programme against a backdrop of changing legislation 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; Inability to implement change requirements and provide the expected service within the Government set framework and targets.	V H	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 communications plan, joint training plan. Support from DWP - training, help with launches (Joint Powys & DWP introductions).	Mark Evans	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; Template for work plans to be developed; Additional admin support to be used; Stakeholder event meeting.	H	M	Medium	6	Universal Credit will be rolled out in Powys by October 2018. Resource issue - however two new officers will working on a part-time basis to ensure work is completed.	Further actions, training and workplans reduce the risk and will continue to be monitored through service owned risk register.
CR16	Corporate	07/07/2016	Audit Committee	Corporate	The impact on the Council as a result of Brexit	- Interest rates - Negative impact on investments - Negative impact on pension fund - Wider economic impact - Negative impact on exchange rates - Loss of European funding grants	H	H	High	9	- Close monitoring - Cabinet briefed - Advice from pension advisers - Continue to work with WEFO - Brexit Working Group established	Mark Evans	Cllr Aled Davies	- Continue to monitor economic indicators - Ongoing dialogue with external advisers	H	H	High	9		

							Inherent Risk								Residual Risk					
Risk Ref	Corporate or Service	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating		Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		Notes	Rationale as to de-escalation
ICS8	Corporate risk merged with ICS1	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.	V H	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.	Mark Evans	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	Linked to CR19.	Field testing and action plans reduce the residual risk rating and montiroing of implementation will move to service risk register.
HTR2	Service	2014	SIP	Highways, Transport & Recycling	Meeting the requirement of the MTFS, including achievement of savings and income generation targets. Noting the Transformation stretch target of £1.0m and the unfunded service pressures.	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	Nigel Brinn	Cllr Phyl Davies	Monitoring and reporting through corporate financial processes and systems	H	H	High	9		Service Improvement plan (SIP)objectives outline actions to achieve a balanced budget. Monitoring and control will coninute through financial processes and performance monitoring of SIP. Risk will continue to be monitored as service risk.
LR24	Corporate	2016	LR SIP 2016-19 Objective LR10	Leisure & Recreation	Brecon Cultural Hub (y Gaer) 1. Possible need to draw upon £75k agreed risk pot. 2. Possible delay to programme construction end date. 3. Insufficient revenue funding available and planned for, for the taking over of site, opening and future running costs of y Gaer - utilities; rates; staffing; cleaning. 4. No reporting line to Economy Programme Board set up at present.	1. Requirement to approach Portfolio Holder / Cabinet for use of additional funding within £75K risk pot. 2. Pressure placed on fit out and migration schedule; potentially delaying opening in 2018. 3. Revenue costs not able to be met, leading to overspend and requirement for increased revenue budget in future. 4. Risk to governance being sufficiently strategically observed.	H	H	High	9	- Cost fix now agreed and in place limiting any exceeding of agreed budget. Quantity & type of uncertainty greatly reduced as construction progresses. Risk being placed with Kier e.g. costs from programme delays. - Raising awareness internally, at project Board and with responsible Portfolio Holders and senior officers, along with partners and stakeholders. - Raising concerns at early stages, and escalating through Project Board and at the Economy programme Board once established. - Project Manager in place who has building and project management experience and knowledge – strict, persistent and challenging monitoring of contractors, costs & programmes protecting Council's budgetary interests. - Maintenance of regular (monthly) Project Board meetings involving detailed reporting, rigorous scrutiny and decision making.	Ian Budd Nigel Brinn	Cllr Phyl Davies 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. - Continue close & exacting monitoring at high level between Powys County Council, consultants & contractors. - Continue fundraising campaigns to relieve pressures on budget, add value to overall scheme and mitigate deficiencies in cost plan i.e. where important scheme elements have been extracted (via VE) and need re-introducing e.g. development of Captain's Walk (now funded); purchase of furniture and fit out for overall building; design & fabrication of integral public art elements (2). - Continue to develop strong and transparent communication amongst project team; continue to liaise, communicate with & engage funding partners, stakeholders & community at strategic and local level. - Promote scheme widely to encourage and build support (further & future funding, volunteering input, sponsorship) and to ensure excellent service delivery and customer usage / satisfaction upon opening. - Continue detailed planning for a sustainable & rigorous business model to be in place upon opening.	H	H	High	9	Whilst the risk rating remains necessarily High due to the nature of costs being intrinsically partially fluid, the scale, type and impact of risk is greatly diminishing; Overall status of risk less critical as completion date draws closer.	**The risk rating remains High due to the high level of costs being incurred. The scale, type and impact of risk is greatly diminishing, as construction completion draws closer and the risk should be moved to service monitored risk.**
HTR4	Service (Corporate risk merged with CR14)	16/11/2017	SIP	Highways, Transport & Recycling	To provide safe highways assets and structures as far as reasonably practical	Breach of statutory duties and subsequent financial and reputational demand, e.g. third party claims.	H	H	High	9	Careful prioritisation of work and resource allocation (Capital budget). Revenue budget (cleaning, sweeping, winter maintenance).	Nigel Brinn	Cllr Phyl Davies	Capital investment in highway network, road safety grants; Revise and update Highways Asset Management Plan; Determine future levels of service; Improve operational delivery.	H	H	High	9		Service Improvement Plan (SIP)objectives look to ensure objectives are in place to ensure delivery of statutory duties. Risk will continue to be monitored through service risks and SIP performance monitoring.

							Inherent Risk							Residual Risk					
Risk Ref	Corporate or Service	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating		Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		Notes	Rationale as to de-escalation
CS4	Corporate	14/11/2017	SMT	Corporate	The Council receives a negative regulatory / inspection report.	- Meeting regulatory and legislative duties - Managing demand on the service - Recruitment and retention of staff - Staff morale - Reputational damage	H	H	High	9	- Improvement and Assurance Board - Improvement Plans - Communications strategy (internal/external) - Close working relationships with regulators - Corporate support provided to services - Close working relationships with WG	Mohammed Mehmet	Cllr Rosemarie Harris	- Continuation of current controls	H	H	High	9		
CS5	Service	14/11/2017	SMT	Children's Services	Not having sufficient foster or respite placements.	- Children at risk. - Children placed greater distance from families. - Children in residential placements as no alternative available. - Children not having needs met.	H	H	High	9	- Fostering marketing and recruitment campaign developed. - Increased scrutiny of corporate parenting from Elected Members. - Part of Improvement Plan. - Active monitoring of children's placements. - Monitoring of increased budgetary pressures. - Safe reduction of numbers of looked after children.	Alison Bulman	Cllr Rachel Powell	- Develop in-house provision to create efficiencies. - Increase in house capacity. - Increase early intervention to ensure families stay together. - Development of Edge of Care services. - CYPP to develop services for children across all agencies in Powys (prevent). - Develop provision for respite across the county. - MAAP process needs to be reviewed. - Strong communications links for recruitment for carers.	H	H	High	9	- Budget pressures exist. - Additional investment required to achieve performance. - Improved performance seen. - 8.5 FTE vacancies in service.	Implemented actions and controls has seen improved performance. Monthly monitoring of current imrpvements through regular service reporting and will continue to be tracked as service level risks.
CR19	Corporate	28/11/2017	CIOG	Corporate	Non Compliance of the principles of the General Data Protection Regulation (GDPR)	- Potential fine of up to £20,000,000 or 4% of annual turnover - The Council is subject to regulatory data protection audits - Reputational damage - Regulatory enforcement action - Detriment to the data subjects - Civil action and associated consequences	H	C	High	12	- Development of Communication Plan - Provision of information to EMT, HoS, and Team Meetings - Presentations to schools - GDPR Surgeries - Information Asset Audit (IAA) - Development of internal records of processing - Staff training - Technical controls - Policies and Procedures - Compliance Policy - Information sharing protocols - Data sharing agreements - Review existing Data Processing agreements	Mark Evans	Cllr James Evans	- Develop processes and provide awareness to all staff - Actions from Information Asset Audit - Identify where information sharing takes place - Implement revised WASPI Accord and templates - Review current ISP in line with revised versions - Train more ISP facilitators - Revised centralised ISP register to link to information Asset and Record of Processing Activities (ROPA) - Create policy on services undertaking due diligence potential processors - Create log of data processors and agreements linking to information asset and ROPA - Ensure signed agreements are appropriately stored - Develop data controller vs data Processor check list for services	M	C	High	8	- Data Protection Officer planning aspect in hand, however there are concerns over service area management of their responsibilities in terms of considering legal basis for processing, developing privacy notices etc.	
CS11	Service	08/12/2017	HoS	Corporate	Failure to meet the statutory deadlines imposed on the Council as a relevant authority under the National Training Framework under Violence Against Women, Domestic Abuse and Sexual Violence Wales Act (2015).	- Risk to CIW inspection of adult services. - Potential criticism and legal challenge to the Council in the event of this lapse being a significant factor in a Domestic Homicide Review or instance of abuse. - Reputational damage to the authority.	V H	H	High	12	- Report considered by Cabinet, first two statutory requirements missed, requirement for 100% for Group 1 by 31st March 2018 missed. Outcome was 59% of staff completed training. - Presentations given to staff members who do not have IT access.	Alison Bulman	Cllr Stephen Hayes Cllr Rachel Powell	- Detailed improvement plan on VAWDASV prepared for Cabinet.	V H	H	High	12		
ASC18	Awaiting feedback from HR	15/07/2017	HoS	Adult Social Care	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic. This is a particular issue within Adult Social Care, where the Social Care Wales' requirement for carers to register may make the work less attractive, further exacerbating the issue.	Insufficient staff to meet service demands; Lack of qualified and experienced staff; Poor performance; Demotivated workforce; Unmet demand; Financial implications of using agency staff. Failure to recruit social workers has led to lengthy delays in assessments. Use of expensive agency staff can result in short term accountability, and a failure to provide a continuity of professional involvement for vulnerable service users. Short term funding of the enhanced brokerage service (to procure residential care placements) has led to inability to recruit and failure to provide the service as hoped. This has led to untrained practitioners brokering care placements with businesses and agreeing to costs significantly above the expected price.	H	H	High	9	- Investing in our workforce (training and development); - Support for staff; - Integrated approach across PCC and PTHB, including the alignment of HR/OD; - Working with HR Business Partners. - Powys County Council Recruitment Campaign. - Growing our own/career graded apprenticeship approach policy approved and launched.	Alison Bulman	Cllr James Evans Cllr Stephen Hayes	- Develop workforce strategy looking at workforce demographics over next 5-10 years, skills and workforce training. - Integration of Mental Health teams to be scoped. - Move to a new approach of values based recruitment process. - Future Workforce (Making it Happen/Corporate Leadership and Governance Plan) has replaced ROOTS Programme. - Work with PCC/Heath Board to understand new skill mix required. Informed by Healthcare Strategy/Parliamentary Review of Health and Social Care in Wales.	M	H	Medium	6	Linked to ASC 19.	

							Inherent Risk							Residual Risk					
Risk Ref	Corporate or Service	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating		Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		Notes	Rationale as to de-escalation
ASC19	Service	23/10/2017	HoS	Adult Social Care	Ensuring an adequate caring and professional workforce in light of the projected demographics of Powys, which suggest a significant increase in older people, and a significant decrease in the working age population	Care provision and assessment provision becomes scarce, leaving service users at risk of no care	VH	C	Very High	16	- Recruitment campaign - Technology Enabled Care / Telecare	Alison Bulman	Cllr Stephen Hayes	- PSB to consider the decrease in the population of working age in Powys and its impact upon services and the wider community - Consideration of workshop to brainstorm future strategy - Developing the economy being considered as a major strand of the Workforce Transformation Group - Elected members to Lobby Welsh Government to receive acknowledgement of the challenging and unique issue in Powys - Research to be commissioned. This will look at the possibility of carers, stay at home parents, retired individuals, and others becoming part time support workers or carers for service users. - Improve IAA services to divert demand away from ASC	VH	C	Very High	16	Linked to ASC 18. Needs consideration across wider Council and not just in ASC. Audit Committee will be reporting on this.	
ASC22	Service	15/07/2017	HoS	Adult Social Care	Current Bupa contract for Powys Care Homes expires June 2019. Powys needs to agree and implement new management of Care Homes post 2019.	If no contract is agreed and implemented, homes may need to be taken under the management of PCC, which could be costly and resource hungry.	H	C	High	12	Work being undertaken to appraise various options - being undertaken during March/April 2018 with a Cabinet report being prepared during the Spring of 2018.	Alison Bulman	Cllr Stephen Hayes	Meetings with interested parties. Meeting with one interested company is being held on 30th April 2018.	M	C	High	8		Secured care home provider reduces the risk with implementation now managed as a service risk.
CS12	Corporate	02/02/2018	HoS	Children's Services	Savings within Children's Services are insufficient to meet the service overspend	Financial implications for the Authority - budget will suffer an overspend. Impact on other services / functions.	H	H	High	9	- Development of transformation plan - Being considered within the 2019/20 budget setting process	Alison Bulman	Cllr Rachel Powell	- Review of residential placements - Decrease use of agency staff	VH	H	High	12		
ASC28	Service	01/04/2018	Adult's Service Transformation SMT	Adult Social Care	Legal case is being undertaken at the High Court with regards to payment for 'sleep-in' care work. Paying the National Minimum/Living Wage when carers are asleep has not been consistent. Depending upon the case law set this could lead to significant financial consequences to the Council	Legal challenge. Reputational challenge. Financial impact - significant. It is estimated that the impact could be up to £1m in disability services alone.	H	H	High	9	Working group has been set up to consider options and to receive legal advice. This group is looking at practice elsewhere and considering current contracts in order to understand the situation fully. The group is also anticipating the outcome of the legal case being considered currently.	Alison Bulman	Cllr Stephen Hayes	Continuation of the actions set out previously with legal advice from the Council's solicitors expected at the next meeting.	H	H	High	9		current actions and monitoring are sufficient to manage as service risk.
HS9	Corporate	05/08/2015	Environment Management Team	Housing / Property, Planning, and Public Protection	Heart of Wales Property Services (HOWPS) ability to meet contractual requirements, and the stability of the company as an ongoing concern.	- Failure of statutory functions - Failure to perform repairs and maintenance - Failure to achieve projected savings - Reputational damage to PCC - Cost to PCC for compensating residents for poor performance - Officer time costs (due to additional workload) - Financial risk to HRA and wider Authority - Critical WAO Report - Non-delivery of key projects due to lack of resources	VH	H	High	12	- Director of Environment and Portfolio Holder on HOWPS Board of Directors - Escalation of risk and concerns to Chief Executive and Directors - Recovery plan submitted by Kier on behalf of HOWPS - Additional resources allocated by Kier (3.5 FTE Change Managers) - Close monitoring by Directors / Portfolio Holder / Chief Executive	Nigel Brinn	Cllr Aled Davies Cllr Phyl Davies	- Performance monitoring - Utilisation of contract document to escalate issues - Development of evidence and fall-back systems - Introduced weekly officer level meetings - Development of contingency plans for contract failure - Potential to invoke step-in clauses for specific parts of the contract, in line with contract - Awaiting consultation resource plan	H	H	High	9		
CS22	Service - corporate risk merged with Risk ASC14	10/07/2018	Children's Services Management Team	Children's Services	Unavailability of WCCIS due to system and network issues.	Children at risk as files do not contain the most up to date information; Failure to update files with key data, impacting performance reported; Reduction in staff capacity; Impact of staff morale.	H	H	High	9	- Upgraded all switches that feed PPD office to 20Gbps; - Ensured that all PC's/Laptops are connected to 1Gbps port; - Setup monitoring on Park Office's switch stack; - Received a list from Careworks of URL's and IP addresses that will now allow us to properly test and then implement bypass of proxy for PTHB staff; - Investigating potential DNS issue for PCC staff; - Received quote and agreed purchase of upgrade for Ynys Y Plant; - Proceeding with further quotes for upgrade of other PTHB sites; - Contacted other LA's to understand their issues; - Liaising with BT with regards to upgrade of PSBA link into County Hall; - Working with BT to move schools to cloud filtering solution to stop bottleneck of traffic at County Hall.	Alison Bulman Mark Evans	Cllr Rachel Powell		H	H	High	9		Controls and actions implemented will stabalise provision of service. The risk will continue to be monitored as a service risk.

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1.	RISK MANAGEMENT

Members asked what criteria had been used to de-escalate risks from the former Corporate Risk Register – these risks had been discussed between the Leader and the former Corporate Policy, Assurance and Inspection Officer. An Interim Officer had recently taken over pending a restructure within the service. The detailed criteria would be circulated to Members.

Response:

The corporate risk register had become too large and unwieldy and with it the ability to effectively manage the Council's key risks. In light of this, a review of the risk register was completed by the Leader and the Acting Corporate Policy, Assurance and Inspection officer. As a result of this review, a number of risks were proposed for de-escalation to service level and agreed by Cabinet on the 18th December 2018.

Cabinet oversight of the de-escalated risks will remain, as part of the quarterly performance review meetings, where service risk registers are discussed by Heads of Service, their Senior Managers and Portfolio Holder(s).

Only risks which will have a strategic impact, or which require strategic input to mitigate should sit on the strategic risk register therefore 15 risks have been de-escalate to service level. Please see attached spreadsheet.

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Dawnus Chronology

SEWSCAP Framework run by RCT & later Cardiff commenced	May2015
Mini competition using Constructionline	Through 2015/16
Dawnus 2014 accounts published	21st Oct 2015
Cash £7.0m Net assets £1.0m	
Dawnus 2015 accounts published	1st Oct 2016
Cash £4,8 Net assets £11.1m	
Debentures issued to HSBC 13 &14 (incl. chattels mortgage)	August 2017
Dawnus 2016 accounts published	3rd Oct 2017
Cash £8.1m Net assets £5.9m	
Dawnus Year end 2017.	31st Dec 2017
Internal PCC financial analysis	Feb 2017
Issue of further Debentures to HSBC and WG	
15, 16, 17, 18, 19, 20.	16th & 27th March 2018
Dawnus 2017 accounts passed by their board	27th June 2018
Cash £0 Net assets £11.1	
Sometime between Jan and June 2016 accounts adjusted – reduced turnover and profit to loss	
Partly or wholly released from charge	
Debentures 13 – 20 incl.	2nd July 2018
School contracts signed	July 2018
Dawnus 2017 Accounts published at Companies House	24th Sept 2018
Appointment of Administrator	April 2019

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Responses from Welsh Government:

30 April 2019

Qu 1. When did the Welsh Government become aware that Dawnus was facing financial difficulty and what specific action did the Welsh Government take at this time?

- Officials became aware that the Dawnus Group was experiencing cash-flow difficulty at the end of November 2017 / start of December 2017. Officials worked with the company's business consultants to seek support from the open markets to rectify its financial position (based on a credible turn-around plan provided by the business). In January 2018 it was concluded that the markets could provide a solution for the business cash-flow difficulties. Officials concluded that a recommendation to the Minister for a Welsh Government intervention, in conjunction / partnership with the company's bank would be an appropriate and proportionate resolution to the company's difficulties. In March 2018 Welsh Government provided a £3.5m Commercial facility to Dawnus Group, as a match funding solution, with the company's bank providing an additional £3.5m support package.

Qu 2. Was any information passed to Welsh local authorities, particularly Powys, keeping them up to date with developments?

- No information on support provided through Welsh Government was provided to any client based organisations nor to wider public / supply chain.

  The rational for not providing information to wider organisations is fourfold:

  1. Any release of information to client based organisations may negatively influence their decision making process when the company is tendering for potential new work, or impact timeliness of payments for existing work. This would in turn have the potential to negatively impact the short term business cash-flow and the longer term viability of the company to secure new work. Clearly producing the direct opposite result of the position Welsh Government was seeking to achieve.
  2. The risk of wider organisations (particularly the supply chain), becoming aware of that Dawnus was experiencing difficulty may have resulted in suppliers demanding proforma / upfront payments for work undertaken on Dawnus projects. Again this would increase pressure on the business cash-flow having the opposite negative result for which the intervention was intended to resolve.
  3. Should Welsh Government be identified as providing information that impacted on the company, (as per point 1 or 2),

this could leave Welsh Government exposed to legal proceeding for inadvertently negatively impacting the company's performance.

4. Support provided was made on a commercial / in confidence basis. Release of information by officials to any organisations outside of the Welsh Government may have been considered a breach of the "Civil Service Code of Conduct" and therefore potentially subject to disciplinary measures.

Qu. 3. For what reasons were the debentures (charge codes 042305790020 and 042305790019) amended on 2 July 2018?

- Security was released on assets (afore referenced), to enable their sale. Part of the repayment mechanism agreed with the company and their bank included recovery of aged Work in Progress (WIP) and sale of secured assets facilitating part repayment of Welsh Government and the company's bank lending facilities

Qu. 4. What was the value of the property or undertaking that was released from the charges on 2 July 2018?

- £3,281,383.85. These funds were placed in to the Welsh Government / Company's Banks Escrow / proceeds account, and apportioned as part repayment to each of the lenders. (forming part of the £2m already repaid to Welsh Government).

Qu. 5. What value of property or undertaking remains under the charges?

- Officials are working with the administrator, the company's bank and specialist cost consultants to gain maximum value from outstanding securities, seeking to maximise the return for the Welsh public sector on outstanding sums due. Given the complexity of security values attributed to those seeking to either acquire assets held, their depreciation costs, or value of aged WIP that has potential to be recovered it is difficult to quantify the value of the outstanding sum that remains under charge.

8 April 2019

Thank you for your email. I will have to put your specific questions directly to the Welsh Government and will get back to you when I receive a reply.

However, the following information which I have already obtained may also be of interest to you i.e.

Details of the amount and type of financial support provided by the Welsh Government (including Finance Wales or the Development Bank) to Dawnus, and confirmation on the precise amount recovered by the Welsh Government and any amount yet to be recovered;

Information on the Welsh Government's relationship with Dawnus given its standing as one of the Welsh Government's 'anchor companies';

Details of any other Welsh construction businesses that have received financial support (grants and/or loans) from the Welsh Government (including Finance Wales or the Development Bank) over the last 5 years, totalling £1 million or above.

I have now received the following information from the Welsh Government. Both Finance Wales and the Development Bank will also be responding to me directly. I will pass on any response once I receive it.

The Welsh Government provided a £3.5m commercial facility to Dawnus. As of 26th March 2019, the Welsh Government has received £2,007,387 repaid. This leaves an outstanding balance of £1,492,613.

Dawnus held Anchor Company status. There was limited 'ad hoc' interaction with the business in terms of formal regular engagement with officials, until the time as a request for support was received. The business was offered the opportunity to attend all anchor company events organised by Welsh Government and to participate in feedback / calls for information on various topics, (again on an 'ad hoc' basis).

Over a number of years, Dawnus will have been awarded contracts by Welsh Government to deliver packages and programmes of construction works, (either directly by the Welsh Government or one of its agencies e.g. Trunk Road Agency). These works will have been procured through an open tender process following OJEU and other relevant procurement procedures. This will also apply to other public bodies pan Wales.

At present directly from the Welsh Government-, no Welsh construction businesses (as noted by SIC code) have been identified that have received financial support over the last 5 years, totalling £1 million or above.

I've checked with the Clerk to National Assembly's Public Accounts Committee (PAC) and they've advised that the Chair of PAC will be writing to the Welsh Government for further information on the support provided to Dawnus and that the Committee is likely to return to the example of Dawnus as part of its work considering Welsh Government business finance.

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Audit Committee

9 May 2019

Internal Audit Scrutiny Group

Purpose of Report: Progress report

The Internal Audit Scrutiny Group met on 17 April 2019.

Members Expenses	The audit had highlighted that Members' expenses claims were not authorised. Whilst there was no evidence of fraud having taken place, duplicate claims had been made in error, although these were subsequently repaid. It was noted that it was each Member's responsibility to submit travel claims. An outcome of the report would be that Members would be reminded of the criteria for claiming expenses. Further training would also be provided to enable all Members to submit claims via the online portal without having to rely on Member Support staff.
Section 33 Agreements	These agreements between the Authority and the Powys Health Board should be in place by each year end to specify how joint services would be delivered and an apportionment of costs. There have been longstanding issues in signing these agreements off. Both organisations Chief Executives have now been given delegated powers by the Joint Partnership Board (JPB) to sign off the agreements for 2018/19 and 2019/20 during the first quarter of the current financial year. The JPB should have oversight of these arrangements and the Group question the governance arrangements around the JPB.
Clearance of Void Properties	The audit had demonstrated a lack of back office procedures in dealing with the clearance of void properties. It was essential that robust processes were in place to protect officers and clients. There was also a need to determine whether full cost recovery was being achieved. The service provides a significant social benefit as items can be recycled to the homeless or low income families. New procedures have been put in place and further meetings will take place with the Housing Service in May. The Group were concerned that there was a lack of work being generated through the Heart of Wales Property Services.

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 17 April 2019

Members present on 17 April 2019: County Councillors J G Morris (Lead Member), W D Powell and Mr J Brautigam

Scrutiny date	Scrutiny Committee	Item	Working Group end date	Cab/Mgmt Team Date	Cab Date
2019					
MAY 2019					
01/05/19	HC WG	Children's Looked After Framework			
		Tribe/Digital First			
Thurs 09/05/19	Audit	WAO Annual Plan			
		Internal Audit - Annual Plan and Performance Monitoring			
		Strategic Risk Management (incl DSS for ASC19)			
		Annual Governance Statement			
		Business continuity			
		Closure of Accounts			
		CIPFA guidance - review of notes to accounts			
		Implementation of Finance System - update			
		draft Audit Committee Annual Report			
Mon 13/05/19 am	ERCG	Final Vision 2025: Our CIP 2019/20 Update and Annual Report 2018/19		04/06/2019	18/06/2019
		Annual Employment Monitoring Report		07/05/2019	21/05/2019
Mon 13/05/2019 pm	LS	~~Specialist Centre Provision~~ (move to Oct 2019)			
		Schools Major Improvements (additional funding)			
		ALN Transformation Programme update			
		Annual Report			
		Work Programme 2019-2020			
14/05/2019	HC	Home Support Evaluation			
		Fostering Support Offer	deferred from 5/4/19		?
		Regional Partnership Board - briefing			
		Extra Care Housing	deferred from 5/4/19	07/05/2019	21/05/2019
15/05/19	Finance Panel	Financial overview and forecast - March			
		18/19 Outturn			
		Capital Receipts Directive			
		CIPFA Report and Action Plan			
24/05/2019	LS WG	School balances and schools service budget	moved from 14/5 - workload		
27/05/19 - 31/05/19	ERCG WG				
30/05/2019	HC WG	Care Leavers			
		DETOCS			
		Health & Care Strategy – Statements of Intent			

Scrutiny date	Scrutiny Committee	Item	Working Group end date	Cab/Mgmt Team Date	Cab Date
JUNE 2019					
Mon 10/06/19	Audit (seminar)	Draft Statement of Accounts			
10/06/19 - 14/06/19	ERCG WG				
11/06/2019	HC WG	Complaints, compliments and Comments (Children's and Adults)			
		North Powys Project			
12/06/2019	Finance Panel	MTFS			
		Budget Process			
14/06/2019	LS WG (EXTRA MTG)	Post 16 Review			
17/06/19 - 21/06/19	LS School Scrutiny Panel	School 1			
Mon 24/06/19	ERCG	HRA New Build Programme		25/06/2019	09/07/2019
		Strategic Equality Plan - end of year		25/06/2019	09/07/2019
		Crime and Disorder + Police and Crime Commissioner to dicuss Needs Assessment Survey			
		Local Housing Market Assessment - moved from 13/05/19		16/07/2019	30/07/2019
Thurs 27/06/2019	HC	CIW Monitoring Report (Adults)			
		TEC Tribe and robotics			
		Information, Advice and Assistance			
		Finance and Performance			
tbc	HC	ACRF			
JULY 2019					
03/07/19	Finance Panel	Financial Overview and Forecast - May			
Mon 08/07/2019 pm	LS	Complaints, Compliments and Comments			
08/07/19 - 12/07/19	ERCG AND HC WG				
15/07/19 - 19/07/19	LS WG				
Thurs 18/07/2019	PSB	Annual Report Wellbeing Plan		04/06/2019	
24/07/2019	Finance Panel	Financial overview and forecast - June			
AUGUST 2019					

Scrutiny date	Scrutiny Committee	Item	Working Group end date	Cab/Mgmt Team Date	Cab Date
Mon 19/08/2019 am	LS				
Mon 19/08/2019 pm	HC	Day and Employment Services Option Appraisal			
Tues 20/08/19	ERCG	Tenants Satisfaction Survey		03/09/2019	17/09/2019
		Vision 2025: Our CIP Quarter 4 2018-19 Performance Report			
Fri 30/08/2018	Audit Seminar	Statement of Accounts			
02/09/19 - 06/09/19					
	LS WG				
03/09/2019	HC WG	Safeguarding and Good Social Work Practice			
		Safeguarding (Adults)			
		Occupational Therapy Update			
Fri 06/09/2019	Audit Committee	Final Statement of Accounts and AGS			
		Annual Governance Statement			
		Annual Improvement Report			
		TM Review and Q1			
		Strategic Risk Register			
		Internal Audit Performance Monitoring			
09/09/19 - 13/09/19	ERCG AND HC WG				
13/09/2019	Finance Panel	Financial overview and forecast - July			17/09/2019
16/09/19 - 20/09/19	LS WG				
23/09/19 - 27/09/19	ERCG AND HC WG				
OCTOBER 2019					
Tues 01/10/2019	PSB				
02/10/2019	Finance Panel	Financial overview and forecast - August			08/10/2019
Mon 07/10/2019 pm					

Scrutiny date	Scrutiny Committee	Item	Working Group end date	Cab/Mgmt Team Date	Cab Date
	LS	School Balances			
		Standards (provisional) and Inspection Outcomes			
		Early Years standards and provision			
		Specialist Centre Provision			
Mon 14/10/19	ERCG	HRA Asset Management Strategy		22/10/2019	05/11/2019
Fri 18/10/2019	HC	Assist/Cymorth			
		Quality Assurance - Adults			
		Finance and Performance			
21/10/19 - 25/10/19	LS School Scrutiny Panel	School 2			
22/10/2019	HC WG	Independent Reviewing and Quality Assurance			
28/10/19 - 01/11/19					
	ERCG WG				
31/10/2019	FP	Financial overview and forecast - September			05/11/2019
NOVEMBER 2019					
04/11/19 - 08/11/19	LS WG				
11/11/19 - 15/11/19	ERCG WG				
13/11/19	HC WG	Eligibility Criteria			
		Reablement Review Update			
		Impact of Asset Based Practice.Collaborative Communication			
		Active Offer			
Mon 18/11/2019	LS				
Mon 25/11/19	ERCG	Crime and Disorder			
25/11/2019	Finance Panel	Financial overview and forecast -October			27/11/2019
Fri 29/11/2019 pm	HC	Strategy for Residential Care			
		FRM			
DECEMBER 2019					
04/12/2019	SCwG	Information, Advice and Assistance			
02/12/19 - 06/12/19					
	LS WG				
09/12/19 - 13/12/19	ERCG AND HC WG				

Scrutiny date	Scrutiny Committee	Item	Working Group end date	Cab/Mgmt Team Date	Cab Date
12/12/19	Finance Panel	Financial overview and forecast - November			
					17/12/19
Thurs 19/12/2019	Audit				
2020					
JANUARY 2020					
		Return to Home/Accommodation for individuals with a learning disability			
H&C		Section 33 Residential Care			
		Direct Payments			
		Continuing Health Care			
13/01/20 - 17/01/20					
21/01/20 - 24/01/20	Committees				
27/01/20 - 31/01/20	Committees				
	Working Groups				
FEBRUARY 2020					
03/02/20 - 07/02/20					
10/02/20 - 14/02/20	Committees				
17/02/20 - 21/02/20	Committees				
24/02/20 - 28/02/20	Working Groups				
	Working Groups				
MARCH 2020					
02/03/20 - 06/03/20					
09/02/20 - 13/03/20	Committees				
16/03/20 - 20/03/20	Working Groups				
23/03/20 - 27/03/20	Working Groups				
30/03/20 - 03/04/20	Working Groups				
	Working Groups				
APRIL 2020					
06/04/20 - 09/04/20					
14/04/20 - 17/04/20	Committees				
20/04/20 - 24/04/20	Committees				
27/04/20 - 01/05/20	Working Groups				
	Working Groups				
MAY 2020					
05/05/20 - 08/05/20					
11/05/20 - 15/05/20	Working Groups				
18/05/20 - 22/05/20	Working Groups				
26/05/20 - 29/05/20	Committees				
	Committees				
JUNE 2020					
01/06/20 - 05/06/20					

Scrutiny date	Scrutiny Committee	Item	Working Group end date	Cab/Mgmt Team Date	Cab Date
08/06/20 - 12/06/20	Working Groups				
15/06/20 - 19/06/20	Working Groups				
22/06/20 - 26/06/20	Working Groups	Proportion of revenue spend increase 2% 19/20			
29/06/20 - 03/07/20	Working Groups	Assess effectiveness of marketing programme			
	Committees	Check inward investment strategy and action plan			
Q1 2020					
	ERCG				
	HC				
	Audit				
	LS				
JULY 2020					
06/07/20 - 10/07/20					
13/07/20 - 17/07/20	Committees				
27/07/20 - 31/07/20	Working Groups				
	Working Groups				
AUGUST 2020					
17/08/20 - 21/08/20					
24/08/20 - 28/08/20	Working Groups				
31/08/20 - 04/09/20	Working Groups				
	Committees				
SEPTEMBER 2020					
07/09/20 - 11/09/20					
14/09/20 - 18/09/20	Committees	Increase % of pupils assessed in Welsh in Year 2			
21/09/20 - 25/09/20	Working Groups				
28/09/20 - 02/10/20	Working Groups				
	Working Groups				
Q2 2020					
	LS				
	HC				
	ERCG				
	Audit				

Scrutiny date	Scrutiny Committee	Item	Working Group end date	Cab/Mgmt Team Date	Cab Date
	FP				
OCTOBER 2020					
05/10/20 - 09/10/20					
12/10/20 - 16/10/20	Working Groups				
19/10/20 - 23/10/20	Committees				
26/10/20 - 30/10/20	Committees				
	Working Groups				
NOVEMBER 2020					
02/11/20 - 06/11/20					
09/11/20 - 13/11/20	Working Groups				
16/11/20 - 20/11/20	Working Groups				
23/11/20 - 27/11/20	Working Groups				
30/11/20 - 04/12/20	Committees				
	Committees				
DECEMBER 2020					
07/12/20 - 11/12/20					
14/12/20 - 18/12/20	Working Groups				
	Working Groups				
Q3 2020					
	LS				
	HC				
	ERCG				
	Audit				
	FP				

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