



GOVERNANCE AND AUDIT COMMITTEE - 21ST JANUARY 2025

**SUBJECT: REGULATOR RECOMMENDATION TRACKER PROGRESS
UPDATE**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 The purpose of this report is to update members on progress of recommendations that have been made by all regulators since the last Governance and Audit Committee update, and to advise on any new proposals that have been added since that time.

2. SUMMARY

2.1 The register was last updated and presented to the Governance and Audit Committee in June 2024. Since that time 3 new reports have been received and 4 new proposals have been added on to the register.

2.2 There are currently 16 recommendations on the register. The 2 outstanding recommendations from the Financial Sustainability Assessment 2021 have now been removed as they have been replaced by similar recommendations arising from the Audit Wales 2024 Financial Sustainability Review. There are 4 recommendation that are considered completed at this time.

2.3 The 3 reports received since the last time an update was provided are called Financial Sustainability Review, Digital Strategy Review and Counter Fraud Arrangements.

2.4 The above does not include the improvement 'certificates' that come before Governance and Audit Committee, as these confirm compliance to our statutory duty so do not make proposals or recommendations. Nor does it include External Financial Audit outputs at this point as the Governance and Audit Committee receive updates on progress against recommendations in the next Audit Wales Audit of Accounts Report.

3. RECOMMENDATIONS

- 3.1 We propose 4 recommendations be closed as they are completed and encourage members to view the specific recommendations attached within Appendix A and judge if they agree that these are now complete. It is recommended that Governance and Audit Committee vote on acceptance of the update and to close the proposals that are noted as 'completed' within Appendix A.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure members are aware of progress against the Council's actions for progressing regulator recommendations and proposals and have assurance that progress is being made through an opportunity to monitor and challenge content.

5. THE REPORT

- 5.1 The table below provides a summary of recommendations and the numbers outstanding from each piece of work. Whilst the numbers give some scope, the focus is on the quality of the output as some recommendations can take a long time to complete, whilst others are shorter actions. We have added a new column to the table below to show a % completed from the last time the information was reported, so the reader can see if there has been progression. The key factor, however, is the value of the recommendations and the difference they make. Paragraphs 5.2 to 5.9 and Appendix A expand on the pieces of work as noted below.

Name of Report	How many original recommendations outstanding	How many recommendations completed in this reporting period	How many are left to complete?	% increase in completion since last reported
Decarbonisation	2	0	2	R1 - 15% R2 - 5%
Springing Forward Asset Management	3	2	1	R1 - 20% R2 - 10% R3 - 75%
Waste Services Review	2	2	0	R1 - 20% R2 - 20%
Setting of Well-being Objectives	2	0	2	R1 - 0% R2 - 25%
Performance Information and Service User perspective	3	0	3	R1 - 50% R2 - 45% R3 - 60%
Counter Fraud Arrangements	1	New	1	N/A
Digital Strategy Review	1	New	1	N/A
Financial Sustainability Review 2024 (includes actions from Financial Sustainability Assessment 2021)	2	New	2	N/A
Total	16	4	12	

5.2 Decarbonisation

5.2.1 This is a long-term piece of work. We have a Decarbonisation Strategy called 'Reduce, Produce, Offset and buy' and an agreed action plan to deliver the strategy.

The action plan was reviewed with Cabinet in November 2023 and approved. In preparing a costed plan to achieve net zero, working groups aligned to the four pillars of the Decarbonisation Strategy have been working alongside Mobilising Team Caerphilly (MTC). The Decarbonisation Team are fully embedded in the MTC process, particularly those with large carbon implications such as our asset management, buildings, fleet and transport projects. Annual submissions to Welsh Government on emissions and progress on the Decarbonisation Action Plan are reported annually by the Decarbonisation Team.

5.3 Springing Forward – Asset Management

5.3.1 The Asset Management Strategy 2025-2030 was adopted by Cabinet in October 2024. The refreshed approach to Community asset transfer will take account of the economic outlook and the need to reduce overheads, however

it will focus on the positives of releasing the asset to the community and the opportunities to enrich and empower the community. Therefore, the recommendation to develop a longer-term asset strategy is now complete and can be removed.

- 5.3.2 There are clear and obvious benefits from collaborating with other public sector bodies and we continue to work with public sector partners, such as the NHS and Gwent Police. The proposal relating to evaluating the benefits of partnership working can now be removed from the register as engagement and collaboration with our public sector partners becomes ongoing as part of our asset management process, as we continue to look for opportunities to maximise the use of assets while reducing costs.

5.4 Waste Services Review

- 5.4.1 The Draft Waste Strategy progressed through various committees and its consultation stages within the timelines of its project plan. The actions as suggested by Audit Wales were addressed and the strategy was approved by Cabinet and Full Council. An Outline Business case was agreed by Welsh Government (WG) and funding letter has been received, the acceptance signed and returned to WG. Methods for monitoring and evaluating the strategy to ensure it is Value for Money and is contributing to the Well-being Objectives are in place, therefore both proposals are complete and can be removed from the register.

5.5 Setting of the Well-being Objectives

- 5.5.1 This report was about whether the Council complied with its statutory duty to set our Well-being Objectives. There were 2 recommendations that are both on track. Performance Management arrangements are standard practise for monitoring Well-being Objectives. The actions here are about enhancements. We are currently developing a new Well-being Objective dashboard, and performance will be reported in the annual Self-Assessment and the new 'corporate performance assessment' dashboard.

5.6 Use of performance information: Service User perspective and Outcomes

- 5.6.1 This review was conducted across all authorities in Wales. The purpose of this review was to focus on the performance information provided to senior officers and senior members (senior leaders) about service user perspective and outcomes, and how this information is used. The report notes that Audit Wales did not undertake a full review of the Council's performance management arrangements or an in-depth review of the quality of the data that the Council collects. Neither did the review focus on engagement with service users on specific service changes or the development of policies and strategies. The overall summary statement was "*Overall, we found that the Council provides limited performance information to enable senior leaders to*

understand the perspective of service users and the outcomes of its activities and thus, effectively manage its performance activities”

5.6.2 The report was presented to Corporate and Regeneration Scrutiny on 14th May 2024 and since then good progress has been made against the 3 recommendations from this review as shown in Appendix A.

5.7 Counter Fraud Arrangements

5.7.1 The Auditor General for Wales published a report in 2020, ‘Raising Our Game – Tackling Fraud in Wales’ which made 15 recommendations to public bodies in Wales. Audit Wales subsequently undertook a local review of counter-fraud arrangements in Caerphilly CBC to assess progress in responding to these recommendations as part of its work to review if the Council has put in place proper arrangements to secure value for money in the use of resources. Overall, Audit Wales has concluded in its review that the Council lacks appropriate counter-fraud arrangements, which exposes it to increased risks of fraud and it has not addressed the Audit General’s previous recommendations in this area.

5.7.2 The recommendations made by the Auditor General for Wales in 2020 remain valid and Audit Wales made one further recommendation to strengthen counter-fraud arrangements, covering numerous areas. Good progress has been made to date. A Fraud Risk Assessment Methodology and Fraud Response Plan were presented to and agreed by the Governance and Audit Committee at its meeting on 8th October 2024. Plans to review and refresh relevant policy documents is on target for March 2025 and an online fraud awareness training course has been procured and is in the final stages of development. This will be mandatory training for targeted groups of staff and will be rolled out during the first quarter of 2025.

5.7.3 An updated Anti Fraud Action Plan was presented to and agreed by Governance and Audit Committee at its meeting on 3rd December 2024.

5.8 Digital Strategy Review

5.8.1 The purpose of the review was to ensure that the Council’s strategic approach to digital enables it to demonstrate that it has proper arrangements to secure value for money the Council should develop a strategic approach to digital based on a good understanding of current and future trend. The final report was presented to Corporate and Regeneration Scrutiny on 5th November. A digital vision is in draft as part of Mobilising Team Caerphilly. The vision will be completely signed off with a fully costed action plan by end December 2024.

5.9 Financial Sustainability Review 2024

5.9.1 Audit Wales undertook a review of financial sustainability across all 22 principal councils in Wales as this continues to be a risk to councils putting in

place proper arrangements to secure value for money in the use of resources. The objectives of the review are to provide assurance that councils have proper arrangements to support their financial sustainability and to explain councils' financial position and the key budget pressures and risks to their financial sustainability.

- 5.9.2 The recommendations from the 2021 Financial Sustainability Assessment have been removed as they have been replaced by similar recommendations arising from the Audit Wales 2024 Financial Sustainability Review.
- 5.9.3 Progress to date includes the updated MTFP to be presented to Cabinet and Council alongside the 2025/26 Budget Proposals on 27th February 2025 and modelling of future demand to be reviewed in specific areas as part of Mobilising Team Caerphilly Transformation Programme. Savings proposals for 2025/26 along with some specific proposals for future years and targets for the Mobilising Team Caerphilly Transformation Programme will be kept under regular review and updated by the Leadership Team and Cabinet to ensure that future savings requirements can be met.
- 5.9.4 Budget Monitoring reports for periods 3, 5 and 7 have been prepared for Scrutiny Committees and Cabinet and will include BRAG ratings on progress in delivering approved savings. Budget Impact Assessments and Integrated Impact Assessments (where required) have been completed for savings proposals in the 2025/26 Draft Budget Proposals report for Cabinet on 16th January 2025. These will be updated to reflect feedback from the budget consultation process prior to final budget proposals being presented to Cabinet and Council on 27th February 2025.

5.10 Other Regulator work

5.10.1 An Estyn Inspection of the Education Service took place in June 2024 and the final report was published on the 2nd of September 2024. The report highlighted many strengths and a number of areas of good practice were identified. Although it was a very positive report, there were 2 recommendations:

- Focus evaluation and improvement planning of education services more consistently on their impact on learners' outcomes and their value for money
- Improve the processes and strategies to support and challenge schools to reduce the rates of fixed-term and permanent exclusions

The two recommendations made will be addressed within future plans.

5.10.2 There are no specific recommendations from the Care Inspectorate Wales (CIW) for Social Services currently. CIW held their Annual Review Meeting with the Director of Social Services on 24th October 2024, and progress was noted in all Regulatory area's. Regulator meetings with the two Heads of Service have taken place. No concerns have been raised. Thematic Assurance Checks and inspections for regulated services are

continuing. Whole service inspections have been resumed and are published on the CIW website.

5.11 Future Audit Work Programme includes:

5.11.1 The Assurance Risk Audit, known as the ARA update, as at Quarter 2 in the 2023/2024 programme has the following update:

- Financial position - ongoing
- Thematic review Commissioning – Fieldwork complete
- Cyber Security – Fieldwork complete. Draft report expected Autumn 2024.
- Temporary Accommodation – fieldwork underway
- Scrutiny - November 2024 to April 2025
- Waste and recycling follow-up - Spring 2025

5.12 For clarity, Audit Wales issue Recommendations for improvement for each individual outputs. Each Report completes a management response as to whether the council accepts those recommendations and how they will address them.

5.13 We are currently reviewing the monitoring arrangements of the proposals with Scrutiny Committees.

5.14 Conclusion

5.14.1 When monitoring progress against the recommendations, members are advised to consider what value the recommendations and actions to address them are making and what difference the activity makes for our citizens. The view of Audit Wales is that the decision on whether a recommendation is completed is an internal matter for the organisation to decide, (although it is within their remit to make more recommendations if they do not believe it has been addressed). Audit Wales receive this update as part of attendance at Governance and Audit Committee.

6. ASSUMPTIONS

6.1 It is a reasonable assumption that the financial and demand challenges facing the authority will continue. Alongside this, demand levels for key services will continue to increase with changing demographics and increased expectations placed on the local authority.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 This report does not relate to the development of a policy, strategy, practice or project so no specific Integrated Impact Assessment has been undertaken on this report, however the Sustainable Development principle would be considered as part of any action planning to address proposals.

8. FINANCIAL IMPLICATIONS

- 8.1 There are no direct financial implications arising from this report, although Financial Sustainability is noted as one of the reviews and has proposals attached.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no specific personnel implications directly resulting from this report although one of the proposals is in relation to workforce development.

10. CONSULTATIONS

- 10.1 All consultation responses received have been included in the body of this report.

11. STATUTORY POWER

- 11.1 The Local Government and Elections Act

- 11.2 The Well-being of Future Generations (2015) Act

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Appendices:

Appendix A Regulator Proposal Tracker Update