

<b>SUBJECT</b>	<b>Audit Wales Work Programme: Council Progress Update</b>
<b>MEETING:</b>	<b>Governance and Audit Committee</b>
<b>DATE:</b>	<b>13<sup>th</sup> October 2022</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

## 1. PURPOSE

- 1.1 To provide the committee with an update on the council's progress against the Audit Wales Work Programme up to October 2022 so that the committee can assure itself of the progress of the council's response.

## 2. RECOMMENDATIONS

- 2.1 That members scrutinise the council's response to the Audit Wales work programme, seeking assurance that adequate progress is being made.
- 2.2 That members refer on any issues contained within Audit Wales national studies to other committees for consideration where they identify there are findings of particular relevance to the council that need further scrutiny.

## 3. KEY ISSUES

- 3.1 Each year, Audit Wales produces an Audit Plan, which sets out the work they intend to undertake to discharge their duties, and this is presented to Governance and Audit Committee upon publication. The Performance Audit work programme set by Audit Wales focusses on discharging duties in relation to value for money and sustainable development:
- Value for money - The Council has to put in place arrangements to get value for money for the resources it uses
  - Sustainable development principle - The Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives.
- 3.2 This report provides an update on the progress being made by the council implementing the findings of Audit Wales reviews. This includes an update on progress against existing proposals for improvement/recommendations, followed by the latest local audit work carried out since the last review, with an accompanying management response. Recommendations that require further attention are marked as 'open'. Where a recommendation has been assessed as being adequately addressed, it is 'closed' and explanation why included. Some of the forward-looking actions committed to by the authority are likely to be reflected within other council strategic documents such as the Corporate Plan, enabling strategies, the Whole Authority Strategic Risk Assessment and the Medium-Term Financial Plan.
- 3.3 The council has received two local Audit Wales reports since the last update provided in February 2022. These are the 'Springing Forward' report and 'Assurance and Risk Assessment Review'. The full report and the council's management response have been presented to Governance and Audit Committee and council's response to the recommendations in the report incorporated into this update.
- 3.4 As well as local work at each council, Audit Wales also carries out national studies across the local government sector to make recommendations for improving value for money, and all of these reports are published on [www.audit.wales/publications](http://www.audit.wales/publications). Whilst the findings of these studies are not necessarily specific to Monmouthshire County Council, those of greatest relevance are shared with the most appropriate service area to consider their findings and recommendations and to respond accordingly. Appendix 2 identifies the

studies most applicable to the council since the last iteration of this report, along with a management response outlining service areas actions in response to the study.

- 3.5 Governance and Audit Committee has a role in ensuring the council is responding to the findings from national Studies and can also refer them to another scrutiny committee if they feel the report requires further in-depth consideration beyond the response already provided by the service area. The committee may also refer issues to Democratic Services Committee who are able to perform a coordinating function.
- 3.6 The council works closely with regulators and inspectors to quality-assure activities as this is vital to ensuring improvement. Their feedback is valued, and their assessments are used to help us focus on the things we need to improve. Their findings have informed the council's own self-assessment of its performance in 2021/22. Findings from Estyn and Care Inspectorate Wales have their own monitoring arrangements in place. Consideration will be given to incorporating further oversight of these, where they relate to the council's performance arrangements, in future updates of this progress report to Governance & Audit Committee.
- 3.7 Audit Wales, as part of their ongoing annual audit work programme, may follow up progress in any of the open or recently closed proposal areas.

#### **4. REASONS**

To ensure the authority responds appropriately to Audit Wales proposals and recommendations to secure the improvements required.

#### **5. RESOURCE IMPLICATIONS**

Finance and any other resource implications of activity related to responses to the proposals will need to be considered by the relevant responsibility holders.

#### **6. CONSULTEES**

Individual Audit Report Responsible Officers  
Deputy Chief Executive/Chief Officer, Resources

#### **7. BACKGROUND PAPERS**

Audit Wales Audit Plan 2022  
Audit Wales Annual Audit Summary 2021

#### **8. AUTHORS**

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## Appendix 1

### Open Audit Wales Proposals for Improvement

#### Finance Proposals

Report	Financial Sustainability Assessment – June 2021		
Audit Wales Proposal	To ensure its Medium-Term Financial Plan predicts future funding requirements as accurately as possible, the Council should regularly review its future cost pressure estimates to ensure they are reasonable and reflect recent levels of cost pressures.	Status	Open
	To bridge its estimated future funding gap and contribute to strengthening its financial sustainability, the Council should develop and deliver a programme of sustainable planned savings over the medium-term.		
What progress have we made	<p>During 2021/22, the council delivered a positive revenue outturn of £5.62m, which has been brought about by specific additional Welsh Government grant funding, a significant element of which was received late in the financial year. This in turn has allowed for a transfer to earmarked reserves of £4m that will allow for additional reserve cover to deal with budgetary risks in 2022/23 and beyond. Whilst the final outturn position is welcomed, there remain areas of significant and growing concern and risk going forward, especially in light of the wider challenging economic climate which is driving inflation and an overarching cost of living crisis. Some services continue to face significant demand led pressures, some continue to operate at below pre-pandemic levels, whilst other services continued to have a level of significant reliance on Welsh Government Hardship funding which has now ended.</p>		
	<p>Despite the impact and consequences of the pandemic, the budget set for 2022/23 see a continuation of our preparedness to challenge all services to sustain themselves rather than to see the closure of services that matter to citizens. Despite the positive and above average settlement from Welsh Government, and the further significant late in-year grant awards from Welsh Government, it is not sufficient to offset the full extent of the pressures accommodated into the budget proposals. Whilst ongoing plans are in place to deliver services within budget during 2022/23 it is highly likely that considerable levels of mitigation will be required as the Council progresses through the year. Significant budget recovery action is anticipated and will be signalled by the month 4 budget monitoring to be considered by Cabinet in early October.</p>		
	<p>Welsh Government has helpfully provided indicative funding settlements on an all-Wales basis of 3.4% and 2.5% respectively for 2023/24 and 2024/25. Whilst this provides a degree of funding certainty over the medium term, when coupled with the impact of the wider economic environment, pandemic recovery and taking into account the current demand led pressures on services, it is clear that future budget rounds will continue to be very challenging. Early predicted pressures for 2023/24 include non-pay inflation, service demand pressures in social care and homelessness, increasing wage demands and rising energy costs. Maintaining a sustainable level of reserve cover alongside targeted and effective reserve investment will ensure a degree of ongoing financial resilience to the Council.</p>		

	The development of the Corporate and Community Plan will inform and influence a full update of the Medium-Term Financial Strategy and Plan later in 2022 and part of the preparations leading into the 2023/24 budget process. This comprehensive update will include an ongoing assessment of pressures, risks and modelling assumptions. As well as savings proposals and options that together with a robust and updated capital receipts and reserves strategy enables the Council's finances to be put on a sustainable footing.			
Further action planned	Desired Result	Action	Responsible Officer & Timescale	Progress so far
	A medium-term financial plan which is based on realistic evidence and planned scenarios to allow a structured and planned approach to service delivery in the medium term in line with community and corporate plan priorities.	Develop a Medium-Term Financial Plan that is based on realistic evidence and planned scenarios, to guide budget setting in line with agreed strategic objectives	Chief Officer Resources March 2023	Evidence is being collated to inform the development of the Medium-Term Financial Plan and this will be further informed by budget monitoring reports at month 4, 6 and 9. The Medium-Term Financial Strategy and Plan will inform and be informed by the Community and Corporate Plan. The 2023/24 final budget proposals and the Community and Corporate Plan will be approved by Council at its meeting in March 2023.
	In parallel with the above, to develop and deliver a programme of sustainable planned savings over the medium-term to allow a balanced budget to be set that delivers on agreed community and corporate plan priorities.	A robust and detailed review of planned savings brought forward that ensure that the impact on service delivery is mitigated where possible and that contributes to an overall sustainable budget position in the medium term.	Chief Officer Resources March 2023	The budget setting process for 23/24 is being developed, aligned to the development of a more robust Medium Term Financial Strategy and Plan. Progress with planned savings is monitored as part of periodic budget monitoring reports.

### Workforce & Asset Management proposals

Report	Audit Wales Springing Forward – August 2022				
Audit Wales Recommendations	<p>In developing its new asset management and workforce strategies, the Council should build on its experience of the pandemic and place the sustainable development principle at the heart of its considerations, and specifically ensure it:</p> <ul style="list-style-type: none"> <li>• takes account of longer-term trends that may affect service provision and the efficient use of assets and workforce.</li> <li>• sets out its intended outcomes over the short, medium and longer term.</li> <li>• takes account of how the strategies impact on the objectives of other organisations in the county and regionally.</li> <li>• takes account of the views and needs of staff, service users and partners. In doing so the Council should seek to understand how, where and when users want to access services post-COVID-19 and how that might influence future asset needs and workforce planning.</li> <li>• collaborates with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate</li> </ul>			Status	Open
	<p>As the Council begins to implement its new strategies, it should seek to build on existing examples of working with partners by developing a more systematic approach to considering opportunities for collaboration.</p>				
	<p>To support regular scrutiny and decision-making by elected members and help provide assurance over value for money, the Council should ensure that the outcomes set out in its workforce and asset management strategies are supported by SMART performance measures, and that benchmarking is used where appropriate.</p>				
Further action planned	Desired Result	Action	Responsible Officer	Timescale	
	To place the sustainable development principle at the heart of considerations.	<p>A new Community and Corporate Plan is being developed which will set a clear direction for the Council.</p> <p>Enabling strategies, the Asset Management Plan and People Strategy, will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Community and Corporate Plan.</p>	Deputy Chief Executive & Chief Officer, People & Governance	July 2023	

		The development of the Community and Corporate Plan and Asset Management Plan and People Strategy will embed the contribution to the delivery of the seven national well-being goals and the five ways of working of the sustainable development principle (from the Future Generation Act) in its development.		
	To build on existing examples of working with partners by developing a more systematic approach to considering opportunities for collaboration.	The Asset Management Plan and People Strategy will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Corporate Plan. This will consider any further opportunities for collaboration or partnership working.	Deputy Chief Executive & Chief Officer, People & Governance	July 2023
	To support regular scrutiny and decision-making by elected members and help provide assurance over value for money.	The Asset Management Plan and People Strategy will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Corporate Plan. The development of the Asset Management Plan and People Strategy will set the outcomes planned and actions to deliver these. Mechanism to evaluate delivery of these outcomes will be established, including performance measures where relevant.	Deputy Chief Executive & Chief Officer, People & Governance	July 2023
	Clarity over the Council's approach to the use of its assets to support robust decision making.	Replace the IT system with a system that incorporates the Financial Asset Register as well as providing a comprehensive solution for the effective management of property data	Head of Commercial and Integrated Landlord Services	March 2023
Progress so far	The Springing Forward report has been recently completed and the actions above identify how the council plans to respond to the recommendations. Given that the Audit Wales Springing Forward report has been recently published, an update on progress made will be provided in the next scheduled Audit Wales progress report. An additional action resulting from a previous Audit Wales review of Asset Management relating to the IT asset management systems has been incorporated within this update			

## Appendix 2

### Audit Wales national studies published since last update

Report	Public Sector Readiness for Net Zero Carbon by 2030: Key Findings report (July 2022) & Evidence Report (August 2022)
Outline of the Review	<p>Climate change is one of the world’s defining challenges which requires immediate action from everyone. Latest climate projections for Wales show an increased chance of milder, wetter winters and hotter, drier summers, rising sea levels and an increase in the intensity and frequency of extreme weather events. The implications of climate change are stark. A 2021 report by the United Nations showed that drastic reductions in carbon emissions are necessary to mitigate the impact of climate change. In March 2021, the Welsh Government set out new targets for a 63% carbon reduction by 2030, an 89% reduction by 2040 and a 100% reduction by 2050. In addition, the Welsh Government set out a challenging collective ambition for the Welsh public sector to achieve net zero carbon by 2030 (the 2030 collective ambition).</p> <p>This review assesses how the public sector is preparing to achieve the Welsh government’s collective ambition for a net zero public sector by 2030, calling on 48 public bodies, including the Welsh Government, to complete a call for evidence.</p> <p>The full report can be found <a href="#">here</a>.</p>
Audit Wales Summary	<p>Audit Wales find there is a clear uncertainty about whether the public sector will meet its 2030 collective ambition. Their report identifies significant, common barriers to progress that public bodies must collectively address to meet the ambition of a net zero public sector by 2030. Though public bodies do show a positive commitment to carbon reduction, they must now ramp up activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions. Organisations must be bold and innovative and share experiences of both success and failure.</p> <p>Audit Wales have set out five calls for action to tackle the common barriers to decarbonisation in the public sector. These include strengthening leadership and demonstrating collective responsibility through effective collaboration; clarifying the strategic direction and increasing the pace of implementation; getting to grips with the finances needed; identifying skill gaps and increasing capacity; and improving data quality and monitoring to support decision making.</p>
Management Response	<p>The Council is supportive of the five calls for action in the report and recognises their importance in further developing the Council’s decarbonisation plan. In responding to them we are grappling with some of the complexities in addressing them, as outlined in the report. We have asked Audit Wales for any further insights and support they can provide in how we can address the findings, particularly recommendations that have been made locally to the council.</p>

In addition to this report, Audit Wales subsequently undertook a local assessment of the Council’s arrangements to develop and deliver its Decarbonisation Plan in the Assurance and Risk Assessment report. The Council response to the specific recommendations made in this report to its Decarbonisation Plan are included on the agenda.

Report	Direct Payments for Adult Social Care (April 2022)
Outline of the Review	<p>In 2014, the Senedd passed the Social Services and Well-being Act which focuses on shifting away from more traditional, unsustainable forms of providing social care. The Act aims to put the well-being of people at the heart of services and to give them a strong voice and more control over decisions that affect them. Direct Payments is one method that aims to give people more choice, greater flexibility and more control over the support they receive.</p> <p>Direct Payments are an alternative to local authority arranged care or support. They can be provided to people of all ages if they have been assessed as needing social care services to support them with daily living; consent to receiving a Direct Payment; and they (or their representative) can manage the payment. Many people use their Direct Payment to fund a Personal Assistant to assist them with various tasks, in which case Direct Payment recipients become employers. Local authorities are required to provide support and assistance to people to manage their Direct Payment and employment responsibilities; this is often done through a local-authority-commissioned support service. The main benefit of Direct Payments is their adaptability. Service users can use them to organise care that is most suited to them and to utilise a whole range of new and more effective ways of care. Local authorities are encouraged to explore innovative and creative options for meeting people’s needs.</p> <p>This report looks at how Direct Payments help sustain people’s wellbeing and improve their quality of life. It also assesses how local authorities manage and encourage the take up of Direct Payments and judge whether these services present value for money.</p> <p>The full report can be found <a href="#">here</a>.</p>
Audit Wales Summary	<p>The report finds that Direct Payments support people’s independence and are highly valued by service users and carers, however inconsistencies in the way they are promoted and managed by local authorities means services are not always equitable and it is difficult to assess overall value for money.</p> <p>The report also finds that managing and supporting people to use Direct Payments varies widely and service users and carers are receiving different standards of service. Recipients of Direct Payments have faced struggles in recruiting Personal Assistants and have mixed views on the support they received from their local authority.</p>



	Despite significant challenges, local authorities ensured service users and carers were mostly supported during the pandemic, however a significant number of service users and carers surveyed experienced difficulties.	
Management Response	<b>Recommendations</b>	<b>Response</b>
	<p>To ensure people know about Direct Payments, how to access these services and are encouraged to take them up, we recommend that local authorities:</p> <ul style="list-style-type: none"> <li>- Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments.</li> <li>- Undertake additional promotional work to encourage take up of Direct Payments.</li> <li>- Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers.</li> </ul>	<p>We will continue to engage with service users and carers and be guided by them on what is required in terms of information. The Direct Payments team will attend team meetings to reinforce the offer of a Direct Payment as a solution for individuals.</p> <p>Further information on Direct Payments will be promoted on our website.</p> <p>Advocacy services are considered as part of “What Matters” conversations under the Social Services and Well-being Act and also within the Direct Payment agreement.</p>
	<p>To ensure Direct Payments are consistently offered we recommend that local authorities:</p> <ul style="list-style-type: none"> <li>- Ensure information about Direct Payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers.</li> <li>- Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers.</li> </ul>	<p>Information about Direct Payments is included as part of “What Matters” conversations under the Social Services and Well-being Act. A specific question will be added to the database to further prompt practitioners.</p> <p>The Direct Payment team will continue to set up workshops to provide training on aspects of the Direct Payment process. Training to be delivered to other social care staff across Monmouthshire at least bi-annually.</p>
<p>To ensure there is sufficient Personal Assistant capacity, we recommend that local authorities through the All-Wales local authority Direct Payments Forum and with Social Care Wales:</p> <ul style="list-style-type: none"> <li>- Work together to develop a joint Recruitment and Retention Plan for Personal Assistants.</li> </ul>	<p>Local authorities in Gwent are undertaking a project to look at the Direct Payment process across the region. This includes looking at sharing practice, procedures and policies, across the region to strengthen the Direct Payment process.</p> <p>Monmouthshire are currently in the process of piloting a Micro carer project. The micro carers will be a resource available to Direct</p>	

		<p>Payments recipients to work with them in the Personal Assistants role.</p>
	<p>To ensure services are provided equitably and fairly we recommend that local authorities and the Welsh Government clarify policy expectations in plain accessible language and set out:</p> <ul style="list-style-type: none"> <li>- what Direct Payments can pay for</li> <li>- how application and assessment processes, timescales and review processes work</li> <li>- how monitoring individual payments and the paperwork required to verify payments will work</li> <li>- how unused monies are to be treated and whether they can be banked</li> <li>- how to administer and manage pooled budgets. Public information should be reviewed regularly (at least every two years) to ensure they are working effectively and remain relevant</li> </ul>	<p>Policy expectations are set out in the Direct Payments Agreement document.</p>
	<p>To effectively manage performance and be able to judge the impact and value for money of Direct Payments, we recommend that local authorities and the Welsh Government:</p> <ul style="list-style-type: none"> <li>- Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence.</li> <li>- Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement.</li> </ul>	<p>Local authorities in Gwent are undertaking a project to look at the Direct Payment process across the region. This includes looking at sharing practice, procedures and policies, across the region to strengthen the Direct Payment process.</p> <p>Performance metrics on Direct Payments are provided annually to Welsh Government.</p>

### Appendix 3

#### Closed Audit Wales Proposal for Improvement

Report	Audit Wales review of Asset Management – November 2017		
<p>Audit Wales Proposals</p>	<p>The Council’s asset management arrangements could be strengthened by:            Developing and delivering a long-term sustainable strategy for its assets based on a thorough assessment of needs, costs and benefits supported by:</p> <ul style="list-style-type: none"> <li>○ short, medium and long-term performance indicators;</li> <li>○ embedded governance arrangements to support the strategic management of assets;</li> <li>○ IT asset management systems which integrate more effectively with other systems to facilitate better information capture and use; and</li> </ul> <p>Utilising information arising from stakeholder consultation and engagement including what the Council has learnt about its experience of its community asset transfers to better inform its decision-making.</p>	<p>Status</p>	<p>Closed</p>
<p>What progress have we made</p>	<p>A five-year Asset Management Strategy was developed, which ran concurrently with the council’s five-year Corporate Plan. This will undergo a review later this year in line with the development of a new Community and Corporate Plan. The associated Asset Management Plan is reviewed annually, and supported by the service business plan, both of which contain relevant performance indicators. Both plans are updated on a quarterly basis, in line with the council’s service business planning principles.</p> <p>Further recommendations related to Asset Management have been made in the Audit Wales Springing Forward – August 2022 report. An update on these is provided in the ‘open’ recommendation’ sections. The Council’s further action related to the proposal on the IT asset management system has been incorporated within the response to these recommendations.</p>		