

SUBJECT	Audit Wales Work Programme: Council Progress Update
MEETING:	Governance and Audit Committee
DATE:	29th April 2024
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

- 1.1 To provide the committee with an update on the council’s progress against the Audit Wales Work Programme up to April 2024 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 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 its well-being objectives.
- 3.2 This report provides an update on the progress being made by the council in 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 Community and Corporate Plan, enabling strategies, the Whole Authority Strategic Risk Assessment and the Medium-Term Financial Plan.
- 3.3 As well as local work at each council, Audit Wales 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. 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 area’s actions in response to the study.

- 3.4 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.
- 3.5 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 2022/23. The Audit Wales work programme and timetable update from December 2023, previously shared with the committee, provides an update on the work of Audit Wales, Estyn and Care Inspectorate Wales. 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.
- 3.6 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 recommendations to secure the improvements required.

5. RESOURCE IMPLICATIONS

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

6. CONSULTEES

Individual audit report responsible officers
Deputy Chief Executive

7. BACKGROUND PAPERS

Audit Wales Audit Plan 2023/24
Audit Wales work programme and timetable update – quarter 3, December 2023

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.		
Context	<p>Councils across the UK are continuing to face significant financial challenges. It is widely acknowledged that local government funding has not kept pace with increased service demand and inflationary pressures. The Council has seen continuing financial headwinds which are severely impacting the service operating environment. The Inflationary drivers impacting pay and supplies and services continue to far outstrip available resources. These include demand led pressures in the areas of Homelessness, Social Care, Children’s additional learning needs, and Transport; a shortage of staff resources due to ongoing labour market challenges; supply chain issues which require more costly alternative or expedited arrangements; the continued cost of living crisis. This will be further exacerbated over the medium term by a weak growth forecast in the UK economy impacting on public sector spending, and by heightened interest rates that will impact housing costs as we move through the year. All the aforementioned results in a growing need for supportive Council services, a reduced demand for income generating services, increased risks around debt recovery, and a continued high-cost operating environment.</p>		
	<p>Cabinet published their budget setting process and timetable in November 2023. This highlighted an initial budget gap of £14.4m, which was made up of gross expenditure pressures of £22.7m or 10%, offset by modelled increases in funding of £8.3m or 4% of increased Welsh Government grant, Council tax and fees and charges for services. This is the second successive year that the Council has needed to tackle gross expenditure pressures of £20m+. Whilst the Council in the past has regularly dealt with financial challenges in the order of £5m - £10m in an annual planning cycle, the scale of the pressure for 2024/25 is challenging. This is paired with a challenging budget cycle for the 2023/24 financial year; this is being mitigated through a budget recovery action plan that is mitigating significant underlying service pressures and strengthened governance arrangements including the introduction of the Financial Management Board.</p>		
	<p>Despite setting a balanced budget for 2024/25, there remains some risk as a result of a dynamic financial situation. The key risks remaining to be assessed and managed in 2024/25 are: the deliverability of budget savings proposals; continued service demand pressures in children’s social services, additional learning needs provision and homelessness; late notification of grant funding streams being removed or reduced; the risk of pay awards being greater than modelled budget assumptions and not being fully funded by UK and Welsh Government; uncertainty around UK Government funding of increased employer pension contributions. Further work will be undertaken to develop the medium-term strategy and</p>		

	plan that will include an ongoing assessment of pressures, risks and modelling assumptions along with a clear plan and approach to address the budget shortfalls forecast.			
Planned actions	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	Deputy Chief Executive June 2024	A Medium-Term Financial Strategy, which aligns with the commitments set out in the Community and Corporate Plan, will be presented to Council for approval in June. This will be accompanied by an outline Medium-Term Financial Plan that will be developed throughout coming months to inform the 2025/26 budget setting process and medium-term financial planning.
	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.	Deputy Chief Executive March 2024	The 2024/25 budget was approved by Council in February 2024. These proposals were developed in alignment with the development of a more robust Financial Strategy and Medium-Term Financial Plan, which will be presented to Council in June. 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	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:	Status	Open

	<ul style="list-style-type: none"> • takes account of longer-term trends that may affect service provision and the efficient use of assets and workforce. • sets out its intended outcomes over the short, medium and longer term. • takes account of how the strategies impact on the objectives of other organisations in the county and regionally. • 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. • collaborates with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate 		
	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.		
	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.		

	Desired Result	Action	Responsible Officer & Timescale	Progress so far
Planned actions	To place the sustainable development principle at the heart of considerations.	To develop a new set of enabling strategies that will facilitate the delivery of the Community and Corporate Plan.	Deputy Chief Executive June 2024	The Community and Corporate Plan 2022-28 was approved by Council in April 2023. This sets out the six Well-being Objectives of the Council. The enabling strategies that align with and facilitate the delivery of the plan are currently under development. The Procurement and Asset Management Strategies have already been approved; the Financial Strategy will be presented to full Council in June. The others, including digital and people, will follow in June and be subject to decision at Cabinet. An Audit Wales review into the well-being objective setting process at

				<p>Monmouthshire found that the council set its Well-being Objectives in accordance with the sustainable development principles and that we are aligning our key strategies and business plans to support the delivery of these objectives. We will ensure that the sustainable development principles are also embedded when developing our enabling strategies.</p>
	<p>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.</p>	<p>To review the Asset Management Plan, including considering opportunities for collaboration and establishing mechanisms to evaluate delivery.</p>	<p>Deputy Chief Executive</p> <p>Ongoing</p>	<p>The Asset Management Strategy was approved by Council in January 2024. The Asset Management Strategy is supported by an Asset Management Plan which outlines the actions to be undertaken in accordance with the strategy, and is subject to annual review.</p> <p>Both the strategy and plan will consider any further opportunities for collaboration or partnership working. They establish the assessment criteria under which property performance will be assessed. The Asset Management Plan includes the agreed actions and objectives relating to the land and property functions and portfolios, including the governance arrangements under which the Investment Portfolio will continue to be monitored and evaluated. The Asset Management Plan will be reviewed annually to ensure it continues to provide the appropriate assurance that value for money and best consideration is being achieved.</p>

		To review the People Strategy, including considering opportunities for collaboration and establishing mechanisms to evaluate delivery.	Chief Officer People, Performance and Partnerships June 2024	A refreshed People Strategy is currently being developed and will be subject to staff engagement in April before being presented to Cabinet in June. This will ensure that it is aligned with the Community and Corporate Plan. The strategy will consider opportunities for collaboration or partnership working. Mechanisms to evaluate the delivery of the strategy will be established, including milestones and performance measures where relevant.
	Clarity over the Council's approach to the use of its assets to support robust decision making.	Replace the current asset management 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 January 2025	Work in ongoing to replace the current asset management IT system. A project team has been created and specification finalised for the procurement of a new, more effective asset management system which will incorporate the Financial Asset Register. The new system will also provide efficiencies and improvements in health and safety compliance monitoring. Procurement and implementation of the new system has been delayed as a consequence of long-term staff sickness and capacity pressures, but recruitment to vacant support posts is ongoing to accelerate the implementation of the system (targeted January 2025).

Appendix 2

Audit Wales national studies published since last update

Report	Sustainable development? – making best use of brownfield land and empty buildings (January 2024)
Outline of the Review	<p>Sustainability is central to Welsh planning policy. With greater levels of demand being placed on natural resources, national and local government need to balance addressing demand with environmental protections to help reduce the impact of the climate crisis. This is challenging. Once developed, land is unlikely to ever be converted back to greenfield use and its loss can devastate natural habitats. For agricultural land, there is also an impact on food production and its associated employment. Consequently, the Welsh Government promotes the use of previously developed land (also known as brownfield) and repurposing of empty buildings, wherever possible. However, brownfield sites can be more difficult to remediate. When building on a brownfield site, there is likely to be a higher risk of barriers when compared to a greenfield site. Where sites are in former industrial areas contamination and potential remediation costs can make cost a barrier, even if the site is served by infrastructure, such as roads or utilities.</p> <p>This report examines how Welsh councils are supporting and encouraging repurposing and regeneration of vacant properties and brownfield sites into homes or for other uses. Audit Wales focus on the barriers facing councils and their partners, but also highlight opportunities to learn from elsewhere. The full report can be found here.</p>
Audit Wales Summary	<p>Audit Wales looked to answer the question ‘are local authorities doing all they can to support and encourage vacant, non-domestic properties and vacant brownfield sites being repurposed into homes or for other uses?’. They found that, despite notable amounts of brownfield developments being delivered by councils, regeneration could be increased significantly with a more systematic, interventionist, and collaborative approach. By drawing on successful approaches elsewhere and more focused planning, councils could be better equipped to overcome significant barriers.</p> <p>In reaching their conclusion, they found that councils have a broad but not comprehensive understanding of the built environment and potential for regeneration; while some regeneration is being delivered, the focus is still on ‘easier’ to achieve projects and councils are not always taking an ambitious, interventionist approach to tackle long-standing barriers; councils are able to name barriers to brownfield regeneration and repurposing of empty buildings but are not utilising learning from elsewhere to overcome them; and finally, that it is challenging to measure progress in delivering brownfield regeneration due to weaknesses in data and its management.</p>

	Recommendations	Response	Responsible officer & timescale
Management Response	<p>To enable stakeholders to assess potential sites councils should create a systematic process to find and publicise suitable sites for regeneration:</p> <ul style="list-style-type: none"> • this should draw on data already held by councils, as well as external data sources to develop a composite and more complete picture of sites; and • where known, key barriers should be named to help efforts to overcome them. 	<p>The council has a planning policy framework in place that supports and enables the development of brownfield sites. There is also a regeneration team in place who are able to support those who are interested in developing brownfield sites.</p> <p>Given the rural nature of the county, there are naturally less brownfield sites available for development compared with our neighbouring counties. Implementing a systematic process to identify and publicise brownfield sites available for regeneration is something that we are open to. However, given the limited number of brownfield sites within the County, there is no requirement to put this in place at this time. The Council has full knowledge of these limited sites and are able to share them with stakeholders at any given time.</p>	<p>Head of Planning, Placemaking, Highways and Flooding & Regeneration Manager</p> <p>Ongoing</p>
	<p>To help ensure that regeneration activity and the shaping of the environment is informed by the needs of communities Councils should increase opportunities for community based involvement in regeneration, both in plan-making and actual development.</p>	<p>The Council has and continues to regularly involve communities in its development of the county. We have engaged with stakeholders throughout our development of the Replacement Local Development Plan and various Placemaking Plans for our towns; we are committed to working with our communities to understand their needs and aspirations, and also to identify where there are challenges. This engagement work is enabling our communities to shape the future of our county.</p>	<p>Head of Planning, Placemaking, Highways and Flooding & Regeneration Manager</p> <p>Ongoing</p>

	<p>To provide focus and impetus to developing brownfield sites Councils should review their current regeneration approaches and where appropriate set clearer, more ambitious regeneration policies and targets. Together these should:</p> <ul style="list-style-type: none"> • set out the approach and expectations of the council; • set out how their approach will be resourced; and • set out how the approach aligns with national policy goals and regional planning priorities. 	<p>The council has a planning policy framework in place that enables and supports the development of brownfield sites. There is also a regeneration team in place who are able to support those who are interested in developing brownfield sites. The actions, resources and alignment of the council's planning activity with wider policy and priorities is reviewed and updated quarterly within their service business plan.</p>	<p>Head of Planning, Placemaking, Highways and Flooding & Regeneration Manager</p> <p>Ongoing</p>
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