



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2014-15

Caerphilly County Borough Council

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Non Jenkins, Allison Rees and Martin Gibson under the direction of Alan Morris and supported by the work of PricewaterhouseCoopers.

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The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

Contents

Summary report	4
Purpose of this report	4
2014-15 performance audit and inspection work	5
Based on the work of the Wales Audit Office and relevant regulators, the Auditor General considers that the Council is likely to comply with the requirements of the Local Government Measure during 2015-16	7
Headlines – a summary of key findings	8
Recommendations	10
Detailed report	12
Use of Resources	13
Governance	15
Performance	22
Appendices	
Appendix 1 – Status of this report	29
Appendix 2 – Audit of Caerphilly County Borough Council's 2014-15 Improvement Plan	30
Appendix 3 – Audit of Caerphilly County Borough Council's assessment of 2013-14 performance	32
Appendix 4 – Annual Audit Letter	34
Appendix 5 – National report recommendations 2014-15	37
Appendix 6 – Information about the Council's income, expenditure and staffing levels	42

Summary report

Purpose of this report

- 1 Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of Welsh councils, fire and rescue authorities, and national park authorities, and to assess whether each authority will meet statutory continuous improvement duties¹. This work has been undertaken on behalf of the Auditor General by staff of the Wales Audit Office. **Appendix 1** provides more information about the Auditor General's powers and duties in local government.
- 2 In addition, the Auditor General undertakes an in-depth corporate assessment at each authority on a cyclical basis (currently at least once every four years). In the intervening years, in addition to audits of improvement planning and reporting, the Wales Audit Office audit team, on behalf of the Auditor General, will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each authority.
- 3 This Annual Improvement Report (AIR) summarises the audit work undertaken at Caerphilly County Borough Council (the Council) since the last such report was published in May 2014. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner. Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 4 Taking into consideration the work carried out during 2014-15, the Auditor General will state in this report whether he considers that the Council is likely to make arrangements to secure continuous improvement for 2015-16.
- 5 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 6 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@audit.wales or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

¹ Duties and requirements contained within the Local Government (Wales) Measure 2009 (the Measure).

2014-15 performance audit and inspection work

- 7 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including the Council's own mechanisms for review and evaluation. For 2014-15, we undertook improvement assessment work under three themes: use of resources; governance; and performance.
- 8 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below:

Project name	Brief description	Dates when the work was undertaken
Delivering with Less – Environmental Services	Review of the impact of cuts in resources on environmental services.	November 2013 to January 2014
Welfare Reform	Review of arrangements to manage the impact of welfare reform.	December 2013 to March 2014
CSSIW National Inspection: Safeguarding and Care Planning of looked after children and care leavers, who exhibit vulnerable or risky behaviours	Assessment of the quality of Safeguarding and Care Planning.	January to May 2014, published in August 2014
Arrangements to support safeguarding of children	Review of the Council's governance and management arrangements to provide assurance that children are safeguarded and that any concerns can be highlighted effectively and efficiently.	March to May 2014, published in October 2014
Wales Audit Office Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives.	June 2014
Wales Audit Office Financial Position Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings.	July to September 2014

Project name	Brief description	Dates when the work was undertaken
Audit of the Council's Accounts	Audit to ensure that the Council's accounts are prepared in accordance with the appropriate guidance and present a true and fair view of the Council's financial position and transactions for the year ending March 2014.	July to September 2014
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment, including testing and validation of performance information.	October 2014
Data Quality Review	Review of the Council's data quality arrangements.	October 2014
CSSIW Annual Review and Evaluation of Performance 2013-14	An evaluation of the key areas of progress and areas for improvement in the Council's Social Services for the year 2013-14.	October 2014
Corporate Governance Inspection follow-up	Review of the Council's progress in addressing the recommendations made in the Corporate Governance Inspection published in January 2014 and the two Reports in the Public Interest published in March and September 2013.	October to December 2014
Sustainability of Social Services	Gwent-wide review, undertaken with CSSIW, of the sustainability of Social Services considering performance, management, and revenue expenditure over multiple years.	April 2014 to January 2015
Welsh Language Commissioner	Response to the Council's 2013 14 Annual Monitoring Report on its Welsh Language Scheme.	February 2015

Based on the work of the Wales Audit Office and relevant regulators, the Auditor General considers that the Council is likely to comply with the requirements of the Local Government Measure during 2015-16

- 9 The Auditor General has reached this conclusion because:
- a The Council has responded swiftly and effectively to address most of the recommendations made in our Special Inspection Report issued in January 2014². Improvements have been made to the Council's governance arrangements.
 - b The Council has good financial management arrangements in place with a prudent approach that has delivered a surplus on its budget each year. The financial outlook for the Council is challenging but it is addressing areas for improvement to help deliver its future savings plans.
 - c The Council has an interim chief executive in post who is clear of his objectives and priorities for the Council. The interim responsibilities of members of the Corporate Management Team have been reviewed and changed, and are considered by the Council to be more logical and manageable.
 - d Social Services has built on its previous good performance and explored opportunities to further develop services to reflect local need and respond to national legislative change.
 - e Estyn has not identified any significant concerns about the Council over the past 12 months and continues to work closely with the Council to monitor and challenge the performance of all education services for children and young people in the area.
 - f The Council complied with its improvement planning and reporting duties under the Measure.
 - g The Appointed Auditor issued an unqualified opinion on the Council's accounting statements stating that they present a true and fair view of the Council's financial position and transactions.
- 10 However, we have identified some key areas where further improvement is needed. This includes the need to address: the effectiveness of scrutiny, internal audit, and the more strategic aspects of Human Resources (HR) and workforce planning; and to develop the Council's self-evaluation arrangements.

- 11 Court proceedings and disciplinary investigations are continuing in relation to the issues about senior pay identified in the Report in the Public Interest issued in March 2013³. Consequently, a degree of uncertainty remains at the Council until these proceedings are concluded.
- 12 That said, over the past two years the Council has demonstrated that despite this uncertainty it has continued to deal with normal business, and responded to increasing financial challenges. However, we are aware that the Council is now facing challenges in relation to the delivery of its leisure and waste services. We will assess the progress made by both services as part of our 2015-16 performance audit work at the Council.

Headlines – a summary of key findings

- 13 The table below summarises the key findings of reports issued since the last AIR by the Wales Audit Office, the CSSIW, and the Welsh Language Commissioner.

Audit of accounts	The Appointed Auditor issued an unqualified opinion on the Council's financial statements on 30 September 2014, stating that they presented a true and fair view of the Council's financial position and transactions – September 2014.
Improvement planning and reporting audits	We issued audit certificates stating that the Council had discharged its duties under the Local Government Measure (see Appendices 2 and 3).
Use of resources	<p>The Council had good financial management arrangements in place and recognised that it needed to address some areas for improvement to help deliver its future savings plans.</p> <p>The Council had a good track record of operating within its budget and had developed a framework to monitor the delivery of its proposed savings in 2014-15.</p> <p>The Council's future plans and arrangements to deliver savings were adequate and improvements were being implemented.</p> <p>Wales Audit Office – May 2015.</p>

³ [Audit of Accounts 2012-13 Report in the Public Interest](#)

Governance

The Council had made good progress in addressing most of the recommendations from the Special Inspection report and Public Interest Reports but still needs to further improve other aspects of its governance arrangements.

Wales Audit Office – January 2015 full report available at www.audit.wales

The Wales Audit Office reported on the Council's arrangements to support safeguarding of children in October 2014.

The governance, accountability and management arrangements for overseeing whether the Council is meeting its safeguarding responsibilities to children had some weaknesses which the Council is addressing.

The Council's arrangements for monitoring and evaluating its safeguarding responsibilities to children had some weaknesses which the Council must address.

The Council's approach to identifying and acting on improvements in its safeguarding arrangements had some weaknesses which the Council was addressing.

Wales Audit Office – October 2014.

Performance

Most of the Council's environmental health services were performing well but due to cuts in resources the Council will find it difficult to fulfil new statutory duties to protect the public and the environment in the future – December 2014.

The Council had committed most of its Discretionary Housing Payments allocation but because of weaknesses in its management and monitoring of funds, it was not clear if those in the greatest need are receiving help.

Wales Audit Office – January 2015.

The Council had further improved its data quality arrangements.

Wales Audit Office – October 2014.

Caerphilly Social Services built on its previous good performance and explored opportunities to further develop services to reflect local need and respond to national legislative change.

CSSIW Annual Review and Evaluation of Performance 2013-14 – October 2014. Full report available at www.cssiw.org.uk.

CSSIW undertook a National Inspection of safeguarding and care planning for looked after children and care leavers, who exhibit vulnerable or risky behaviour.

CSSIW August 2014. Full report is available at www.cssiw.org.uk.

Performance (continued)

The Council was considering how to use financial and performance data from our Social Services Sustainability work across the five Gwent councils to plan for future social services provision.

Wales Audit Office – February 2015.

The Welsh Language Commissioner commented in February 2015 that the Council had taken steps to improve the use of Welsh in the workplace but had made slow progress to increase the bilingual content of their website.

www.comisiynyddygydraeg.org

Estyn did not undertake any specific reviews at the Council this year, but continues to monitor and challenge the Council's education services.

Recommendations

- 14 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - b make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - c conduct a special inspection and publish a report and make recommendations; and
 - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 15 Formal recommendations made by the Auditor General during the course of the year are set out below. Authorities must prepare a response within 30 working days of receiving them. Lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor both the Auditor General's recommendations and proposals for improvement during the course of our improvement assessment work.

Recommendations

R1 The Council should take a lawful decision on the annual leave and essential car user allowances.
This recommendation was made in January 2015 and was contained in our report on the Follow up of the Special Inspection and Reports in the Public Interest. A lawful decision on the buy-out of the essential car user and annual leave allowances was taken by the Council on 27 January 2015.

- 16 The Auditor General also makes recommendations that may be relevant to councils in his Local Government National Reports. A list of relevant recommendations contained in reports issued in 2014-15 can be found in [Appendix 5](#).
- 17 Recommendations made by the CSSIW during the course of the year are set out below.

CSSIW recommendations

The Council should:

- R1 Develop the commissioning strategy for older people.
- R2 Interrogate the reasons for delayed discharge and put in place strategies to monitor and improve the progress of this.
- R3 Continue to develop methods for supporting and developing skills of foster carers.
- R4 Examine factors contributing to the rise in children placed on the child protection register.
- R5 Continue to develop outcome measures for new services.
- R6 Continue to develop method/frameworks for quality review.
- R7 Continue to develop mechanisms to improve corporate oversight.

Detailed report



Use of resources

- 18 Information on the Council's income, expenditure and staffing levels is set out in [Appendix 6](#).

Audit of the Council's accounts

- 19 On 28 November 2014 the Appointed Auditor issued an Annual Audit Letter to the Council. The letter summarised the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Appointed Auditor issued an unqualified opinion on the Council's accounting statements stating that they present a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.

The Council had good financial management arrangements in place and recognised that it needed to address some areas for improvement to help deliver its future savings plans

- 20 In May 2015 the Wales Audit Office reported that the Council had a good track record of operating within its budget. Historically, savings were identified and achieved before the start of the year and a framework had been developed to monitor the delivery of the 2014-15 savings proposals.

The Council had a good track record of operating within its budget and had developed a framework to monitor the delivery of its proposed savings in 2014-15

- 21 The Council delivered a surplus on its budget in each year between 2011-12 and 2013-14. The Council takes a forward looking approach to identify its savings requirements, allowing it to do so in a planned and measured way. Budgets had been set taking into account the level of savings already identified and achieved in prior years. As such, until 2014-15, there had been no unachieved savings to monitor.
- 22 In 2013-14, there had been a number of savings to be achieved during 2014-15, rather than being brought forward as a saving in advance from the preceding year. The Council was developing a framework to regularly monitor and report the delivery of savings. Financial targets had been allocated for each individual saving identified, along with a risk assessment based on impact and likelihood of success. Progress made against the savings targets was monitored and reported to Members together with the regular budget monitoring reports.
- 23 The Council had historically determined that it would hold General Funds of approximately £10 million in reserve. In the final accounts for 2013-14, the general fund balance was £16 million as at 31 March 2014 and total usable reserves were £97 million. It had not needed to use its General Reserves to offset service overspends.

The Council's future plans and arrangements to deliver savings were adequate and improvements were being implemented

- 24 The Council had a corporate framework in place for financial planning and demonstrated adequate financial management and control. However, the Council's priorities and improvement objectives were not explicitly considered in determining the Council's savings. The Council recognised that the level of savings required was such that there would need to be more effective prioritisation of services going forward. This prioritisation needs to take into account the priorities and improvement objectives agreed in the Council's Corporate Plan.
- 25 Whilst the Council had a good track record of operating within its budget, the Council recognised that its current approach to delivering savings may no longer be sustainable. The Council had estimated that it will need to achieve savings of £39 million over the next three years.
- 26 The Council had set out its draft savings proposals for 2015-16, following a series of special scrutiny committee meetings to consider the proposals. As part of these proposals, the Council proposed to maximise the use of any 'excess' General Fund balances for Capital/Invest to Save Schemes rather than to use its reserves to offset savings requirements in the short term.
- 27 At the time of our field work the Council had been developing a new framework to monitor savings. We advised that separate monitoring of the performance of savings plans, particularly where recurrent savings were required, would become increasingly important. This monitoring would also enable the Council to evaluate and learn from those savings plans that were met in full and those that were not. Without explicit monitoring of savings, the achievement of a balanced budget may mask failure to deliver agreed savings, particularly if there are one-off factors that were not part of the savings plan, but which reduce net spending. For example, achievement of a balanced budget may be due to a one-off underspend rather than the achievement of a savings plan.
- 28 Since completing our field work the Council has told us that budget monitoring reports are now presented to scrutiny committees and include information on:
 - a the progress that service areas have made on achieving their savings proposals for that financial year;
 - b savings proposals that have and have not been achieved; and
 - c where underspends are 'one-off' in nature.

Governance

The Council made good progress in addressing most of the recommendations from the Special Inspection report and Reports in the Public Interest but still needs to further improve other aspects of its governance arrangements

The Council implemented most of our recommendations

- 29 The Council addressed the majority of our recommendations made in our Special Inspection report issued in January 2014⁴ on the Council's corporate governance arrangements and the recommendations made in the two Reports in the Public Interest on setting chief officers' pay⁵ and essential car user and annual leave allowances⁶. There were clear plans with timetables to address the small number of outstanding actions.
- 30 The Council clarified and reinforced governance and decision-making roles. It provided training to members and officers on governance and decision-making powers and it was evident that there was greater awareness of and adherence to the rules and regulations.
- 31 The Improving Governance Programme Board continued to be effective in driving the implementation of the Council's Improving Governance action plan. It continued to report regularly to members.
- 32 The Council strengthened its procurement policies and procedures and the profile and role of the procurement function were enhanced. Similarly, the Council strengthened risk management arrangements at both a corporate and service level and improved the format of the risk register.

The Council has now taken a lawful decision on the annual leave and essential car user allowances

- 33 At the time of publishing our Special Inspection follow-up report, the Council had not taken a lawful decision on the annual leave and essential car user allowances. We advised the Council to address this as soon as possible, which it did in January 2015.

⁴ Caerphilly County Borough Council – Special Inspection 2013-14

⁵ Audit of Accounts 2012-13 Report in the Public Interest

⁶ Chief Officer Essential Car User and Annual Leave Allowances – Report in the Public Interest

Completion of some outstanding areas was due in the next few months

- 34 At the time of our Special Inspection follow-up in December 2014, work was underway by the Council to address the outstanding recommendations. Many of these outstanding recommendations were due to be implemented in the next three to four months. Roles and responsibilities for whistle-blowing procedures are now clearer and, in November 2014, the Council adopted a new whistleblowing policy adapted from guidance provided by the whistleblowing charity: Public Concern at Work'. Webcasting of Council meetings was implemented in March 2015. Electronic voting also went live at the Council meeting in January 2015. However, due to technical problems, this technology was suspended part way through the meeting and the Council reverted to voting by a show of hands. Electronic voting is now being reconsidered. In the meantime, the minutes of the Council meetings will record if a decision is carried unanimously, the number of councillors voting against the motion and the number of those abstaining.

More work was required to improve scrutiny, internal audit, and self-evaluation; and to develop a human resources strategy and workforce planning

The effectiveness and impact of scrutiny were mixed and its role needs to be clarified

- 35 The majority of actions contained within the Council's Scrutiny Improvement action plan had been fully or partly completed. It was evident that procedural changes to the way scrutiny meetings were conducted had been fully implemented. Further training had also been provided to members. The level and quality of challenge posed by Scrutiny members had improved in the last year. Scrutiny members were still keen to develop their roles. The Council was participating in the Gwent Scrutiny Challenge programme facilitated by the Centre for Public Scrutiny.
- 36 However, many of the officers we interviewed told us that the effectiveness of scrutiny was limited and its role had become confused. Our observation of two scrutiny committees supported these views. Meetings were very long and the agendas lack focus. It was not always clear why items were being considered or how these topics related specifically to the role of scrutiny.
- 37 The Council needed to improve the prioritisation of agenda items so that members are able to focus on the Council's priorities and areas where they would have the greatest impact. A prioritisation matrix had been drafted to help better manage the Scrutiny Committees' work programmes. It is important that this matrix is used consistently across all Scrutiny Committees.

- 38 On the whole, members felt that the standard of officer reports was good. Performance information is discussed and challenged regularly at Scrutiny Committees. We understand the Council is reviewing what performance information should be considered by Scrutiny Committees.
- 39 There have been special scrutiny committees to consider the savings required to meet the budget shortfall. Task and finish groups have also been used in the past. The Council would benefit from using task and finish groups more frequently to review specific issues in more depth.
- 40 The Council provided further training on risk management to members of the Audit Committee. This essentially repeated the introductory training session undertaken last year. It had not been 'enhanced' training as our recommendation advised. The Council considered that the Audit Committee needed to put this training into practice. Further training needs would then be determined after the next member training needs analysis was undertaken. There was no ongoing programme of training and the Council needed to ensure that such a programme was put in place and implemented.

The Council had begun to address aspects of our recommendations to improve Internal Audit but it lacked a robust action plan to ensure it could keep track of progress

- 41 The Council had updated its Internal Audit Charter and put an Internal Audit Strategy in place, following consultation with the Audit Committee. The key challenge facing the Council was to ensure that these were now translated into practice.
- 42 Internal Audit was clearer about the improvements that were needed. The Internal Audit Plan included reviews on more strategic and broader operational risks, such as the Welsh Housing Quality Standard, but its predominant focus remained on financial areas.
- 43 The Council had not yet assessed itself against the Public Sector Internal Audit Standards that came into effect in April 2013. However, we were advised that there were plans to do this as part of an exercise with neighbouring councils in 2015. A review of Internal Audit working papers found that there was continued scope for improvement in terms of the level of review and the quality of documentation.
- 44 The Council lacks a robust action plan to drive the improvements suggested in our Special Inspection report, which would enable regular monitoring of progress by officers and members. Consequently, there is a risk that the Council could lose sight of the need to continue to improve Internal Audit.

The Council had not realised the benefits of the strategic aspects of human resources and workforce planning although significant progress had been made in developing human-resources-related policies to facilitate the implementation of the Council's medium-term financial plan

- 45 In terms of HR, the Council's focus over the past 12 months had been on developing and agreeing a range of workforce tools and policies that would help the Council to achieve the level of savings needed in line with its Medium Term Financial Plan (MTFP). These included policies on voluntary severance, compulsory redundancy and early retirement.
- 46 However, the Council still did not have an agreed HR strategy and implementation plan or an integrated workforce plan, despite our recommendation to do this three years ago, which was reinforced in the Special Inspection report last year. Senior officers needed to agree on the purpose and benefits of an HR strategy and workforce plan, particularly given the uncertainty of the future shape of the organisation. There had been a lack of corporate drive to ensure these were developed.
- 47 A workforce planning toolkit had also been developed to be used in conjunction with HR for those areas with the most pressing workforce issues. Workforce planning was also considered at both senior and operational levels to help meet the challenges facing the Council as a result of budget reductions. However, this workforce planning information had not been analysed or consolidated into a corporate document which the Council could use to inform its strategic planning.
- 48 Although officers felt that the lack of an HR strategy and workforce plan had not hindered planning, the pressures facing the Council are such that it is now more important than ever to have a robust HR strategy and action plan to ensure that resources are planned and utilised effectively.
- 49 To date, the Council had managed to avoid significant compulsory redundancies through vacancy management, natural wastage and redeployment. Nevertheless, the Council recognised that workforce transformation was needed to achieve the estimated £39 million of savings over the next three years. To achieve this transformation, strategic workforce planning will need to go hand in hand with reviewing service delivery. Effective workforce planning can result in substantial savings and can also bring other gains: a more agile workforce that is focused on delivering the best services for citizens and is in the best position to take advantage of the eventual economic upturn.

The Council had taken a measured approach to implementing self-evaluation but it had yet to agree the purpose of self-evaluation and how it would be used to inform corporate, service and financial planning remain unclear

- 50 The Council did not have a corporate approach to self-evaluation. With assistance from the Welsh Local Government Association (WLGA), the Council developed a set of key principles and five questions, which each service used to provide a self-evaluation. The quality and detail of the completed self-evaluations were variable. There had been no involvement of members in completing the self-evaluations.
- 51 Officers had been unclear about the purpose of doing the self-evaluations. They were not being used to inform the Council's MTFP, for example. Self-evaluations had also been undertaken separately to the service planning process.
- 52 Whilst there was a lack of clarity about the way forward, we understand that a new revised self-evaluation template had recently been agreed, which would be integrated into the annual service improvement planning cycle. This template placed greater emphasis on how services compare with others on quality, outcomes, outputs and cost. The Interim Chief Executive and Cabinet Member for Performance Management would also meet with each Director and Head of Service to challenge the self-evaluations.
- 53 The Council's annual assessment of its 2013-14 performance complied with relevant statutory legislation. It was approved by full Council on 7 October and published on the Council's website on 13 October 2014. It provides a balanced assessment of the Council's performance in meeting its improvement objectives for 2013-14. It includes performance against statutory performance indicators as well as relevant local performance measures. Comparative performance against prior-year information is set out where available together with comparisons with other Welsh local authorities. A summary of the Council's collaborative projects is also included.

The Wales Audit Office reported on the Council's arrangements to support safeguarding of children in October 2014

- 54 During the period March to May 2014, we completed a review of the Council's assurance and accountability arrangements for ensuring that safeguarding policies and procedures are in place and are being adhered to. The study examined what the Council itself had done to seek assurance that its arrangements to support safeguarding are effective by reviewing how the Council was discharging its safeguarding responsibilities at all levels: Cabinet, Senior Management Team, Scrutiny and individual officers.

The governance, accountability and management arrangements for overseeing whether the Council was meeting its safeguarding responsibilities to children had some weaknesses which the Council is addressing

- 55 The South East Wales Safeguarding Children's Board covers the five Gwent councils and is the key body for overseeing safeguarding and child protection policy development. The Assistant Director of Children's Services represents the Council on the South East Wales Safeguarding Children's Board. The Council also has its own Learning and Review Group and there is a Corporate Parenting Board in place.
- 56 In May 2014 we reported that the Council did not have a corporate safeguarding policy and used the All Wales Children Protection Procedures. It was assumed that all members of staff were aware of whom they should raise any issues or concerns with; however, there were no corporate documents specifying who this would be. This weakened corporate accountability and assurance arrangements. A separate safeguarding policy was in place for the Education and Life Long Learning Directorate.
- 57 There was no lead cabinet member with specific responsibility for safeguarding, although the Cabinet Member for Social Services was recognised by many as holding these responsibilities. Safeguarding was not included in member role descriptions even though the Council was clear that safeguarding is everyone's responsibility.
- 58 The Council had a number of related improvement objectives including: 'Ensure children and young people who are looked after are supported to achieve their full potential.' There was regular monitoring of progress against these improvement objectives and specific action plans for each improvement objective had been developed.

The Council's arrangements for monitoring and evaluating its safeguarding responsibilities to children had some weaknesses which the Council must address

- 59 A scorecard was produced to report performance against a large number of Children's Services indicators including 10 national and two local safeguarding-related performance indicators. Performance against the key national indicators showed that the Council was performing well. There were no indicators on corporate measures, such as training and recruitment checks.

- 60 There had been no reports presented to the Council's committees specifically on safeguarding, although some other related areas had been subject to scrutiny. Scrutiny committees also received updates against relevant improvement objectives every six months. Reporting to committees with regard to safeguarding was therefore limited.
- 61 Key HR policies had not been updated to reflect key changes in legislation, such as the Disclosure and Barring Services. The Council's recruitment policy was dated 2004. We understand this was now being reviewed. Systems were in place to ensure checks and balances were undertaken and we were advised that HR did not register new starters on the payroll until all appropriate checks had been undertaken.
- 62 In both the Social Services and Education and Life Long Learning Directorates, there was a clear audit trail of all training courses and attendees. However, mandated training on safeguarding was not provided to other services. Safeguarding was not part of the member induction. The Council had no assurance that elected members were adequately trained and supported to deliver this important role.

The Council's approach to identifying and acting on improvements in its safeguarding arrangements had some weaknesses which the Council was addressing

- 63 Mandatory training on data protection was undertaken by staff annually. Mandatory Protecting Information e-learning was launched last year. A report on the outcome of the schools' audits had been presented to Scrutiny. Safeguarding was a key element of the audit.
- 64 There are a number of examples where the Council had improved its arrangements regarding children's safeguarding including the use of social media and transferring records. The Gwent Missing Children Project had identified good practice within education in the Council and was in the process of replicating this across the South East Wales region.
- 65 The Education and Life Long Learning and Social Services Directorates had completed separate Section 28 Children's Act Safeguarding audits and submitted these to the South East Wales Safeguarding Children's Board's Business Manager for review and quality assurance. However, no assessment of corporate arrangements had been completed.
- 66 No internal audit or scrutiny reviews on safeguarding had been undertaken in the last five years.

Performance

Most of the Council's environmental health services were performing well but due to cuts in resources the Council will find it difficult to fulfil new statutory duties to protect the public and the environment in the future

- 67 In October 2014 we reviewed the Council's environmental health services as part of one of our all-Wales studies⁷. The study considered the impact of cuts in resources on the ability of the Council's environmental health services to deliver their statutory obligations. The report identified the following:
- a Since 2011-12 the Council had cut its budget for environmental health by 1.55 per cent and there was a two per cent reduction in the number of staff employed to deliver these services.
 - b The Council's environmental health service was mostly delivering a good or best practice level as judged against the Best Practice Standards.
 - c The Council's environmental health staff were mostly positive about the current standard of environmental health service. However, our public survey found that there was a low awareness of the Council's current performance or future plans.
 - d The Welsh Government was planning significant new legislation that would impact directly on the services provided by councils' environmental health teams. There was concern expressed at the time of our fieldwork by some councillors and Council staff that the introduction of new powers and duties at a time when services were being significantly cut back would prove unworkable.

The Council had committed most of its Discretionary Housing Payments allocation but because of weaknesses in its management and monitoring of funds, it was not clear if those in the greatest need are receiving help

- 68 The Welfare Reform Act 2012 heralds a significant change to the administration and distribution of benefits and will have a major impact on many citizens. In April 2011, the UK Government embarked on a programme of reform, which will culminate with the phased introduction of Universal Credit between October 2013 and 2017. A major focus of the UK Government's plans are changes to Housing Benefit, which are aimed at reducing annual expenditure in the UK by around £2.3 billion. These changes will mean that millions of households in UK will receive less in benefits, creating hard choices for them about how they use their money and manage financially on a day-to-day basis.

⁷ Delivering with less – the impact on environmental health services and citizens, Wales Audit Office, October 2014

- 69 In January 2015, the Auditor General published his report on how well councils are managing the impact of welfare reform changes on social housing tenants in Wales. . The report highlighted four examples of good practice relating to welfare reform in the Council. The report also reviewed the management and use of Discretionary Housing Payments (DHP) by councils in Wales and concluded that the allocation, distribution, administration and use of these payments have significant inconsistencies and weaknesses.
- 70 In addition to the above, our review found that the Council has introduced some good systems to help customers apply for DHP but there are opportunities to further develop and improve these arrangements. For example, the Council has a dedicated page on DHP on its website, that includes comprehensive and useful information about DHP, but this does not provide a link to the Council's DHP policy or clearly set out how DHP monies will be used to help local people in housing need – for instance, homeless people or those social housing tenants affected by the spare room subsidy. The Council is currently consulting on its anti-poverty strategy and extending this strategy to consider the use of DHP in tackling poverty is an option the Council should consider. Since our review, the Council updated and approved its revised DHP Policy in June 2015 and it is available on the Council's website. The Council also approved its anti-poverty strategy on 9 June 2015.
- 71 We found that it is not easy to apply for DHP in Caerphilly. There is no application form available on the Council's website and applicants are notified that they must contact the Council to request an application form be sent to them. The application form focuses on the information the Council requires to make a decision and sets out the supporting information required from applicants. The Council considers that it has a customer focused approach to DHP applications but the evidence we have seen does not support this view. For example, if the Council has not previously seen the customer's bank statement then the Council asks the customer to produce bank statements to support their claim even where the applicant has recently applied for and been awarded Housing Benefit. The Council should consider the evidence it requires on a case-by-case basis to encourage take up.
- 72 The Council monitors the amount of DHP it has spent against the amount of money provided by the Department for Work and Pensions. The Council also monitors how many customers have been assisted and the amount of DHP money available to assist applicants. However, the Council does not monitor the number of landlords assisted to ensure there is good coverage across all sectors and areas, nor does it monitor the impact of its DHP payments and how these resources have helped customers affected by welfare reform and its impact on sustaining tenancies.

- 73 At the end of November 2014, the Council had spent £372,160 (97.4 per cent) of its £382,715 DHP allocation from the Department of Work and Pensions helping 1,193 applicants. It is clear that the Council is maximising the amount of DHP that is paid. However, due to weaknesses noted in paragraph 72, the Council cannot assure itself that it is always paying DHP to the right people, especially those in the greatest need of assistance.

The Council had further improved its data quality arrangements

- 74 Our comprehensive Data Quality Review was undertaken in the summer of 2013 and we reviewed the Council's subsequent actions as part of our follow-up to the Corporate Governance Inspection in the autumn of 2014.
- 75 The Council's central Performance Management Unit had continued to work with services to review and improve data quality arrangements relating to both national and local performance indicators. Definitions were in place for all local measures which related to the Council's improvement objectives. A definition pro-forma was used and work had been undertaken to test adherence to these definitions following weaknesses previously identified in this area at both the Council and other councils across Wales. The Council had made some changes to its measures as a result to ensure these were more appropriate and clearly defined. Reviews and walk-throughs of these new measures had been undertaken by the central Performance Management Unit.
- 76 The process of reviewing and testing national strategic indicators before submission to the Welsh Government had continued. Public Accountability Measures and local measures relating to the Council's improvement objectives were also validated. This provided the Council with the opportunity to identify and rectify any errors before submission and to learn from any errors. A risk based approach was used to identify those measures which would benefit from greater review.

Social Services built on its previous good performance and explored opportunities to further develop services to reflect local need and respond to national legislative change

- 77 The CSSIW reported⁸ that in 2013-14 Caerphilly Social Services built on its previous good performance and explored opportunities to further develop services to reflect local need and respond to national legislative change.
- 78 There were new appointments to the senior management team and the Council achieved permanent appointments to the posts of director and assistant director for both children's and adult services. This had provided a more secure platform on which the department can make progress and develop services.
- 79 The director's report provided a comprehensive picture of the current status of social services in Caerphilly. This included reflection on the previous year's priorities and achievements and areas for development in the year ahead. The report set out how priorities within the Council's single integrated plan align with the Social Services and Wellbeing (Wales) Act 2014 and described how the Council would continue to develop its services to meet the requirements of the Act. This was reflected in the priorities identified for the coming year.
- 80 A review of services had started and there had been a focus on beginning to make the transition to new working arrangements. This included exploration of new ways of working to meet demographic change, future legislative requirements and financial challenges. There was continuing commitment to consolidating and improving the quality of current provision. Consultation about change and development had been undertaken and the Council continued to develop methods for seeking people's views regarding services.
- 81 The report outlined plans for integration of health and social care services in relation to services for older people with complex needs in a general context, as well as specific areas of collaboration highlighted for further development. Links to the corporate policy to support equality and the Welsh language were provided within the report and there was evidence of progress towards meeting the requirements of "More than Just Words", the Welsh Government's strategic Framework for Welsh Language Services in Health and Social Care.
- 82 The director reported that social services managed to end 2013-14 with an under spend of £1.9 million and was planning for further savings of £2.06 million in 2014-15. The Council reported that these savings would be achieved through efficiency savings and a review of discretionary services.

8 Annual Review and Evaluation of Performance 2013-2014, CSSIW, published in October 2014, available from cssiw.org.uk

CSSIW undertook a national inspection of safeguarding and care planning for looked after children and care leavers who exhibit vulnerable or risky behaviour

- 83 During 2014-15 the Care and Social Services Inspectorate Wales (CSSIW) undertook an inspection of safeguarding and care planning of looked after children and care leavers who exhibit vulnerable or risky behaviour. The inspection was carried out as part of the CSSIW national thematic inspection programme. The methodology for the review was undertaken in each local authority across Wales, between January and May 2014. The aim of the national inspection was to assess the quality of care planning across Wales and whether it effectively:
- a supported and protected looked after children and care leavers;
 - b identified and managed the vulnerabilities and risky behaviour of looked after children and care leavers;
 - c promoted rights based practice and the voice of the child;
 - d promoted improved outcomes for looked after children and care leavers; and
 - e promoted compliance with policy and guidance.
- 84 Findings from the individual local authority inspections and the CSSIW national overview report can be found on the [CSSIW website](#).

The Council was considering how to use financial and performance data from our Social Services Sustainability work across the five Gwent councils to plan for future social services provision

- 85 As part of our Social Services Sustainability work across the five Gwent Councils, we produced a document for the Council that presented:
- a future demand for social services in Caerphilly through benchmarking population projections for children and older people; and
 - b a suite of graphical analyses that combined financial and performance data for social services in Caerphilly over multiple years and which also placed Caerphilly within the context of the other 21 Welsh councils.
- 86 There were no recommendations or conclusions from our work as we provided each council with a data pack that displayed the information from a different

perspective and facilitated a Gwent-wide workshop for Directors of Social Services and Directors/Heads of Finance to discuss. We received positive feedback on the output and await to see how Caerphilly uses this approach as part of its internal challenge processes.

Steps had been taken to improve the use of Welsh in the workplace but slow progress had been made in increasing the bilingual content of the website

- 87 The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Welsh Language Commissioner will continue to review Welsh-language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 88 The Welsh Language Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Welsh Language Commissioner outlining its performance in implementing the language scheme. The Welsh Language Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 89 The Welsh Language Commissioner reported that a new intranet portal had been developed to provide resources to assist the use of Welsh in the workplace. There were effective procedures for mainstreaming the Welsh language into the improvement plans of services through the self-evaluation process, and the Welsh language received due consideration in the process of assessing the impact of new policies. Slow progress had been made in increasing the bilingual content of the website. The redevelopment of the website had enabled the Council to set the foundations for stronger central management of content, thus increasing Welsh-language content. An increase in the number of Welsh speakers was reported compared to last year. This was mainly due to improving the process of recording language skills, not because more Welsh speakers had been recruited. Five hundred and seventy-four jobs were advertised during the reporting period. Two (0.3 per cent) posts required that Welsh language skills were essential and 17 (three per cent) as desirable. More than 200 individuals received Welsh-language training, a significant increase on last year. The full report of the Welsh Language Commissioner is available from www.comisiynyddygybraeg.org

The Council's education services continue to be monitored and challenged by Estyn

- 90 Estyn had not undertaken any specific reviews at the Council this year. However, Estyn's Link Inspectors continue to work closely with the authority to monitor and challenge the performance of all education services for children and young people in Caerphilly County Borough.

Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he considers that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Audit of Caerphilly County Borough Council’s 2014-15 Improvement Plan

Certificate

I certify that I have audited Caerphilly County Borough Council’s (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

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.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas
Auditor General for Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business
Non Jenkins, Manager
Jackie Joyce, Performance Audit Lead

Appendix 3 – Audit of Caerphilly County Borough Council’s assessment of 2013-14 performance

Certificate

I certify that I have audited Caerphilly County Borough Council’s (the Council) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

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.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas
Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services
Non Jenkins, Manager
Martin Gibson, Performance Audit Lead

Appendix 4 – Annual Audit Letter

Councillor Keith Reynolds
Leader
Caerphilly County Borough Council
Penallta House
Tredomen Park
Ystrad Mynach
CF82 7PG

Dear Councillor Reynolds

Annual Audit Letter – Caerphilly County Borough Council 2013-14

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 30 September 2014, I issued an unqualified audit opinion on the accounting statements stating that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on 10 September 2014, and an update letter on matters that were outstanding on the day of the Audit Committee issued on 29 September 2014.

Significant adjustments of £74m were made to the statement of accounts in respect of the valuation of property, plant and equipment; both in relation to Council Dwellings and other fixed assets. The adjustments were in relation to both an issue within the fixed assets management system and errors in updating the fixed asset register by the finance department.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report. On balance, I am satisfied that the Council has appropriate arrangements in place. Good progress has been made to address the significant weaknesses identified in the governance procedures and arrangements at the Council referred to in my previous Annual Audit Letter and, in the subsequent Special Inspection report issued in January 2014.

During October and November 2013, the Auditor General undertook a Special Inspection into the corporate governance arrangements at the Council, which included a follow up of the findings of the Appointed Auditor, who issued a Report in the Public Interest in March 2013⁹. The Special Inspection also examined the wider governance issues highlighted in the Auditor General's Annual Improvement Report, published on 10 September 2013¹⁰.

A second Report in the Public Interest on the Chief Officer Essential Car User and Annual Leave Allowances was published in December 2013, relating to issues which occurred in 2012-13¹¹.

Court proceedings and disciplinary investigations are continuing in relation to the issues reported in the Public Interest Reports. The Chief Executive, Deputy Chief Executive and Head of Legal Services have been charged with misconduct in public office in relation to the findings of the first Report in the Public Interest, dated March 2013.

The report on the Special Inspection was published in January 2014¹² and concluded that a combination of a number of weaknesses inevitably led to governance failings at the Council and whilst it is making encouraging progress in improving its governance arrangements, it is too early to conclude whether these improvements can be sustained.

A follow-up review to determine the Council's progress in addressing the Auditor General's recommendations in the Special Inspection report and the recommendations made in the two Public Interest Reports has been undertaken recently. It has noted that good progress has been made in most areas in addressing the recommendations raised. The findings of this follow-up are due to be published in December 2014.

9 Audit of Accounts 2012-13 Report in the Public Interest

10 Annual Improvement Report Caerphilly County Borough Council

11 Chief Officer Essential Car User and Annual Leave Allowances – Report in the Public Interest

12 Caerphilly County Borough Council – Special Inspection 2013-14

I would like to highlight the following specific areas in this letter:

- The financial outlook for the Council remains challenging and financial planning and monitoring arrangements are in place to identify the funding gap and facilitate the savings required.
- The Council had generally good arrangements in place for the production and submission of its 2013/14 grant claims but there is some scope for improvement. In 2012-13, 52 grant claims were certified (34 in 2011-12). 25% of the grant claims certified by PwC in respect of 2012/13 were subject to a qualification letter (21% in 2011-12) resulting in a net adjustment of £682.6k on the total grant claim of £128.6m. Adjustments totalling £683.3k were isolated to two claim forms. 90% of the grant claims were submitted by the Council on time (82% in 2011-12).

I have not yet issued a certificate confirming that the audit of the accounts has been completed as there are a number of matters raised by the public which I am currently considering.

The financial audit fee for 2013-14 is currently expected to be higher than the agreed fee set out in the Annual Audit Outline due to the additional work required in respect of asset valuations.

Yours sincerely

Lynn Pamment (PricewaterhouseCoopers LLP)
For and on behalf of the Appointed Auditor

28 November 2014
cc: Chris Burns, Chief Executive

Appendix 5 – National report recommendations 2014-15

Date of report	Title of review	Recommendation
May 2014	Good Scrutiny? Good Question!	R1 Clarify the role of executive members and senior officers in contributing to scrutiny.
		R2 Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.
		R3 Further develop scrutiny forward work programming to: <ul style="list-style-type: none"> • provide a clear rationale for topic selection; • be more outcome focused; • ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and • align scrutiny programmes with the council's performance management, self-evaluation and improvement arrangements.
		R4 Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.
		R5 Ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes.
		R6 Undertake regular self-evaluation of scrutiny utilising the 'outcomes and characteristics of effective local government overview and scrutiny' developed by the Wales Scrutiny Officers' Network.
		R7 Implement scrutiny improvement action plans developed from the Wales Audit Office improvement study.
		R8 Adopt Participation Cymru's 10 Principles for Public Engagement in improving the way scrutiny engages with the public and stakeholders.

Date of report	Title of review	Recommendation
July 2014	Young people not in education, employment or training - Findings from a review of councils in Wales	R1 Together with partners, map and review expenditure on NEETs services to better understand the resources required to deliver the Framework.
		R2 Clarify their strategic approach to reducing the proportion of 19 to 24 year olds who are NEET as well as their approach for 16 to 18 year olds.
		R3 Focus on young people with significant or multiple barriers to engaging with education, employment or training rather than those who are more likely to re-engage without significant additional support.
		R4 Develop their objectives and targets for reducing the number of young people NEET so that they can be held to account and their work aligns with the Welsh Government's targets and objectives.
		R5 Ensure that elected members and partners fully understand that councils have a clear responsibility for leading and co-ordinating youth services for 16 to 24 year olds.
		R6 Improve the evaluation of the effectiveness and relative value for money of the services and interventions in their area that are intended to reduce the proportion of young people who are NEET.

Date of report	Title of review	Recommendation
October 2014	<p>Delivering with less – the impact on environmental health services and citizens</p>	<p>R1 Revise the best practice standards to:</p> <ul style="list-style-type: none"> • align the work of environmental health with national strategic priorities; • identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and • identify the benefit and impact of environmental health services on protecting citizens. <p>R2 Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.</p> <p>R3 Improve engagement with local residents over planned budget cuts and changes in services by:</p> <ul style="list-style-type: none"> • consulting with residents on planned changes in services and using the findings to shape decisions; • outlining which services are to be cut and how these cuts will impact on residents; and • setting out plans for increasing charges or changing standards of service. <p>R4 Improve efficiency and value for money by:</p> <ul style="list-style-type: none"> • Identifying the statutory and non-statutory duties of council environmental health services. • Agreeing environmental health priorities for the future and the role of councils in delivering these. • Determining an ‘acceptable standard of performance’ for environmental health services (upper and lower) and publicise these to citizens. • Improving efficiency and maintaining performance to the agreed level through: <ul style="list-style-type: none"> – collaborating and/or integrating with others to reduce cost and/or improve quality; – outsourcing where services can be delivered more cost effectively to agreed standards; – introducing and/or increasing charges and focusing on income-generation activity; – using grants strategically to maximise impact and return; and – reducing activities to focus on core statutory and strategic priorities. <p>R5 Improve strategic planning by:</p> <ul style="list-style-type: none"> • identifying, collecting and analysing financial, performance and demand/need data on environmental health services; • analysing collected data to inform and understand the relationship between ‘cost: benefit: impact’ and use this intelligence to underpin decisions on the future of council environmental health services; and • agree how digital information can be used to plan and develop environmental health services in the future.

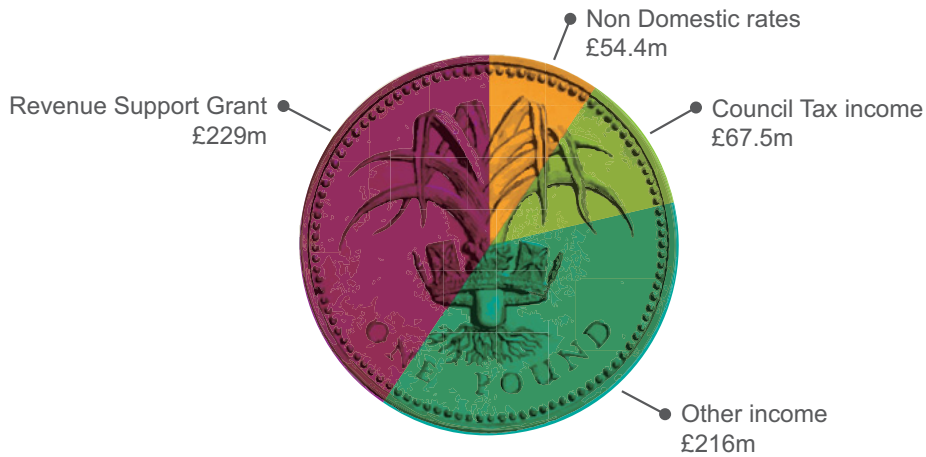
Date of report	Title of review	Recommendation
January 2015	Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales	R1 Improve strategic planning and better co-ordinate activity to tackle the impact of welfare reform on social-housing tenants by ensuring comprehensive action plans are in place that cover the work of all relevant council departments, housing associations and the work of external stakeholders.
		R2 Improve governance and accountability for welfare reform by: <ul style="list-style-type: none"> • appointing member and officer leads to take responsibility for strategic leadership on welfare reform and be accountable for performance; and • ensuring members receive adequate training and regular briefings on welfare reform to be able to challenge and scrutinise performance and decisions.
		R3 Ensure effective management of performance on welfare reform by: <ul style="list-style-type: none"> • setting appropriate measures to enable members, officers and the public to judge progress in delivering actions; • ensuring performance information covers the work of all relevant agencies and especially housing associations; and • establishing measures to judge the wider impact of welfare reform.
		R4 Strengthen how welfare-reform risks are managed by creating a single corporate-level approach that co ordinates activity across the Council and the work of others to provide adequate assurance that all the necessary and appropriate actions to mitigate risk are taking place.
		R5 Improve engagement with tenants affected by the removal of the spare-room subsidy through: <ul style="list-style-type: none"> • the provision of regular advice and information on the options open to them to address the financial impact of the change in their circumstances; • the promotion of the 'Your benefits are changing' helpline; and • the provision of support to tenants specifically affected by the removal of the spare-room subsidy to participate in regional/national employment schemes.

Date of report	Title of review	Recommendation
January 2015	<p>Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales</p>	<p>R7 Improve management, access to and use of Discretionary Housing Payments by:</p> <ul style="list-style-type: none"> • establishing a clear policy or guide that is available in hard copy and online to the public that sets out the Council's policy and arrangements for administering Discretionary Housing Payments; • clearly defining eligible and non-eligible housing costs covered by Discretionary Housing Payments in application forms, policy documentation and applicant guidance leaflets; • clearly setting out the maximum/minimum length of time that such payments will be provided; • setting and publishing the timescale for the Council making a decision on Discretionary Housing Payments applications; • including information within public literature on the Council's policy for right to review or appeal of a decision and the timescales and process to be followed in deciding on these; and • clearly define the priority groups for Discretionary Housing Payments in public literature to ensure that those seeking assistance, and those agencies supporting them, can assess whether such payments are a viable option to address their housing and financial needs.

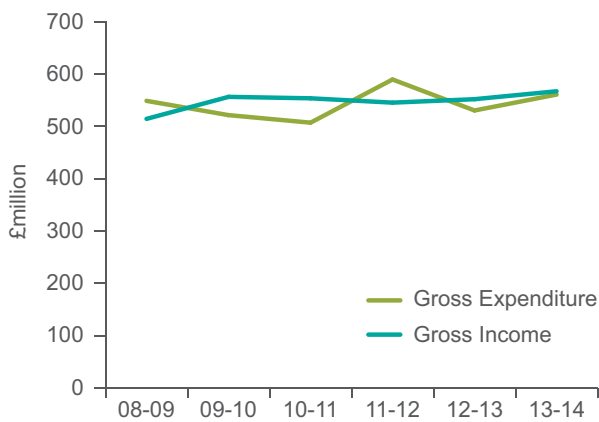
Appendix 6 – Information about the Council's income, expenditure and staffing levels

Graphics for illustrative purposes

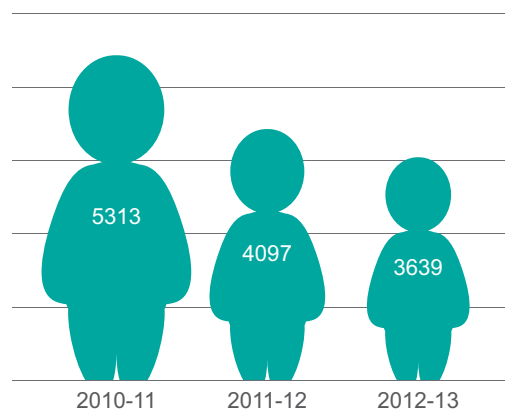
Total Gross Income 2013-14



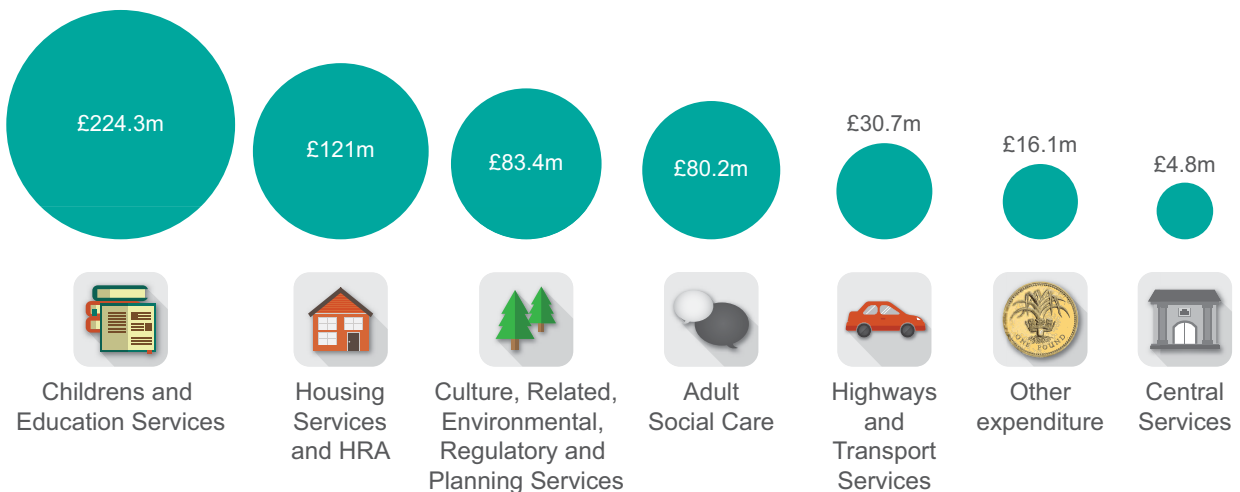
Total Income and Expenditure



Number of whole time equivalent staff 2010-11 to 2012-13



Total Gross Expenditure by service area



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