

# Public Document Pack



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

Mr Dylan J. Williams  
Prif Weithredwr – Chief Executive  
CYNGOR SIR YNYS MÔN  
ISLE OF ANGLESEY COUNTY COUNCIL  
Swyddfeydd y Cyngor - Council Offices  
LLANGFNI  
Ynys Môn - Anglesey  
LL77 7TW

Ffôn / tel (01248) 752500  
Ffacs / fax (01248) 750839

<b>RHYBUDD O GYFARFOD</b>	<b>NOTICE OF MEETING</b>
<b>PWYLLGOR LLYWODRAETHU AC ARCHWILIO</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DYDD MERCHER, 28 MEDI, 2022 am 1:00 y prynhawn</b>	<b>WEDNESDAY, 28 SEPTEMBER 2022 at 1.00 pm</b>
<b>YSTAFELL BWYLLGOR 1 AC YN RHITHIOL DRWY ZOOM</b>	<b>COMMITTEE ROOM 1 AND VIRTUALLY VIA ZOOM</b>
<b>Swyddog Pwyllgor</b>	<b>Ann Holmes 01248 752518 Committee Officer</b>

## **AELODAU / MEMBERS**

Cynghorwyr / Councillors:-

## **PLAID CYMRU / THE PARTY OF WALES**

Geraint Bebb, Neville Evans, Dyfed Wyn Jones, Euryrn Morris (***Deputy Chair***),  
Margaret M. Roberts

## **Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP**

Dafydd Roberts

## **LLAFUR CYMRU/WELSH LABOUR**

Keith Roberts

## **ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS**

Liz Wood

## **AELODAU LLEYG / LAY MEMBERS**

Dilwyn Evans (***Chair***), William Parry, Sharon Warnes, Michael Wilson

Please note that meetings of the Committee are streamed for live and subsequent broadcast on the Council's website. The Authority is a Data Controller under the Data Protection Act and data collected during this live stream will be retained in accordance with the Authority's published policy

## **A G E N D A**

### **1 DECLARATION OF INTEREST**

To receive any declaration of interest by any Member or Officer in respect of any item of business.

### **2 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 10)**

To present the minutes of the previous meeting of the Governance and Audit Committee held on 26 July, 2022.

### **3 ANNUAL REPORT: CONCERNS AND COMPLAINTS 2021/22 (Pages 11 - 20)**

To present the report of the Director of Function (Council Business)/ Monitoring Officer.

### **4 PUBLIC SERVICES OMBUDSMAN FOR WALES: ANNUAL LETTER 2021/22 (Pages 21 - 44)**

To present the report of the Director of Function (Council Business)/ Monitoring Officer.

### **5 CORPORATE HEALTH AND SAFETY ANNUAL REPORT 2021/22 (Pages 45 - 66)**

To present the report of the Head of Regulation and Economic Development.

### **6 COUNTER FRAUD, BRIBERY AND CORRUPTION ANNUAL REPORT 2021/22 (Pages 67 - 84)**

To present the report of the Head of Audit and Risk.

### **7 ANNUAL REVIEW OF TREASURY MANAGEMENT 2021/22 (Pages 85 - 96)**

To present the report of the Director of Function (Resources)/Section 151 Officer.

### **8 INTERNAL AUDIT UPDATE (Pages 97 - 108)**

To present the report of the Head of Audit and Risk.

### **9 OUTSTANDING ISSUES AND RISKS (Pages 109 - 122)**

To present the report of the Head of Audit and Risk.

### **10 EXTERNAL AUDIT: DIRECT PAYMENTS FOR ADULT SOCIAL CARE (Pages 123 - 178)**

- To present the report of Audit Wales.
- To present the report of the Director of Social Services.

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**11**     **EXTERNAL AUDIT: AUDIT WALES PROGRAMME AND TIMETABLE - QUARTER 1 2022/23 UPDATE** (Pages 179 - 196)

To present the report of Audit Wales.

**12**     **REVIEW OF FORWARD WORK PROGRAMME** (Pages 197 - 202)

To present the report of the Head of Audit and Risk.

**13**     **EXCLUSION OF THE PRESS AND PUBLIC** (Pages 203 - 206)

To consider adopting of the following:-

“Under Section 100(A)(4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it may involve the disclosure of exempt information as defined in Schedule 12A of the said Act and in the attached Public Interest Test”.

**14**     **CYBER SECURITY ANNUAL REPORT 2022** (Pages 207 - 218)

To present the report of the Head of Profession (HR) and Transformation.

**15**     **EXCLUSION OF THE PRESS AND PUBLIC** (Pages 219 - 220)

To consider adopting of the following:-

“Under Section 100(A)(4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it may involve the disclosure of exempt information as defined in Schedule 12A of the said Act and in the attached Public Interest Test”.

**16**     **STRATEGIC RISK REGISTER UPDATE** (Pages 221 - 246)

To present the report of the Head of Audit and Risk.

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## GOVERNANCE AND AUDIT COMMITTEE

### Minutes of the hybrid meeting held on 26 July, 2022

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)  
Councillor Euryrn Morris (Deputy Chair)
- Councillors Dafydd Roberts, Keith Roberts, Margaret M. Roberts, Liz Wood.
- Lay Members: Sharon Warnes, William Parry, Michael Wilson
- IN ATTENDANCE:** Chief Executive  
Director of Function (Resources) and Section 151 Officer  
Head of Profession (HR) and Transformation  
Head of Internal Audit & Risk (MP)  
Principal Auditor (NW)  
Committee Officer (ATH)
- APOLOGIES:** Councillors Geraint Bebb, Neville Evans, Dyfed Wyn Jones
- ALSO PRESENT:** Councillor Robin Williams (Portfolio Member for Finance, Corporate Business and Customer Satisfaction), Yvonne Thomas (Audit Manager Financial Audit – Audit Wales), Andrew Lewis (Senior Internal Auditor)
- 

#### 1. DECLARATION OF INTEREST

No declaration of interest was received

#### 2. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Governance and Audit Committee held on 29 June, 2022 were presented and were confirmed as correct.

#### 3. REVIEW OF THE DRAFT ANNUAL SELF-ASSESSMENT REPORT 2021/2022

The report of the Head of Profession (HR) and Transformation incorporating the Corporate Self-Assessment 2021/2022 was presented for the Committee's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Satisfaction presented the Isle of Anglesey County Council's first Corporate Self-Assessment report which had been prepared to fulfil the new duty placed on councils in Wales by the Local Government and Elections (Wales) Act 2021 to keep their performance under review through self-assessment. Under the Act, each authority is expected to consider the extent to which it is exercising its functions effectively; it is using its resources economically, efficiently and effectively and whether its governance is effective for securing the two aforementioned matters, and it must publish a report setting out its conclusions for each financial year. The report for the Isle of Anglesey County Council 2021/22 reflects the output of the corporate planning and performance management framework at the Council and is the end of a process that brings together several different aspects of the framework. Councillor Robin Williams said that having considered the evidence provided in the form of

the service performance reviews; performance reports; Annual Governance Statement; external reviews; staff survey and stakeholder engagement the Council is satisfied that overall its performance management, its use of resources and its risk management are “Good” and reflect many strengths. Notwithstanding, the self-assessment has also highlighted areas where things can be improved and these issues are brought together at the end of the report and the source of assurance for each issue is noted.

The Chief Executive reported that the self-assessment report being the first of its kind for Anglesey under the new performance requirements introduced by the Local Government and Elections (Wales) Act 2021 is positive and encouraging but recognises also that further progress can be made with regard to certain aspects of performance. He stressed that the Council has been able to fulfil the duty placed upon it by the Act without having to introduce any new performance management approaches - the processes, procedures and arrangements that form the basis of the self-assessment are already well established within the Council. He hoped that this conveyed the message to all the Council’s stakeholders, partners and regulators that the Council is operating from a sound base and that many of the Act’s expectations in respect of performance are already embedded in the Council’s day to day work. He believed that there was much to be proud of in the report and that the Council could be satisfied that the arrangements it has in place help build improvement without adding additional bureaucracy. Performance management is part of the Council’s culture and continues to mature; the management and use of resources while challenging is supported by robust arrangements and risk management forms an integral part of the Council’s day to day operations and decision-making. Areas that have been identified for improvement will form part of an action plan and will be monitored for progress by the Leadership Team and reported through the established democratic channels.

The Committee considered the report raising the following points –

- Welcomed the report overall as a positive assessment demonstrating a number of strengths, and highlighted the staff survey as a strong measure reflecting well on the Council.
- Referred to the use of resources and questioned whether with the introduction of hybrid working practices the Council has considered its plans for the future given that it may find itself in a position of having more office space than it needs.

The Chief Executive advised that the Council had already undertaken a buildings rationalisation exercise during the years of austerity which had resulted in its retaining two central offices in Llangefni the one being the main Council Offices and the other the Anglesey Business Centre. As hybrid working arrangements are at an early stage, staff safety remains a priority meaning there is a limit on the number of staff that can be present in each building at any one time. This is to create confidence and an environment in which staff feel comfortable and are able to perform to their best within the Office. Whilst he therefore thought it premature to be thinking about office planning the Chief Executive said that he did not foresee that the Council would be in a position to lease or reduce the space in either of its two main buildings; it would be a challenge to accommodate staff were they all to be physically present at the same time. The Council and the community needs to better understand the long term projections in connection with a hybrid workforce and whether the part office, part remote model is here to stay which should then inform the Council as to whether there are any financial and economic benefits to be derived from further rationalisation.

- Referred to people management, questioning whether the staff turnover rate of 10% on average can be broken down further to highlight any specific areas where turnover is higher/more acute requiring particular attention and/or scrutiny.

The Chief Executive advised that staff turnover is counterbalanced to some extent by a high number of people joining the Council. Staff turnover while it applies to all categories is more especially felt in lower income, lower skilled sectors because of the competitive labour market. While the monitoring work undertaken by the Council shows it to be no different to the broader labour market, the Council is keen to improve its systems to provide a greater level of granularity that can be easily transposed into reports providing detailed information and data about staffing that can be accessed quickly.

The Head of Profession (HR) and Transformation said that a staff turnover rate of 10% on average compares well with the industry average for staff turnover of 15.5%. Turnover varies across services and posts particularly with regard to grant funded posts where the term may be limited if grant support ends leading staff to look elsewhere. The Council regularly monitors the situation and is currently focusing on its recruitment strategy. Evidence does however suggest that a number of staff who have left to work in other sectors have returned to the Council after a period of time which is encouraging in what it says about the Council's employment practices and working standards.

- Referred to the three self-assessment categories, noting that one of the reasons cited for the Council assessing its use of resources as "Good" was the "increased levels of reserves". The Committee suggested that as it stands the statement could be interpreted positively or negatively as the Council being in a strong financial position or just sitting on funds with no plans for their use which could be regarded as an ineffective use of resources. The Committee thought that the statement needed to be expanded to provide clarification of the purpose of holding a high level of reserves.

Likewise with reference to the schedule of identified improvements, the Committee thought that being a public document it would be helpful if some concrete data could be included e.g. by what percentage is the Council aiming to improve the waste reused, recycled or composted. It was suggested that the more quantitative rather than qualitative analysis the report contains, the better.

The Director of Function (Resources)/Section 151 Officer in acknowledging the point made about having a high level of reserves being seen negatively if the rationale for holding them is not clear said that the statement would be reworked to better reflect the situation. He clarified that the 2021/22 financial year had been exceptional with a significant amount of additional funding being provided by Welsh Government – some of it very late in the financial year – to deal with the ongoing effects of the pandemic which had contributed to the Council being underspent on its budget. The pandemic had also been a significant factor in the underspend on the capital budget. The point being made in the report by reference to a high level of reserves is that no monies have been lost in not being used which applies especially to grant funding, and that they remain available to be used in the current financial year. The quarterly budget monitoring reports to the Executive confirm that budgets allocated to services have been spent in accordance with expectations.

The Chief Executive advised that while the details in terms of targets, timescales and how those will be achieved etc. will be reflected in the action plan on the areas for improvement, the point made about the inclusion of more specific data would be considered in preparing next year's self-assessment report.

- Suggested that to counter any perception that the report may not be objective or that the Council may be complacent in its evaluation of its own performance, the self-assessment report should be subject to Internal Audit appraisal.

The Head of Internal Audit and Risk while confirming that Internal Audit has been working with the Corporate Performance Team on the document and has reviewed it as part of that work, said that Internal Audit's involvement could be formalised should the Committee so wish.

The Chair thought that the fact that it has been reviewed by Internal Audit should be acknowledged in the Self-Assessment report.

The Chief Executive advised that although it is possible for organisations to mark themselves favourably he believed Anglesey's self-assessment to be a balanced and fair reflection of the Council's position. The involvement of both the Council's political leadership and opposition in the process provides that assurance. Also, the Act requires that the self-assessment be produced annually and that further the Council must arrange a panel performance assessment once every five years. The panel must consult with local people and businesses on whether the Council is meeting its performance requirements and report on its conclusions with recommendations for improving performance if necessary thereby providing an additional independent layer of assurance.

- One suggestion was made that some of the infographics within the report could be toned down to make the document easier to read.

**Having reviewed the draft Self-Assessment, it was resolved –**

- **That the Governance and Audit Committee agrees with the contents of the self-assessment report for 2021/22 subject to consideration being given to the comments made about :**
  - **Expanding for clarification purposes, on the retention of a high level of reserves**
  - **The inclusion for the future of more quantitative data especially in relation to areas for improvement**
  - **Acknowledgment that the report has been reviewed by Internal Audit**
- **To delegate authority to the Head of Profession (HR) and Transformation in consultation with the Portfolio Holder to make further minor amendments to the Self-Assessment prior to its submission to the Full Council.**

**4. DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22**

The report of the Head of Profession (HR) and Transformation incorporating the draft Annual Governance Statement (AGS) for 2021/22 was presented for the Committee's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Satisfaction presented the draft Annual Governance Statement for 2021/22 which demonstrates how during the year, the Council's governance arrangements fulfilled each of the principles contained within the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government.

The Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards and that it safeguards and properly accounts for public money and

how public money is used. The Council also has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility the Council has also a duty to put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk together with adequate financial management. The Council approved and adopted a revised local code of corporate governance in March, 2022 which is consistent with the principles of the CIPFA/SOLACE Framework. The AGS shows how the Council has complied with the Code and meets the requirements of proper practice and Accounts and Audit (Wales) Regulations.

The Head of Profession (HR) and Transformation said that the Annual Governance Statement and the previous Self-Assessment Report complement each other. She confirmed that while no significant governance matters were identified in 2021/22 the self-assessment process did identify the governance issues listed at page 10 of the report that will be addressed during 2022/23.

In the ensuing discussion the Committee made the following points –

- Requested clarification of action 3 in the table on the progress made in 2021/22 on governance matters identified during 2020/21 wherein it was confirmed that matters [pertaining to the Local Government and Elections (Wales) Act 2021] requiring attention in 2021/22 had been implemented but stated also that further work on remaining matters needing attention was planned for 2022/23.

The Chief Executive clarified that some elements of the work had been completed and implemented and that other elements e.g. reviewing and updating the Constitution and introducing a Petition Scheme are work in progress to be completed in the current financial year.

- Requested clarification of point 3 in the table which lists governance matters identified by the Self-Assessment process wherein it was stated that failure to comply with new responsibilities and changes introduced by the Local Government and Elections (Wales) Act 2021 could lead to further scrutiny by Welsh Government and a loss of reputation.

The Chief Executive clarified that the Act imposes new duties and responsibilities on the Council some of which have been implemented and others which are work in progress which if not fully implemented could have a reputational impact on the Council. It is the aim that next year's report should confirm that all matters identified in the 2021/22 report will have been addressed.

- Highlighted that despite the expectation that the council should strive to continuously improve, the overall assessment rating against the core principles of the Framework has remained "Good" in consecutive years with no movement upwards to the next level.

The Chief Executive advised that the categories are broad in scope and that to uprate to "Excellent" would require the Council to be able to demonstrate innovative practices which is not always easy to do with regard to governance. The Head of Profession (HR) and Transformation clarified that the rating system does not reflect movement within categories.

- Queried whether the objective is to keep refining the Annual Governance Statement to reduce its length and whether the Council benchmarks its AGS against that of other councils both within Wales and further afield. Although the inclusion of the more detailed information via appendices rather than in the body of the report was welcomed a suggestion was made that a condensed version might be helpful for public consumption while a longer version could be retained for the internal reference of the Council and for its regulators.

The Chief Executive advised that the Council is part of a range of networks which provide a platform for the exchange of best practice and that many of its processes have been recognised as best practice by other councils. The Head of Profession (HR) and Transformation confirmed that the practice in other councils has been considered and that efforts will continue to be made to ensure that the AGS is concise, readable and contains only the necessary key elements.

**It was resolved –**

- **To approve the Draft Annual Governance Statement that will form part of the 2021/22 Statement of Accounts.**
- **To delegate authority to the Chair and the Head of Function (Resources)/Section 151 Officer to make further minor amendments to the Annual Governance Statement prior to its inclusion in the final version of the Statement of Accounts.**

## **5. DRAFT STATEMENT OF THE ACCOUNTS 2021/22**

The report of the Director of Function (Resources)/Section 151 Officer incorporating the draft Statement of the Accounts for 2021/22 was presented for the Committee's consideration.

The Director of Function (Resources)/Section 151 Officer reported that the draft accounts were signed on 16 June, 2022 and are now being audited. He highlighted that additional work in connection with confirming the valuation of the Council's assets in the balance sheet might mean the audit process takes longer to complete; the issue arose during audits in England the previous year and has been raised with each council by Audit Wales. The Section 151 Officer clarified that Audit Wales is seeking assurance that the impact of changes to the current value of assets is not such as to amount to a material change in terms of the figure provided for by the accounts. While councils are not being asked to revalue their assets, what it means as regards the requirement on councils has been the subject of discussion between Audit Wales and CIPFA. The Council has asked its Principal Valuation Officer to undertake further work in respect of the valuation of the Council's assets which may lead to a delay in completing the audit.

The Director of Function (Resources)/Section 151 Officer highlighted the following –

- The Statement of the Accounts consists of the core financial statements listed in the first page of the accounts. These are preceded by the Narrative Report which is a key section of the accounts and which provides an effective guide to the most significant matters reported in the accounts including the Council's priorities and strategies and the principal risks it faces. The narrative report provides a commentary on how the Council has used its resources during the year to achieve its stated objectives.
- The draft Comprehensive Income and Expenditure Statement shows the cost of providing services in the year in accordance with statutory accounting requirements and covers both the Council Fund and the Housing Revenue Account. It includes accounting adjustments such as depreciation and pensions adjustments which are not funded by

Council Tax payers so the impact of these are excluded in the note called Adjustments between Accounting Basis and Funding Basis (Note 7 in the Statement of Accounts). This note for 2021/22 shows £11.852m of accounting adjustments which are cancelled out in the Movement of Reserves Statement. This means that the true impact on the Council and HRA reserves from the provision of services is reduced from a surplus of £5.940m to a surplus of £17.792m which is an increase in Council reserves. This is due to an underspend on the Council Fund and Housing Revenue Account and transfers into earmarked reserves.

- The balance of all usable reserves as at 31 March, 2022 was £57.772m, an increase of £17.792m. The HRA Reserve, School Balances and Capital Receipts Reserves are ring fenced and can only be used for the designated purpose. Table 1 of the report provides a summary of the movement in reserves due to the financial performance of the year and net movements to and from reserves, whilst Table 2 summarises the movement in reserves using information from the Statement of Accounts. Although how the information is presented is different, both result in the same reserve balance.
- The General Reserve as at 31 March, 2022 was £12.050m equating to 8.2% of the net revenue budget for 2021/22. The Council's financial performance for 2021/22 showed a net underspend of £4.798m due to the receipt of funding from Welsh Government during the pandemic and the provision of a limited amount of services to the public during that period.
- The draft overall net assets of the Council increased from £164.162m as at 31 March, 2021 to £247.577m as at 31 March, 2022. This is due to investment in new assets and the refurbishment of existing assets; revaluation of other Council assets and increased current assets such as cash, cash equivalents and short-term investments. In addition, the Council's liabilities reduced with the most significant being the reduction of the valuation of the pension liability by £55m due to a better than expected performance by the pension fund's assets and a change in the actuary's assumptions as a result of increasing interest rates. The Council participates in the Gwynedd Pension Fund which is administered by Gwynedd Council.

The Committee considered the report and the following matters were discussed –

- The increase in school balances. The Director of Function (Resources)/Section 151 Officer advised that school balances have been bolstered by Welsh Government grant funding part of which was to help schools deal with the ongoing impact of the pandemic and part of which was intended to help pupils catch up with missed learning during the pandemic. The funding is monitored by Welsh Government and schools are expected to report back to Welsh Government on their use of the funding.
- The valuation of the Council's property assets which does not include the Council's highway network. The Director of Function (Resources)/Section 151 Officer advised that the Council's internal valuer undertakes valuation in accordance with the requirements of the CIPFA Code. Historically, assets with a value of over £500k were valued annually and the remainder including the Council's housing stock were valued on a cyclical basis. Valuation of the Council's housing stock which makes up the largest element of the Council's property portfolio is undertaken on a different basis due to the properties having sitting tenants. They are valued at market value and discounted down to reflect the fact that the Council would not be able to sell them for market value. A valuation of the Council's housing stock is due to take place next year and will be done by inspecting a sample of properties from different categories of dwelling. The valuation is also informed by the stock condition survey which is conducted to ensure the Council's housing stock is maintained to Welsh Housing Quality Standards. While there has been discussion previously about including highways in the valuation of assets within the

accounts, the challenge around putting a precise value on highway infrastructure has meant that this has not as yet transpired.

- The liabilities on the Pension fund and its impact on the accounts. The Director of Function (Resources)/Section 151 Officer advised that the total net liability on the Council's Pension Fund decreased by £55m in 2021/22 from £178.2m in 2020/21 to £121.2 in 2021/22. The pension liability can vary significantly from one year to the next depending on changes in the assumptions used including the discount rates and the performance of the pension fund assets. Although the pension liability as shown in the accounts has an impact on the net worth of the Council as recorded in the Balance Sheet, statutory arrangements exist to fund the deficit to ensure the financial position of the Council remains healthy. The liability is unlikely to be realised whilst the scheme remains open and members continue to make contributions into the scheme. A more significant valuation from the Council's perspective is the appointed Actuary's triennial valuation of the pension fund for the purpose of setting the employer's contribution rates for the following three years which is based on different assumptions. The Council has a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years; funding levels are monitored annually.
- The underspend on both the Council's revenue and capital budgets and the implications as regards budget management. The Director of Function (Resources)/Section 151 Officer advised that as well as receiving a better than anticipated settlement for 2021/22, the allocation from Welsh Government changed during the year with additional funding of £1.389m being provided late in the year in March through the Revenue Settlement Grant. Funding was also provided to cover ongoing Covid related costs and income losses and in addition, a significant number of other grants were also received late in the financial year which included waste grants and social services pressures grants. The £4.798m underspend on the revenue budget is not a true reflection of the position of some of the Council's services since some services did not fully open until midway through the financial year and did not make full use of the grants provided. Demand for support especially in Adults and Children's social care is now on the rise and is expected to continue to grow; this coupled with the increased cost of placements make it likely that those services will overspend their budgets in the current financial year. The surplus on the Council's 2021/22 revenue budget has strengthened the Council's general balances which places it in a strong financial position to be able to deal with the extra demand on services and other challenges in this year and the next.

With regard to the capital budget, the Council's projections for capital expenditure may be overly optimistic especially with regard to council housing and new housing development and there may be a case for reviewing the Housing Revenue Account Business Plan. However, both 2020/21 and 2021/22 financial years have been exceptional in terms of the impact the pandemic has had on Council services and the progress of capital projects making it challenging to deliver projects to timescales. The rising costs and availability of builders and materials are new challenges with regard to capital expenditure.

- The challenge which the receipt of late funding as well as the economic situation poses for budget planning and forecasting. The Director of Function (Resources)/Section 151 Officer confirmed that the current increase in pay and prices is creating uncertainty over the Council's costs in 2022/23 and the level of budget required in 2023/24. However, the increased level of balances will help the Council mitigate those risks in 2022/23 and subsequently, and will enable the Council to buy time to remodel services and reduce costs.

- Corrections viz. the replacement of the word “reduced” at paragraph 3.3, page 75 of Appendix 1 with the word “increased”, and the replacement of “£8.143m” in the narrative between the two tables at page 84 with £”5.94m.”

The Director of Function (Resources)/Secion 151 Officer confirmed that to date no issues had been raised by the auditors with regard to the quality of the working papers presented. The Statement of the Accounts continues to be reviewed for the removal of any unnecessary clutter in line with recommendations made by the auditors.

**Having reviewed the draft Statement of Accounts for 2021/22, the Governance and Audit Committee resolved to note the draft unaudited financial statements for 2021/22.**

## **6. REVIEW OF FORWARD WORK PROGRAMME**

The report of the Head of Audit and Risk incorporating the Committee's Forward Work Programme and Training Programme for 2022/23 was presented for the Committee's consideration.

The Head of Audit and Risk advised that the Forward Work Programme has been developed to accommodate the Committee's new responsibilities under the Local Government and Elections (Wales) Act 2021 and the consequent amendments to the Committee's terms of reference and that it also reflects an additional meeting requested by the Committee which has been scheduled for October. In response to a question about the governance of partnerships and collaboration agreements, the Head of Audit and Risk confirmed that the Annual Report of the Partnerships and Regeneration Scrutiny Committee would be presented to the Committee's December, 2022 meeting.

**It was resolved to accept the Forward Work Programme proposed for 2022/23 as meeting the Committee's responsibilities in accordance with the terms of reference.**

**Mr Dilwyn Evans  
(Chair)**

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CYNGOR SIR YNYS MON / ISLE OF ANGLESEY COUNTY COUNCIL	
<b>MEETING:</b>	<b>Governance &amp; Audit Committee</b>
<b>DATE:</b>	<b>28 September 2022</b>
<b>TITLE OF REPORT:</b>	<b>Concerns and Complaints Report 2021-2022</b>
<b>PURPOSE OF THE REPORT:</b>	<b>Assurance on Policy Compliance</b>
<b>REPORT BY:</b>	<b>Director of Function (Council Business) / Monitoring Officer</b>
<b>CONTACT OFFICER:</b>	<b>Corporate Information and Complaints Officer Ext. 2588 <a href="mailto:bjxcs@ynysmon.gov.uk">bjxcs@ynysmon.gov.uk</a></b>

## CONCERNS AND COMPLAINTS

### Introduction & Summary

1. This report provides information on issues arising under the Council's [Concerns and Complaints Policy](#) for the period 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022.
2. This report includes Social Services complaints but only those where the complainant is not a service user. Service user complaints are dealt with under the [Social Services Policy – Representations and Complaints Procedure for Children and Adults](#). These are reported annually to the Social Service Improvement Panel. The Latest report is available at: <https://democracy.anglesey.gov.uk/ieListMeetings.aspx?CId=608&Year=0&LLL=0>
3. Complaints may provide valuable information about how we are performing, what users think of our services, and how and where we should focus improvements.

During the period 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022, 189 concerns were received and 54 complaints were received and responses sent

The PSOW defines a “concern” as an expression of dissatisfaction that can be resolved ‘there and then’, at the initial point of contact, or very soon thereafter. A complaint is usually more serious in nature, may often not be possible to remediate, and generally requires an investigation into the circumstances before a response or resolution can be achieved.

4. Of the 54 complaints addressed during the period, 12 were upheld in full, 2 were partly upheld and 40 were not upheld. Of these, 11 complaints that had been through the internal process, were escalated to the PSOW. 9 were rejected prior to formal investigation and the other two were resolved. Please also refer to paragraph 9 which provides information about all complaints dealt with the PSOW in 2021/2.(Those having been through the Council’s internal process and those made direct to the PSOW)
5. The number of complaints investigated this year rose by 11, up from 43 in 2020/21 and these are shown in the attached table (**Appendix 1**)
6. The Council also publishes [complaints data](#) monthly

<https://www.anglesey.gov.uk/en/Get-involved/Official-complaints/Council-complaints-statistics.aspx>

7. The overall rate of responses to complaints issued within the specified time limit (20 working days) was 79.6%. When responses are late, services are expected to send a 'holding response' to the complainant to keep them informed of progress and to explain reasons for the delay and to give an estimated response time.

9% (the same as in 2020/21) of the above complaints resulted from escalated concerns but this continues to indicate that Services are dealing effectively with concerns and thereby limiting formal complaints. 1 of the 54 was sent to the Council by the PSOW who refused to deal with the matter until the internal Council process had first been exhausted.

## 8. Lessons Learnt

The [Concerns and Complaints Policy](#) places an emphasis on learning lessons from complaints and thereby improving services. Previous recommendations endorsed by this Committee have now become embedded as part of business as usual when dealing with complaints.

As mentioned above, during 2021/22, 12 complaints were upheld and 2 complaints were partly upheld. **Appendix 2** explains what lessons have been learnt and any practice which has evolved as a consequence of these findings.

## 9. Complaints about Services to the PSOW

There is no internal right of appeal against a decision reached in response to a complaint, but the [Concerns and Complaints Policy](#) includes the option of escalating a complaint to the PSOW when the complainant remains dissatisfied with the Council's response.

There were 29 complaints relevant to this process, within the timescale of the report, lodged with the PSOW (these include those dealt with under the Social Services complaints process and 2 complaints carried forward from 2020/21). 13 of the 29 were escalated following formal responses under the Council's Complaints Procedure, 5 were escalated following responses under the Social Services Procedure, 2 matters related to reviews of previous decisions and the remaining 9 were complaints made direct to the PSOW. Of the 29 cases referred to the PSOW, 3 resulted in early settlements, which then closed the matters and the remaining 26 were not taken into investigation.

## 10. Language Related Complaints

No formal complaint under this process was received during the year.

Welsh language complaints together with any other issues relating to the Welsh Language are dealt with by the Policy and Welsh Language Manager and are reported to the Partnership & Regeneration Scrutiny Committee in the annual [Welsh Language Standards Annual Report](#).

In addition, the public have the right to complain direct to the Welsh Language Commissioner but these complaints are not sent back to the Council to be investigated and are not therefore included in this report. Any such complaints are noted in the Welsh Language Standards Annual Report which is published on the Council's Website by the 30<sup>th</sup> June every year:- <https://www.anglesey.gov.wales/en/Council/Language/Welsh-Language-Policy-and-Welsh-Language-Standards.aspx>

#### **11. Decision/Recommendations:**

The Committee accept that this report provides reasonable assurance that the Council handles its complaints effectively and makes no recommendations in relation to the Council's ability to handle complaints effectively and in accordance with its Corporate Concerns & Complaints Policy.

## Appendix 1

### Summary of Concerns, Complaints and Compliments by Service for 2021 – 2022

Service	Number of concerns	Number of complaints	Number upheld	Number Partly	Number of Complaints rejected	Number late (x days)	Compliments
<b>Community</b>							
Social Services (not a service user)	-	2	-	-	2	-	-
<b>Council Business</b>							
Legal	-	1	-	-	1	-	9
<b>Highways, Waste &amp; Property</b>							
Highways	10	7	-	-	7	-	27
*Property/ Resources/Health & Safety	-	1	-	1	-	-	-
Waste	29	4	1	-	3	-	21
<b>Housing</b>							
Housing	53	8	2	1	5	-	26
*Housing / Benefits	-	2	1	-	1	1 (7 days)	-
*Housing/ Social Services	-	1	-	-	1	-	-
<b>Learning</b>							
Learning (excludes schools)	4	-	-	-	-	-	33
<b>Regulation &amp; Economic</b>							
Economic Development	11	-	-	-	-	-	31
Leisure	37	1	1	-	-	-	41
Planning	1	14	3	-	11	3 (1, 7 & 19 days)	156
Public Protection	-	1	-	-	1	-	38
<b>Resources</b>							
Resources	43	12	4	-	8	7 (1 day x 3/ 2 days/5 days/17 days & 36 days)	34
<b>Corporate Transformation</b>							
Cyswllt Mon	1	-	-	-	-	-	13
<b>Totals</b>	<b>189</b>	<b>54</b>	<b>12</b>	<b>2</b>	<b>40</b>	<b>11</b>	<b>429</b>

\* Relates to more than 1 service

## Upheld & Partly Upheld Complaints Reporting Form

## Appendix 2

The Concerns and Complaints Policy places emphasis on learning from mistakes and putting measures in place so that the same mistakes are not repeated. An Annual Complaints Report is provided to the Council's Audit & Governance Committee in September each year. The lessons learned from upheld or partly upheld complaints are reported in a table as an attachment to that report. The table states the name of the service, the error identified and any remedial steps taken.

It is therefore essential that the information you provide at the end of each complaints investigation process clearly notes your findings and what action you have taken / intend to take, and by when, to ensure that there is no repetition of the identified error. The Committee has indicated that it may call Heads of Service to confirm that remedial actions have been taken within identified timescales.

In order to facilitate the writing of future reports you will be sent this form for completion every time you uphold or partly uphold a complaint. The information you provide will be shared with the Committee, in a public meeting.

<b>Guidance for Services on how to complete the form</b>		
<b>Category description</b>	<b>Details / examples</b>	<b>Examples of action taken</b>
Simple Error / no further action required	Genuine oversight / one off error that's been rectified/ issues experienced whilst a new system is embedded / times of high demand	Staff member spoken to and reminded of need to take care / data kept of times when demand is high
Customer Care Issue	Lack of response to correspondence / not phoning people back as promised	Clear instructions provided / customer care issues discussed at every Team meeting (minutes taken) / Services introduce and monitor some key performance indicators
Training or Supervision required	Behaviour issues or errors in interpreting instructions	Member of staff sent on training course/ supervision by more experienced member of staff
Change in policy or process	Errors in process / policy found as a result of a complaint investigation leading to changes being introduced	New forms introduced / different evidence required/ changes to routes (i.e. bin collections)

## Upheld & Partly Upheld Complaints Reporting Form

## Appendix 2

Summary of Lessons Learnt 2020/2021					
No	Complaint Reference	Service	Error(s) identified	Remedial Action – please note category of fault (see above) and specify the action taken or intended to be taken and by when	Action completed
<b>Across Services</b>					
1.	F580 (Partly upheld)	Property, Procurement & Health & Safety	School matter - staff member injured twice by the bins - lack of action by the Council	Issues resolved by date of complaint response.	YES March 2022
<b>Housing</b>					
2.	F543	Housing Repairs	Lack of communication and duration to complete works	Customer Care Issue – Clear instructions have been re-issued to staff regarding good communication with the tenants. Also been reminded to refer to the Housing Repairs Policy for guidance on duration to complete works.	YES September 2021
3.	F547	Housing / Rechargeable Repairs	Error in Process	Change in Policy or Process - Any notices to quit or transfer inspections are now undertaken by the relevant Housing Management Officer and Technical Inspector on site / at the property. This will result in outgoing tenants having a discussion with both Housing staff in respect of any required repairs prior to the end of their tenancy. The tenant can provide feedback and either commit to them undertaking required repairs themselves or have continued discussions in respect of the amount the re-charges will cost them upon their departure.	YES December 2021
4.	F576	Housing Repairs	Duration Take to Complete Repairs on defective Kitchen following leak	Customer Care Issue – All Staff within the Housing Maintenance Unit have been reminded of the IOACC's Customer Service Charter in relation to responding to service	YES March 2022

## Upheld & Partly Upheld Complaints Reporting Form

## Appendix 2

				users, and have been reminded to follow the guidance in the Housing Repairs Policy on duration to complete works	
5.	F567 (Partly Upheld)	Housing Repairs	Lack of Communication and duration to complete works	Customer Care Issue – Covid-19 had delayed a number of repairs due to the lack of the availability of materials. Staff have been given clear instructions to contact any tenant that have works that are to be delayed or cancelled for any reason. Customer Care Issue – Housing Repairs Operatives have been reminded to make sure that they clear up following their work and make sure the property is clean and tidy around the work areas following the completion of the works	YES January 2022  YES January 2022
<b>Regulation and Economic Development</b>					
6.	F542	Leisure	Simple Error - Genuine oversight when planning a “family trail”. It has been thought that all parties were in agreement regarding the route however this was not the case.	Immediate action was taken to change the route of the trail and a full apology was given	YES August 2021
<b>Planning</b>					
7.	F531	Planning	Upheld – Genuine error Incorrect procedures applied with Planning application being dealt with under delegated powers rather than via Planning Committee (HHP/2022/278) with officers interpreting application form as completed by applicant/agent with relevant box requesting confirmation as to any known relationship to an officer or member of the Council being ticked negatively. The	. For information a report was prepared and submitted to Planning and Orders Committee explaining circumstances surrounding application.	YES July 2021

## Upheld & Partly Upheld Complaints Reporting Form

## Appendix 2

			dealing officer/s would not have known of any familial relationship with an elected member.		
8.	F544	Planning	<p>Upheld – Customer Care issue and review of statutory guidance.</p> <p>Lack of response to numerous e-mailed correspondence and request for information and clarity concerning delay in releasing completion certificate due to possible material change of use to property which came to light during completion inspection.</p>	<p>Apology sent in regards to delays in responding and completion certificate issued promptly following discussions with legal (difference of opinion with regards to material change of use currently being applied throughout out Wales). Staff reminded of need to apply the Customer Charter at all times.</p>	<p>YES May 2022</p>
9.	F571	Planning	<p>Partly upheld – Customer Care Issue</p> <p>Unsatisfactory response as well as lack of response to communication in relation to enforcement investigation.</p>	<p>Apology sent in respect of lack of response, however found that officers dealt and investigated appropriately in accordance of evidence of breaches to hand with further request to complainant to share any further available evidence. Staff reminded of need to apply the Customer Charter at all times.</p>	<p>YES May 2022</p>
<b>Resources</b>					
10.	F535	Revenue	<p>Delay in removing Premium upon request of customer. Time of high demand due to Covid-19</p>	<p>Customer Service discussed at Team meeting- Agency staff brought in to support team due to high workload.</p>	<p>YES July 2021</p>
11.	F559	Benefits	<p>Errors in process and delay in response due to Covid-19</p>	<p>Reminded all staff of the need to apply run-ins to benefit claims. Workload looked at and checks in place</p>	<p>YES January 2022</p>
12.	F562	Revenue	<p>One off error that has been rectified</p>	<p>Clear instructions provided.</p>	<p>YES February 2022</p>

## Upheld & Partly Upheld Complaints Reporting Form

## Appendix 2

13.	F566	Revenue	Delay in response and failing to advise customer to apply for CTR at earliest possible convenience.	Although account was actioned correctly, there was a delay in response due to high workload and the support to the customer could have been better. A good customer service example shared with staff at team meeting	YES January 2022
<b>Waste</b>					
14.	F570	Highways, Waste and Property – Waste Management	Simple error – a problem identified during the introduction of a new service as part of a new waste collection contract – highlighted a need to change process for collecting waste and recycling from specific location.	Specific location was hard to reach, due to nature of streets, roads and housing. Liaised with waste collection contractor to change collection times and smaller collection vehicle. The contractor allocated a more experienced driver to the route and no problems have been reported since. However there is no certainty that further issues may not arise due to the layout of the properties and how residents tend to park in the area.	YES January 2022

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>The Executive / The Governance &amp; Audit Committee</b>
<b>Date:</b>	<b>27 September 2022/ 28 September 2022</b>
<b>Subject:</b>	<b>Annual Letter from the Public Services Ombudsman for Wales 2021/2022</b>
<b>Portfolio Holder(s):</b>	<b>Councillor Robin Williams</b>
<b>Head of Service / Director:</b>	<b>Lynn Ball, Director of Function (Council Business) / Monitoring Officer</b>
<b>Report Author:</b> Tel: E-mail:	<b>Corporate Information and Complaints Officer 01248 752588 bjxcs@ynysmon.gov.uk</b>
<b>Local Members:</b>	<b>Relevant to all Members</b>

**A –Recommendation/s and reason/s**

**1. Recommendations**

The Committee and the Executive to:-

- note and accept the Annual Letter from the Public Services Ombudsman for Wales (PSOW) 2021/22.
- to note any feedback to be shared with the PSOW;  
to authorise the Director of Function (Council Business) / Monitoring Officer to write to the PSOW to confirm that the Committee and the Executive have given formal consideration to her Annual Letter and to provide reassurance that the Council will continue to monitor complaints, and thereby provide members with the information required to scrutinise the Council's performance.

**2. Background**

Since 2006 the PSOW has published an annual report on the work undertaken by his/her office over the previous 12 months.

The PSOW's recently published Annual Report for 2021/22 is to be found at:-

<https://www.ombudsman.wales/annual-report-accounts/>

The PSOW also publishes a separate annual summary of performance for each council; called the annual letter.

The Annual Letter 2021/22, for the Isle of Anglesey County Council (IOACC), is attached as **Appendix 1**.

In her letter, the PSOW requests the following:-

- *“Present my Annual Letter to the Cabinet and to the Governance & Audit Committee to assist members in their scrutiny of the Council’s performance and share any feedback from the Cabinet and the Governance & Audit Committee with my office”*

This report satisfies the above request and, in addition, is published to all Members and to the public.

- *“Continue to engage with our Complaints Standards work, accessing training for your staff, fully implementing the model policy, and providing complaints data”*

Complaints Standards Agency (CSA) training sessions were completed at the end of 2020 and the model policy is fully implemented. The Council provides quarterly complaints data in accordance with the timescale set by the CSA.

- *“Inform me of the outcome of the Council’s considerations and proposed actions on the above matters by 30 September 2022”*

This will be completed following the meetings of this Committee and the Executive.

### **3. The Annual Letter**

The Letter largely relates to service complaints but also includes a section on complaints made under the Code of Conduct for members.

#### **The Headline Messages:-**

- 29 complaints were lodged with the PSOW, against IOACC; up from 18 complaints during 2020/2021. It was concluded that 26 did not require an investigation by the PSOW’s office
- 3 of the complaints lodged were dealt with by way of early resolution
- 1 Code of Conduct complaint was made against a member of the Council but this was not investigated
- 4 complaints were lodged against town or community councils; 1 was not investigated and no evidence of breach was found in the remaining 3 cases
- Previous annual letters ranked each Council but this is no longer the case. The performance for IOACC is to be found in the tables provided in the Annual Letter.

#### 4. Additional information.

In addition to the Annual Letter, information on concerns, complaints and compliments are published monthly on the Council's website at <https://www.anglesey.gov.uk/en/Get-involved/Official-complaints/Council-complaints-statistics.aspx>

Quarterly reports are also provided to the Strategic Leadership Team

The Governance & Audit Committee receive an annual report on complaints, in September of each year. The report for 2021/22 has/will be reported to the Committee on 21<sup>st</sup> September 2022.

<http://democracy.anglesey.gov.uk/ieListDocuments.aspx?CId=125&MId=3729&Ver=4&LLL=0>

#### **B – What other options did you consider and why did you reject them and/or opt for this option?**

There were no alternative options

#### **C – Why is this a decision for the Executive?**

This is a matter for both the Executive and the Governance and Audit Committee; at the request of the PSOW

#### **CH – Is this decision consistent with policy approved by the full Council?**

Not relevant

#### **D – Is this decision within the budget approved by the Council?**

Not relevant

#### **E – Impact on our Future Generations(if relevant)**

1	<b>How does this decision impact on our long term needs as an Island</b>	The purpose of the Corporate Complaints Policy is to learn lessons when things go wrong and making changes to service delivery as required and where possible.
2	<b>Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-</b>	

3	<b>Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:</b>	The facts presented contribute to building better services for the future
4	<b>Have Anglesey citizens played a part in drafting this way forward? Please explain how:-</b>	
5	<b>Outline what impact does this decision have on the Equalities agenda and the Welsh language</b>	Welsh Language complaints are dealt with separately and reported in the Welsh Language Standards Report 2021-22

<b>DD – Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Strategic Leadership Team (SLT)</b> (mandatory)	No observations
2	<b>Finance / Section 151</b> (mandatory)	As part of the Strategic Leadership Team
3	<b>Legal / Monitoring Officer</b> (mandatory)	Author of the report
4	<b>Human Resources (HR)</b>	N/A
5	<b>Property</b>	N/A
6	<b>Information Communication Technology (ICT)</b>	N/A
7	<b>Procurement</b>	N/A
8	<b>Scrutiny</b>	N/A
9	<b>Local Members</b>	This report is published to all elected members

<b>F - Appendices:</b>
Copy of the Annual Letter 2021/22

<b>FF - Background papers (please contact the author of the Report for any further information):</b>
None

Ask for: Communications

 01656 641150

Date: August 2022

 communications@ombudsman.wales

Cllr. Llinos Medi  
Isle of Anglesey County Council  
By Email only: llinosmedihuws@anglesey.gov.uk

## Annual Letter 2021/22

Dear Councillor Medi

I am pleased to provide you with the Annual letter (2021/22) for Isle of Anglesey County Council which deals with complaints relating to maladministration and service failure, complaints relating to alleged breaches of the Code of Conduct for Councillors and the actions being taken to improve public services

This is my first annual letter since taking up the role of Public Services Ombudsman in April 2022, and I appreciate that the effects of the pandemic are still being felt by all public bodies in Wales. Our office has not been immune from this, with records numbers of cases being referred to us over the last two years. The strong working relationships between my Office and local authorities continues to deliver improvements in how we are dealing with complaints and ensuring that, when things go wrong, we are learning from that and building stronger public services.

### Complaints relating to Maladministration & Service Failure

Last year the number of complaints referred to us regarding Local Authorities increased by 47% (compared to 20/21 figures) and are now well above pre-pandemic levels. It is likely that complaints to my office, and public services in general, were suppressed during the pandemic, and we are now starting to see the expected 'rebound' effect.

During this period, we intervened in (upheld, settled or resolved at an early stage) a similar proportion of complaints about public bodies, 18%, when compared with recent years. Intervention rates (where we have investigated complaints) for Local Authorities also remained at a similar level – 14% compared to 13% in recent years.

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## Complaints relating to the Code of Conduct for Councillors

We also received a high number of Code of Conduct complaints last year, relating to both Principal Councils and Town and Community Councils. A record number (20) were referred to either the Adjudication Panel for Wales or local standards committees, due to evidence of a breach of the Code.

## Supporting improvement of public services

In addition to managing record levels of complaints, we also continued our work using our proactive powers in the Public Services Ombudsman (Wales) Act 2019. Specifically undertaking our first Own Initiative Investigation and continuing our work on the Complaints Standards Authority.

October 2021 saw the publication of the first own initiative investigation in Wales: [Homelessness Reviewed](#). The investigation featured three Local Authorities and sought to scrutinise the way Homelessness assessments were conducted. The report made specific recommendations to the investigated authorities, as well as suggestions to all other Local Authorities in Wales and Welsh Government. Some of these recommendations will bring about immediate change – updating factsheets and letter and assessment templates to ensure that key equality and human rights considerations are routinely embedded into processes for example – all the recommendations were designed to bring about tangible change to people using homelessness services in Wales.

The Complaints Standards Authority (CSA) continued its work with public bodies in Wales last year. The model complaints policy has already been adopted by local authorities and health boards in Wales, we have now extended this to an initial tranche of Housing Associations and Natural Resources Wales. The aim being to implement this work across the Welsh public sector.

In addition to this, the CSA published information on complaints handled by local authorities for the [first time](#) – a key achievement for this work. The data for 21/22 showed:

- Over 15,000 complaints were recorded by Local Authorities
- 4.88 for every 1000 residents.
- Nearly half (46%) of those complaints were upheld.
- About 75% were investigated within 20 working days.
- About 8% of all complaints closed ended up being referred to PSOW.

The CSA has now implemented a model complaints policy with nearly 50 public bodies, and delivered 140 training sessions, completely free of charge, during the last financial year. The feedback has been excellent, and the training has been very popular - so I would encourage Isle of Anglesey County Council to engage as fully as possible.

## **Complaints made to the Ombudsman**

A summary of the complaints of maladministration/service failure received relating to your Council is attached, along with a summary of the Code of Conduct complaints relating to members of the Council and the Town & Community Councils in your area.

In light of the new duties on political leaders and standards committees to promote and maintain high standards of conduct of their members, we look forward to working with you, your Monitoring Officer and standards committees to share any learning from the complaints we receive and to support your authority's work.

I would also welcome feedback on your Governance & Audit Committee's review of your authority's ability to handle complaints effectively so that we can take this into account in our work and support its work on the handling of complaints.

Finally, can I thank you and your officials for the positive way that local authorities have engaged with my Office to enable us to deliver these achievements during what has been a challenging year for everyone. I very much look forward to continuing this work and collaboration to ensure we further improve public services across Wales.

Further to this letter can I ask that your Council takes the following actions:

- Present my Annual Letter to the Cabinet and to the Governance & Audit Committee to assist members in their scrutiny of the Council's performance and share any feedback from the Cabinet and the Governance & Audit Committee with my office.
- Continue to engage with our Complaints Standards work, accessing training for your staff, fully implementing the model policy, and providing complaints data.
- Inform me of the outcome of the Council's considerations and proposed actions on the above matters by 30 September.

This correspondence is copied to the Chief Executive of your Council and to your Contact Officer. Finally, a copy of all Annual Letters will be published on my website.

Yours sincerely,



**Michelle Morris**

**Public Services Ombudsman**

cc. Dylan Williams, Chief Executive, Isle of Anglesey County Council.

By Email only: [dylanwilliams@ynysmon.gov.uk](mailto:dylanwilliams@ynysmon.gov.uk)

## Factsheet

### Appendix A - Complaints Received

Local Authority	Complaints Received	Received per 1000 residents
Blaenau Gwent County Borough Council	14	0.20
Bridgend County Borough Council	55	0.37
Caerphilly County Borough Council	60	0.33
Cardiff Council*	182	0.50
Carmarthenshire County Council	54	0.29
Ceredigion County Council	52	0.72
Conwy County Borough Council	27	0.23
Denbighshire County Council	34	0.36
Flintshire County Council	99	0.63
Gwynedd Council	39	0.31
Isle of Anglesey County Council	29	0.41
Merthyr Tydfil County Borough Council	27	0.45
Monmouthshire County Council	20	0.21
Neath Port Talbot Council	45	0.31
Newport City Council	40	0.26
Pembrokeshire County Council	39	0.31
Powys County Council	55	0.42
Rhondda Cynon Taf County Borough Council	51	0.21
Swansea Council	71	0.29
Torfaen County Borough Council	18	0.19
Vale of Glamorgan Council	61	0.46
Wrexham County Borough Council	71	0.52
<b>Total</b>	<b>1143</b>	<b>0.36</b>

\* inc 17 Rent Smart Wales

## Appendix B - Received by Subject

Isle of Anglesey County Council	Complaints Received	% Share
Adult Social Services	6	21%
Benefits Administration	0	0%
Children's Social Services	2	7%
Community Facilities, Recreation and Leisure	1	3%
Complaints Handling	3	10%
Covid19	0	0%
Education	0	0%
Environment and Environmental Health	1	3%
Finance and Taxation	2	7%
Housing	5	17%
Licensing	0	0%
Planning and Building Control	7	24%
Roads and Transport	2	7%
Various Other	0	0%
<b>Total</b>	<b>29</b>	

## Appendix C - Complaint Outcomes (\* denotes intervention)

County/County Borough Councils	Out of Jurisdiction	Premature	Other cases closed after initial consideration	Early Resolution/ voluntary settlement*	Discontinued	Other Reports- Not Upheld	Other Reports Upheld*	Public Interest Report*	Total
Isle of Anglesey County Council	8	7	10	3	0	0	0	0	28
% Share	29%	25%	36%	11%	0%	0%	0%	0%	

## Appendix D - Cases with PSOW Intervention

	No. of interventions	No. of closures	% of interventions
Blaenau Gwent County Borough Council	0	13	0%
Bridgend County Borough Council	7	54	13%
Caerphilly County Borough Council	7	58	12%
Cardiff Council	45	159	28%
Cardiff Council - Rent Smart Wales	1	16	6%
Carmarthenshire County Council	7	49	14%
Ceredigion County Council	13	46	28%
Conwy County Borough Council	2	24	8%
Denbighshire County Council	4	33	12%
Flintshire County Council	15	94	16%
Gwynedd Council	6	41	15%
Isle of Anglesey County Council	3	28	11%
Merthyr Tydfil County Borough Council	2	26	8%
Monmouthshire County Council	2	21	10%
Neath Port Talbot Council	5	45	11%
Newport City Council	4	36	11%
Pembrokeshire County Council	2	40	5%
Powys County Council	7	55	13%
Rhondda Cynon Taf County Borough Council	3	45	7%
Swansea Council	10	76	13%
Torfaen County Borough Council	2	20	10%
Vale of Glamorgan Council	9	62	15%
Wrexham County Borough Council	4	67	6%
<b>Total</b>	<b>160</b>	<b>1108</b>	<b>14%</b>

## Appendix E - Code of Conduct Complaints

County/County Borough Councils	Discontinued	No evidence of breach	No action necessary	Refer to Adjudication Panel	Refer to Standards Committee	Withdrawn	Total
Isle of Anglesey County Council	1	0	0	0	0	0	1

## Appendix F - Town/Community Council Code of Complaints

Town/Community Council	Discontinued	No evidence of breach	No action necessary	Refer to Adjudication Panel	Refer to Standards Committee	Withdrawn	Total
Amlwch Town Council	0	1	0	0	0	0	1
Llanddona Community Council	0	1	0	0	0	0	1
Llanddyfnan Community Council	1	0	0	0	0	0	1
Rhosybol Community Council	0	1	0	0	0	0	1

## Information Sheet

Appendix A shows the number of complaints received by PSOW for all Local Authorities in 2021/2022. These complaints are contextualised by the number of people each health board reportedly serves.

Appendix B shows the categorisation of each complaint received, and what proportion of received complaints represents for the Local Authority.

Appendix C shows outcomes of the complaints which PSOW closed for the Local Authority in 2021/2022. This table shows both the volume, and the proportion that each outcome represents for the Local Authority.

Appendix D shows Intervention Rates for all Local Authorities in 2021/2022. An intervention is categorised by either an upheld complaint (either public interest or non-public interest), an early resolution, or a voluntary settlement.

Appendix E shows the outcomes of Code Of Conduct complaints closed by PSOW related to Local Authority in 2021/2022. This table shows both the volume, and the proportion that each outcome represents for the Local Authority.

Appendix F shows the outcomes of Code of Conduct complaints closed by PSOW related to Town and Community Councils in the Local Authority's area. This table shows both the volume, and the proportion that each outcome represents for each Town or Community Council.

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Governance and Audit Committee
<b>Dyddiad: Date:</b>	September 2022
<b>Pwnc: Subject:</b>	Corporate Health and Safety Annual Report 2021/22
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Christian Branch Pennaeth Gwasanaeth / Head of Service Rheoleiddio a Economaidd / Regulation and Economic <a href="mailto:ChristianBranch@ynysmon.gov.uk">ChristianBranch@ynysmon.gov.uk</a> 01248 752491
<b>Awdur yr Adroddiad: Report Author:</b>	Stephen Nicol Prif Ymgynghordydd Iechyd a Diogelwch Corf./Principal Corporate Health & Safety Advisor Rheoleiddio a Economaidd / Regulation and Economic <a href="mailto:StephenNicoll@ynysmon.llyw.cymru">StephenNicoll@ynysmon.llyw.cymru</a> 01248 751884 / 07747 118 402
<b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b> To inform the members of the Governance and Audit Committee of the Authority's performance with regard to Health and Safety during the period April 1 <sup>st</sup> 2021 to March 31 <sup>st</sup> 2022	

## Introduction

1. The Corporate Health and Safety Policy states an annual report will be written with regard to Health and Safety performance. The report is presented in a format identified by WLGA to enable key information to be included. The report is present in [Appendix A](#)

## Recommendation

2. That the Governance and Audit Committee:
  - Consider the report and recommendations included



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

# Health and Safety Report 2021 / 22

## Corporate Health and Safety Annual Report

## Summary

- **Corporate Management** – An Emergency Management Response Team (EMRT) was set up to oversee management during the Covid19 crisis. This has now be disbanded and management has reverted back to Senior Management Team.
- **Statistical Information** – total incidents recorded in 2020/21 were 966 with 4 being reported to the HSE as a legal requirement. Total staff only incidents were 188. This included the 4 report to the HSE. Both these figures were a slight increase on the previous year, considered to be due to lifting of restrictions and more activity. These figures were still below pre-Covid figures.
- **Corporate Training** – virtual and on-line training has replaced some courses which may have previously been done face to face. Where face to face training has been essential it has been carried out with safety controls in place. There has been an increase in training during this period.
- Training has included Coronavirus, Financial Well-being, Health and Fitness, Mental Health, Safeguarding and Well-being at Work. This has been to reduce possible effects of the Covid19 crisis.
- **Partnership work** – communication with external organisations has taken place to assist with sharing of information and assist effective working during the Covid19 crisis. This has included the other North Wales authorities, Leeds University and MSPRAC.
- **Health and Safety Group** – meetings of Health and Safety Coordinators within the council have continued, enabled by virtual meetings. This has allowed consultation across all Council Services
- **Occupational Health** – the provision of an Occupational Health service has been maintained during the period of 2020/21. This has been enabled by both virtual and in person appointments.
- **Key achievements -**
  - Effective management by EMRT
  - Being one of the first authorities to implement CO2 monitoring as a control measure with recognition from Welsh Government
  - Development of online (E-learning) programmes
  - Flexibility and commitment from all staff
- **Health and Safety support** – Corporate Health and Safety Team has continued to provide support across all Services during this period.
- **Strategic Action** – the Strategic action plan remains as three main points Plan, Do, Review. Plan work in advance, Do the work in compliance with plans and Review to ensure effective work
- **Conclusion** – The Council has adapted to significant changes in the methods of safe working whilst continuing to provide services to the community. This has enable identifying new methods to provide services and possibly work in a more efficient manner.

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### **1 Introduction**

The Isle of Anglesey County Council's Corporate Health and Safety Policy includes a commitment to the preparation and publication of an Annual Health and Safety Report.

Welsh Local Government Association (WLGA) have developed a framework and guidance for the production of an Annual Health and Safety Performance Report. The framework and guidance provides a series of headings to assist with the reporting of health and safety performance. This framework was not intended to be a comprehensive analysis of health and safety but should assist in identifying the commitment, ability and direction of the management of occupational health and safety. This report follows the format provided by WLGA.

### **2 Corporate Management during the COVID 19 Pandemic**

An Emergency Management Response Team (EMRT) was formed in 2020 to oversee the management of Ynys Mon County Council's undertakings during the Covid19 crisis. This allowed an overview of all activities and all reactive work required during the crisis. The EMRT met regularly to ensure informed and timely management decisions were made for work activities and service provision.

Sub-groups were formed to allow more focus on specific topic areas such as PPE provision, communication, TTP, vaccinations, etc. Effective and dependable work from home arrangements were established for office-based workers, whilst front line services and workers were informed by specific risk assessments and associated safety measures.

As restrictions were eased more work activities were restarted. An Opening Group was formed to assess risk assessments and operational plans for restarting work activities and allowing the "opening" of buildings and associated services. This group assessed the safety precautions in place to allow this and continued follow up monitoring.

A Hybrid Work Policy was devised to allow a balance of office and home work to take place.

The Senior Leadership Team (SLT) continued to provide continuity and governance of the council with regard to general management and actions, with decisions still taken by the Executive. This was supported by meetings of the Penaethiaid Group to enable escalation of

any issues to SLT to ensure appropriate action can be taken to resolve matters, health and safety related or other.

The Corporate Health and Safety Plan for 2020/21 was devised to address the immediate and evolving demands during the crisis. Some actions from the 2020/21 plan have been incorporated into the 2021/22 plan due to recognising the ongoing risks and demands of living, working, and providing services with the continued presence of Covid19.

### **3 Statistical Information**

The data presented below includes all accidents and incidents reported during 2021/22. The internal classification of accidents and incidents has been in three categories - Minor, Serious and RIDDOR.

Minor accidents and incidents would have been accidents / incidents where the resulting injury or loss was insignificant. This includes accident and incidents which resulted in no injury or loss and the potential outcome may be insignificant if injury or loss had occurred.

Serious accidents / incidents are classified where the outcome resulted in significant injury or loss or where there was potential for significant injury or loss. This includes accidents and incidents which resulted in no injury or loss but the potential outcome may be significant if injury or loss had occurred.

RIDDOR accidents and incidents are accidents or incidents which met specific criteria that required reporting to the HSE. The criteria for reporting these types of accidents and incidents are provided within the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

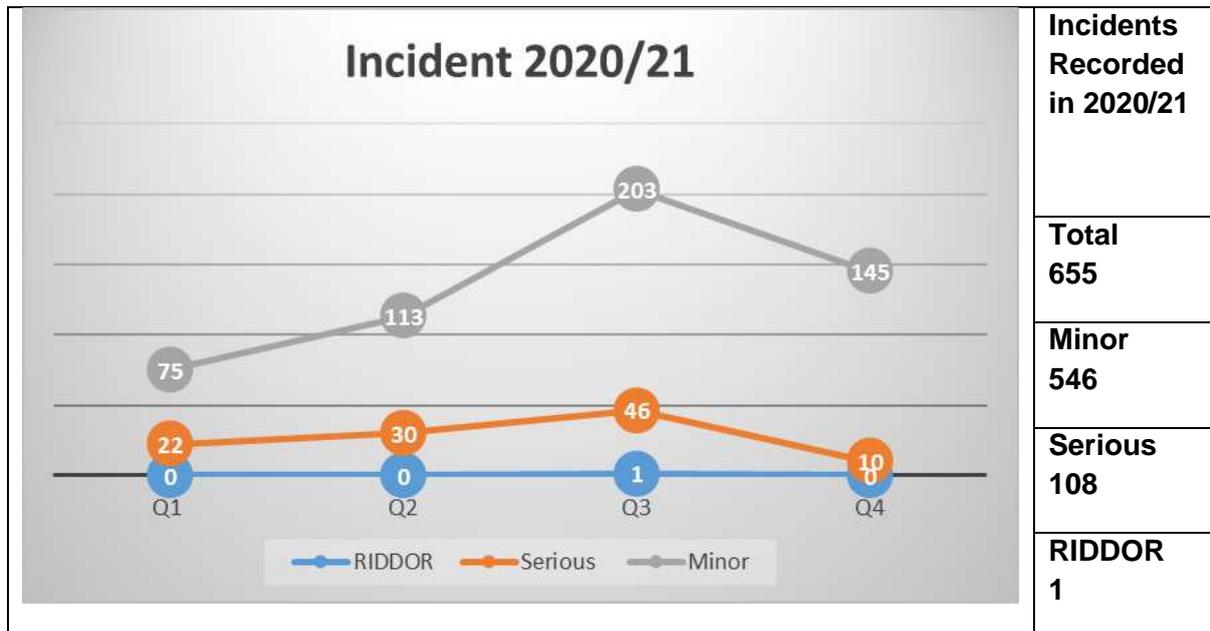
The table below presents the number of accidents and incidents for the whole authority. This includes incidents involving members of the public, service users, school pupils, contractors, facilities as well as employees.

All incidents reported

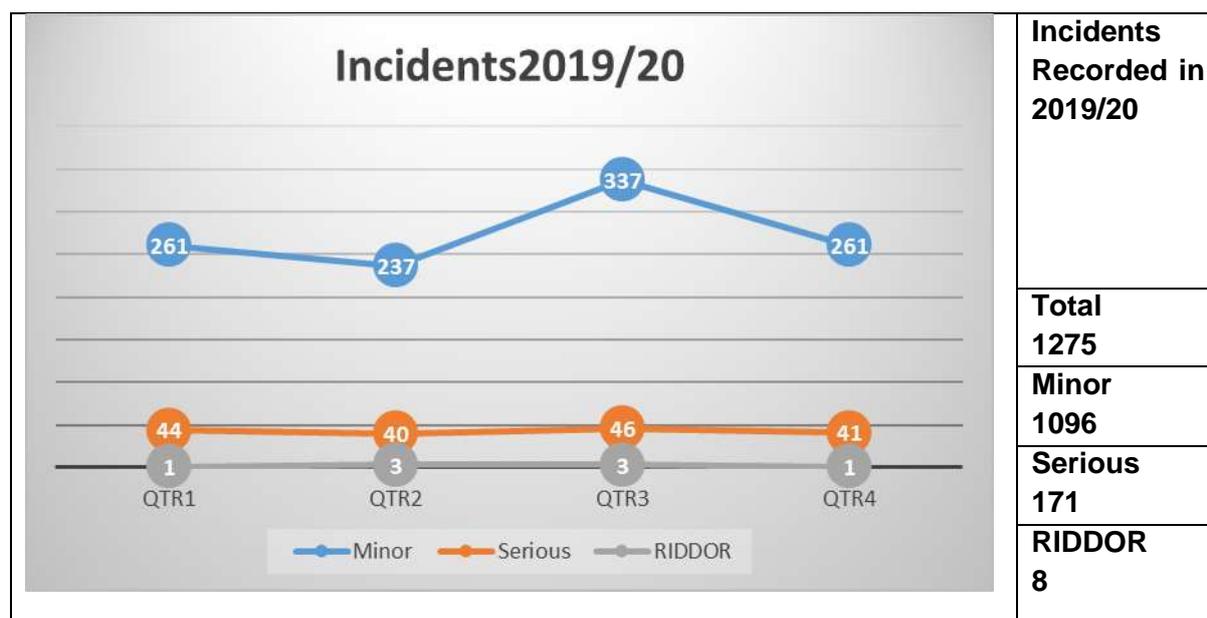
Table 1 – All incidents 2021/22



Table 2 – All incidents 2020/21



**Table 3 – All incidents 2019/20**



Analysis of Tables 1, 2 and 3 show a significant decline in the number of incidents in 2020/21 (Table 2) compared to the previous year (Table 3). This decline is considered to be directly related to the reduced number of services operating, including schools. Incidents recorded from schools would normally be the largest number recorded per Service. As schools were closed for periods during 2020/21 this would account for the reduced number of incidents recorded.

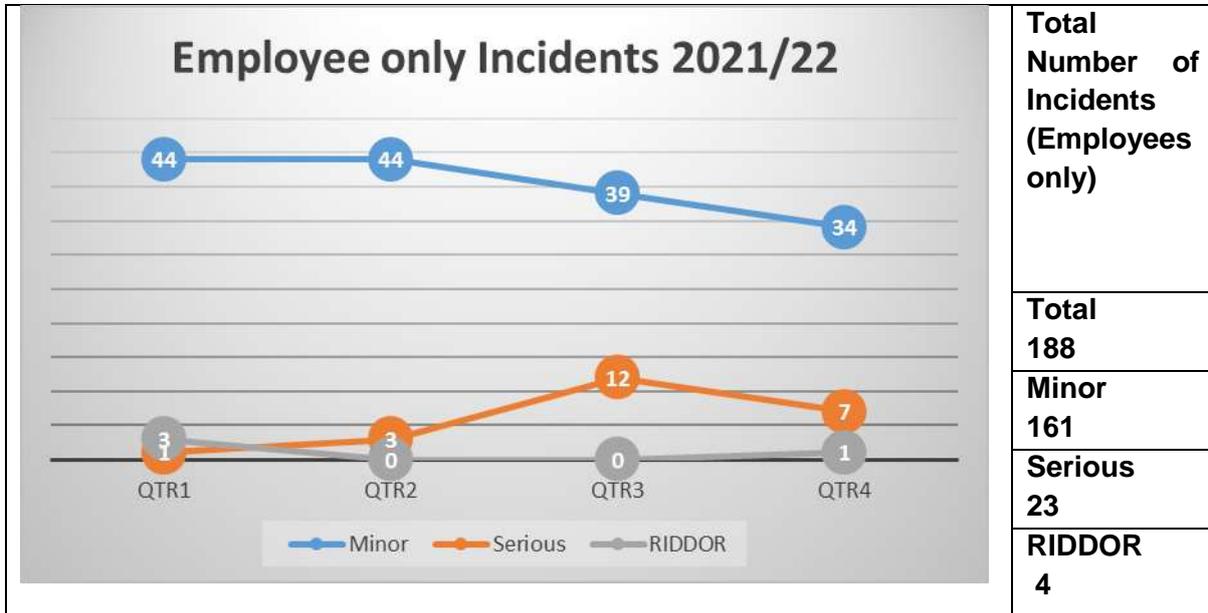
As restrictions have been reduced/removed there has been an increase in work activity being carried out. This has resulted in an increased number of incidents report in 2021/22 (Table1).

A comparison between 2019/20 and 2021/22 should be more accurate than comparison with 2020/21. Based on this comparison there has been a reduction in incidents. This may be due to safety controls remaining in place as restrictions have been relaxed.

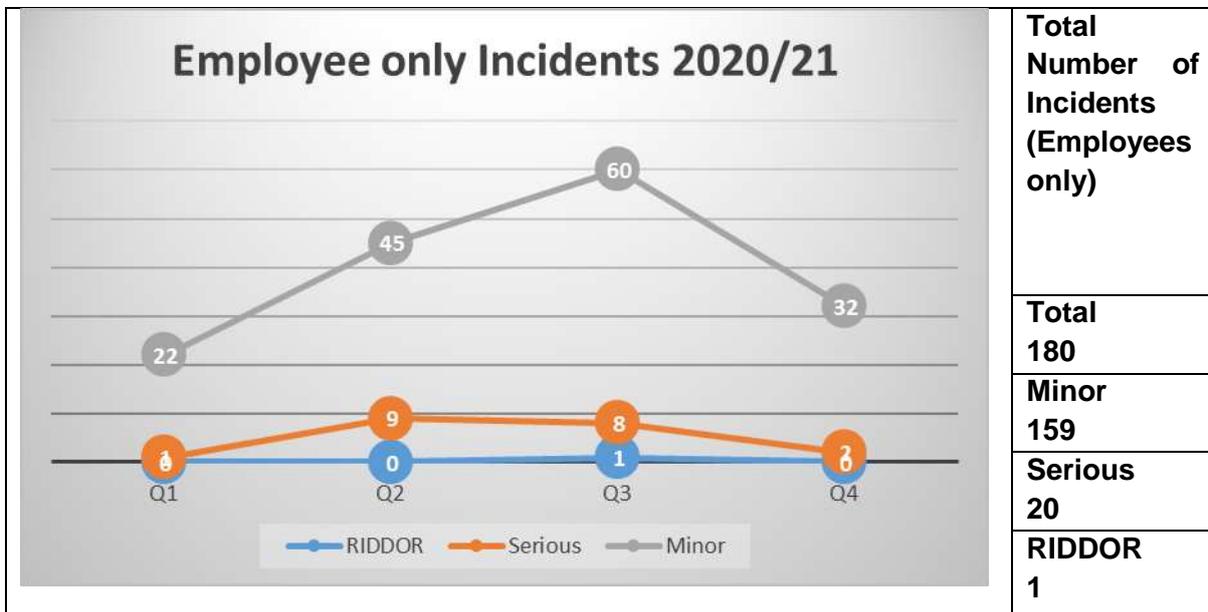
**Employee only incidents**

The tables below presents the number of accidents and incidents involving employees only.

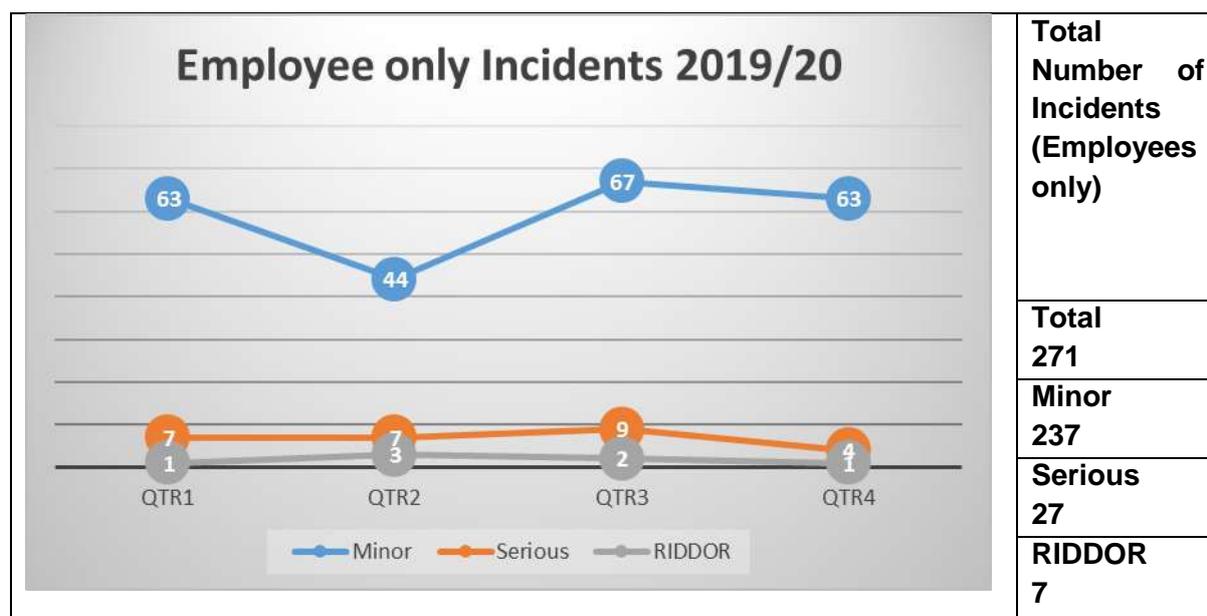
**Table 4 – Incidents relating to employees only 2021/22**



**Table 5 – Incidents relating to employees only 2020/21**



**Table 6 – Incidents relating to employees only 2019/20**



Analysis of Tables 4, 5 and 6 show a reduction in the number of incidents in 2020/21 (Table 5) compared to the previous year (Table 6 2019/20). In 2021/22 (Table 4) there has been a minimal increase over the previous year.

It is considered the reduction in 2020/21 was due to the reduced number of activities taking place under Covid19 restrictions.

The minimal increase in 2021/22 may be due to strict controls remaining in place as work progressed from the Covid19 crisis. Staff being more aware of risk due to the Covid19 crisis may have had an effect of there being a more cautious approach to work. Increased awareness of the need for risk assessment for work may have increased focus on safer working.

**4 Corporate Training Provision 2021 - 2022**

Despite the on-going impact of the COVID-19 pandemic, there was an increase in Health & Safety training offered as well as in the numbers attending courses. This, may well have been a reflection on the fact that training delivery was easily accessible via Zoom or MS Teams. Due to the recent changes in Covid guidance, a gradual return to face-to-face learning has been re-introduced where possible.

A total of 52 Corporate Health & Safety sessions were successfully held which was a 300% increase on training provision in comparison to the previous year, during which a high proportion of training had been cancelled or postponed due in the main to covid restrictions/staffing issues.

As a result, attendance was also up by 289% in comparison to the previous year, with a total of 315 individuals attending.

It should be noted that wherever face-to-face training had been possible, restrictions on numbers attending would have applied, therefore resulting in smaller groups per session.

**Table 7 – Corporate Health & Safety Sessions, April 2021 – March 2022**

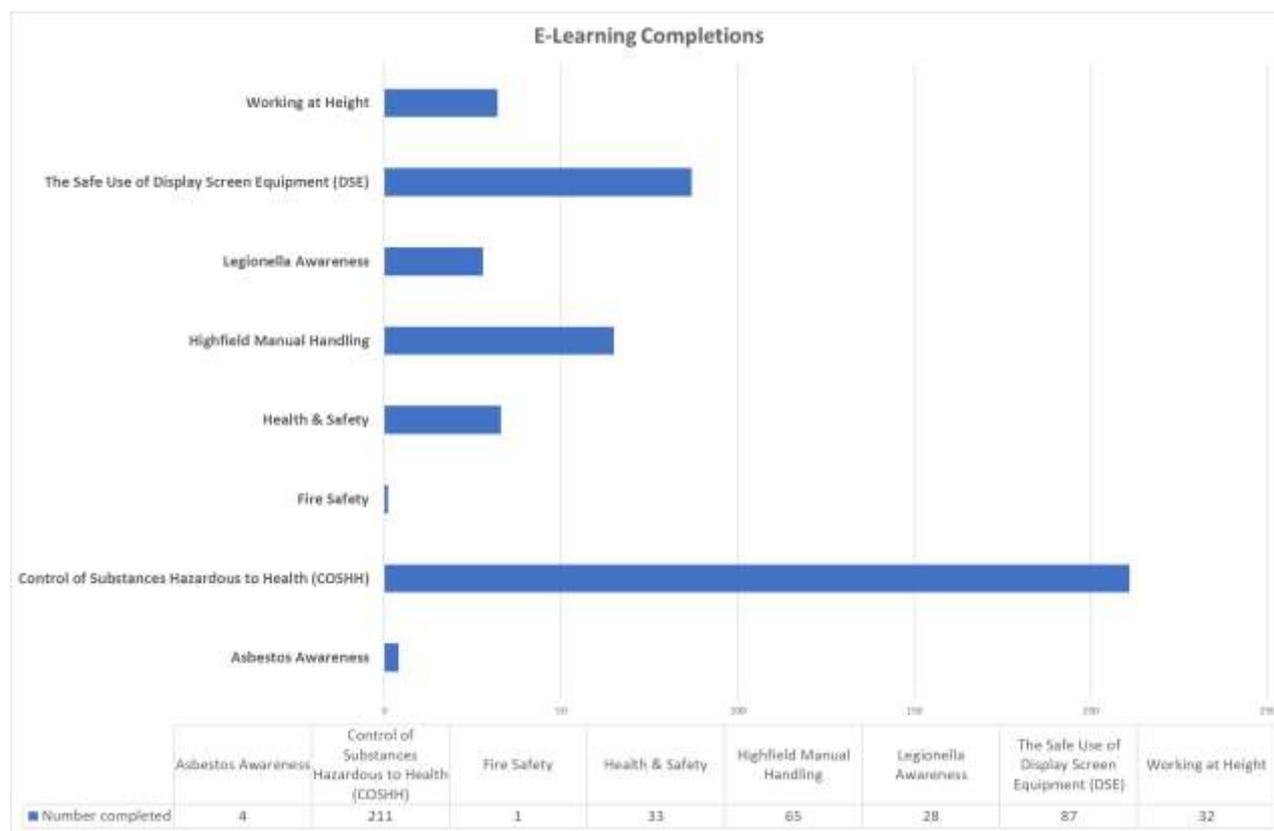
<b>Course</b>	<b>Sessions Held</b>	<b>Numbers attended</b>
Asbestos Awareness	4	18
Banksman	3	12
Emergency First Aid	7	45
Fire Awareness in the Home	2	27
Fire Marshall	1	3
Fire Safety	6	52
First Aid at Work	4	23
First Aid Refresher	4	15
Fork Lift Training	1	4
How to Carry Out a Risk Assessment	1	7
Managing Health & Safety (IOSH)	1	11
Legionella Awareness	2	6
Manual Handling	4	13
P405 Asbestos Refresher	1	7
PASMA Tower Training	3	17
Personal Safety	6	49
Scissor Lift Training	2	6

E-Learning continued to be an alternative method of meeting training needs during the on-going pandemic, with 461 completions across 8 modules. Though there is a decrease of 33% in overall completions in comparison to the previous year, this is to be expected given the heavy utilisation in the previous year and the increase in classroom-based sessions this year.

Table 2 below provides an overview of the E-Learning completions.

Asbestos and Legionella Awareness E-Learning had been arranged specifically for the Housing Maintenance Unit in the previous year and continued into this year. With regards to Asbestos Awareness, an additional 4 completed the module during the 2021-22 period, bringing the overall completion up to 59. Legionella Awareness had been arranged towards the end of the previous year, resulting in 28 completions during the 2021-22 period, bringing the overall completion up to 36.

An in-house Working at Height module had been successfully piloted within the Housing Maintenance Unit during this period, with 32 completing this module. In addition, further external e-learning arrangements were made, specifically in relation to Manual Handling. The Control of Substances Hazardous to Health (COSHH) e-learning module which had been in development during the previous year successfully launched during May 2021, which accounts for the largest portion of completions during this period.

**Table 8 – Corporate Health & Safety E-Learning Completions, April 2021 – March 2022**

## Social Care Sector

Health & Safety courses continued to be arranged for the Social Care Sector, with a total of 26 events specifically arranged during the year, see Table 3 below, attended by a total of 196 individuals.

As with the Corporate arrangements, this was a 257% increase on training provision in comparison to the previous year and an increase of 243% in attendance.

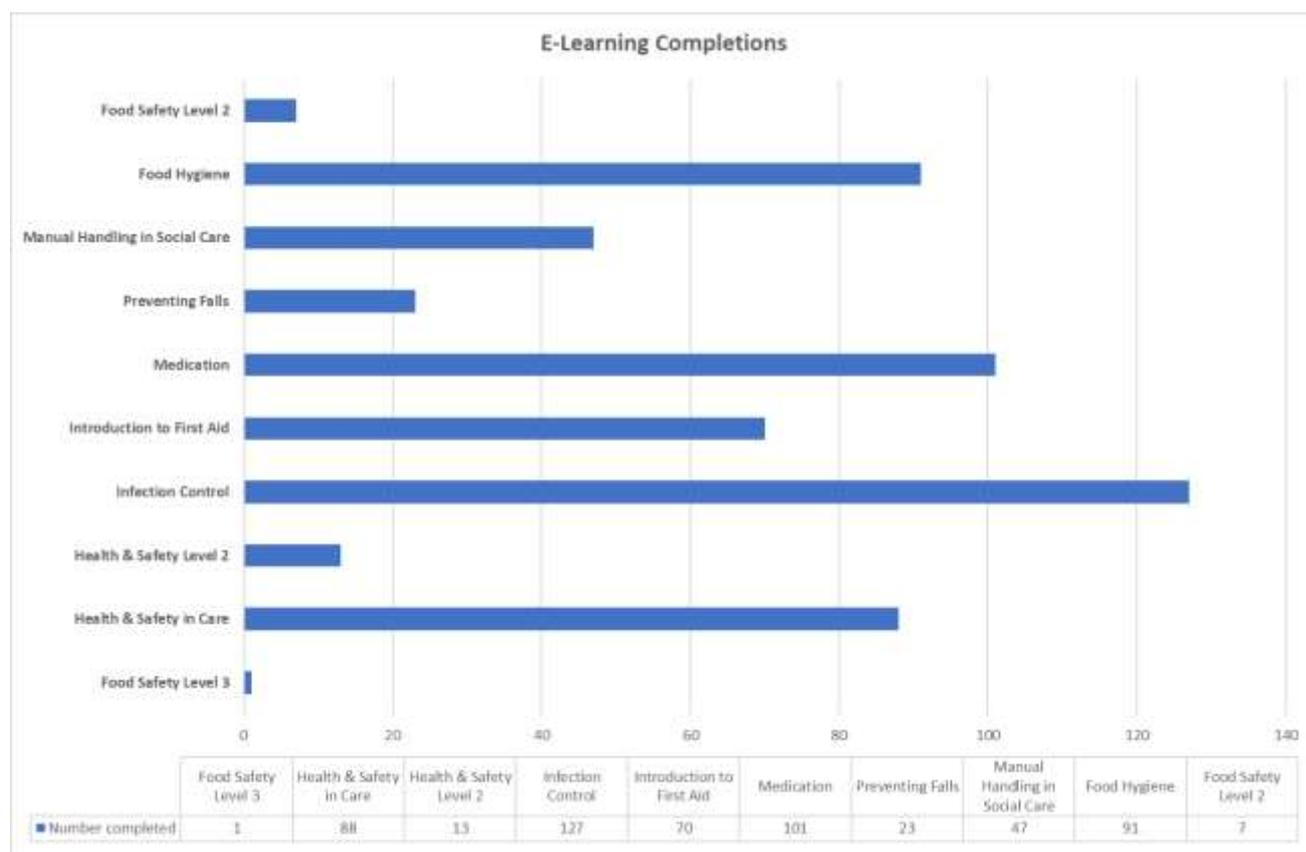
**Table 9 – Social Care Health & Safety Sessions, April 2021 – March 2022**

Course	Sessions Held	Numbers attended
De-escalation and Distressed Reactions	1	11
Homecare Medication	1	9
Infection Control	3	16
Infection Control Awareness	1	11
Medication Awareness	2	21
Medication	1	12
Paediatric First Aid	3	22
Manual Handling	9	48
Personal Safety Awareness	3	23
RESPECT Training	2	23

Once again, E-Learning continued to be an integral aspect of training provision during this period, with a total of 568 completions across the 10 Health & Safety related modules for the Social Care Sector and/or situated within the Social Care Dashboard of Learning Pool. This saw a 34% decrease in completions compared to previous year, but again is likely due to the return of classroom based/tutor-led training sessions this year.

Table 4 below provides an overview of the E-Learning completions, however it must be noted that the Food Safety Levels 2 and 3, and Health & Safety Level 2 modules were arranged for a specific target audience, whereas the remaining modules are available to all staff, naturally resulting in lower completion rates.

**Table 10 – Social Care Health & Safety E-Learning Completions, April 2021 – March 2022**



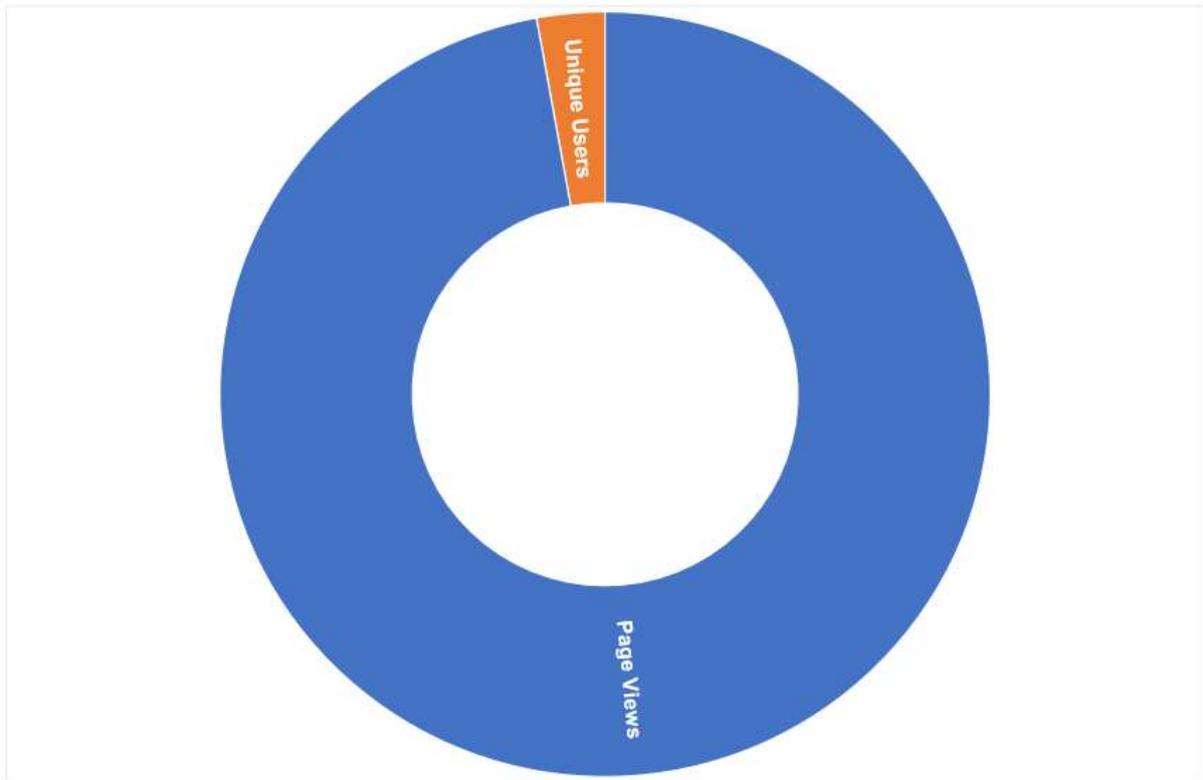
**Health & Well-being**

The Health & Well-being Category on Learning Pool was launched during March 2021, and this was a revamp of the Working from Home Well-being page which originally launched during the initial lockdown period in March 2020.

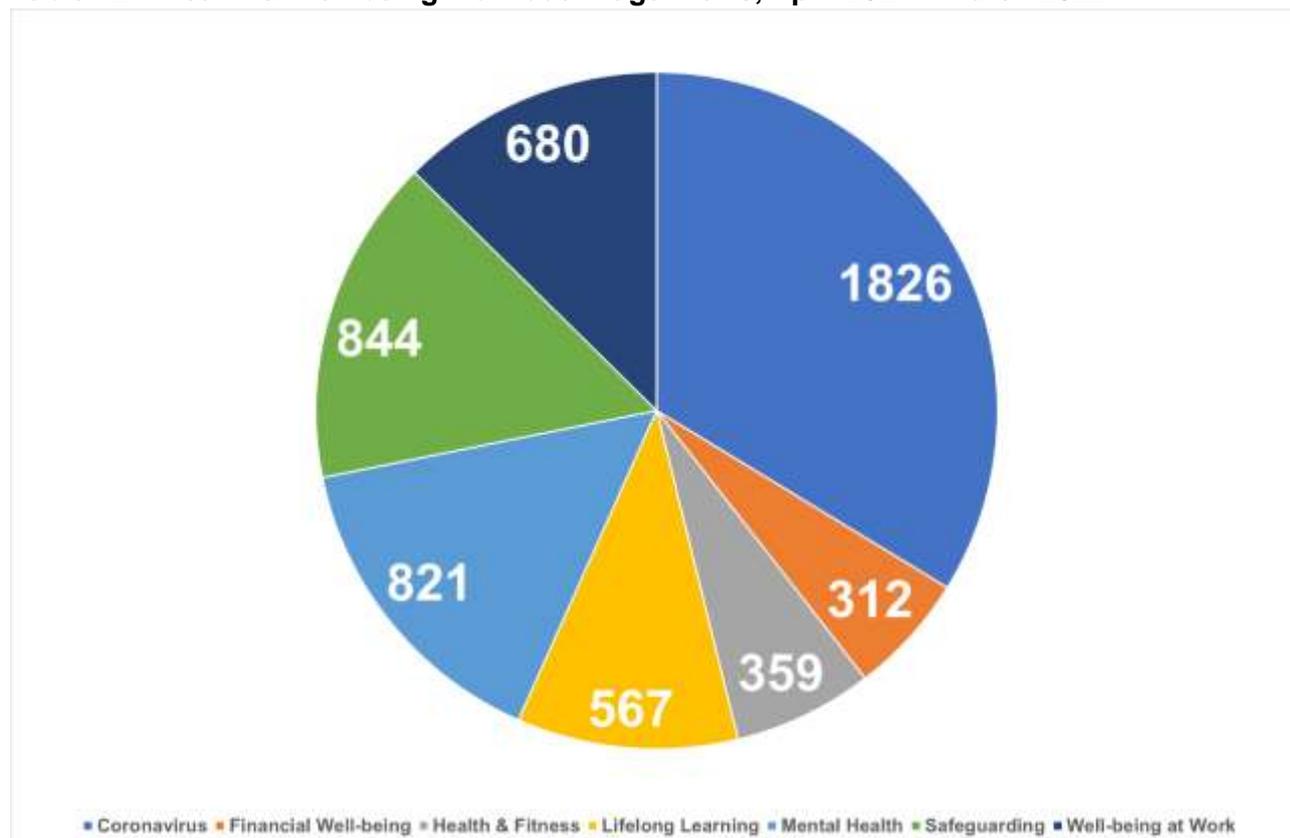
During the 2021-22 period, the Health & Well-being category had a total of 5,409 views, across 159 users.

While these figures are considerably lower than the previous year, this is likely due to the decrease in momentum following its initial launch in addition to the fact that the previous period had likely gained unprecedented activity due to the uncertainty of the pandemic and lockdown periods at the time.

**Table 11 – Health & Well-being Page: Page Views against Unique Users, April 2021 – March 2022**



Evaluating the views of each individual page, Table 6 below, shows that the Coronavirus continued to be an area of concern and/or interest having the largest number of views within the Category, accounting for 34% overall. Sharing the Top 3 with the Coronavirus page is Safeguarding (15%) and Mental Health (15%). Both pages received unique promotion during National Safeguarding Week, Mental Health Awareness Week and Men’s Health Week respectively.

**Table 12 – Health & Well-being individual Page Views, April 2021 – March 2022**

A total of 38 sessions were arranged around Health & Well-being e.g. mental health, resilience, financial well-being etc. with a total of 409 members of staff attending. This shows an increase in both training provision and attendance compared to the previous year, with a 80% increase in training provision and 83% increase in attendance.

**Table 13 – Corporate Health, Well-being and Personal Support Sessions, April 2021 – March 2022**

Course	Sessions Held	Numbers attended
Anxiety Awareness	1	8
Beat the Blues	1	6
Building Resilience and Well-being in the Workplace	1	11
Building Resilience in the Workplace for Managers	2	24
Cheesy Puffs and Me	1	14
Dangos – Showing People Ways to Help Others	1	9
Emaillogic – Email Etiquette and Wellbeing	9	108
Financial Awareness	1	7
Fraud Prevention	3	101
Gambling Awareness	1	5

How to be Resilient in the Workplace	1	11
Menopause in the Workplace	1	20
Mental Well-being at Work for Managers	3	20
Mid-Career Financial Planning	2	4
Physical Wellbeing	1	14
Pre-retirement	7	32
Resilience for the Senior Leadership Team	1	11
Talk, Learn, Do – Learn Money Workshop	1	4

In addition, a total of 7 Health & Well-being related sessions were specifically offered to Social Care staff, with a total attendance of 61. These were primarily around Mental Health and Resilience. Figures in training provision are consistent with the previous year whilst attendance only dropped by 2%.

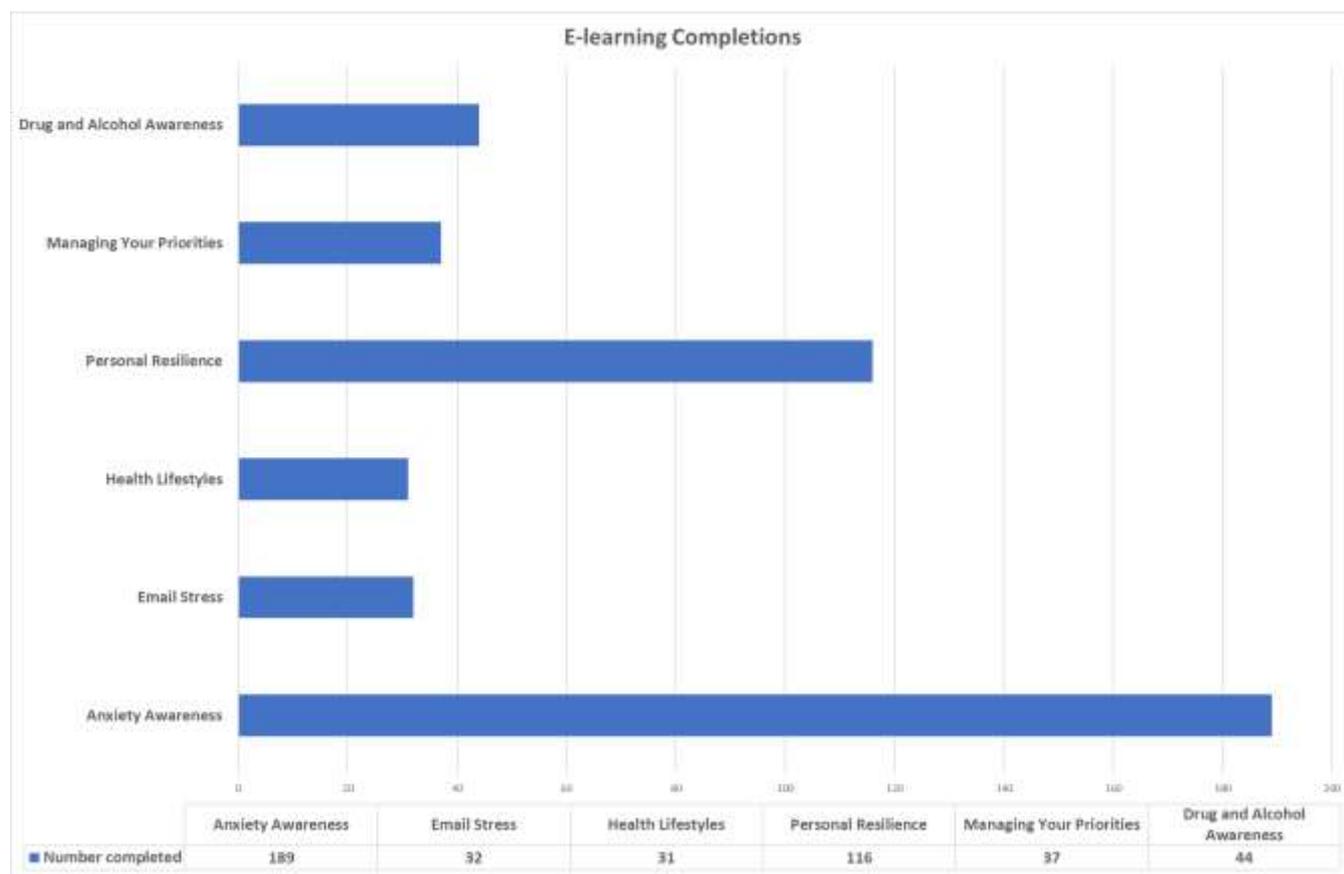
**Table 14 – Social Care Health & Well-being Sessions, April 2021 – March 2022**

<b>Course</b>	<b>Sessions Held</b>	<b>Numbers attended</b>
Anxiety Awareness for Staff	2	16
How to be Resilient in the Workplace (Managers)	1	7
How to be Resilient in the Workplace (Staff)	1	16
Mental Health Awareness	1	8
Mindfulness Awareness	2	14

E-Learning again was utilised, however as with the Health & Safety E-Learning, there was a natural decrease in completions by 40%.

In total there were 449 completions across 6 modules during 2021-22. Breakdown of completions per module are seen in Table 9 below. It should be noted that Personal Resilience and Anxiety Awareness completions are naturally higher as they had been launched towards the end of the last period in February 2021.

**Table 15 – Health & Well-being E-Learning Completions, April 2021 – March 2022**



## 5 Partnerships

### The North Wales Health and Safety Teams

Limited work has been done between the Corporate Health and Safety Teams in North Wales during the COVID19 crisis. There has been some communication with regard to requests for advice on specific issues relating to COVID19.

### External Organisations

Exploration of further controls to address the risks controls for COVID19 have been carried out with MSPRAC and Leeds University.

### HSE

The main contact with the HSE during the period 2021/22 has been to respond to the Workplace Surveys regarding COVID-Secure arrangements. To date all have been satisfactory.

## **6 Joint Consultation**

### **Health and Safety Group**

Virtual Corporate Health and Safety Group meetings have been held during 2021/22. The meeting allowed Health and Safety Co-ordinators from services across the whole of the council to share information and experience of control measures and adaptations implemented to deal with the risks from COVID19.

## **7 Occupational Health Provision**

A bilingual Occupational Health Service is provided by Gwynedd County Council, which is managed by the HR Service. There are just over 450 appointments made available to staff each year. These are allocated via line manager referral or self-referral by the member of staff. There are approximately 200 appointments made available to staff who feel they will benefit from physio, these appointments are made by referral from Occupational Health following a consultation.

Appointments have been virtual where possible during the Covid19 crisis. As restrictions have been removed there has been a shift towards more face to face appointments.

## **8 Key Achievements**

### **EMRT**

The Management of the Covid19 crisis by the EMRT could be seen as a key achievement. EMRT had enabled communication links and work with external partners on a local, regional and national level. The EMRT group provided a management overview of all activities during the Covid19 crisis. The EMRT group officially stood down in February 2022.

### **PPE**

The continued supply and distribution of PPE through the Covid19 crisis should be considered a key achievement. This has included supply of PPE to organisations outside of the Council.

### **CO2 Monitoring**

A significant piece of work done by the Isle of Anglesey County Council was with regard to the monitoring of CO2 levels in indoor environments. This was initial in schools and care homes. The work was reported to the Welsh Government and became a recognised control to reduce the risk from COVID19.

### **Learning Pool**

The continued provision of the Learning Pool as a method of providing information and training should be considered a key achievement. This has enable staff and external partners to access relevant information which should assist with their health and safety.

### **Staff**

The flexibility and commitment of staff from all services to provide continued services in a safe manner through the crisis should be considered a key achievement. Front line staff have

continued to provide high quality services for the people and communities of Anglesey, despite the personal risks to their own safety.

This should include the willingness to adapt as restrictions have been removed.

## 9 Safety Performance

### Corporate Health and Safety Support

The Corporate Health and Safety Team consists of three core members, Principle Advisor, Assistant Advisor and Trainee Advisor.

There were 1200 Service Request to the Corporate Health and Safety Team during 2021/22. 964 Requests required Advice and Assistance, 236 required Advice only. Service Requests include attendance of management meetings, review of risk assessments and safety procedures and general advice.

**Table 16 – Breakdown of Service Requests April 2021 – March 2022**

Purpose of Request	Number
Attendance at EMRT Meeting	21
Attendance of Sub-Groups of EMRT	59
Report to Penaethiaid	4
Report to Service Management meetings	12
Teacher / School Governors Health and Safety Inductions	3
Review Risk Assessment / Safety Procedure	330
General Advice / Information Requests	771

There is an expectation for organisations to report certain incidents to the HSE. There are time scales for reporting and reacting to these type of incidents. A performance indicator for the Corporate Health and Safety Team is to react to RIDDOR incidents within five days.

There were three RIDDOR incidents reported during the past twelve months. These were reporting within the time period by the Corporate Health and Safety Team.

There is a requirement to report incidents where contracting COVID19 directly due to a work activity has occurred. There has been only one instance of this during the COVID19 crisis and this occurred during the year 2021/22

## 10 Strategic Action Plan

<b>Strategic Action Plan</b>	
<b>PLAN</b>	<p>Corporate Health and Safety Action Plan (CHSAP) The CHSAP has been developed to address known areas for continued improvement.</p> <p>Service Health and Safety Action Plans (SHSAP) – The CHSAP will be agreed by SLT and Peneathiaid</p> <p>SHSAPs should be planned to address known areas for improvement specific to the relevant Service. SHSAP should consider the ongoing management of the Services “business as usual”. The SHSAP will be agreed by the Director or Head of Services for the relevant Service.</p> <p>Plans and Risk Assessments will be developed by the relevant Service involved with the work.</p>
<b>DO</b>	<p>CHSAP implemented by All Services – actions from the CHSAP will be completed as required. Monitoring of progress will be carried out by means of Services reporting progress to the Corporate Health and Safety Coordinators Group.</p> <p>SHSAP implemented by Relevant Services – actions from the SHSAP will be completed as required. Monitoring of progress will be carried out and reported in the relevant Service Management Team or Health and Safety Group meetings. Services will report progress on their SHSAP to the Corporate Health and Safety Group.</p>
<b>REVIEW</b>	<p>Quarterly reviews will be carried out on progress of the CHSAP by the Corporate Health and Safety Group. The review will consider progress of actions, the effectiveness of actions implemented and possible further action.</p> <p>Quarterly reviews will be carried out on progress of the SHSAPs by the relevant Service Management Team or Health and Safety Groups The review will consider progress of actions, the effectiveness of actions implemented and possible further action.</p>

## 11 Conclusion

The COVID19 crisis has continued to dominate the work carried out by the council during the year. The Senior Leadership Team and Peneathiaid Team formed the majority of the EMRT Group. The EMRT Group and Sub-Groups provided an oversight of arrangements to ensure appropriate controls were in place as restrictions eased.

The overview of Management for Health and Safety will be passed to the Senior Leadership Team and Peneathiaid. This should allow similar control of the management as the EMRT.

The Corporate Health and Safety Action Plan for 2022/23 include actions which are still relevant from plans from previous years. This is due to the possible continued presence of COVID19 and adapting work processes in a changing work environment.

Some work streams developed due to the crisis identified benefits for the future. These have been included in the 2022/23 Corporate Health and Safety Action Plan. .

## **12 Recommendation**

The Council should follow the strategic plan for management of Health and Safety and implement the Corporate Health and Safety Action Plan.

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	28 September 2022
<b>Subject:</b>	Annual Counter Fraud, Bribery and Corruption Report 2021-22
<b>Head of Service:</b>	Marc Jones, Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author:</b>	Marion Pryor, Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<b>Nature and Reason for Reporting:</b> The Public Sector Internal Audit Standards require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).	

## 1. INTRODUCTION

- 1.1. This report presents the activity carried out during 2021-22 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.
- 1.2. This supports the requirements of the Public Sector Internal Audit Standards, 2018 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).
- 1.3. In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council's responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.
- 1.4. The report highlights some of the current and emerging areas of fraud risk, including those related to the Covid-19 pandemic, and provides a conclusion on the effectiveness of the Council's arrangements to minimise the risk of fraud.

## 2. RECOMMENDATION

- 2.1. That the Committee considers and comments on the activity carried out during 2021-22 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.



# ANNUAL COUNTER FRAUD, BRIBERY & CORRUPTION REPORT 2021-22

Marion Pryor BA MA CMIIA CPFA ACFS

September 2022

Head of Audit & Risk

[MarionPryor@anglesey.gov.wales](mailto:MarionPryor@anglesey.gov.wales)



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## INTRODUCTION

This report presents the activity carried out during 2021-22 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

This supports the requirements of the Public Sector Internal Audit Standards, 2018 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).

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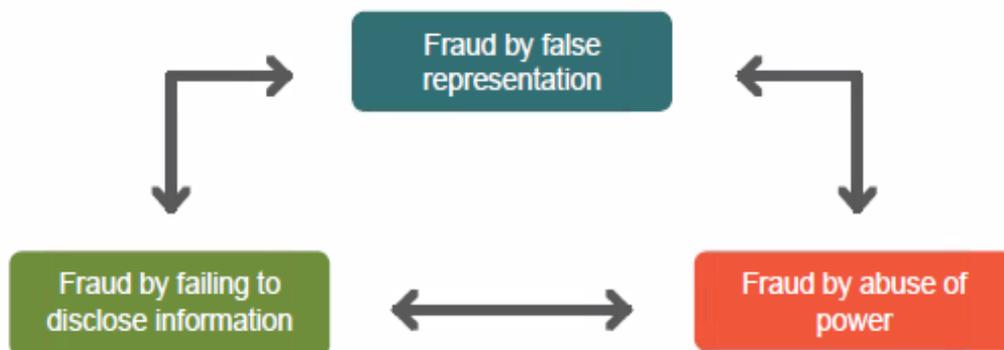
The report highlights some of the current and emerging areas of fraud risk, including those related to the Covid-19 pandemic, and provides a conclusion on the effectiveness of the Council's arrangements to minimise the risk of fraud and the challenges and opportunities going forward.

## WHAT IS FRAUD?

Fraud, bribery and corruption are all forms of behaviour that have elements of dishonesty or unlawful gain. Fraud can be defined as criminal conduct involving deliberate deception in order to receive unfair, unjustified or unlawful gain and typically describes activities such as theft, corruption, money laundering, conspiracy, bribery and extortion.

Before enacted within law, it was generally accepted that fraud was a broad legal concept that referred to an intentional act committed to secure an unfair or unlawful gain, and was covered within a variety of other criminal legislation, such as the Theft Act 1968.

However, since then, in the UK, fraud has become a criminal offence in its own right; the Fraud Act 2006 sets out three ways in which the crime can be committed:



The CIPFA Counter Fraud Centre advocates the following definition of fraud:

**Fraud is an acquisitive crime that involves stealing (theft) by means of some form of deception or misrepresentation.**

## WHAT IS BRIBERY AND CORRUPTION?

The Bribery Act 2010 came into force in 2011. The Act reformed and consolidated existing bribery laws. It also simplified and expanded the range of offences for which individuals and organisations can be prosecuted.

Under the Act, offences include:

- Giving bribes either directly or through a third party
- Receiving bribes
- Bribery of a foreign public official
- Failure of a commercial organisation to prevent bribery (corporate offence)

The concept of bribery is broad and includes the offer, promise or giving of a financial or other advantage intended to induce or reward the improper performance of a public function or business activity. Special consideration is also given in the Act to certain areas of activity, including hospitality and gifts.

Corruption is the lack of integrity or honesty (which may involve bribery) or the abuse of position for dishonest gain. From a legal perspective, corruption is more difficult to define, as behaviours that are considered corrupt in some countries may be protected by a legal framework in others. This is particularly the case where bribery is involved.

For our purposes, we consider corruption to be either fraudulent behaviour or actions that involve bribery.

## WHY IS COUNTERING FRAUD, BRIBERY AND CORRUPTION IMPORTANT?

Fraud can affect the public sectors' reputation and divert funding from vital public services, undermining public trust, financial sustainability and organisational efficiency. Fraud, bribery and corruption, as well as money laundering and terrorist financing, have grown enormously to become a global blight that challenges national governments and private industry alike.

CIPFA, in its most recent National Fraud and Corruption Tracker (2020) report recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them.

Successful counter fraud activity is about much more than just saving money. These illegitimate activities can undermine public trust. When councils take effective counter fraud measures they rebuild this public trust, and ensure that scarce funds are used effectively.

In Wales, the Auditor General's report (2019) highlighted that Welsh public services could be losing anything up to £1 billion a year to fraud. At a time of increasing financial pressure, it is more important than ever for all public bodies in Wales to seek to minimise the risks of losses through fraud.

CIPFA advocates that:

**“leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management”.**

## CURRENT CONTEXT

### **Wales-wide arrangements for counter fraud**

Following the transfer of fraud investigators from local government to the Department for Works and Pensions in 2014, most councils in Wales, including the Isle of Anglesey County Council, no longer have a dedicated council-wide counter-fraud resource, and instead, Internal Audit has been designated the counter-fraud role in the Council.

A review by the Auditor General in 2019 of counter-fraud arrangements across the public sector reported that the resources devoted to counter-fraud activity vary widely across the public sector in Wales. Across local government in Wales, counter-fraud resourcing arrangements differ markedly from council to council, and there is no all-Wales team responsible for local government counter-fraud activities or any overarching strategy or policy framework.

To fill the gap in the local government sector at strategic level, the North and Mid Wales Audit Partnership established a sub-group to share and drive good practice in relation to counter fraud. This group continues to meet quarterly and is collaborating to develop a baseline for counter-fraud arrangements across seven local authorities in north and mid-Wales.

## CURRENT AND EMERGING FRAUD RISKS

When the pandemic hit everyone was forced online, and the same was true for criminals. According to the most recently published fraud trend figures from the National Fraud Intelligence Bureau (NFIB), in 2020-21, 80% of reported fraud was cyber-enabled.

With the war in Ukraine, record inflation rates and the cost of living crisis, other business-critical risks such as supply chain disruption, staff retention, and cyber threats, the opportunities for fraud have increased, and fraudsters will take advantage of the situation using increasingly sophisticated tools to commit crime.

The KPMG Fraud Barometer for 2021<sup>1</sup> indicates that insider threats may become more prevalent and is potentially linked to weaknesses in internal controls driven by the impact of COVID-19, as organisations continue to handle new ways of remote working. With widespread concern over the significantly increased cost of living, KPMG predicts that this will be an added driver of 'insider threat' fraud cases in 2022.

Local authorities continue to face a significant fraud challenge and while the sector's official figures are dated, the argument for protecting funds and vulnerable people remains. Council tax fraud represented almost two-thirds (65%) of identified instances of fraud with an estimated value of £35.9m, followed by disabled parking concessions and housing fraud, representing 17% and 11% of the total cases of UK estimated public sector fraud respectively in 2019-20.

The largest growing fraud area in the UK is housing tenancy, with an estimated £60.1m lost in 2019-20 compared to £47.7m in 2018-19. Council tax single person discount (SPD) is the next largest growing fraud area, which has an estimated increase of £9.6m to an estimated value of £29.0m for cases detected/prevented in 2018-19.

More recently, Cifas<sup>2</sup> reports that attacks on local authorities continue with the abuse of COVID grants by individuals who are using companies which are insolvent, dissolved or simply do not exist; abuse of empty properties being used to apply for grants and companies supplying false documentation to obtain grants.

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<sup>1</sup> KPMG Fraud Barometer 2021: A snapshot of fraud in the UK, February 2022

<sup>2</sup> Key Intelligence, Credit Industry Fraud Avoidance System (Cifas), January 2022

# ASSESSMENT OF COUNTER FRAUD ARRANGEMENTS AT ISLE OF ANGLESEY COUNTY COUNCIL

CIPFA endorses a common set of principles across the public services to improve counter fraud practice, set out in its **Code of Practice on Managing the Risk of Fraud and Corruption** (2014). Using this code as a benchmark, an assessment against the five principles was carried out and a high-level summary of the results appears below.

## Acknowledge responsibility

The first principle of the Code advocates that the governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.

The documents expected in a council's counter fraud response are available on the Council's intranet. A framework of policies exists, as recommended by the guidance and policy acceptance software tracks staff's acceptance and understanding of the policies. The following policies were issued to staff for them to confirm their knowledge and understanding:

Policy	As at	Compliance Rate	Current Status
Officers' Code of Conduct and Local Guidance	20/09/2022	92% (997 of 1,078)	Live
Whistleblowing Policy and Guidance	20/09/2022	93% (998 of 1,078)	Live

However, although the Council's Code of Conduct provides guidance for declaring a potential conflict of interest, with additional advice in the Local Guidance on the Officers Code of Conduct and the Notice of Personal Interest form, it is vague in terms of when and to whom a declaration should be made. It is reliant on the individual's awareness, discretion and judgement. In addition, the Council does not record and monitor declarations centrally, so there is no corporate oversight of potential conflicts of interest. In addition, panel members involved in procurement exercises are not required to declare potential conflicts, including declaring a nil response. This would help to improve and promote a fraud-aware culture across the Council.

A comprehensive programme of policy refreshment, counter fraud awareness raising and an eLearning package will be delivered as part of the Counter Fraud Strategy for 2022-2025 during 2022-23, as well as an internal audit review of the process for declaring interests.

## Identification of fraud and corruption risks

The second principle advocates fraud risk identification as essential to understanding specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.

The Code supports the consideration of fraud and corruption risks as business risks and for them to be managed as part of the organisation's risk management process. The Council has a mature risk management framework and fraud risk is considered during this process.

An internal audit review of the management of fraud and corruption risks during 2021-22 concluded that arrangements existed in terms of policies and procedures to safeguard against the risk of fraud and corruption in its procurement activities. However, there were opportunities to improve the arrangements by updating documents, creating a risk-aware culture within the workforce and developing proactive counter fraud measures within the procurement function. These will be addressed during 2022-23 and included in the Council's revised Counter Fraud, Bribery and Corruption Strategy for 2022-2025.

The Council's Constitution, Fraud and Corruption Policy and Fraud Response Plan all clearly state that the Director of Function (Resources) and Section 151 Officer and Head of Audit and Risk must be informed when fraud or corruption is suspected. Despite this, the disciplinary procedure and the Whistleblowing procedure do not document this. Consequently, the HR team may not inform the Head of Audit and Risk when there is a disciplinary investigation that has fraud suspected. There is a risk therefore that the Head of Audit and Risk may not be aware of all suspected cases of fraud and irregularities, which could mean that formal action, or an official internal audit investigation may not be conducted.

The review found the contracts register to be out of date, and although contract monitoring is left to the discretion of individual contract officers and their team (which varies between departments), there is a lack of centralised monitoring, performance reporting and data analysis, which could detect fraud, bribery and corruption. A recent investigation of a duplicate payment has highlighted that financial contract monitoring is critical and the Director of Function (Resources) and Section 151 Officer has committed to establishing a register within the Payments Team.

The internal audit review also highlighted that specific counter fraud training for officers involved in procurement on behalf of the Council would help to improve awareness of fraud risks in this area. An action plan was agreed with management to address these issues in the management of fraud and corruption risks in the Council's procurement activities, and actions will be monitored during 2022-23.

## **Counter fraud and corruption strategy**

The third principle advocates that organisations need a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.

The Council has a clearly defined strategy, approved at the highest level (Governance and Audit Committee, December 2021), which is focused on outcomes, helping to ensure that the risk of fraud and corruption is taken seriously in the Council.

The Council also has a Policy for the Prevention of Fraud and Corruption, which is reviewed and approved annually as part of the Constitution.

## **Provision of resources**

The fourth principle advocates that organisations should make arrangements for appropriate resources to support the counter fraud strategy. In the past, there has been a lack of investment and the application of resources within the Council towards counter fraud arrangements.

Due to staff capacity issues in the Internal Audit team owing to long-term absence, secondment and responding to the COVID-19 pandemic, the proposed counter fraud programme, as detailed in the Counter Fraud, Bribery and Corruption Strategy 2021-2024, was re-prioritised. As a result, a Counter Fraud Working Group was not established during 2021-22 and a proposed mechanism for confidentially reporting potential or attempted fraud is still not in place.

However, a resource within Internal Audit and Risk Management was identified to:

- Coordinate data required from the Council by the National Fraud Initiative for its biennial data matching exercise
- Explore high-risk matches identified by the NFI data matching exercise.
- Distribute National Anti-Fraud Network alerts to relevant officers.
- Chair a Counter-Fraud Working Group within the Council
- Attend the North & Mid Wales Audit Partnership's Counter Fraud Working Group

## Take action

The final principle advocates that organisations put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud. It establishes that the ability to take action will be dependent upon the size and nature of an organisation and the size of its counter fraud capacity.

Irrespective of the size and activities of an organisation, however, it needs to take appropriate action and report on that action to its governing body.

The most efficient and effective way to fight fraud is to prevent fraud occurring in the first place. This can be achieved by sharing knowledge and raising awareness. During 2021-22:

- the Training and Development Team delivered three fraud awareness sessions, and a total of 90 staff attended
- the Chief Executive emphasised the importance to staff of completing the Cyber Awareness module on Learning Pool
- Internal Audit shared National Anti-Fraud Network alerts to the relevant parts of the organisation regularly throughout the year (see [Appendix 2](#))
- Internal Audit investigated an attempt of malicious redirection fraud.

## FRAUD ATTEMPTED AGAINST THE COUNCIL DURING 2021-22

During 2021-22, one attempted mandate fraud (when someone impersonates a third party such as a supplier) with a value of £16,500 was reported to Internal Audit.

Awareness of these frauds has been raised across the Council by the distribution of National Anti-Fraud Network alerts and targeted training sessions. As a result, the Payments Team spotted the attempt and reported it to Internal Audit.

Following an investigation into the incident, Internal Audit confirmed that a supplier's email system had been compromised and alerted the supplier. The Council's IT Security Team blocked emails from this domain until the supplier could provide them with assurance that they had taken the appropriate precautions to secure their email system.

The incident was reported to the National Anti-Fraud Network.

## CONCLUSION

Some level of public sector fraud is likely, even in normal times, and 2021-22 was a year of unprecedented challenges, as the COVID-19 pandemic continued to dramatically transform the work of the Council, the lives of its staff and lockdown restrictions significantly impacted on the economy.

Given that all elements of the classic fraud triangle in which fraud thrives (motivation, opportunity and rationalisation) are heightened, the prediction for fraud is that it continues to pose a major financial threat for councils, with no sign of slowing down.

Anglesey, and Wales as a whole, fared well compared to their near neighbours in terms of reported fraud crime, but the North Wales Police Force area still had between three and six thousand reports of fraud in the period. ([Appendix 1](#) refers)

The Council itself was the victim of an attempted mandate fraud, but the swift intervention of the Payments Team successfully averted the attempt.

As managers of public resources, every public sector organisation has a responsibility to fight fraud and corruption. Successful organisational efforts to prevent, identify and manage various types of fraud not only strengthens the state of public finances, but also mitigates moral and reputational risks across the public sector.

The effective management of fraud and corruption risks is a critical part of an effective, modern council, one that manages its resources efficiently to secure value for money outcomes.

## CHALLENGES AND OPPORTUNITIES GOING FORWARD

Nationally, capacity, or sufficient counter fraud resource, is the main perceived issue that needs to be addressed to tackle the risk of fraud and corruption effectively. In addition, the Chartered Institute of Internal Auditors warns that organisations that have not traditionally regarded fraud as a high-risk priority must re-evaluate how they manage and communicate the risk.

Huge increases in the number of people working remotely presents an opportunity for criminals to commit fraud, whether this involves offers of help to fix devices so that they can gain access to the Council network, or by impersonation or hacking to maliciously redirect payments.

The government, law enforcement, security agencies, regulators and the private sector are continuing to work together to protect the public and businesses from all types of fraud. Fraud is incredibly hard to predict and while they are monitoring crime trends carefully, the most important thing is to get the message out to staff and to the general public to be aware, and to be alert.

There is also a clear need for a tough stance supported by elected members, chief executives and those charged with governance. Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation will be critical.

Finally, the behaviours and actions of individuals play a crucial role in tackling fraud risks. We must all, staff and members alike, play our part in creating a culture hostile to the risks of fraud and corruption, clearly setting out the line between acceptable and unacceptable behaviour within the Council.

# APPENDIX 1 – NFIB FRAUD CRIME TRENDS

## FRAUD CRIME TRENDS

### REPORTING VOLUMES

<b>VOLUME</b>	<b>875,622</b> reports received	<b>TOP THREE FRAUD TYPES (EXCLUDING "OTHER FRAUD")</b>	
	Action Fraud: 413,945		1. Cheque, Plastic Card & Bank Account – 336,707 reports
	Cifas: 318,379		2. Online Shopping and Auctions Fraud – 103,254 reports
	UK Finance: 143,298	3. Application Fraud (excluding mortgages) 91,593 reports	

### LOSSES

**LOSS** **£2.35bn** reported losses

**TOP THREE FRAUD TYPES (EXCLUDING NONE OF THE ABOVE)**

1. Other Financial Investment - £318m
2. Cheque, Plastic Card and Online Bank Accounts – £184m
3. Share Sales or Boiler Room Fraud - £171m

**DISSEMINATIONS**

**58,210** reports disseminated

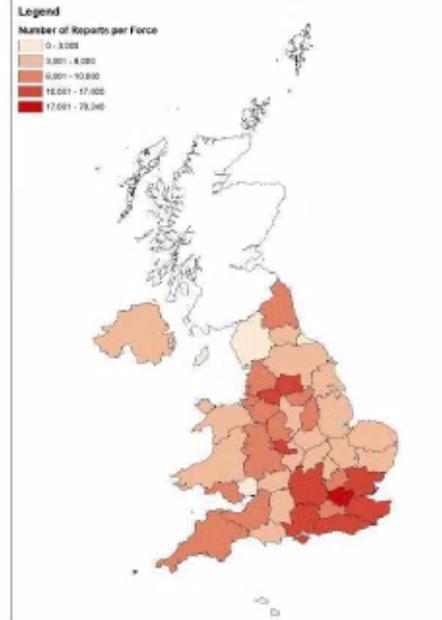
- PURSUE: 35,209
- PROTECT: 9,472
- OTHER: 13,529

**OUTCOMES**

**59,838** total outcomes received

**11.5%** of all outcomes were Judicial

### GEOGRAPHICAL SPREAD



### KEY THREATS

The highest harm threats for 2021/22 are Courier, Romance, Payment Diversion, Investment, Computer Software Service and frauds linked to Card and Online Bank Accounts

- 80% of reported fraud is cyber enabled
- Money mules persistently feature across most fraud types
- Cloned investment companies are a threat to investment fraud
- Social media and encrypted messaging services as an enabler is increasing throughout all aspects of fraud
- Search engine optimisation is used by fraudsters to target victims

### HIGH RISK VICTIM INDICATORS

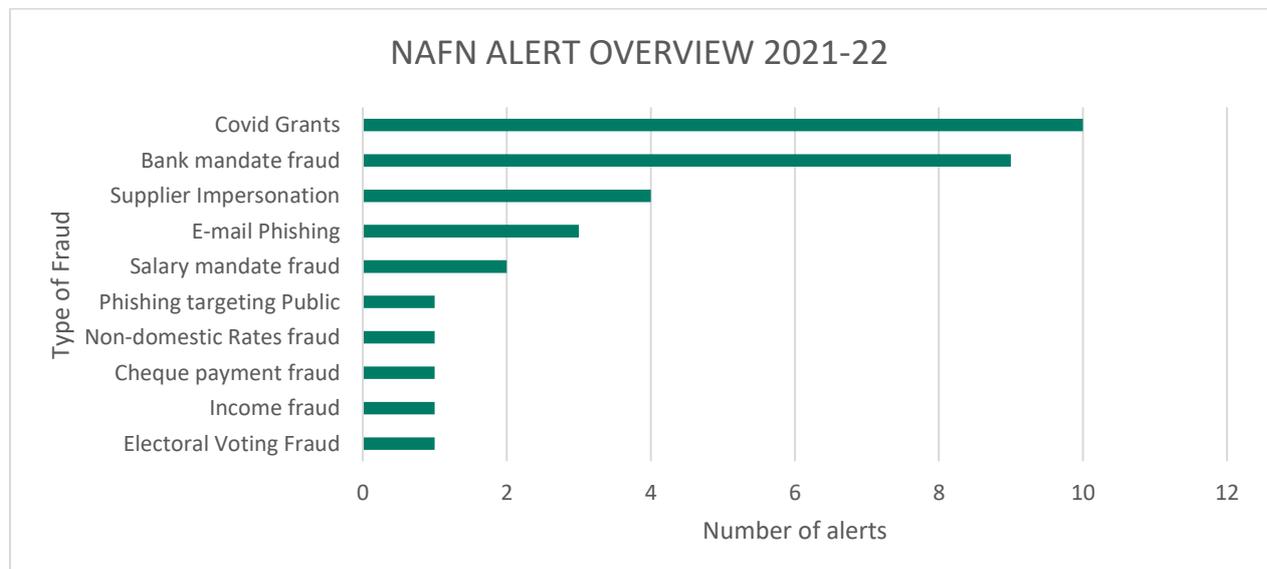
- Volume: 20 - 39 years
- Loss: 50 - 69 years
- 90% Individuals
- Gender Self-Defined: Female – 51%, Male – 49%

## APPENDIX 2 – NATIONAL ANTI-FRAUD NETWORK (NAFN) ALERTS

NAFN Data and Intelligence Services is a public sector organisation currently hosted by Tameside MBC. NAFN was established in 1997 by a core group of local authorities from across England and Wales to work collaboratively to explore the exchange of intelligence to address fraud across the country. Currently, almost 90% of local authorities are members, along with affiliated wider public authorities including social housing providers.

NAFN provides an extensive range of data and intelligence services and is widely regarded as a centre of excellence for public sector data and intelligence. Along with our colleagues in Trading Standards, we use NAFN for a variety of purposes. NAFN's core data and intelligence service provides a secure, single point of contact to access a wide range of information providers using robust legal gateways and processes that meet the highest standard of legislative compliance.

In particular, we use NAFN's service to alert colleagues of current frauds being perpetrated across the sector in England and Wales. These alerts have been instrumental in raising the awareness of officers, particularly in the Payments Team, of frauds that are currently being attempted against the sector. The graph below highlights the variety and scope of alerts received and distributed across the Council:



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>REPORT TO:</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DATE:</b>	<b>21 SEPTEMBER 2022</b>
<b>SUBJECT:</b>	<b>ANNUAL TREASURY MANAGEMENT REVIEW FOR 2021/22</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR R WILLIAMS</b>
<b>LEAD OFFICER(S):</b>	<b>R MARC JONES</b>
<b>CONTACT OFFICER(S):</b>	<b>JEMMA ROBINSON</b>
<b>Nature and reason for reporting</b>	
<p>To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2021/22 (Appendix 8 of the Treasury Management Strategy Statement 2021/22). In accordance with the Scheme of Delegation, this report is due to be presented to the Executive and then the full Council once it has been scrutinised by this Committee.</p>	

## 1. Introduction

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2021/22, the minimum reporting requirements were that the full Council should receive the following reports:-

- an annual treasury strategy in advance of the year (received on 9 March 2021);
- a mid-year treasury update report (received on 10 March 2022);
- an annual review following the year describing the activity compared to the strategy (this report).

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance & Audit Committee before they were reported to the full Council. Member training on treasury management issues was undertaken during the financial year 2019/20 in order to support members' scrutiny role and further training will take place in the 2022/23 financial year.

The Section 151 Officer confirms that borrowing was only taken out for capital purposes and the statutory borrowing limit (the authorised limit) was not breached.

Furthermore, the report sets out to the following outcomes in the financial year 2021/22:-

- External factors – including a review on the economy, the interest rate performance during the year and the impact of Covid 19;
- Internal factors – including the performance of capital expenditure, the impact on the reserves and cash balances, risk appetite to investments, the borrowing taken by the Council and the impact on the Capital Financing Requirement (CFR);

- The Treasury Management Strategy in 2021/22 – including the debt management of the Council, the implementation on the new MRP policy, and the Council’s borrowing and investments during the year;
- Controlling Treasury Management – what are the Prudential Indicators and how are they measured;
- Comparison in Prudential Indicators – a comparison on the actual Prudential Indicators compared to the forecast at the beginning of the year;
- Looking forward to 2022/23 and beyond; and
- Conclusion.

## 2. A Review of the Year – External Factors

**2.1 Interest Rates** - After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021, 0.50% at its meeting of 4 February 2022 and then to 0.75% in March 2022.

**2.2 The Economy** – United Kingdom - Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. The UK economy has endured several false dawns through 2021/22 but, with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021 but, despite the war in Ukraine, gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices, as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting - This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank’s forward guidance in August 2020 was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That mantra now seems very dated. Inflation is the “genie” that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia’s invasion of Ukraine and subsequent Western sanctions, all point to inflation being at elevated levels until well into 2023.

## 3. A Review of the Year – Internal Factors

**3.1 Capital Expenditure and financing 2021/22** - The Council undertakes capital expenditure on long-term assets. These activities may either be:-

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council’s borrowing need; or

- Financed from borrowing: if insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed:-

	2021/22 Estimate (£'m)	2021/22 Actual (£'m)
General Fund capital expenditure	41	23
HRA capital expenditure	22	10
<b>Total capital expenditure</b>	<b>63</b>	<b>33</b>
General Fund financed in year by Grants & Contributions	24	17
HRA financed in year by Grants & Contributions	3	5
General Fund financed in year by Council Resources	4	2
HRA financed in year by Council Resources	18	4
<b>General Fund capital expenditure financed by borrowing</b>	<b>12</b>	<b>5</b>
<b>HRA capital expenditure financed by borrowing</b>	<b>2</b>	<b>0</b>

The main reason for the underspend was the large underspend against the projects listed below:-

Scheme	Under spend £'m	Comment
Refurbishment of school buildings	1.847	In the latter part of 2021/22, the Authority was awarded £1.236m of additional grant funding for school Capital maintenance works. The grant funding was used to fund locally determined capital schemes in 2021/22, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund school Capital works in 2022/23.
Free School Meals	0.547	In the latter part of 2021/22, the Authority was awarded £0.588m of additional grant funding for schools in relation to the preparation of the free school meals roll out. The grant funding was used to fund locally determined capital schemes in 2021/22, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund school Capital maintenance works in 2022/23.
Sustainable Communities for Learning schemes	2.864	Progress has now been made for the final Band A scheme and works on site are progressing well. Tenders have been re-invited on the new Foundation Phase Unit at Ysgol y Graig. Updated matrix of funding has been received and 2022/23 budgets will reflect this.
Canolfan Addysg y Bont Roof	0.991	Delays in the appointment of a contractor to commence the roofing works before year end means this scheme will slip into financial year 2022/23. This was anticipated in the quarter 3 capital monitoring report.

<b>Scheme</b>	<b>Under spend £'m</b>	<b>Comment</b>
Tourism Gateway	1.340	The Breakwater Park Visitor Centre works were successfully re-tendered using a regional framework and a contractor is now in place, with works to upgrade the toilets and kiosk also now commissioned for delivery. This is an ongoing scheme with a new budget allocation in the 2022/23 capital programme.
Various Flood schemes	2.262	Some schemes are ongoing and span across different financial years. Others have seen delays and time extensions for completion agreed by Welsh Government to carry forward the funding.
Local Transport Fund – Infrastructure enhancements	0.673	Due to the nature of the works and lead time on delivery of infrastructure, time extension has been secured until July 2022.
Holyhead Regeneration (THI Phase II)	0.673	Various delays throughout the year meant projects did not progress at the pace originally intended, which resulted in such a large variance to budget. New budget allocation for 2022/23.
Penrhos Phase 2	1.130	Works on site are progressing and the scheme will slip into financial year 2022/23.
Llangefni Gateway Units	0.872	Works on site are progressing and the scheme will slip into financial year 2022/23 for completion anticipated in quarter 1.
Residential Site for Gypsies & Travellers	0.491	The initial tender prices received exceeded the funding available. Work is ongoing to redesign the scheme to reduce the costs in order to match the available funding.
IT Projects	0.281	Intentional underspend due to having to replace the main flash storage system in 2022/23.
Capital works to existing assets	0.369	Delays experienced on Plas Arthur projects due to the use of the site by Canolfan Addysg y Bont.
Leisure Improvements	0.189	Projects are in the pipeline and works are planned to continue in 2022/23, specifically at Plas Arthur.
Vehicles	0.274	A plan is being put in place to deliver electric vehicle charging points in the compound, however, they have not yet been finalised and, until finalisation is achieved, orders for electric vehicles have been postponed. Other vehicles have been ordered before year end, however, due to the lead time in delivery, they will be received post year end, and so the budget will be required to slip to financial year 2022/23.

**3.2 Reserves and Cash balances** - the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:-

<b>Usable Reserves and Provisions</b>	<b>Draft 31-Mar-22 £'m</b>	<b>Final 31-Mar-21 £'m</b>
Council Fund general reserve	12.050	11.437
Earmarked reserves	23.181	14.079
Housing Revenue Account (HRA) reserve	12.333	9.723
School reserves	7.827	3.974
Capital receipts Reserves	2.381	0.767
<b>Total Usable Reserves</b>	<b>57.633</b>	<b>39.980</b>
<b>Provisions</b>	<b>5.143</b>	<b>5.047</b>
<b>Total Usable Reserves and Provisions</b>	<b>62.915</b>	<b>45.027</b>

**3.3 Externalisation of borrowing** – The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and the resources utilised to pay for the capital spend. It represents the 2021/22 capital expenditure financed by borrowing, and prior years' capital expenditure funded by borrowing which has not yet been paid for by revenue or other resources. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the Treasury Service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board (PWLb) or the money markets), or utilising temporary cash resources within the Council. There was no externalisation of borrowing in 2021/22 financial year.

**3.3.1 Gross borrowing and the CFR** - In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This, essentially, means that the Council is not borrowing to support revenue expenditure.

The internal borrowing strategy has now been implemented over the last few years. The gross borrowing of £125.3m at 31 March 2022 is less than the forecast CFR for the following two years:-

	<b>Actual 2021/22 £'m</b>	<b>Estimated 2022/23 £'m</b>	<b>Estimated 2023/24 £'m</b>
Capital Financing Requirement	137.8	151.5	161.2

**3.3.2 Internal borrowing** - is when, over the medium term, the investment rates are expected to continue to be below long term borrowing rates. This means that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt. This would maximise short term savings. The Internal borrowing figure is the difference between the CFR and the Gross Borrowing Position. As can be seen in the table below, at the beginning of the year, the internal borrowing position was £12.1m. There were no new PWLB loans in the year and no principal repayments, with an interest free loan of £0.991m received in the year (as per 3.4 and 3.5 below). This has resulted in the internal borrowing position at 31 March 2022 now being £12.5m:-

	31 March 2021 Actual £'m	31 March 2022 Actual £'m
Gross borrowing position	124.5	125.3
CFR	136.6	137.8
(Under)funding / overfunding of CFR	(12.1)	(12.5)

- 3.4 Other Borrowing** - During the year, the Council did not enter into any other short-term borrowings. An interest free loan of £0.991m was received during 2021/22 to fund capital expenditure on energy saving projects and will be repaid in annual instalments.
- 3.5 Debt Repayments** – There were no PWLB loans that matured during the year. There are no short term borrowings outstanding.
- 3.6 Investments** – The expected investment strategy was to keep to shorter term deposits (up to 364 days), although the ability to invest out to longer periods was retained. Cash balances were expected to be up to £52m, ranging between £25m and £52m. The interest budget was set at £0.036m, after adjusting for the estimated potential rate fall in 2021/22 at the time of producing the budget. As it turned out, average balances of £42.3m returned £0.019m, at an average interest rate of 0.046%. Limited investments in other Local Authorities and interest rates dropping to below what was anticipated at the time of producing the budget contributed to this decrease in interest receivable. Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.

On 18 June 2021, a £5.0m investment with Flintshire County Council matured, and was repaid to the Isle of Anglesey County Council. On 23 June 2021, the Isle of Anglesey County Council invested £5m with Flintshire County Council, with an interest rate of 0.03%. This matured on 23 September 2021 and was repaid to the Isle of Anglesey County Council.

Part of the Council's deposits were held in no notice deposit accounts which pay interest at rates near the prevailing base rate, £38.616m at 0.05% on 31 March 2022 (31 March 2021 £20.066m at 0.03%). There was one other short term investment as at 31 March 2022 - £7.5m at an interest rate of 0.77% (£5m at 0.15% as at 31 March 2021). All investments were for under 1 year.

- 3.7 Treasury Position at 31 March 2022** – The Council's debt and investment position is organised by the Treasury Management Service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity in accordance with the Treasury Management Strategy 2021/22. The upper limits for fixed rate and variable rate exposures were not breached during the year. The borrowing and investment figures for the Council as at the end of the 2020/21 and 2021/22 financial years are as follows:-

	31 MARCH 2021			31 MARCH 2022		
	£'m	Average Rate (%)	Average Maturity (years)	£'m	Average Rate (%)	Average Maturity (years)
Debt PWLB	121.9	4.59	30.57	121.9	4.58	29.58
Debt Non-PWLB	2.6	0	3.93	3.4	0	4.03
<b>Total</b>	<b>124.5</b>			<b>125.3</b>		
CFR	136.6			137.8		
Over / (under) borrowed	(12.1)			(12.5)		
Fixed term investments (all < 1 year, managed in house and fixed rate)	5.000	0.15		7.500	0.765	
No notice investments (all managed in house)	20.066	0.03		38.616	0.05	
<b>Total Investments</b>	<b>25.066</b>	<b>0.06</b>		<b>46.116</b>	<b>0.17</b>	

Borrowing is further broken down by maturity as:-

	31 MARCH 2021		31 MARCH 2022	
	£'m	% of total	£'m	% of total
Total borrowing	124.5	100	125.3	100
Under 12 months	0.3	0.2	2.7	2.2
1 – 3 years	5.1	4.1	3.4	2.7
4 – 6 years	4.5	3.6	4.5	3.6
7 – 10 years	4.8	3.9	4.9	3.9
10 years and above	109.8	88.2	109.8	87.6

There have been no new borrowings taken out in the year (long or short term) and debt repayments have been as described in point 3.5 above. Therefore, the movement in the categories above are simply as per the loan maturity dates.

#### 4. The Council's Treasury Management Strategy in 2021/22

- 4.1 Debt rescheduling** - No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 4.2 Borrowing in advance of need** – During the year, the Council did not borrow more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

- 4.3 Investment Policy** – The Council's investment policy is governed by Welsh Government investment guidance, which has been implemented in the annual Treasury Management Strategy Statement approved by the Council on 9 March 2021. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. When the Council invests its surplus cash, the most important aspect of the investment is security, followed by liquidity and then the yield. This essentially means that the main priority is the safety of the cash, followed by how readily available the cash is should the Council require it, followed by the percentage interest rate return that the Council will receive for the investment. The strategy on investing surplus cash would be to borrow short term with other Local Authorities to maximize returns in a secure way.
- 4.4 Borrowing strategy and control of interest rate risk** - During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered
- 4.5 MRP Policy** – In 2018/19, the Council implemented its new MRP policy after seeking advice from its Treasury advisors and consultation with External Audit. The new policy is a more prudent approach to charging Revenue for Capital Financing costs. The new policy can be seen in Appendix 6 of the Treasury Management Strategy Statement 2021/22, that was approved by full Council on 9 March 2021.

## 5. Controlling Treasury Management

The following Prudential indicators are contained in Appendix 11 of the Treasury Management Strategy Statement. See below a brief explanation of what the indicators are and how they are calculated. Section 6 of this report analyses the differences between the Actual and the forecast Prudential Indicators for 2021/22.

- **Capital expenditure – Estimates of Capital Expenditure** - This is the forecast Capital Expenditure from 2021/22 to 2024/25, and is based on the Capital Programme for 2021/22 and the Capital Strategy for 2022/23.
- **The Council's borrowing need (the Capital Financing Requirement)** - Another prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which, broadly, reduces the borrowing need in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- **Prudence - Gross Debt and the CFR** - The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

- **External Debt - The authorised limit for external debt** - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the proposals in the budget report. The Authorised Limit is set annually in the Treasury Management Strategy Statement and is approved by full Council.
- **The operational boundary** - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached. The Operational Limit is set annually in the Treasury Management Strategy Statement and is approved by full Council.
- **Affordability - Ratio of financing costs to net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

## 6. Prudential Indicators Actual vs Expected

- 6.1 During 2021/22, the Council complied with its legislative and regulatory requirements. The key data for actual prudential and treasury indicators, detailing the impact of capital expenditure activities during the year, with comparators, are as follows:-

Data for actual prudential and treasury indicators	2020/21 Actual £'m	2021/22 Original £'m	2021/22 Actual £'m
<b>Capital expenditure</b>			
• Non-HRA	20.507	15.842	23.734
• HRA	12.622	20.313	9.723
• <b>Total</b>	<b>33.129</b>	<b>36.155</b>	<b>33.457</b>
<b>Total Capital Financing Requirement</b>			
• Non-HRA	97.360	105.669	99.387
• HRA	39.200	40.415	38.415
• <b>Total</b>	<b>136.560</b>	<b>146.084</b>	<b>137.802</b>
<b>Gross borrowing</b>	124.524	140.991	125.349
<b>External debt</b>	124.524	140.991	125.349
<b>Investments</b>			
• Longer than 1 year	0	0	0
• Under 1 year	25.066	15.000	46.116
• <b>Total</b>	<b>25.066</b>	<b>15.000</b>	<b>46.116</b>
Financing costs as a proportion of net revenue stream – Council Fund	4.75%	4.78%	4.55%
Financing costs as a proportion of net revenue stream – HRA	16.52%	9.63%	9.04%

**6.2** The first Prudential Indicator in the above table is the Capital Expenditure. The forecast Capital Expenditure at the time of producing the Prudential Indicators for 2021/22 was £36.155m. However, the actual expenditure was £33.457m. The prudential indicator was based on the capital budget approved for 2021/22 (£36.155m). However, this budget does not include any slippage amounts from the previous year and, also the fact that, throughout the year, additional schemes are added to the capital programme, hence why the Non-HRA capital expenditure is higher than was what originally budgeted for. Please refer to paragraph 3.1 in this report for the final Non-HRA capital budget compared with the actual expenditure and the reasons for the actual underspend against budget. The HRA capital expenditure is significantly underspent, mainly due to difficulty to procure houses at a price which meets investment criteria (budget assumed 15 former Council houses would be purchased, but only nine were purchased). Additionally, three significant developments that were forecast to commence in 2021/22 suffered from delays in the process, and building contracts will not now be signed until the 2022/23 financial year.

**6.3** The second Prudential indicator in the above table is the Capital Financing Requirement. The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision, (MRP), to reduce the CFR. This is, effectively, a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR. The total CFR can also be reduced by:-

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The forecast CFR at the time of producing the Prudential indicators for 2021/22 was £146.084m. However, the actual CFR was significantly lower at £137.802m. The reduction in the HRA CFR is due to the underspend against the HRA budget, meaning there was no borrowing in 2021/22 for HRA. One of the reasons for the reduced Non-HRA CFR was the reduced amount of Unsupported Borrowing needed in relation to the Sustainable Communities for Learning programme in 2021/22. The expenditure was mainly funded by grant, hence reducing the need for borrowing. Another reason was that additional grants were awarded during the year to subsidise other funding sources such as Supported Borrowing. This meant less Supported Borrowing was needed and, therefore, reducing the CFR figure. However, in future years, this subsidised funding source will be used to fund the Capital Expenditure in 2022/23 and will increase the CFR.

**6.4** The Authorised Borrowing Limit (£183m) and the Operational Boundary (£178m) were not breached during the year, with the amount of External debt peaking at £125.362m only.

**6.5** The Financing costs, as a proportion of net revenue stream for the General Fund (4.55%) was very close to the anticipated total (4.78%), meaning this indicator performed as expected, and also in line with the prior year. The Financing costs, as a proportion of net revenue stream for the HRA (9.04%) was below the anticipated total (9.63%), which is due to the financing costs being lower and the net revenue stream also being lower than expected at the time of producing the proposed indicator for 2021/22. The underspend on HRA reduced the amount of Revenue contributions needed to fund the capital programme in 2021/22, from £17.9m to £4.3m.

## 7. Looking forward to 2022/23 and beyond

- 7.1** On 10 March 2022, the full Council approved the Treasury Management Strategy Statement for 2022/23. The Strategy Statement was based on the Capital Strategy and it is forecast that the Council will need to borrow an additional £14.7m in 2022/23 for the General Fund and HRA, a total of £14.4m in 2023/24 and a further total of £10.8m in 2024/25 to fund its Capital Programme. This additional borrowing will affect the General Fund with an increased Minimum Revenue Provision (MRP) being charged to fund the capital financing costs. In 2022/23, the forecast MRP is £4.2m, in 2023/24 £4.5m and £4.7m in 2024/25.
- 7.2** On 11 April 2022, the Isle of Anglesey County Council invested £10m with NatWest with an interest rate of 1.3%. The investment is for 6 months.
- 7.3** On 10 May 2022, the Isle of Anglesey County Council invested £7.5m with Santander with an interest rate of 1.47%. The investment is for 6 months.
- 7.4** On 17 May 2022, the Isle of Anglesey County Council invested £7.5m with Nationwide Building Society with an interest rate of 0.97%. The investment matured on 17 August 2022 and was rolled over for a further 3 months with an interest rate of 1.87%.
- 7.5** On 22 July 2022, a £7.5m investment with Goldman Sachs matured, and was rolled over for a further 5 months with an interest rate of 2.18%.
- 7.6** On 19 August 2022, a £1m borrowing from the PWLB was repaid by the Isle of Anglesey County Council. This loan was taken out on 3 July 2007, with an interest rate of 8.5%. There is a further £1.285m due to be repaid later in the 2022/23 financial year.
- 7.7** The interest receivable budget of £5k that was set for 2022/23 was based on the previous year's interest received, taking into account the low interest rates, limited investments in other Local Authorities and the fact investment returns remained at close to zero at the time of producing the interest receivable budget for 2022/23. However, with interest rates rising to above what was anticipated at the time of producing the 2022/23 budget, and hence providing more opportunities for investment of surplus cash, interest received to quarter 1 of 2022/23 was £78k, with a further £225k due to be received from existing investments, meaning the revised estimate of interest receivable for 2022/23 is £404k.
- 7.8** The latest interest rate forecast from Link Assets Services can be seen in the table below:-

Link Group Interest Rate View	09.08.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	2.25	2.50	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00

## 8. Conclusion

The Council's Treasury Management performance during the year was in line with the strategy of low risk, low return investments and a planned approach to borrowing designed to minimise interest charges.

The performance against the Prudential Indicators set by the Council, show that the Council's Treasury Management activities are being undertaken in a controlled way which ensure the financial security of the Council and do not place the Council at any significant financial risk in terms of unaffordable or excessive borrowing.

The Council's Treasury Management Strategy, and its performance against the strategy, take into account the external economic factors and it is constantly reviewed to ensure that it is the most appropriate strategy moving forward.

## **9. RECOMMENDATIONS**

The Committee is recommended to:-

- (i)** Note that the outturn figures in this report will remain provisional until the audit of the 2021/22 Statement of Accounts is completed and signed off; any resulting significant adjustments to the figures included in this report will be reported as appropriate;
- (ii)** Note the provisional 2021/22 prudential and treasury indicators in this report;
- (iii)** Consider the annual treasury management report for 2021/22 and pass on to the next meeting of the Executive with any comments.

### **Background papers:**

Treasury Management Strategy Statement 2021/22  
Prudential and Treasury Indicators 2021/22  
Treasury Management Mid-Year Review Report 2021/22  
Capital Outturn Report 2021/22

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	28 September 2022
<b>Subject:</b>	Internal Audit Update
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<p><b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b>            In accordance with the Council's 'Strategy for Committee Meetings', this report meets the requirements of the Local Government (Wales) Measure 2011, which sets out the legislative duties to be performed by a council's audit committee, specifically, to oversee the authority's internal audit arrangements.</p>	

## 1. INTRODUCTION

1.1 This report updates the Committee, as at 31 August 2022, on the audits completed since the last update as at 29 June 2022, the current workload of internal audit and our priorities for the short to medium term going forward.

## 2. RECOMMENDATION

2.1 That the Governance and Audit Committee notes Internal Audit's assurance provision and priorities going forward.



# INTERNAL AUDIT UPDATE SEPTEMBER 2022

**Marion Pryor BA MA CMIIA CPFA ACFS, Head of Audit & Risk**

[MarionPryor@anglesey.gov.wales](mailto:MarionPryor@anglesey.gov.wales)



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## ASSURANCE WORK COMPLETED SINCE THE LAST UPDATE

1. This section provides an overview of internal audit reports finalised since the meeting in June 2022, including the overall assurance rating and the number of issues/risks raised.
2. We have finalised **four** pieces of assurance work in the period, summarised below:

Title	Strategic Risk Register Ref.	Date Final Report	Assurance Level	Critical	Major	Moderate	Total
Managing the risk of fraud and corruption in procurement	n/a	July 2022	Reasonable	0	0	6	6
Direct Payments	n/a	August 2022	Reasonable	0	0	5	5
IT Vulnerability Management	YM4	August 2022	Limited	0	4	1	5
IT Service Continuity (Phishing) - First Follow Up	YM4	August 2022	Reasonable	0	1	2	3

### Managing the risk of fraud and corruption in procurement

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
6	Moderate	

3. Our review sought to answer the following key question:

**Does the Council have adequate arrangements in place to safeguard against the risk of fraud and corruption in its procurement activities?**

4. Our review concluded that although reasonable arrangements exist in terms of policies and procedures to safeguard against the risk of fraud and corruption in the Council's procurement activities, there are opportunities to improve the arrangements by updating documents, creating a risk-aware culture within the workforce and developing proactive counter fraud measures within the procurement function.

5. We raised six moderate issues/risks that require management attention, which when addressed will help to strengthen the Council's existing procurement counter fraud arrangements. Overall, however, we are able to provide **reasonable** assurance of the governance, risk management, and control of this area and have agreed an action plan with management.

## Direct Payments

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
5	Moderate	

6. Our review sought to answer the following key question:

**Does the Council effectively encourage, manage, and support people to use direct payments?**

7. Our review concluded that the Council's arrangements for managing risks relating to Direct Payments are reasonable, although we have identified some issues the Council needs to resolve. An acceptable control environment is in operation, but improvements can be made.
8. While we have raised five issues/risks, which require management attention of moderate to low impact at service level, the outcome of our review is mostly positive and we have agreed an action plan with management. Therefore, within the scope of our review, we are able to provide **reasonable** assurance of the governance, risk management, and control of this area.

## IT Vulnerability Management

Limited Assurance	Issues/Risks	
	0	Critical
	4	Major
1	Moderate	

9. Our review sought to answer the following key question:

**Does the Council have appropriate controls in place to minimise keys risks associated with IT vulnerabilities across its IT infrastructure?**

10. Our review concluded that although the IT unit operates some good controls in respect of vulnerability management, a lack of formal policies, procedures and change control processes, and insufficient evidence of remote user device updates, exposes the Council to risk in this area. We acknowledge that the IT unit are in the process of implementing a solution - Microsoft Endpoint, to improve visibility and control in this area. However, the absence of a structured rollout of the system means that progress to date has been slow and significant risks exist in the interim.

11. We are therefore only able to provide a **limited** level of assurance of the governance, risk management, and control arrangements at this time. The review has identified five issues/risks that require management attention, four of which are classed as 'major'. We have agreed an action plan with management, which we have detailed in a separate document and provided under separate cover to the members of the Committee.

## IT Service Continuity (Phishing) – First Follow Up

Reasonable Assurance	Issues/Risks	
	0	Critical
	1	Major
2	Moderate	

12. Our review sought to determine:

**Has management addressed the outstanding 'issues/risks' originally raised in our Limited Assurance report on IT Service Continuity (Phishing) in May 2021?**

13. Our follow-up review concluded that the Council is in the process of strengthening its controls in this area and has made several technical and procedural improvements, which help to mitigate the risk of a successful phishing attack.
14. The most recent phishing test results also show an overall improvement in staff cyber-awareness since our original review and we are satisfied that arrangements to manage the risks associated with phishing have improved since our initial review. We have therefore increased the assurance provided to '**Reasonable**'.
15. However, due to the severity and size of the risk posed in this area, further work to maintain and improve staff awareness of phishing and cyber security is essential. In light of the potential impact of the risk faced by the Council in this area, we have agreed to carry out a further follow up review in February 2023 to ensure the remaining actions are implemented and embedded effectively.

# INVESTIGATION

## Duplicate Payment

16. On 1 April 2022, the Payments Officer discovered that the Council had made a duplicate payment of £194k to a contractor - the first payment on 15/03/2022 and the second on 22/03/2022.
17. The Director of Function (Resources) and Section 151 Officer requested an investigation to determine how this issue had occurred.
18. Our review concluded that issues with the system and the scanner, and a lack of contract financial monitoring were the root cause of this issue occurring. In addition, the Payments Section continues to receive a large number of duplicate invoices, both directly from suppliers, and services. This increases the risk of the Council paying invoices more than once.
19. To resolve these issues, the Director of Function (Resources) and Section 151 Officer has committed to:
  - developing and implementing a Contracts Register within the Payments Team, where all contract payments will be recorded and monitored
  - commissioning Civica to undertake a 'health check' of the system and the processes used by the Payments Team to ensure the Council is getting the best use out of the system.
20. In addition, issues/risks identified during previous internal audit reports remain outstanding, and the newly appointed Business Manager will be working to resolve these with the Payments Team.

## WORK IN PROGRESS

21. The following pieces of work are currently in progress:

Audit Area	Strategic Risk Register Ref	Service	Reason for Audit	Stage
Climate Change Health Check (Zurich Municipal)	YM13	Corporate	Strategic Risk Register	Draft Report
Council Tax and NNDR Refunds	n/a	Resources	Concerns raised during Duplicate Payments audit	Fieldwork
Cash Handling at Cyswilt Môn	n/a	Corporate	Concerns raised during Council Tax and NNDR Refunds audit	Fieldwork
Financial Resilience	YM1	Resources	Strategic Risk Register	Scope agreed
Local Government Pension Scheme	n/a	Resources	Concerns raised during Teachers' Pensions audit	Scope agreed

## OUTSTANDING ACTIONS

22. Work is progressing to support services with implementing all outstanding actions. The 4action dashboard at [Appendix 1](#) provides an overview of the status of actions as at 31 August 2022.
23. There are currently two overdue actions (0 Major; 2 Moderate), which both fall within the Resources service and are related to 'Issues/Risks' raised in one audit:
  - Leavers' Process
24. We are working with the service to provide support with implementing the actions.
25. A more detailed report on all outstanding actions is also submitted to this meeting.

# PRIORITIES FOR 2022-23 AND BEYOND

## Current Capacity

26. We are currently carrying two vacant posts at Senior Auditor level - one due to long-term secondment and one due to resignation. We are currently on the third attempt of recruiting one of the posts.
27. We are utilising the budget savings to commission additional external support, including technical IT audit from the IT Audit Team at Salford Council.

## Short/Medium Term Priorities

28. We are continuing to deliver the Annual Internal Audit Strategy for 2022-23 approved by the Governance and Audit Committee in June 2022. Our priority is to review the 'red' and 'amber' residual risks<sup>1</sup> we have not yet reviewed, or not reviewed in the last two years, whilst remaining agile to respond to requests for assistance and assurance from services, and reacting to investigations.
29. We will continue to actively promote and monitor the addressing of outstanding internal audit issues/risks.
30. We are currently undertaking a self-assessment with members of the Committee to determine training and development needs for the new elected and lay members.
31. We have undertaken an External Quality Assessment of compliance with the Public Sector Internal Audit Standards at Ceredigion County Council and will be presenting our report to their Governance and Audit Committee on 21 September 2022.
32. We are also currently subject to an External Quality Assessment, which is being undertaken by Flintshire County Council.

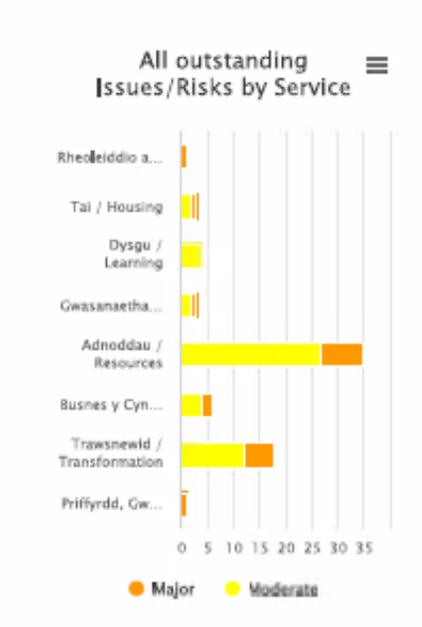
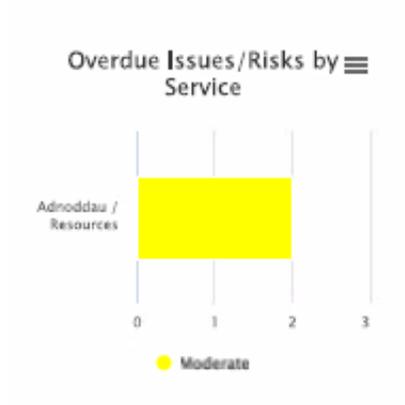
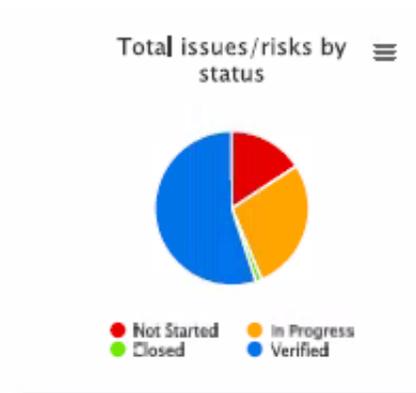
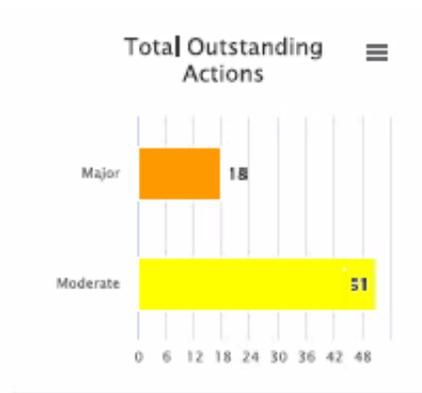
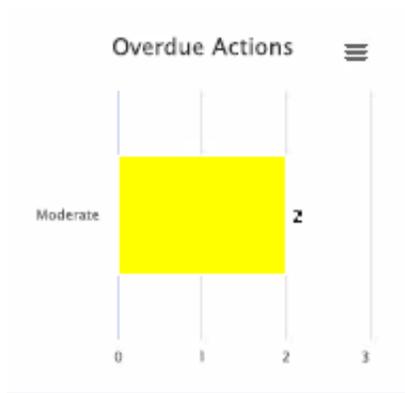
## Longer Term Priorities

- The delivery of the Counter Fraud, Bribery and Corruption Strategy 2021-24, including continuing to address the Audit Wales recommendations included in its report 'Raising Our Game - Tackling Fraud in Wales'.
- Work with colleagues in the Performance Team to improve assurance mapping across the Council and contribute to the development of the Performance Review Group.

---

<sup>1</sup> The Strategic Risk Management update, submitted to Part II of this Committee, details the 'red' and 'amber' residual risks and the associated assurance we have provided.

# APPENDIX 1 – OUTSTANDING ACTIONS AS AT 31 AUGUST 2022 (4ACTION DASHBOARD)



### Outstanding Red Issues/Risks

ID	Summary
Items per page: 10	

### Outstanding Limited Assurance Reports

Audit Title	Count
Payments - Supplier Maintenance 202107	5
Recovering Council Debt 202110	8
Identification of Duplicate Invoices and Recovery of Duplicate Payments 202118	5
ICT Software Licence Management 212208	8
Teachers' Pensions Part 1 212212	4

### Outstanding Amber Issues/Risks

ID	Summary
4148	Business Continuity 3 - Our testing identified a lack of quality assurance activity over corporate and service business continuity plans and key...
4157	IT Resilience 2 - There is a lack of continuity and coordination between the Council's corporate business continuity plans and the IT disaster...
4212	Financial Resilience 2 - Progress with undertaking an exercise to map sources of assurance to support the Council's governance framework and ensure...
5048	Supplier Maintenance & Duplicate Payments 2 - The high volume of invoices raised without a supporting purchase order creates an unnecessary...
	Supplier Maintenance & Duplicate Payments 1 - Staff in cabins serv...

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ISLE OF ANGLESEY COUNTY COUNCIL		
<b>Report to:</b>	Governance and Audit Committee	
<b>Date:</b>	28 September 2022	
<b>Subject:</b>	Outstanding 'Issues/Risks'	
<b>Head of Service:</b>	Marc Jones Director of Resources / Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>	
<b>Report Authors:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>	Nanette Williams Principal Auditor <a href="mailto:NanetteWilliams@anglesey.gov.wales">NanetteWilliams@anglesey.gov.wales</a>
<b>Nature and Reason for Reporting:</b> The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions. This report provides an update on the status and detail of the outstanding risks that Internal Audit has raised.		

## 1. INTRODUCTION

- 1.1. Internal Audit, on behalf of the Council, monitors issues and risks identified during audit work via its action tracking system, 4action.
- 1.2. A dashboard displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting of this information. The Head of Audit and Risk regularly shares this dashboard with the Governance and Audit Committee as part of her internal audit update reports.
- 1.3. In addition, the Governance and Audit Committee has requested that it receives a separate, detailed report outlining overall performance in addressing audit actions, twice a year. At its meeting on 21 September 2021, the former Committee considered and determined the level of detail to be included in the report, to meet its assurance needs in this area.

## 2. RECOMMENDATION

2.1. That the Governance and Audit Committee:

- notes the Council's progress in addressing the outstanding Internal Audit 'Issues/Risks'.
- supports the proposal that action owners of 'major' or 'amber' rated issues/risks that are still not resolved 12 months after the original target date has passed, are asked to attend the Committee to provide information on the reason for any delay in addressing the issue/risk.



# OUTSTANDING ISSUES / RISKS

September 2022

Marion Pryor BA MA CMIIA CPFA ACFS, Head of Audit & Risk

Nanette Williams MSc CMIIA CIA, Principal Auditor



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# INTRODUCTION

1. The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions as a result of the work of Internal Audit. To discharge this duty, the Committee requested that it receive a detailed report showing the Council's performance in addressing outstanding actions twice a year, at its meetings in April and September.
2. As previously reported, Internal Audit has moved away from making recommendations to raising 'Issues' and 'Risks'. To encourage management to have ownership for these risks, it is their responsibility to develop an action plan to address the issues / risks identified.
3. Issues / risks are followed up by monitoring how the risks have been addressed. Reports which have received 'Limited' or 'No' Assurance are subject to a formal follow up review by Internal Audit, with an audit report produced and assurance rating given. We monitor all other issues / risks using the Council's corporate action tracking system (4action).
4. Following a wholesale system upgrade of 4action in 2020, we are pleased to report that the new system continues to prove very successful in improving our internal audit follow up and action tracking processes.
5. We have developed and refined a user dashboard on 4action, which displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting of this information. We continuously monitor 'overdue' actions and so are able to promptly obtain updates from management as to progress with addressing them.
6. We have also developed a bespoke service dashboard to assist Heads of Service and their management teams in monitoring and providing updates on their actions. We are currently piloting this with the Resources service and if successful will continue to roll out further across the Council during 2022-23.

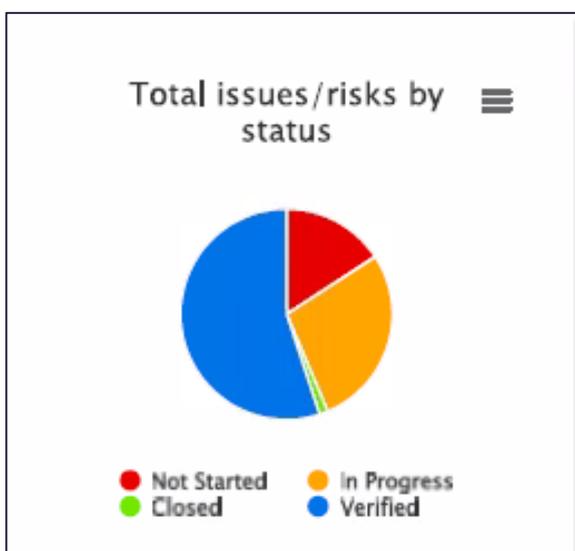
## CURRENT PERFORMANCE

7. The following five graphs show the outstanding actions across the Council as at 31 August 2022. A detailed status update of the 18 outstanding 'major' rated issues/risks is also shown at [Appendix 1](#).
8. It should be noted that no 'Red' issues/risks were raised during the year and there are no Red 'issues/risks' currently outstanding.

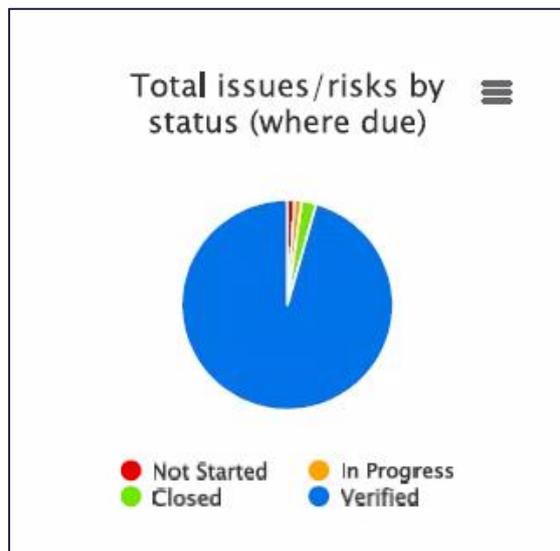


9. As at 31 August 2022, we are tracking 69 outstanding actions in 4action. Of these 18 are rated 'major' (amber) and 51 'moderate' (yellow) in risk priority, as shown in graph 1.
10. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There are currently two actions that have reached their target date for completion, and are now 'overdue', as shown in graph 2.
11. They are both of 'moderate' impact and relate to Payroll in respect of processing records for staff leaving the Council's employment; namely verification procedures for payments to relatives of deceased employees, and general improvements to leavers processes to reduce errors.
12. The HR Unit is currently working with the Payments team to develop guidance for services regarding verification of payments where an employee has died in service. In addition, the Resources Service has recently appointed a Business Manager, who will be supporting teams within the service, such as the Payments team to address their outstanding issues/risks.

3

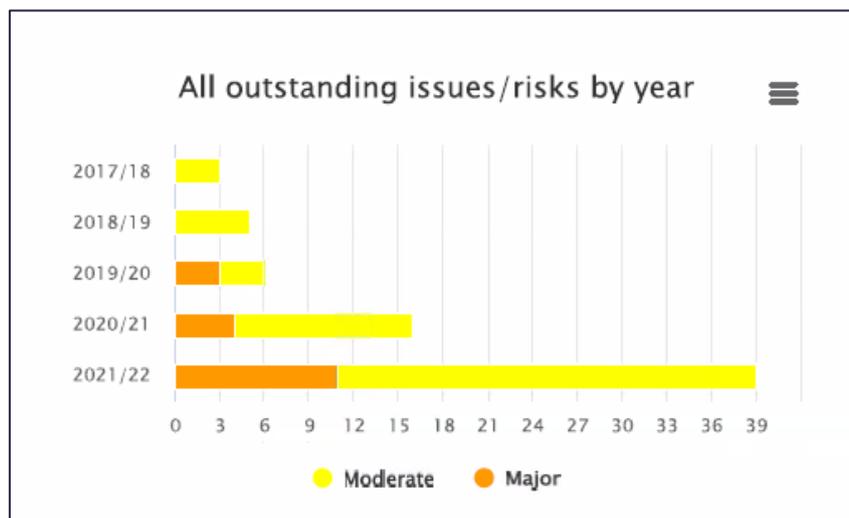


4



13. The graphs above show the status of all actions, i.e. whether they are 'in progress'; 'not started' or 'closed' if the action has been addressed. Internal audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.
14. Graph 3 shows the status of all outstanding actions (irrespective of the date management agreed to address them by). It shows that management have now addressed 52% and Internal Audit has verified 51%. The remaining 1% relates to actions from two audits; 'Financial Resilience' and 'Information Governance', which management have recently confirmed as complete, and we are in the process of verifying.
15. The majority of actions showing as 'not started' relate to several audits recently finalised namely, 'Software Licence Management', 'Teachers' Pensions', 'Recruitment and Retention', 'Managing the risk of Fraud and Corruption in Procurement' and 'Suitable Local Housing Provision'. The actions identified during these audits have not yet reached their anticipated completion dates. When these dates approach, we will actively pursue updates from management to determine progress.
16. In contrast, Graph 4 shows the status of all actions that have reached their target date. It shows that where due, 97% have been addressed. Of these, Internal Audit has verified virtually all. The small percentage showing as 'not started' and 'in progress' relate to the overdue Payroll actions in respect of leavers processes, as detailed earlier in this report.
17. We will occasionally extend target dates for some actions, but only if the service can demonstrate a legitimate reason for the extension, e.g. it becomes clear that the original target date is unachievable, as significantly more work is needed to address the issue/risk. This has been particularly pertinent due to the COVID-19 emergency and ongoing recovery phase, where service priorities have clearly been focussed on responding to and recovering from the pandemic.

## 5



18. As detailed above, 69 outstanding actions have yet to be fully completed.
19. These are spread between 2017/18 and 2021/22. While graph 5 indicates the majority relate to the last two financial years, there are three issues/risks dating back to 2017/18 that management have yet to fully address. These relate to general improvements and efficiencies within the Council's Sundry Debtors processes.
20. These are rated as 'moderate' or 'yellow' in risk priority, and work to address them forms part of the consultancy project work currently underway within the Income Team, and the planned restructure of the wider Revenues and Benefits section. We will shortly follow up progress with addressing these actions as part our planned follow up review of the project in October 2022.
21. It should be noted that there are no 'major' or 'amber' rated issues/risks dating back further than 2019/20, as shown above. This demonstrates that management are prioritising addressing risks of higher risk priority.
22. However, to ensure that services are successfully addressing their issues/risks promptly, we plan to ask action owners to attend Governance and Audit Committee if a 'major' or 'amber' rated issue/risk is still not resolved 12 months after the original target date has passed. This will give the officer the opportunity to explain to the Committee the reasons for the delay in addressing the issue/risk.
23. A detailed status update of the 18 outstanding 'major' or 'amber' rated issues/risks currently being tracked in 4action follows at [Appendix 1](#).
24. We will endeavour to pursue all outstanding actions to ensure completion.

# APPENDIX 1: OUTSTANDING 'MAJOR' RATED ISSUES/RISKS DETAILED STATUS

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
<b>Business Continuity</b>	2019/20	January 2020	30/11/22	<b>Reasonable</b>	Our testing identified a lack of quality assurance activity over corporate and service business continuity plans and key documents.	Action 60% complete. Much of the work associated with addressing this issue/risk is dependent on the work outlined below regarding aligning service Business Continuity Plans with IT disaster recovery arrangements. This work is ongoing. The Executive Manager (Leadership Team) has assumed responsibility for this action following the retirement of the Head of Democratic Services. Additional work by the regional emergency planning service to revise Business Continuity Planning template documents and deliver training on their use is underway.
<b>IT Resilience</b>	2019/20	February 2020	30/11/22	<b>Reasonable</b>	There is a lack of continuity and co-ordination between the Council's corporate business continuity plans and the IT disaster recovery plan.	Action 80% complete. Work to align Corporate Business Continuity plans with IT Disaster Recovery plan is ongoing with services. As detailed above the Executive Manager (Leadership Team) has requested training by the regional emergency planning service on use of the revised business continuity planning templates.
<b>Financial Resilience</b>	2019/20	April 2020	31/10/22	<b>Reasonable</b>	Progress with undertaking an exercise to map sources of assurance to support the Council's governance framework and ensure it continues to receive adequate assurance provision across its services has been slow. This is particularly important in respect of services delivered via partnership, contract, and alternative service delivery models (ASDMs).	Action 50% complete. A review of assurance mapping across the local government sector in Wales has been completed and a series of recommendations made as a result of its findings. The Council has created and established membership of a Performance Review Group, with several meetings held to date. Following agreement of the Council's Local Code of Governance 2022-27, the next meeting of the group, scheduled for September 2022, will focus on assurance mapping.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Supplier Maintenance and Duplicate Payments	2020/21	January 2021	30/11/22	Limited	The high volume of invoices raised without a supporting purchase order creates an unnecessary increase in the workload for the Payments team as well as being contrary to the Financial Procedure Rules, which requires a purchase order to be raised for all invoices other than recurring or utility invoices, before or at the time of ordering. Testing highlighted that a number of purchase orders were also raised retrospectively, i.e. after the invoice date.	<p>We carried out a formal follow up review of Supplier Maintenance and Duplicate Payments earlier this year, and issued the final follow up report in April 2022. Our review found that services continue to raise invoices without appropriate supporting purchase orders, causing significant additional work for the Payments team.</p> <p>We have agreed with the Director of Resources / S151 Officer to carry out a further follow up review to ascertain progress with addressing the issues/risks outstanding in this area in October 2022.</p>
Supplier Maintenance and Duplicate Payments	2020/21	January 2021	30/11/22	Limited	Staff in services are not raising purchase orders properly, i.e. inserting a separate line for each goods or services ordered which would enable each item to be marked as received individually. This would enable an invoice that arrives for only part of the order to be automatically matched and paid without the need for any intervention from the service or Payments team.	<p>As detailed above, we carried out a formal follow up review of Supplier Maintenance and Duplicate Payments earlier this year. Our review found that services still do not raise purchase orders correctly and the number of invoices rejected by the Payments system as a result is high.</p> <p>We will carry out a further follow up review in this area in October 2022.</p>
Corporate Parenting Panel	2020/21	January 2021	31/12/22	Reasonable	Despite being identified in 2017 as the necessary framework to enable and ensure the Council fulfils its corporate parenting responsibilities, the Council has not yet finalised and published its 'Looked After Children and Care Leavers Strategy'. Similarly, nor has the Council articulated its commitment or 'pledge' to its looked after children and young people, as also determined as a priority in 2017.	<p>Action 75% complete.</p> <p>A presentation on the new Corporate Parenting Strategy was given to the Corporate Parenting Panel in March 2022. The Council provided training in this area to all members in July 2022. The Corporate Parenting Strategy will be formally presented for input and development from the newly formed Panel at its meeting in December 2022.</p>

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
ICT Service Continuity (Phishing)	2020/21	May 2021	28/02/23	Reasonable	Results of the recent phishing test commissioned by ICT showed that too many users would fall for a phishing email, despite having completed the cyber awareness training.	<p>Action 50% complete. We recently carried out a formal follow up review of ICT Service Continuity (Phishing). Our review found that the Council has made several technical and procedural improvements, which help to mitigate the risk of a successful phishing attack. The most recent phishing test results also show an overall improvement in staff cyber-awareness since our original review. However, further work to maintain and improve staff awareness of phishing and cyber security is needed.</p> <p>We provide the Committee with a more detailed update on this action as part of our final Follow Up Report in this area.</p>
Housing Allocations	2021/22	September 2021	31/01/23	Reasonable	The housing application process is inefficient and contributing to delays in the voids process.	<p>Action 50% complete. The Housing Service has recruited a Housing Service Apprentice, which will help to support the application process in the interim. Work to digitalise the application process is ongoing, and forms part of the wider digital tenants' portal project.</p>
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	Despite the debtor system showing a reduction in the number and total value of invoices in 'recovery-suppressed' status since our last review, our testing found that the Income Team is circumventing the normal process. The Income Team is delaying recovery action via manual intervention rather than applying the system 'suspend' function that would automatically restart the recovery process after 30 days.	<p>Action 50% complete. The Director of Function (Resources) / Section 151 Officer commissioned consultancy firm, CIWB, to work with the Income Team to improve their processes and address the risks identified by the audit. Progress with the project is ongoing and following an interim progress update in March 2022 at the request Governance and Audit Committee, we will carry out a formal follow up review to ensure the all the issues/risks identified during our original review are addressed in October 2022.</p>

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	The combination of a failure to take a proactive approach to recovering Council debts and escalating debt recovery where appropriate, along with the redeployment of Recovery Officers and the suspension of all debt recovery for six months during the pandemic, has all contributed to the level of outstanding debt increasing significantly from March 2020.	As above.
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	The Covid-19 pandemic and technical issues have affected monitoring of service performance and collection rates both at service level and corporately. In addition, there has been limited review and reporting of performance for sundry debtors since 2019/20.	As above.
Information Governance	2021/22	January 2022	31/03/23	Reasonable	Staff are able to access the Council's Microsoft Office 365 applications, including Teams and SharePoint and therefore potential personal and sensitive data held by the Council, using unencrypted personal mobile devices.	Action not yet due for completion.
Software Licence Management	2021/22	January 2022	31/12/22	Limited	The Council has not yet produced a business systems roadmap or strategy, which underpins how the Council will deliver its digital services. Such a roadmap should include items such as details of approved software vendors and suppliers, vendor selection criteria as well as hosting and support requirements (in-house versus cloud services etc.)	Action not yet due for completion.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Recruitment and Retention	2021/22	June 2022	31/12/22	Reasonable	The Council's Workforce Planning Strategy was originally developed by the Human Resources Unit in 2012 but has not been updated since 2019. As workforce development planning is now more established across the Council, the Workforce Development Strategy would benefit from revision to ensure it is up to date and in line with the Council's current and future strategic approach in this area.	Action not yet due for completion.
Recruitment and Retention	2021/22	June 2022	30/11/22	Reasonable	Some individual Service Workforce Development Plans would benefit from review and improvement.	Action not yet due for completion.
Recruitment and Retention	2021/22	June 2022	31/01/23	Reasonable	There is little formal, routine reporting to the Senior Leadership Team (SLT) of recruitment data analysis to ensure the SLT is well sighted on recruitment pressures and trends currently facing the Council. This is particularly important at present in light of national issues with staff recruitment affecting all sectors.	Action not yet due for completion.
Teachers Pensions	2021/22	June 2022	31/12/22	Limited	Testing highlighted that the reports extracted from the payroll system did not extract data consistently and some records are missed. In addition, the reports are not reconciled before submission to the TPS. We therefore cannot provide assurance that the information extracted and uploaded to the TP service complete or accurate.	Action not yet due for completion.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Teachers Pensions	2021/22	June 2022	31/12/22	Limited	The Payroll and Payments Manager did not provide evidence of error reports being investigated or actioned.	Action not yet due for completion.

\*Current assurance rating - either as at time of original audit or following follow up review.

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# Direct Payments for Adult Social Care

Report of the Auditor General for Wales

April 2022



This report has been prepared for presentation to the Senedd under the Public Audit (Wales) Act 2004.

The Auditor General is independent of the National Assembly and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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# Summary report

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## Background

### The Social Services and Well-Being (Wales) Act 2014

- 1 The Senedd passed the Social Services and Well-being (Wales) Act in 2014 and it came into force in April 2016. The Act seeks to shift away from the traditional ways of providing social care, which were considered unsustainable, to approaches focused on:
  - a placing the wellbeing of people at the heart of services;
  - b giving people a strong voice and real control over the decisions that affect them;
  - c encouraging new models of service by mobilising community resources and promoting social enterprises and co-operatives;
  - d prioritising preventative services to avoid or delay the need for care;
  - e making systems easier and more accessible by reducing complexity and streamlining assessment and care planning arrangements;
  - f integrated working across professional and organisational boundaries to make the best use of resources and deliver the best outcomes; and
  - g strengthening safeguarding arrangements.

### Direct Payments can improve people's choice, control and independence

- 2 Direct Payments can help meet an individual's eligible need for care and support, or a carer's need for support. They are an alternative to local-authority-arranged care or support. The aim of Direct Payments is to give people more choice, greater flexibility and more control over the support they get. Direct Payments can be provided to people of all ages if they have been assessed as needing social care services to support them with daily living, consent to receiving a Direct Payment and they (or their representative) can manage the payment.

- 3 Many people use their Direct Payments to fund a Personal Assistant to help them with various tasks. In these instances, Direct Payment recipients become employers and must meet the associated legal obligations. Some choose to use a care agency instead. Local authorities are required to provide support and assistance to people to manage their Direct Payment and employment responsibilities. This is often done through a local-authority-commissioned support service.
- 4 Direct Payments can be used to purchase a wide variety of services or equipment if these contribute to meeting an individual's agreed wellbeing outcomes. Payments can be made for day-to-day things such as dressing, cooking, driving and support to facilitate discharge from hospital. They can also be used for social activities – visiting friends, evening classes and gardening – as well as for assistance to access training and employment. The main benefit of Direct Payments is their adaptability. Service users can use them to organise their care in a whole range of new and more effective ways and local authorities are encouraged to explore innovative and creative options for meeting people's needs.
- 5 This report looks at how local authorities provide Direct Payment services to adults, examining their impact and value for money. **Appendix 1** provides more detail about our audit approach and methods. **Exhibit 1** sets out our characteristics of a good approach to Direct Payments.

**Exhibit 1: the characteristics of a local authority that effectively encourages, manages and supports people to use Direct Payments**



**Local authorities who are good at promoting Direct Payments**

Have simple and concise public information that is made available in a wide range of mediums and has been tested to ensure it is effective and tells people what they need to know

Offers and encourages people to use independent advocacy to help people make informed choices

Uses the ‘What Matters’ conversation in the assessment process to explain Direct Payments

Direct Payments are promoted as an option at least equally with other choices



**Local authorities who are managing Direct Payments effectively**

Help people to access and use Personal Assistants

‘Demystify’ what Direct Payments are and provide sufficient support to assure people on employment requirements, liabilities and fallback processes. Bureaucracy is kept to a minimum

Clearly set out what Direct Payments can be used for giving examples of the type of support that is available and, wherever possible, encourage innovation

Have regular and ongoing contact and provide support and information to adults using Direct Payments to clarify responsibilities and ensure people remain safe

Work to shape the ‘market’ and by improving access to Personal Assistants, encouraging more providers, managing costs and encouraging the pooling of budgets

Jointly agree with NHS bodies on how best to address the needs of clients who use Direct Payments and Continuing Healthcare so they are not disadvantaged



**Local authorities who are delivering positive outcomes for people using Direct Payments**

Evidencing that people’s wellbeing is maintained or improving as a result of Direct Payments

Have a comprehensive system for monitoring and evaluating all aspects of Direct Payments

Involve and value input from all stakeholders/partners in evaluating the impact of services

Compare and benchmark individual and collective performance with others and use the findings of evaluation to shape current plans and future approaches

Know what works and whether the approach of the authority is delivering the aspirations of the Act



# Key messages

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- 6 Our overall conclusion is that **Direct Payments support people's independence and are highly valued by service users and carers, but inconsistencies in the way they are promoted and managed by local authorities mean services are not always equitable and it is difficult to assess overall value for money.**
- 7 People are not consistently encouraged to take up Direct Payments. A responsive person-centred approach is essential in helping people take up Direct Payments, but current engagement and involvement by local authorities is inconsistent. While the value of Direct Payments is recognised by senior managers, social care staff do not always display confidence in promoting their use with service users and carers. Direct Payments are valued by service users and carers, but this is not always translating into broadening their use.
- 8 Managing and supporting people to use Direct Payments varies widely and service users and carers are receiving different standards of service. Personal Assistants are essential to people making the most of Direct Payments, but service users often struggle to recruit them. People have mixed views on the support they receive from their local authority after they have taken up Direct Payments. The interface between use of NHS continuing healthcare and social care on access to Direct Payments also remains a problem.
- 9 Despite some significant challenges, local authorities ensured service users and carers were mostly supported during the pandemic, but a significant number of service users and carers we surveyed experienced difficulties. While the numbers using Direct Payments slightly grew before the pandemic, local authorities continue to use them differently across Wales. There is a need to address this 'post-code lottery' to ensure people are being treated fairly and equally.

- 10 Direct Payments are seen by recipients and care providers alike as making an important contribution to people's wellbeing and independence. However, it is difficult to assess the overall value for money of Direct Payments in their own right, or in comparison with other forms of social care, because systems for managing and evaluating performance are inadequate.



Direct Payments can make an important contribution to meeting an individual's care and support needs and they are highly valued by service users and carers. The Welsh Government and local authorities need to work together to address weakness in the management and evaluation of performance, which currently means it is not possible to judge how well local authorities are performing and whether Direct Payments represent value for money compared with other forms of social care. There is also a need to address the 'post-code lottery' where local authorities are using them differently across Wales, to ensure people are treated fairly and equally.

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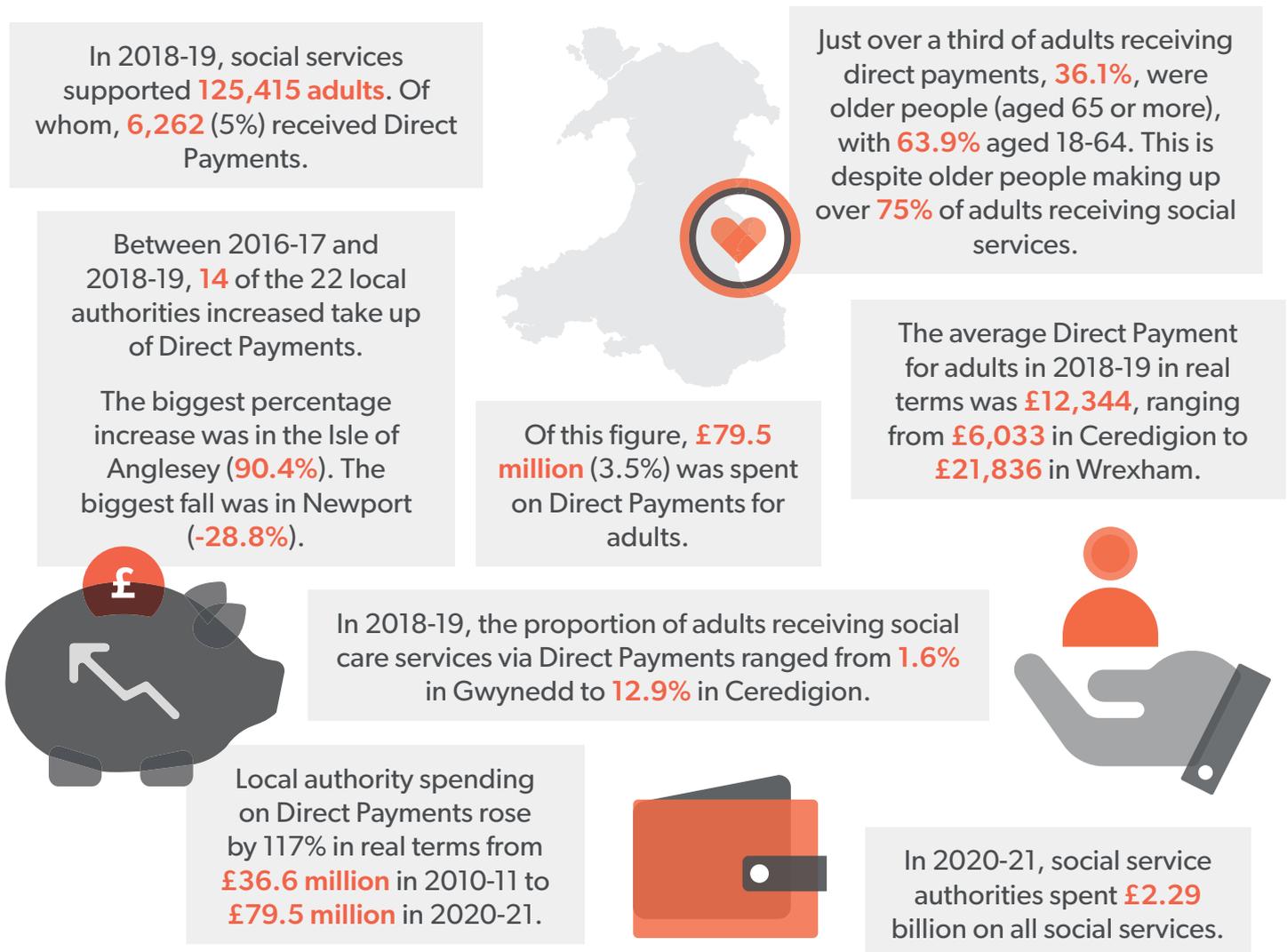
**Adrian Crompton**

Auditor General for Wales



# Key facts

11 The infographic below summarises key facts from our report about Direct Payments. Following the Welsh Government’s decision to suspend data collection in response to the pandemic in 2020, no data on services other than expenditure has been reported nationally since 2018-19.



12 Figures relating to the numbers of people receiving social services support and Direct Payments for 2018-19, including the average value of Direct Payments, do not include Caerphilly due to technical issues with their ICT systems.

Source: Audit Wales analysis of StatsWales data

# Recommendations

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- 13 Our recommendations are set out below. We expect each local authority to consider the findings of this review and our recommendations, and that its governance and audit committee receives this report and monitors its response to our recommendations in a timely way.

## Exhibit 2: recommendations

### Recommendations

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In **Part 1** we set out the how local authorities promote and raise awareness of Direct Payments (**paragraphs 1.2 to 1.7**). To ensure people know about Direct Payments, how to access these services and are encouraged to take them up, we recommend that local authorities:

- R1** Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments.
- R2** Undertake additional promotional work to encourage take up of Direct Payments.
- R3** Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers.

In **Part 1** we set out the importance of the ‘What Matters’ conversation and the importance of social workers in helping people make informed choices on Direct Payments (**paragraphs 1.8 to 1.13**). To ensure Direct Payments are consistently offered we recommend that local authorities:

- R4** Ensure information about Direct Payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers.
- R5** Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers.

## Recommendations

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In **Part 2** we highlight the central role of Personal Assistants in helping service users and carers to get the best positive outcomes from their use of Direct Payments (**paragraphs 2.2 to 2.7**). To ensure there is sufficient Personal Assistant capacity, we recommend that local authorities through the All-Wales local authority Direct Payments Forum and with Social Care Wales:

**R6** Work together to develop a joint Recruitment and Retention Plan for Personal Assistants.

In **Part 2** we highlight that while local authorities recognise the value of Direct Payments in supporting independence and improving wellbeing, the differences in approach, standards and the amount paid out means that people with similar needs receive different levels of service (**paragraphs 2.9 to 2.18 and 2.23 to 2.27**). To ensure services are provided equitably and fairly we recommend that local authorities and the Welsh Government:

**R7** Clarify policy expectations in plain accessible language and set out:

- what Direct Payments can pay for;
- how application and assessment processes, timescales and review processes work;
- how monitoring individual payments and the paperwork required to verify payments will work;
- how unused monies are to be treated and whether they can be banked; and
- how to administer and manage pooled budgets.

Public information should be reviewed regularly (at least every two years) to ensure they are working effectively and remain relevant.

## Recommendations

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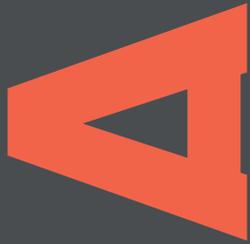
In **Part 2** we highlight difficulties in the interface between NHS continuing healthcare and Direct Payments and note that current practices do not support service users and carers to exercise voice, choice and control (**paragraphs 2.28 to 2.31**). We recommend that the Welsh Government:

**R8** Ensure that people who receive both NHS continuing healthcare and Direct Payments have greater voice, choice and control in decision making.

In **Part 3** we note that having the right performance indicators and regularly reporting performance against these are important for local authorities to manage operational performance, identify areas of improvement and evaluate the positive impact of services (**paragraphs 3.8 to 3.10**). To effectively manage performance and be able to judge the impact and value for money of Direct Payments, we recommend that local authorities and the Welsh Government:

**R9** Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence.

**R10** Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement.



**People are not  
consistently  
supported to take  
up Direct Payments**

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**01**

1.1 In this part of the report, we consider how local authorities encourage people to use Direct Payments. We review local authorities' public information, how they promote take up of Direct Payments and the importance of the 'What Matters' conversation.

### Local authorities who are good at promoting Direct Payments



Have simple and concise public information that is made available in wide range of mediums and has been tested to ensure it is effective and tells people what they need to know



Offers and encourages people to use independent advocacy to help people make informed choices



Uses the 'What Matters' conversation in the assessment process to explain Direct Payments



Direct Payments are promoted as an option at least equally with other choices

## A responsive person-centred approach is essential in helping people choose Direct Payments, but current engagement and involvement by local authorities are inconsistent

### Good quality and accessible information, support people to take greater control of their care and support and make well-informed choices

- 1.2 Information and advice help to promote people's wellbeing and are vital components of preventing or delaying people's need for care and support. Our focus group and survey work with the All-Wales Direct Payments Forum<sup>1</sup> found that all local authorities undertake some form of activity to promote public awareness and understanding of Direct Payments, but the options used vary. Local authorities focus on mediums such as their website, providing bilingual leaflets and promotional activity with established service user, carer groups and partnership forums. Less priority is given to using social media (for example, Facebook or Twitter) and proactive campaigns using press articles, adverts and local authority newsletters. Overall, only 3% of recipients responding to our survey<sup>2</sup> first found out about Direct Payments through published information (for example, online or a leaflet).
- 1.3 Overwhelmingly, service users report relying on a conversation with a local authority officer to find out about Direct Payments. Almost all (96%) of service users who responded to our survey said that they first found out about Direct Payments following a discussion with a local authority officer – most frequently a social work professional. Around half of carers we surveyed said that they first found out about Direct Payments following a discussion with a local authority officer. Carers are more likely than service users to find out about Direct Payments in discussion with other bodies (ie not their local authority), a care and support agency, NHS or third sector body for instance. These findings highlight that local authorities need to do more to ensure carers are better supported to fully access and use services, an issue flagged in recent research by [Carers Wales](#)<sup>3</sup>.

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1 The All-Wales Direct Payments Forum is made up of officers from all Welsh local authorities with responsibility for Direct Payments within their respective organisations.

2 Our survey covers both service users and carers who receive Direct Payments. We report information at three levels. Where we say Direct Payment recipients, we mean both carers and service users; and where we specifically reference either 'service users' or 'carers' the findings of the survey are specific to these distinct groups of people who receive Direct Payments. In **Appendix 1** we set out our survey methodology in more detail.

3 Carers Wales is part of Carers UK and campaigns on behalf of carers. They recently reported that 40% of carers in Wales say they are unaware of services and sources of support for carers in their local community – [State of Caring 2021: Wales Briefing, Carers Wales, December 2021](#).

- 1.4 Direct Payments Forum members acknowledge that local authorities need to do more promotional work with some partners, in particular health and independent providers, to ensure Direct Payments are adequately promoted in all routes into social care. Roughly a quarter of local authority officers with responsibility for Direct Payments believe they have sufficient capacity to effectively promote Direct Payments and are investing resources to encourage take up. Less than a quarter of local authority officers consider themselves good at promoting awareness and encouraging take up of Direct Payments among hard-to-reach groups such as minority ethnic groups, Gypsies, Roma and Travellers and LGBTQ people.
- 1.5 The best local authorities are innovatively and actively promoting Direct Payments. For example, Isle of Anglesey Council uses a wide range of promotional materials to improve awareness for service users but also local authority staff and care providers. This includes YouTube videos of recipients talking about the positive experience and benefits of Direct Payments and roadshows to promote the benefits of Direct Payments. By proactively encouraging people to choose Direct Payments, the local authority saw the numbers in receipt of Direct Payments rise by 90.4% between 2016-17 and 2018-19.
- 1.6 Regarding the quality of the information and advice provided, three quarters of Direct Payments service users told us this was good but only half of carers in receipt of Direct Payments agreed this was the case. Only half of local authorities have tested or sought feedback on the quality of Direct Payments public information to ensure it is easy to understand, and only around a third of those have involved service users and carers in testing the quality of the information. Several service users who responded to our survey noted that they did not always find the public information they had been provided helpful and too often it reads as if it is written for the 'professional' not the 'client'. Notwithstanding, the overwhelming majority of people (98%) were able to access information about Direct Payments in their preferred language, and 4% chose to use Welsh.
- 1.7 Paragraph 37 of the [Social Services and Well-being \(Wales\) Act 2014 Part 10 Code of Practice \(Advocacy\)](#) notes that 'Advocacy services are fundamental to supporting people to engage actively and participate in development of their own well-being outcomes.' Paragraph 41 of the Code of Practice also says that independent professional advocacy must be made available from 'the moment of first contact'. We found that just over half of All-Wales Direct Payments Forum members believe that their local authority has adequate advocacy services in place to provide independent advice to service users and carers at this time.

## The 'What Matters' conversation

- 1.8 Unlike many community-based, preventative services<sup>4</sup> that people are often signposted to when seeking social care help, service users must be assessed as having 'eligible'<sup>5</sup> needs to receive Direct Payments. When a local authority considers if someone has eligible needs, it looks at what causes that need for care and support; whether their needs affect their ability to do certain things; whether someone has a carer or access to community support that can meet their needs; and whether they are able to achieve a personal outcome without help from the local authority.
- 1.9 Local authorities are required to assess and determine whether someone is eligible for social care following an established process of which the 'What Matters' conversation is a critical element. **Appendix 2** sets this process out in more detail.

### The 'What Matters' conversation

A 'What Matters' conversation is a targeted discussion to establish a person's situation, their current wellbeing, what can be done to support them and what can be done to promote their wellbeing and resilience for the better. It is not an assessment in itself: it is a way of carrying out the assessment by having the right type of conversation to identify with the individual:

- how they want to live their life;
- what might be preventing that; and
- what support might be required to overcome those barriers.

Knowing what matters can play a huge part in helping to make someone's life enjoyable and worthwhile.



4 There is no agreed definition of what constitutes a preventative service. They can range from relatively formal intermediate care services provided by health and social-care professionals to interventions that could include befriending schemes, the fitting of a handrail or help with shopping, to non-health or social-care services.

5 The Welsh Government is working with ADSS Cymru to produce a [national assessment and eligibility tool](#).

- 1.10 Importantly, those seeking help and those assessing what is needed must work as equal partners in identifying issues and solutions in their 'What Matters' discussion. Ultimately, it requires social work professionals to let go of some control when assessing what is best for people. Direct Payments takes this ethos a step further – not only do individuals have an equal voice in shaping their care and support outcomes during the assessment, but they can also go on to take full control over their own care and support. The extent to which professionals feel able to let go shapes people's experience of their assessment, and in many cases the likelihood of them being offered and encouraged to use Direct Payments.
- 1.11 Overall, recipients of Direct Payments that we surveyed are positive about local authority assessment processes; the time spent by local authority staff clarifying employer responsibilities; and the 'What Matters' conversation. For instance:
- a 83% felt that what was agreed during the assessment was right for them;
  - b of the 83% that felt their assessment was right for them, the vast majority (88%) agreed that the subsequent care and support plan accurately set out what was agreed during their assessment;
  - c 76% felt encouraged to tell their local authority about the things that mattered to them, and felt listened to during their needs assessment;
  - d 75% discussed their ability to manage Direct Payments before taking them up; and
  - e 74% felt that they had a clear understanding of their legal obligation as an employer when taking up a Direct Payment.
- 1.12 Despite this, many local authority officers we spoke to acknowledge that they do not always have the capacity to work co-productively and identify creative solutions using Direct Payments. People are often in crisis when they contact social services and in practical terms, delivering early intervention, prevention and co-produced approaches requires time. Effective early intervention works to prevent problems occurring, or to tackle them head on when they do, and before problems get worse. It is important therefore for local authorities to consider the potential impact and value of Direct Payments as early as possible in the information, advice and assistance process to enable meaningful co-production and ensure all possible solutions that can help improve someone's wellbeing are considered.

1.13 We conclude that there is more for local authorities to do to promote awareness and understanding of Direct Payments amongst service users. Addressing this requires local authorities to promote opportunities for early intervention by raising awareness of the front door to adult social care, and ensuring adequate consideration of the potential for Direct Payments at the Information, Advice and Assistance (IAA services) stage. Local authorities are yet to strike this balance, something that echoes our recent review of IAA services<sup>6</sup>.

### **While the value of Direct Payments is recognised by senior managers, social care staff do not always display confidence in promoting their use with service users and carers**

1.14 Strong leadership on Direct Payments is key to making progress and it is important that senior managers set the tone from the top. Through our engagement with local authority staff and representative bodies we found this to be key to creating the right conditions and culture for social workers to feel empowered to promote and encourage take up of Direct Payments.

1.15 We found that roughly three-quarters of Direct Payment managers with responsibility for Direct Payments believe their authority has an open and encouraging culture that promotes making best use of Direct Payments. In addition, a similar number believe that their local authority Corporate Management Team members understand the benefits of Direct Payments, and two-thirds that senior leaders actively encourage increasing take up. However, only a quarter of Direct Payment managers believe that councillors understand the benefits of Direct Payments. Half did not know.

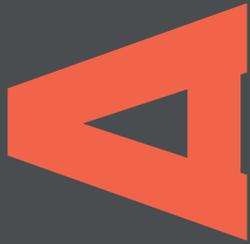
1.16 Most local authorities have information and workflow management systems in place (for example the Welsh Community Care Information System<sup>7</sup>) which include prompts for social workers to offer Direct Payments as part of what matters assessments, or to confirm that they have offered this. However, officers we interviewed highlight the limitations in the assurance that this data provides because the likelihood of service users opting to use Direct Payments is mostly dependent on the tone, sincerity and genuineness of the offer and discussion with their social worker. To do this, social workers need to feel both confident in being able to promote the benefits of Direct Payments and empowered to make this offer. To make this work requires effective leadership and a whole-system approach.

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6 Auditor General for Wales, [The front door to adult social care](#), September 2019.

7 We reported on the rollout of the [Welsh Community Care Information System](#) in October 2020, including commentary on the performance of the system.

- 1.17 The overwhelming majority of All-Wales Direct Payments Forum members told us that they continue to promote and provide training and information to social workers, care managers and frontline staff to support take up and roll out. Most also believed that social workers understand what Direct Payments can be used for, although officers we interviewed nevertheless identified some concerns.
- 1.18 Only half of Direct Payments Forum members think that their local authority encourages people to take up Direct Payments. Direct Payment managers expressed concerns that, from their experience, too often social workers lack confidence in discussing Direct Payments as an option, partly because of their inherent flexibility and potentially wider use compared to other forms of social care. They also noted that, increasingly, Direct Payments are seen as potentially placing other traditional care services at risk if their take up increases and demand for other services falls off. Just over half of Direct Payment managers believe that their local authority treats Direct Payments as favourably as other social care services and options when developing care plans.



**Managing and supporting people to use Direct Payments varies widely with service users and carers receiving different standards of service**

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2.1 In this section of the report, we look at opportunities to streamline the management and administration of Direct Payments. We look at the change in take up of Direct Payments in Wales and comparison with England. We consider how local authorities support people to make the best use of Direct Payments.

### Local authorities who are managing Direct Payments effectively

	Help people to access and use Personal Assistants
	'Demystify' what Direct Payments are and provide sufficient support to assure people on employment requirements, liabilities and fallback processes. Bureaucracy is kept to a minimum
	Clearly set out what Direct Payments can be used for giving examples of the type of support that is available and, wherever possible, encourage innovation
	Have regular and ongoing contact and provide support and information to adults using Direct Payments to clarify responsibilities and ensure people remain safe
	Work to shape the 'market' and by improving access to Personal Assistants, encouraging more providers, managing costs and encouraging the pooling of budgets
	Jointly agree with NHS bodies on how best to address the needs of clients who use Direct Payments and Continuing Healthcare so they are not disadvantaged

## Personal Assistants are essential to people making the most of Direct Payments, but service users struggle to recruit them

2.2 While some people will need additional support to manage Direct Payments, this should not be a barrier to encouraging people to use them. Local authorities must maintain a support service and make it available to those who need it – for example, help with employment responsibilities, payroll and reporting processes. Often this support is provided via a Personal Assistant.

### Personal Assistants

Personal Assistants work directly with one or more individuals to help them with various aspects of their daily life and to help them live as independently as possible.

They are employed directly by an individual who is managing and paying for their own care through a Direct Payment or personal budget.

Personal Assistants usually support individuals in their own home.

People can be employed directly by one employer or work for a number of different people.

The role can include:

- organising and supporting individuals with their social and physical activities;
- booking and going with individuals to appointments;
- helping individuals to get to work, college or university;
- helping with personal care such as showering and dressing (although not all Personal Assistant roles involve personal care);
- supporting with tasks around the house such as shopping, cleaning and cooking;
- monitoring their health, for example, measuring body temperatures or administering medication; and/or
- managing a team of Personal Assistants if you are in a senior Personal Assistant role.



- 2.3 Employing a Personal Assistant cannot be entered into lightly and people pursuing this option need to be fully aware of their responsibilities. For instance, an employer must provide staff they employ with written information, including start date, hours of work, remuneration (which must meet the National Minimum Wage), place of work and a job title, or brief description of the job. Employers also need to set out whether employment is fixed term or permanent, the employee's statutory entitlement to sick pay, annual leave, pension scheme provision and notice requirements. Although local authorities expect people to take out employer's liability insurance and often provide advice about this, it is down to the individual to ensure they have fully considered the contractual arrangements with the care staff they employ.
- 2.4 People we surveyed noted differences between local authorities regarding their eligibility criteria for Direct Payments, the number of hours of personal assistance that individuals are assessed as needing, and the hourly rates paid. Our research shows that there is variation between hourly rates of pay for Personal Assistants across local authorities, with rates ranging from £8.72 to £12.94 per hour being reported in early 2021 – see **Appendix 4** for more detail.
- 2.5 The importance of Personal Assistants in supporting people to make the best use of Direct Payments cannot be overestimated. One person responding to our survey stated that: 'Direct Payments have given me the opportunity to employ my personal assistant who has been with me for 10 years now. This continuity with my personal assistant has empowered me, improved my self-confidence and given me the freedom to make my own decisions and choice with my personal assistant's support.' While another noted that: 'I think the whole system works around Direct Payments, you get to pick the personal assistants yourself rather than getting strangers thrust upon you.' Comments such as these highlight the value placed on Personal Assistants and the important role they play.
- 2.6 Notwithstanding, several people responding to our survey noted difficulties in both attracting and retaining Personal Assistants. For instance, one respondent stated that: 'there have been periods when we have been unable to find a suitable personal assistant, so I have been unable to use the Direct Payments. At one point this lasted over a year.' Another noted a 'major problem is being able to recruit Personal Assistants' and another 'issues with a Personal Assistant meant I've had to readvertise the job so as a result I haven't yet used my Direct Payment'.

2.7 Direct Payment managers we spoke to also highlighted the ongoing challenge of attracting and retaining Personal Assistants. Ongoing workforce pressures have meant that adult social care employers and providers have needed to adopt a range of strategies to help retain and support their workforce and these approaches need to be extended to Personal Assistants. The Care Provider Alliance, Association of Directors of Adult Social Services and Local Government Association in England have brought together approaches taken by organisations to reduce staff turnover and help retain people in the care and health workforce, which are of use for local authorities to consider in encouraging more Personal Assistants<sup>8</sup>.

### **People have mixed views on the support they receive from their local authority after they have taken up Direct Payments**

2.8 Direct Payments must be embraced as a core component of delivering support – not as an exceptional option – so that the positive impact can be realised. There will be initial costs associated with setting up or commissioning an effective Direct Payment Support Service and training staff in Direct Payment processes. But once fully operational, Direct Payments should at least be cost neutral and should realise savings from, for instance, reduced administration, review and management of providers. It is important for local authorities to therefore focus on setting up the right support service to both encourage take up and to realise the potential for cost savings. Ultimately, the Direct Payment must be enough to cover the reasonable cost of buying services that the local authority has a duty to provide.

### **Some people find the administration of Direct Payments challenging**

2.9 It is important that local authorities provide adequate support and have regular contact with service users and carers. Local authorities should be proactive in organising these discussions to make sure the care and support plan remains right, is legal, affordable and effective in meeting wellbeing outcomes.

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8 <https://www.local.gov.uk/top-tips-retention-briefing-adult-social-care-providers>

- 2.10 Overall, 78% of people we surveyed said they receive good quality support to help them manage their Direct Payment. However, while 55% say that they can cope with the administration side of Direct Payments, finding the level of paperwork reasonable and manageable, 13% feel it is overwhelming. The other third of respondents stated that they are not required to keep any paperwork (23%) or their local authority rarely asks for paperwork (10%). Carers are generally more dissatisfied than service users with the quality of the Direct Payments services their local authority provides to help meet their needs. Our focus group work with All-Wales Direct Payments Forum members found that just over half of local authorities have sought to streamline their systems for administering Direct Payments to reduce the burden on clients, Personal Assistants and care providers.
- 2.11 Just over a third of care and support providers we surveyed felt that from their experience local authorities did not provide good support to help people manage their Direct Payments. There is also some concern from providers that people who may struggle to manage a Direct Payment are being directed to select this option simply because of pressures on domiciliary care services and reductions in the availability of other care services. Only half of Direct Payment managers stated that their local authority has an up-to-date directory of approved service providers to help people purchase support.

**People in areas where support services to help manage Direct Payments are directly provided by local authorities have a more positive overall experience than those using a 'commissioned' service**

- 2.12 Many local authorities commission others to provide support services for Direct Payments, but according to feedback from members of the Direct Payments Forum, a growing number of councils are in the process of reviewing or considering bringing these services back in house, primarily to improve service quality, to be able to better respond to service user and carer needs, and reduce administration costs. As of January 2021, seven<sup>9</sup> of the 22 local authorities had in-house services.

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9 The seven councils with in-house provision at the time of our review were: Blaenau Gwent County Borough Council, Caerphilly County Borough Council, Flintshire County Council, Monmouthshire County Council, Neath Port Talbot Council, Powys County Council and Torfaen County Borough Council.

2.13 Our survey of people using Direct Payments sought their views regarding a number of factors which we consider to be indicators of service accessibility and quality. To establish how different service configurations impact on accessibility, quality and user satisfaction, we analysed our survey data by comparing the responses from Direct Payments recipients in areas where the local authority delivers its support function in-house, with those where the service is commissioned externally and provided by third parties. **Exhibit 3** shows that survey responses from those in local authority areas with in-house services have higher levels of positive responses against a number of key metrics.



**I'm grateful for the support and payments. I don't have to deal with the money. Going out with someone other than family gives me independence that I've longed for**

Source: Audit Wales, Survey of people receiving Direct Payments, September 2021.



**Exhibit 3: Direct Payment recipients’ views about services, by type of administrative support service (in-house or commissioned)**

Overall, people living in areas where support services are provided directly by local authorities are more positive about the service they receive than those provided by a third party.



Source: Audit Wales, Survey of people receiving Direct Payments, September 2021

2.14 Our focus group work with the All-Wales Direct Payments Forum highlighted that, in addition to supporting external clients, in-house Direct Payment teams have greater ability to work flexibly and focus on providing training and expert support to front line social workers who offer and administer Direct Payments. Given the key barriers we highlight in accessing Direct Payments (see **paragraph 1.16**) and coupled with our survey findings, this support is clearly important and is making an impact, leading to greater satisfaction with information about Direct Payments, a greater perception of social workers' understanding, and service users feeling encouraged to take up a Direct Payment.

**Local authorities mostly ensured people were supported during the pandemic, but a significant number of service users and carers we surveyed had no contact during the initial lockdown and restrictions**

2.15 The pandemic created many challenges for social care services and local authorities were forced to respond creatively to ensure vulnerable people were safe and supported. As with other frontline staff working in NHS or care settings, the pandemic has also had a huge impact on people providing care services organised under Direct Payments, especially Personal Assistants.

2.16 We found that where a service was interrupted or could not continue to be provided due to COVID-19, most local authorities arranged alternative provision. Local authorities also made contact to check on individuals' welfare and to ensure services continued to be provided. Direct Payment managers we spoke to however, also noted some difficulties in maintaining services. In particular, the lack of availability of Personal Assistants and/or care staff when people were self-isolating and unable to visit and support service users.

2.17 Officers we spoke to also highlighted their local authority's positive work to ensure social care staff were supported and equipped to work from home. They described how senior leaders acted proactively, keeping staff informed and up to date with changes in services and work priorities, and responded to challenges as they arose quickly and efficiently. For example, relocating staff to fill gaps in services and flexing information gathering systems to reduce the burden of administration on Personal Assistants and care providers.

2.18 57% of people receiving Direct Payments we surveyed said that their local authority did not help source Personal Protective Equipment (PPE) for their care or support provider. Service users and carers we spoke to noted that some local authorities provided PPE free of charge, some reimbursed individuals who purchased their own, but others expected service users and/or their personal assistant to purchase PPE themselves and meet the cost from their Direct Payment. In April 2021, we reported that some frontline health and social care staff experienced shortages of PPE during the pandemic<sup>10</sup>. Some people using Direct Payments experienced similar if not greater difficulties trying to source PPE on an individual level. Some service users and carers we spoke to noted that on occasion the lack of PPE and inability to source this directly resulted in services being suspended. In addition, 40% of the Direct Payments recipients we surveyed said they had received no contact from their local authority specifically to check if they had any problems resulting from the lockdown and restrictions.

### **While the number of people receiving Direct Payments has grown slightly in recent years, local authorities continue to use them differently across Wales**

#### **Just under two-thirds of local authorities increased take up of Direct Payments between 2016-17 and 2018-19, but only 5% of all adults in receipt of social care services were receiving them**

2.19 The most recent data on Direct Payments use published in 2018-19 shows that 125,415 adults were in receipt of social care services in Wales<sup>11</sup>. Of these, 6,262 (5%) received Direct Payments. The proportion of social care services provided via Direct Payments ranged from 1.6% of clients in Gwynedd to 12.9% in Ceredigion. **Appendix 3** provides more information. This data for 2018-19 does not include Caerphilly.

2.20 Just over a third of those receiving Direct Payments (36.1%) are older people (aged 65 or more). This is despite this particular age group making up over 75% of the overall number of adults receiving social services. The bulk of those receiving Direct Payments, 63.9%, are aged between 18 and 64.

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10 [Procuring and Supplying PPE for the COVID-19 Pandemic, Report of the Auditor General for Wales, April 2021](#)

11 In response to the pandemic, the Welsh Government suspended collection and reporting of social services performance data in 2019-20 and the most up-to-date data is 2018-19.

2.21 Between 2016-17 and 2018-19, there had been a 5.2% increase in the numbers receiving Direct Payments with 14 of the 22 local authorities seeing a growth in take up – **Exhibit 4**. The biggest percentage rise, of 90.4%, was in the Isle of Anglesey, although the proportion of adults receiving social care services via Direct Payments in 2018-19 was still below the Wales average. The biggest fall was in Newport, -28.8%.

**Exhibit 4: the number of adults receiving Direct Payments by local authority in 2016-17 and 2018-19 and change in take up over the period**

Local authority	2016-17	2018-19	% Change
Isle of Anglesey	73	139	90.4%
Gwynedd	158	137	-13.3%
Conwy	221	239	8.1%
Denbighshire	106	177	66.9%
Flintshire	403	437	8.4%
Wrexham	196	272	38.7%
Powys	551	504	-8.5%
Ceredigion	199	336	68.8%
Pembrokeshire	293	331	12.9%
Carmarthenshire	448	538	20.0%
Swansea	521	517	-0.8%
Neath Port Talbot	341	433	26.9%
Bridgend	177	232	31.1%
Vale of Glamorgan	378	271	-28.3%
Rhondda Cynon Taf	372	306	-17.7%
Merthyr Tydfil	95	102	7.4%
Caerphilly	114	-	-
Blaenau Gwent	145	149	2.3%
Torfaen	131	130	-0.8%
Monmouthshire	154	131	-14.9%
Newport	132	94	-28.8%
Cardiff	746	787	5.5%
<b>TOTAL</b>	<b>5,954</b>	<b>6,262</b>	<b>5.2%</b>

Note: Caerphilly was unable to provide data for 2018-19, due to technical issues with their ICT systems.

Source: StatsWales, [CARE0118: Adults receiving services by local authority](#)

2.22 The use of Direct Payments in Wales still lags behind England. Data published by NHS Digital Services<sup>12</sup> shows that in 2020-21, 26.6% of people who receive social care services including 75.3% of carers in England receive Direct Payments. Performance ranges from 19.8% of all service users in the north-east of England to 38.3% in the East Midlands.

### **Direct Payments are used differently across Wales and local authorities have different approaches in how they deal with unused funds**

2.23 How Direct Payments are used and what they pay for varies. Through our discussion with Direct Payment Forum members we found that some authorities have few, if any, restrictions and encourage people to use the money flexibly; paying for holiday accommodation, leisure activities, trips abroad and mobile phones. In comparison, other local authorities only allow Direct Payments to pay for practical help directly associated with an individual's personal care and define what Direct Payments can and cannot pay for.

2.24 Direct Payment service users and carers we surveyed raised concerns with this situation. One user of Direct Payments noted that: 'It would be very helpful to have a written list of what Direct Payments can actually be used for.' Another survey respondent summed up their experience as follows: 'The council does not make it clear how to spend the money. You still have to continually ask questions and the people in the council don't know the answers. The system is very slow and 'drawn out'. They are not flexible.'

2.25 Those who have similar support needs can also pool their Direct Payments to organise joint activities or services by taking some or all of their Direct Payment and adding these funds together to jointly purchase services<sup>13</sup>. This enables people to share the cost of activities, have the opportunity to spend more time with other people and get better value through increasing their spending power. However, we found that pooling budgets is very limited. And past approaches in some local authorities ended relatively quickly, despite the best endeavours of staff we interviewed.

2.26 Welsh Government guidance<sup>14</sup> requires local authorities to work flexibly, allowing Direct Payments recipients to be able to 'bank' any unused payment to use as and when they need to. However, in reality the approach taken by local authorities varies and some local authorities seek to recover unspent money. The findings from our survey of recipients (**Exhibit 5**) are echoed in the feedback we received from local authority staff where we found wide differences in approach.

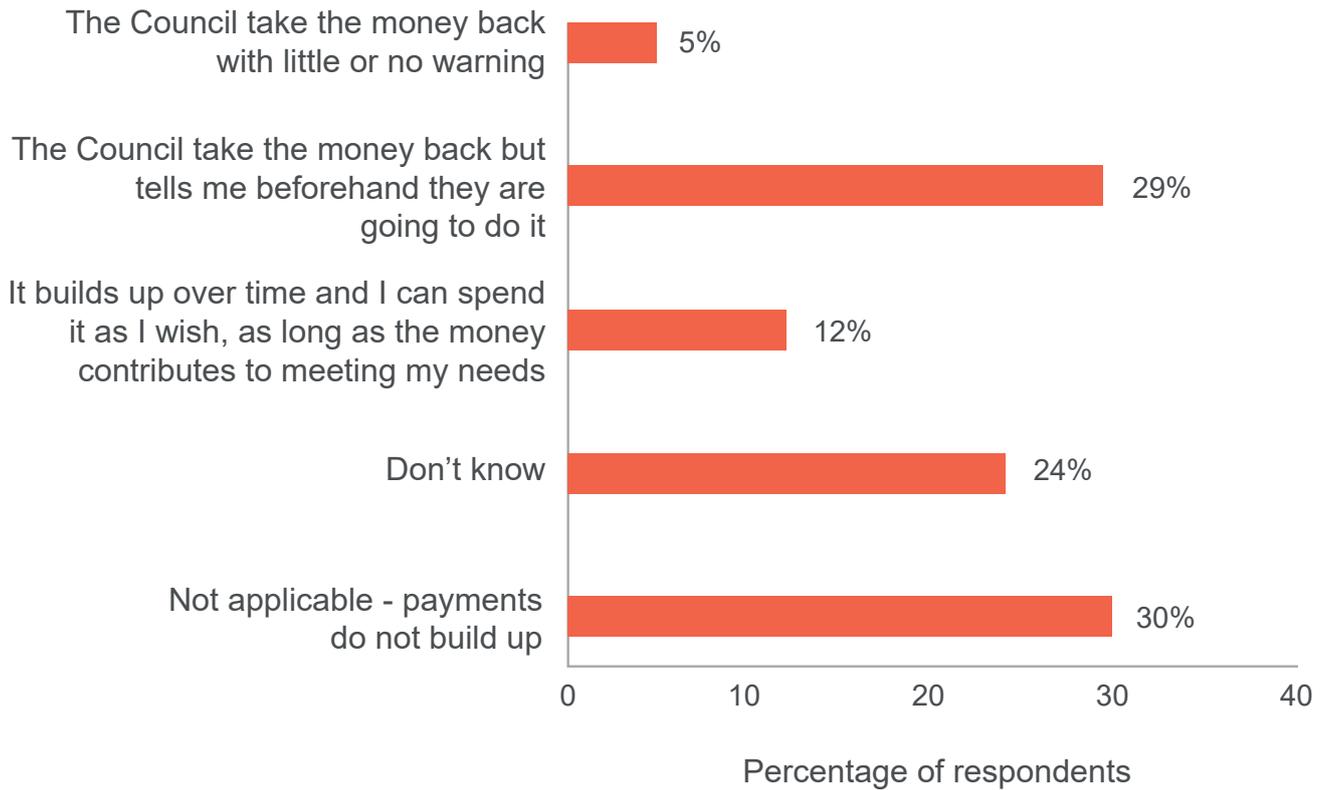
12 NHS Digital Services, [Adult Social Care Outcomes Framework](#), October 2021.

13 The Wales Co-operative Centre has published a guide setting out how people can pool budgets for Direct Payments, [Direct Payments: make them work for you](#)

14 [Social Services and Well-being \(Wales\) Act 2014: Part 4 Code of Practice \(Meeting Needs\)](#), 2015. Paragraph 159 notes that 'The flexibility inherent in direct payments means that recipients, or their representatives, must be able to adjust the amount of the direct payment they use from week to week. They must be able to 'bank' any unused payment to use as and when extra needs arise (this might particularly be relevant for those whose needs fluctuate).'

**Exhibit 5: Direct Payment recipients’ experiences of what happens to payments which build up**

Roughly one in eight recipients of Direct Payments build up ‘unused’ money to be used to meet future needs.

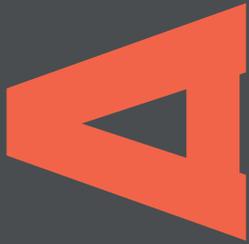


Source: Audit Wales, Survey of people receiving Direct Payments, September 2021

2.27 Taken together, our evidence highlights that further clarification, support and guidance are required to ensure that people are able to fully benefit from Direct Payments and receive a consistent standard of service.

## The interface between use of NHS continuing healthcare and social care on access to Direct Payments remains a problem

- 2.28 The Welsh Government's [Programme for Government 2021 to 2026](#) includes a commitment to 'Improve the interface between NHS continuing healthcare and Direct Payments'. In August 2021, the Welsh Government strengthened the wording in the [NHS Continuing Healthcare National Framework 2021](#) and [Decision Support Tool](#).
- 2.29 Importantly, the new guidance reinforces the central ethos of individuals' right to exercise voice and control to decide how, when and who supports them to meet their eligible care and support needs, especially when transitioning from Direct Payments to NHS continuing healthcare. This includes providing specific examples of actions Local Health Boards can take to support this but also recognising that assessments needed to avoid putting up barriers and pushing service users from one service to the other. Theoretically therefore it should be possible for someone to receive a needs-led assessment that supports someone's independence, voice and control.
- 2.30 Some people we surveyed in receipt of Direct Payments noted a reluctance to access NHS continuing healthcare because they fear losing their Personal Assistants and the ability to determine who provides their services. They also raised concerns that the flexibility of Direct Payments – that enables them to access a wide range of non-traditional health and/or social care services that help improve their wellbeing – will be lost.
- 2.31 Direct Payment managers also noted instances where individuals with deteriorating health needs are refusing to access NHS continuing healthcare because of fear of losing the flexibility of Direct Payments and the wellbeing improvements it brings. Direct Payment managers and some providers also raised concerns that NHS colleagues are still not fully on board with service users 'driving' decision making and maximising the opportunity to promote independence, voice and control.



**Direct Payments  
are helping people  
live independently  
and improving their  
wellbeing, but it is  
difficult to assess  
overall value for money  
because of limitations  
in data and evaluation**

---

**03**

3.1 In this final part of the report, we consider the impact of Direct Payments. We summarise spending on Direct Payments in Wales and highlight the variations between local authorities. Finally, we consider whether the current approaches to monitor and evaluate Direct Payments to ensure they provide value for money are effective.

### Local authorities who are delivering positive outcomes for people using Direct Payments



Evidencing that people's wellbeing is maintained or improving as a result of Direct Payments



Have a comprehensive system for monitoring and evaluating all aspects of Direct Payments



Involve and value input from all stakeholders/partners in evaluating the impact of services



Compare and benchmark individual and collective performance with others and use the findings of evaluation to shape current plans and future approaches



Know what works and whether the approach of the authority is delivering the aspirations of the Act

## **Direct Payments are seen as making an important contribution to recipients' wellbeing and independence**

- 3.2 Overall, the people we surveyed who receive Direct Payments provided positive feedback on the impact of Direct Payments. 91% of respondents to our survey stated that Direct Payments have had a positive impact on their independence and wellbeing. In addition, 85% stated that Direct Payments were definitely the right option for them. The majority of care and support providers who responded to our survey (87%) also agreed that Direct Payments are helping to support people's independence and maintain their wellbeing.
- 3.3 Some people we surveyed identified the critical role of Direct Payments in helping them remain independent. One Direct Payment recipient noted that: 'I get support to do everything I want to do and achieve' whilst another stated that: 'It's allowed me to do lots of new things and go out and enjoy and meet new people.' Another noted that: 'It (Direct Payments) gives choices and independence which have been very positive' and another that: 'the Direct Payments have enabled me to remain living in my own home'. Finally, one recipient stated that: 'I really like Direct Payments and how it lets me live as independently as I can.' And another person we surveyed noted that: 'Direct Payments allows me to have control and more importantly to have the care I need to be able to get the most out of life.' These comments were echoed by many others who responded to our survey.

## **It is difficult to assess the overall value for money of Direct Payments because systems for managing and evaluating performance are inadequate**

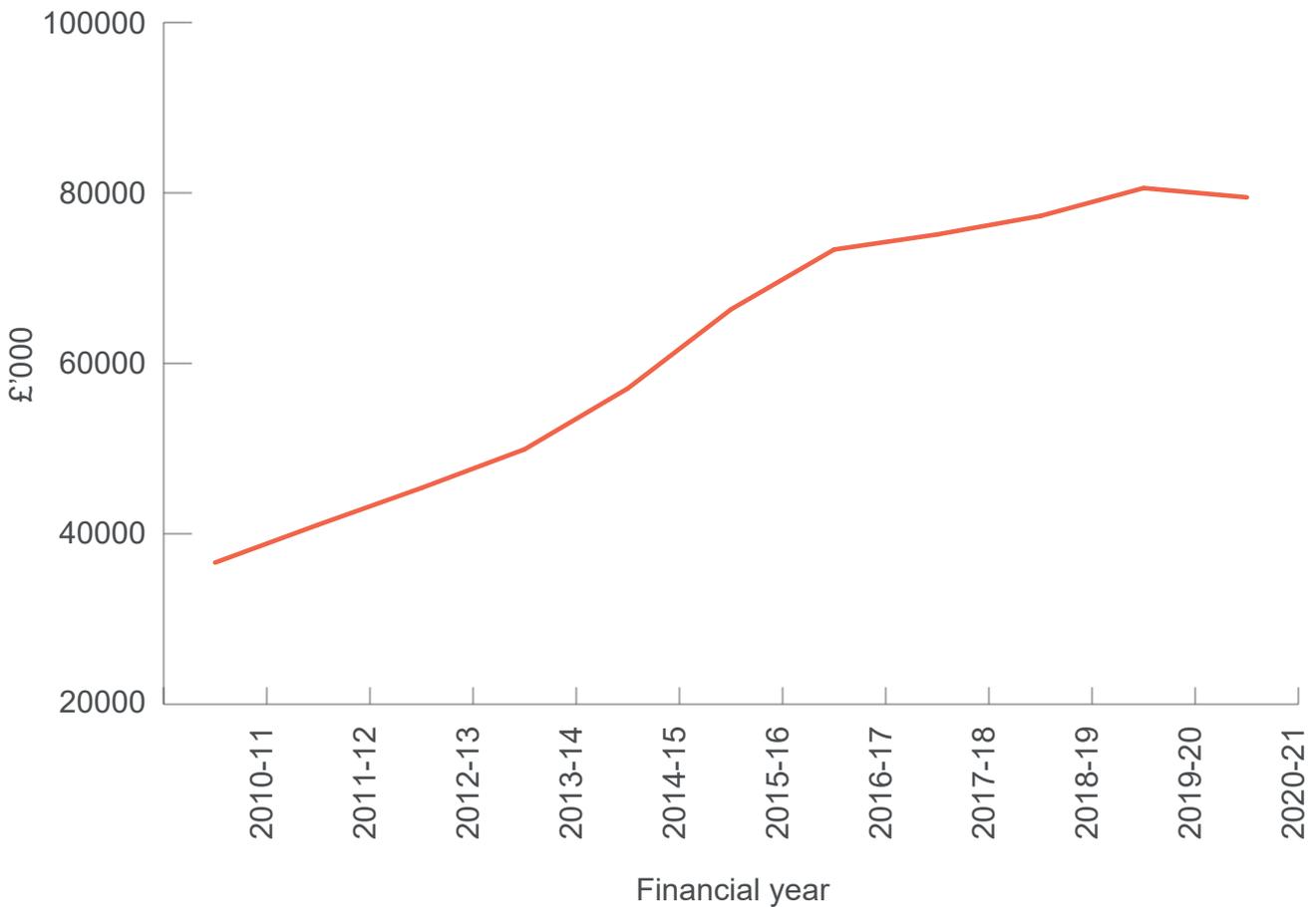
- 3.4 Despite the high value placed on Direct Payments by service users and carers, there is only a small range of national publicly reported indicators to judge performance. These simply cover the numbers receiving Direct Payments by need group (physical disabilities, learning disabilities, mental health and older people) and the amount spent on Direct Payments by local authority. The performance measures were revised following the implementation of the Social Services and Well-being (Wales) Act in 2014, and information has only been collated for three financial years: 2016-17, 2017-18 and 2018-19. Following the Welsh Government's decision to suspend data collection in response to the pandemic in 2020, no data on services other than expenditure has been collected and reported nationally.

**Spending on Direct Payments has more than doubled in the last decade, but marginally fell in 2020-21. The average amount paid out per recipient varies widely**

3.5 The amount of money spent on Direct Payments is growing and in real terms, considering inflation, has increased from £36.6 million in 2010-11 to £79.5 million in 2020-21 – **Exhibit 6**.

**Exhibit 6: total spending on Direct Payments for adults by local authorities in real terms between 2010-11 and 2020-21**

Local authorities' spending on Direct Payments increased by 117% in the period but marginally fell in 2020-21.

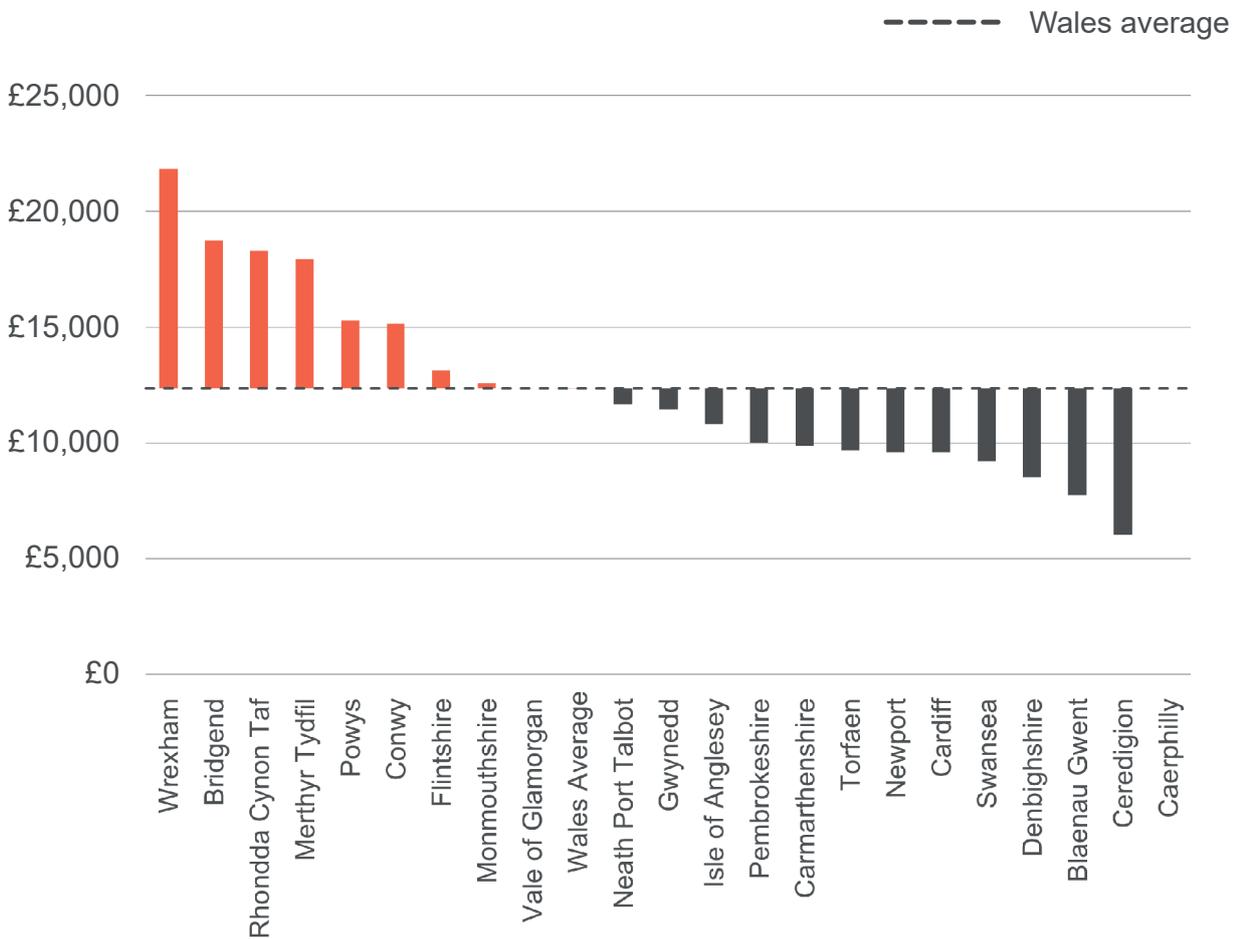


Source: StatsWales, [LGFS0015: Social services revenue outturn expenditure subjective analysis by authority](#). Analysis by Audit Wales

3.6 While each local authority is responsible for the format of care and support plans, they are required to be consistent across the country using the national eligibility criteria<sup>15</sup>. Our analysis in **Exhibit 7** shows that local authorities are paying out widely varying average amounts. Excluding Caerphilly, the average Direct Payment across Wales in 2018-19 in real terms was £12,344. This ranged from £6,033 per person in Ceredigion to £21,836, 3.6 times more, in Wrexham.

**Exhibit 7: average Direct Payment per recipient by local authority in 2018-19 in real terms**

The average amount people receive in Direct Payments varies widely across Wales.



Note: Caerphilly was unable to provide data on the number of recipients for 2018-19, due to technical issues with their ICT systems.

Source: StatsWales, [LGFS0015: Social services revenue outturn expenditure subjective analysis by authority](#) and [CARE0118: Adults receiving services by local authority and age group](#). Analysis by Audit Wales

15 The eligibility criteria are set out in the [Care and Support \(Eligibility\) \(Wales\) Regulations 2015](#) and the Welsh Government’s [Social Services and Well-being \(Wales\) Act 2014: Part 4 Code of Practice \(Meeting Needs\), 2015](#). Paragraph 39 of the Code of Practice notes that while people have a right to care and support from a local authority where that care and support are not otherwise available to them, the ‘pattern of service delivery will vary from authority to authority’.

- 3.7 Taking this information with the findings set out in **Part 2** of this report, we conclude that the policy choices and decisions of local authorities are resulting in people with similar needs receiving very different standards of service. Given the significant variation in approaches, the Welsh Government needs to set clear standards to ensure consistency for service users.

### **Systems for managing and evaluating performance are inadequate**

- 3.8 Local authorities are mostly focussing their performance management and evaluation on the numbers receiving services and the amount of money spent and not enough on impact, wellbeing and the wider benefits of investment. We found that only a fifth of Direct Payment managers believe that their local authority has robust measures in place and are able to judge quality, cost and outcomes of Direct Payments on individuals and for the local authority.
- 3.9 Through our engagement with Direct Payments lead officers across Wales, we found that most local authorities have some measures in place and evaluate some aspects of Direct Payments, but acknowledge it is not comprehensive and there are gaps. For instance, only:
- a a third capture information that helps to identify what is not working and what needs to change;
  - b a quarter capture and use information in real time;
  - c less than a fifth monitor how Direct Payments contribute to delivery of Corporate Priorities – for example, wellbeing goals, improvement objectives and service priorities; and
  - d less than a fifth capture positive and negative experiences from people who receive Direct Payments and know what it is like to receive them.
- 3.10 These weaknesses mean that it is not possible to fully evaluate and understand the performance or effectiveness of individual local authorities, or the efficiency and impact of Direct Payments. This makes it difficult to judge how well local authorities are performing and whether Direct Payments represent value for money in their own right or in comparison with other forms of social care.



# Appendices

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- 1 Audit methods and approach**
- 2 Determining eligibility for social care and support**
- 3 Adults receiving social care services organised by local authority in 2018-19**
- 4 Personal Assistant hourly pay rates by local authority**

# 1 Audit methods and approach

## Approach

We focused on local authorities' management and delivery of Direct Payments. The work follows on from our September 2019 report on [The 'Front Door' to Adult Social Care](#), which focussed on the impact of the Social Services and Well-being (Wales) Act 2014 and the prioritisation of preventative services to help reduce demand for social care services.

Our review assessed how Direct Payments are helping people to live independently and enable them to have more voice, choice and control. We looked at how Direct Payments help sustain their wellbeing and whether they are improving people's quality of life. We looked at how local authorities manage and encourage take up of Direct Payments and judge whether these services present value for money.

We established a study reference group and held project meetings with Care Inspectorate Wales, Carers Wales, the Older People's Commissioner, Age Cymru, the Welsh Government, and a small number of service users. The reference group helped to shape the focus of this review and provided challenge at our evidence review stage.

We managed delivery of the review to take account of the challenges facing social services in Wales in dealing with the pandemic. We ensured the scope and coverage of our fieldwork did not detract from local authority responsibilities towards service users and flexed our approach in discussion with individual local authorities when agreeing and delivering fieldwork.

## Methods

We completed our work between September 2020 and February 2022 and used a range of methods to inform our overall findings, conclusions and recommendations:

- **document review** – we reviewed Welsh Government, Association of Directors of Social Services Cymru and Social Care Wales documentation, guidance and announcements; local authority policy documentation and cabinet and committee papers; a range of materials on approaches for management of Direct Payments in England; and reports and information published by research bodies including the Joseph Rowntree Foundation, the Kings Fund and Think Local Act Personal.

- **focus groups** – we held:
  - three on-line focus groups with members of the All-Wales Direct Payments Forum made up of officers from each of the 22 Welsh local authorities with management responsibility for Direct Payments. In each of the focus groups, attendees completed a survey and we held facilitated discussions.
  - Carers Wales focus groups with Direct Payments service users and their carers.
- **local authority interviews** – we interviewed staff from Bridgend, Caerphilly, Cardiff, Flintshire, Gwynedd, Newport, Powys, Torfaen and Wrexham councils with responsibility for direct payments.
- **interviews with national bodies** – ADSS Cymru, the Welsh Local Government Association, British Association of Social Workers Cymru, Social Care Wales, Disability Wales, UK Home Care Association, Care Forum Wales, Wales Co-op Centre, the Equalities and Human Rights Commission Cymru, Wales School of Social Care Research, the Welsh Government, British Deaf Association and Think Local Act Personal.
- **surveys** – we undertook two surveys:
  - a commissioned telephone survey of service users and carers receiving Direct Payments. A total of 1,028 people from a database of 4,650 valid contacts were surveyed, with 71% completed via telephone and the remainder submitting online survey forms. Of this figure 5% surveyed are carers. All contacts were provided by local authorities using secure data transfer. The survey was conducted between 4 August and 24 September 2021, with 5% of responses completed in Welsh. Given our survey covers both service users and carers who receive Direct Payments, we report information at three levels. Where we say Direct Payment recipients, we mean both service users and carers; and where we specifically reference either ‘service users’ or ‘carers’ means the findings of the survey are specific to these distinct groups of people; and
  - a survey of individuals and agencies paid via Direct Payments to provide care and support to adults in need. The online open survey was completed between 11 June 2021 and 18 August 2021. We received a total of 166 responses, and these came from all 22 local authority areas, with 3% of responses completed in Welsh.
- **data analysis** – we analysed data published by StatsWales on Direct Payments expenditure, the number of adults receiving services and their needs. We also analysed data published by NHS Digital Services in England.

## 2 Determining eligibility for social care and support



Widely known as **the Information, Advice and Assistance service**, this is the front door to adult social care and is the first point of contact for most individuals looking for help.



At the first point of contact, individuals will be offered information, advice and assistance to help them make informed decisions about their wellbeing.

From here, local authorities will often signpost individuals to preventative or community-based services. If a person's needs cannot be met in that way, they will be directed to a professional social worker to discuss their needs in more detail.



Often referred to as the 'What Matters conversation', the assessment of needs undertaken with a social worker is a targeted conversation to gather more information about a person's strengths and needs, to identify the best solutions for them.



If a person's needs cannot be met without local authority support, a care and support plan is co-produced to set out how those needs will be met through the provision of services. This is often referred to as having 'eligible needs'.

These services can be arranged directly by the local authority or, alternatively, funded through Direct Payments – a monetary amount that can be used to purchase and arrange a person's own care and support.

Source: Audit Wales

### 3 Adults receiving social care services organised by local authority in 2018-19

**Exhibit 8: adults receiving social care services organised by local authority in 2018-19**

Local authority	Total number of adults receiving social services	Number of adults in receipt of Direct Payments	Direct Payments as % of adults receiving services
Blaenau Gwent	3,826	149	3.9%
Bridgend	7,059	232	3.3%
Caerphilly	No data submitted due to technical issues with ICT systems		
Cardiff	15,331	787	5.1%
Carmarthenshire	7,658	538	7.0%
Ceredigion	2,595	336	12.9%
Conwy	7,060	239	3.4%
Denbighshire	2,872	177	6.2%
Flintshire	8,041	437	5.4%
Gwynedd	8,774	137	1.6%
Isle of Anglesey	3,382	139	4.1%
Merthyr Tydfil	2,696	102	3.8%
Monmouthshire	4,449	131	2.9%
Neath Port Talbot	3,371	433	12.8%
Newport	4,462	94	2.1%
Pembrokeshire	4,398	331	7.5%
Powys	5,827	504	8.6%
Rhondda Cynon Taf	7,094	306	4.3%
Swansea	8,932	517	5.8%
Torfaen	3,241	130	4.0%
Vale of Glamorgan	5,533	271	4.9%
Wrexham	8,814	272	3.1%
<b>Wales</b>	<b>125,415</b>	<b>6,262</b>	<b>5.0%</b>

Source: StatsWales, [CARE0118: Adults receiving services by local authority and age group](#)

Following the Welsh Government's decision to suspend data collection in response to the pandemic in 2020, no data on services other than expenditure has been reported nationally since 2018-19.

## 4 Personal Assistant hourly pay rates by local authority

The rates in the Vale of Glamorgan, Torfaen and Blaenau Gwent local authorities vary to take account of weekend, evening and unsocial hours working.

### Exhibit 9: personal assistant hourly pay rates by local authority

Local authority	Personal Assistants rate (per hour)
Merthyr	£12.94
Wrexham	£12.67
Swansea	£12.66
Flintshire	£12.63
Gwynedd	£12.62
Pembrokeshire	£12.40
Denbighshire	£12.33
Carmarthenshire	£12.20
Vale of Glamorgan	£11.24 - £12.18
Rhondda Cynon Taf	£12.15
Bridgend	£12.00
Torfaen	£8.72 - £11.85
Conwy	£11.75
Ynys Môn	£11.65
Powys	£11.41
Cardiff	£11.36
Monmouthshire	£11.04
Ceredigion	£11.00
Neath Port Talbot	£10.50
Blaenau Gwent	£8.72 - £10.00
Newport	£9.50
Caerphilly	£9.47

Source: Swansea Council, Corporate Management Team report, January 2021





Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

We welcome telephone calls in  
Welsh and English.

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	28 September 2022
<b>Subject:</b>	Social Service's response to the Audit Wales Report
<b>Head of Service:</b>	Fon Roberts, Director of Social Services and Head of Children & Families Services, and Arwel Owen, Head of Adults Services
<b>Report Author:</b>	Emma Edwards, Business Manager
<b>Nature and Reason for Reporting:</b>	
<p>To reassure the Committee of the Isle of Anglesey County Council's response to the recommendations raised within the Audit General for Wales' report arising from its national study of Direct Payments for Adult Social Care (dated April 2022).</p>	

## **1. Introduction & Background**

- 1.1. The Auditor General published a report in April 2022 on its findings on local authorities' provision of Direct Payments.
- 1.2. More information can be found on : <https://archwilio.cymru/blog/audit-wales/2022/6/15/direct-payments-wales>
- 1.3. As a result of the published report, Social Services have prepared a response in the form of an Action Plan which is attached to this report for your ease of reference.
- 1.4. Social Services has over the past few months reviewed its Direct Payment processes and policies and is investing time and effort in promoting and engagement to further encourage participation via a Service user led approach.

## **2. Recommendation**

- 2.1. That the Committee acknowledges the Social Services response to the Auditor General for Wales's report arising from its national study of Direct Payments for Adult Social Care.
- 2.2. That the Committee is reassured by the Service response in the form of the Action plan to the national study of Direct Payments for Adult Social Care (dated April 2022).

## ACTION PLAN – DIRECT PAYMENTS FOR ADULT SOCIAL CARE

Isle of Anglesey County Council's response to the recommendations raised within the Audit General for Wales' report arising from its national study of Direct Payments for Adult Social Care (dated April 2022)

Ref	Audit Wales Recommendation	Proposed Management Action	Responsible Officer	Deadline
R1	Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments	Review underway of policy, guidance material, and website.	Direct Payments Team (Gareth Thomas and Llyr Michael)	Website updated August 2022 Revised policy awaiting Service Sign off November 2022
R2	Undertake additional promotional work to encourage take up of Direct Payments	Awareness raising with social workers through training sessions and staff conference. Seek feedback from those on Direct Payments and those refused/stopped.	Direct Payments Team (Gareth Thomas and Llyr Michael)	September 2023
R3	Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers	Advocacy options available to all Direct Payment Service users and Carers, promoting a Service Users led approach.  Service Users and carers have the opportunity to chose a suitable provider which reflects their needs	Direct Payments team (Gareth Thomas and Llyr Michael)	Completed
R4	Ensure information about Direct Payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers	Once a care need is determined, a conversation about options takes place. Teulu Mon and SPOA merger to ensure consistent advice provided on care options. Work programme developed.	Direct Payments Team (Gareth Thomas and Llyr Michael)	January 2023

Ref	Audit Wales Recommendation	Proposed Management Action	Responsible Officer	Deadline
R5	Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers	Direct Payments team to coordinate training to social care services. As above - work programme developed.	Direct Payments Team (Gareth Thomas and Llyr Michael)	January 2023
R6	Work together (via All Wales local authority Direct Payments Forums and Social Care Wales) to develop a joint Recruitment and Retention Plan for Personal Assistants	NWAAA maintains Personal Assistants database and new Direct Payments Review and Development Officer role created in May 2022 to assist filling Personal Assistant vacancies.	Direct Payments Team (Gareth Thomas and Llyr Michael)	Ongoing
R7	Local Authorities and Welsh Government: Clarify policy expectations in plain accessible language and set out: <ul style="list-style-type: none"> <li>- What Direct Payments can pay for;</li> <li>- How application and assessment processes, timescales and review processes work;</li> <li>- How monitoring individual payments and the paperwork required to verify payments will work;</li> <li>- How unused monies are to be treated and whether they can be banked; and</li> <li>- How to administer and manage pooled budgets.</li> </ul> Public information should be reviewed regularly (at least every two years) to ensure they are working effectively to remain relevant.	Policy currently under review.	TBC one review concluded	N/A
R8	Welsh Government: Ensure that people who receive both NHS continuing healthcare and Direct Payments have greater voice, choice and control in decision making	N/A	N/A	N/A
R9	Local Authorities and Welsh Government: Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process - information, promotion, assessing, managing and evaluating impact on wellbeing and independence.	Officers attend regional and all wales group and feed into developments and play a part in discussions.	Direct Payments Team (Gareth Thomas and Llyr Michael)	Quarterly



## Audit Wales Work Programme and Timetable – Isle of Anglesey County Council

**Quarterly Update: 30 June 2022**

### Annual Audit Summary

Description	Timetable	Status
<b>A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2022.</b>	December 2022	Draft to be issued November 2022.

### Financial Audit work

Description	Scope	Timetable	Status
<b>Audit of the Council's 2021-22 Statement of Accounts</b>	To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2022.	Final Audit: <ul style="list-style-type: none"> <li>June through to November 2022</li> </ul>	Statements of Accounts received on 20 June 2022 and audit fieldwork is underway.

Description	Scope	Timetable	Status
<b>Certification of Grant returns:</b>  <b>Teachers' Pension Contributions for the financial year 2021-22</b>	Certification that the end of year certificate is: <ul style="list-style-type: none"> <li>Fairly stated</li> <li>In accordance with the relevant terms and conditions</li> </ul>	Council deadline last working day in May 2022. Certification deadline 30 November 2022.	Return received on 5 August 2022.
<b>Certification of Grant returns: Non-Domestic Rates 2021-22</b>	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> <li>Not fairly stated</li> <li>Is not in accordance with the relevant terms and conditions</li> </ul>	Council deadline 30 June 2022. Certification deadline 30 November 2022.	Return received on 21 June 2022.
<b>Certification of Grant returns: Housing Benefit Subsidy 2019-20</b>	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> <li>Not fairly stated</li> <li>Is not in accordance with the relevant terms and conditions</li> </ul>	Council deadline 30 April 2020. Certification deadline 31 January 2021.	Not yet certified. The audit is still incomplete due to many auditor queries remaining outstanding. No information received since January 2022.

Description	Scope	Timetable	Status
<b>Certification of Grant returns: Housing Benefit Subsidy 2020-21</b>	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> <li>• Not fairly stated</li> <li>• Is not in accordance with the relevant terms and conditions</li> </ul>	Council deadline 30 April 2021. Certification deadline 28 February 2022.	Not yet certified. Audit work commenced and initial queries raised with the Council.
<b>Certification of Grant returns: Housing Benefit Subsidy 2021-22</b>	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> <li>• Not fairly stated</li> <li>• Is not in accordance with the relevant terms and conditions</li> </ul>	Council deadline 30 April 2022. Certification deadline 31 January 2023.	Return received on 29 April 2022.

## Performance Audit work

2021-22 Performance audit work	Scope	Timetable	Status
<b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b>	We will seek to integrate the delivery of our WFG examinations of steps to deliver well-being objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	Not applicable	Not applicable
<b>Improvement reporting audit</b>	Audit of discharge of duty to publish an assessment of performance.	October 2021	Certificate issued August 2021.

2021-22 Performance audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Isle of Anglesey County Council the project is likely to focus on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Self-assessment arrangements</li> <li>• Implications of the Local Government and Elections (Wales) Act</li> <li>• Carbon reduction plans</li> </ul>	April 2021 to August 2022	Ongoing
<b>Springing Forward – Examining the building blocks for a sustainable future</b>	<p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.</p>	<p>October 2021 – March 2022.</p> <p>Focus on workforce and asset management.</p>	Draft report

2021-22 Performance audit work	Scope	Timetable	Status
<b>Review of Improving through Learning: Housing Benefit</b>	Identify learning opportunities and improve the Housing Benefit Claim Certification process.	January to March 2022	Letter issued to the Council in March 2022.

2022-23 Performance audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle. The project is likely to focus in particular on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Capital programme management</li> <li>• Use of performance information – with a focus on service user feedback and outcomes</li> <li>• Setting of well-being objectives</li> </ul>	April 2022 to July 2023	Ongoing

2022-23 Performance audit work	Scope	Timetable	Status
<b>Thematic Review – Unscheduled Care</b>	A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.	July – December 2022	Scoping
<b>Thematic review – Digital</b>	This project will be scoped over the summer with further details of the specific focus of the review to be confirmed.	To be confirmed.	Scoping
<b>Review of Development Control and Planning Enforcement</b>	The review will seek to establish: Does the Council have an effective and resilient development control and planning enforcement service?	July – December 2022	Scoping

## Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Isle of Anglesey County Council
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 – Autumn 2022	Drawing Conclusions	Yes – interview with nominated officer at the Council
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 – Autumn 2022	Drawing conclusions	Yes – interview with nominated officer at the Council
<b>Building Social Resilience and Self reliance</b>	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Drawing conclusions	Yes – interview with nominated officer at the Council

## Estyn

Estyn planned work 2022-23	Scope	Timetable	Status
<b>Local Government Education Services Inspections</b>	<p>Estyn inspected Anglesey and Swansea local government education services during the summer term. The reports will be published in August and early September. The <a href="#">Torfaen</a> report was published on 18 May. Estyn will be reviewing the inspection guidance to reflect a greater emphasis on socio-economic disadvantage and inequity and to make minor tweaks in response to feedback from inspections in 2021-22.</p>	<p>Inspection guidance review – July. Published on website 1 September.</p>	<p>N/A</p>
<b>Curriculum Reform thematic review</b>	<p>The Welsh Government have also asked Estyn to review the school improvement services in south-west Wales.</p>	<p>Evidence collecting in June/July – published in September.</p>	<p>N/A</p>

## Care Inspectorate Wales (CIW)

CIW planned work 2022-23	Scope	Timetable	Status
<b>Programme 2022-23</b>	CIW will continue to run its pilot cyclic programme of assurance checks, improvement checks and performance evaluation inspections.	April 2022 – March 2023	In progress
<b>Development</b>	<p>CIW will continue to develop its approach to inspection and review of local authorities.</p> <p>CIW will consult further regarding its approach.</p>	September 2022 – December 2022	In progress
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22</b>	Following the publication of the 2020-21 report, planning is underway for the next report publication date to be confirmed.	Publication to be confirmed	Data collecting
<b>Annual meeting with Statutory Directors of Social Services</b>	CIW will meet with all Directors of Social Services	December 2022 and January 2023	Planning

CIW planned work 2022-23	Scope	Timetable	Status
<p><b>National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings</b></p>	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	<p>September 2022</p>	<p>Planning</p>
<p><b>Joint Inspection Child Protection Arrangements</b></p>	<p>Cross-inspectorate approach. Area to be determined. We will complete a further four multi agency joint inspections.</p> <p>We will publish a national report in late 2023.</p>	<p>Autumn 2022-Spring 2023</p>	<p>Planning</p>
<p><b>Cafcass Assurance Check</b></p>	<p>CIW will continue to develop its approach to inspection and review of Cafcass Cymru. We will evaluate our approach and will consult on our revised approach in late 2022.</p> <p>Assurance check completed. Drafting letter. Due to be published August 2022.</p>	<p>September – December 2022</p> <p>August 2022</p>	<p>Review</p> <p>Drafting</p>

## Audit Wales national reports and other outputs published since January 2022

Report title	Publication date and link to report
Tackling the Planned Care Backlog in Wales – and waiting times data tool	<a href="#">May 2022</a>
The new Curriculum for Wales	<a href="#">May 2022</a>
Unscheduled care – data tool and commentary	<a href="#">April 2022</a>
Direct Payments for Adult Social Care	<a href="#">April 2022</a>
Local Government Financial Sustainability data tool	<a href="#">February 2022</a>
Joint Working Between Emergency Services (including data tool)	<a href="#">January 2022</a>

## Audit Wales national reports and other outputs (work in progress/planned)<sup>1</sup>

Title	Anticipated publication date
NHS finances data tool update	July 2022
Welsh Community Care Information System  (Update for the Public Accounts and Public Administration Committee)	July 2022
COVID response and recovery/Welsh Government grants management – third sector support  (Briefing for the Public Accounts and Public Administration Committee)	July 2022
Climate change – baseline review <sup>2</sup>	July/August 2022
Sustainable Tourism in Wales’ National Parks <sup>3</sup>	July 2022
Welsh Government setting of well-being objectives	July 2022

<sup>1</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the Public Accounts and Public Administration Committee.

<sup>2</sup> An initial overview report followed by a more detailed evidence paper.

<sup>3</sup> Summary based on local audit work.

Title	Anticipated publication date
Collaborative arrangements for managing local public health resources	July 2022
Welsh Government workforce	August 2022
Orthopaedic services	August/September 2022
Equality impact assessment	August/September 2022
Quality governance in the NHS	September 2022
Flood risk management	September 2022
Cyber resilience	October 2022
Digital inclusion/Broadband infrastructure	October 2022
National Fraud Initiative (summary report)	October 2022
Welsh Government accounts commentary	To be confirmed – plans for this work have been under review
COVID-19 response and recovery – business support	To be confirmed
Affordable housing	To be confirmed

## Good Practice Exchange resources

Title	Link to resource
<p>Direct Payments Provision – A webinar discussing our report on Direct Payments Provision and how they can be a key part in implementing the principles of the Social Service and Well-Being (Wales) Act 2014</p>	<p><a href="#">Direct Payments Provision webinar recording</a></p>
<p>Responding to the Climate Emergency in Wales A webinar discussing emerging findings from our baseline review of public bodies' arrangements to respond to the Welsh Government's carbon reduction targets for 2030.</p>	<p>Responding to the Climate Emergency in Wales recording [link to be added]</p>
<p>Covid Perspectives: A series of recorded conversations learning how organisations have adapted to the extended period of uncertainty following the initial covid emergency.</p>	<p><a href="#">Good Practice   Audit Wales</a></p>

## Recent Audit Wales Blogs

Title	Publication date
<p><a href="#">Direct Payments in Wales</a></p>	<p>15 June 2022</p>
<p><a href="#">Unscheduled Care in Wales – a system under real pressure</a></p>	<p>21 April 2022</p>
<p><a href="#">Skills Competition Wales</a></p>	<p>18 February 2022</p>

Title	Publication date
<u>Cyber resilience – one year on</u>	9 February 2022
<u>Helping to tell the story through numbers</u> (Local government financial sustainability data tool)	3 February 2022
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (Building social resilience and self-reliance in citizens and communities)	14 January 2022

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to</b>	Governance and Audit Committee
<b>Date</b>	28 September 2022
<b>Subject</b>	Review of Forward Work Programme for 2022-23 (v4)
<b>Head of Service</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<b>Nature and Reason for Reporting</b> To provide a Forward Work Programme for 2022-23 to the members of the Governance and Audit Committee.	

## Introduction

1. A Forward Work Programme (v4) is attached at [Appendix A](#), along with a training programme at [Appendix B](#).
2. The programme has been developed considering the Committee's new responsibilities as a result of the new Local Government and Elections (Wales) Act 2021, and the consequent amendment to the Committee's terms of reference.

## Recommendation

3. That the Governance and Audit Committee:
  - considers whether the Forward Work Programme proposed for 2022-23 meets the Committee's responsibilities in accordance with its terms of reference.

## Appendix A – Forward Work Programme 2022-23 v4

Core Function	29 June 2022	26 July 2022	28 September 2022	20 October 2022	08 December 2022	07 February 2023	18 April 2023
Accountability arrangements (3.4.8.3)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)  Annual Chair's Report 2021-22 (3.4.8.3.1)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)		Review of Forward Work Programme 2022-23 (3.4.8.3.2)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)  Annual Review of Committee's Terms of Reference (3.4.8.3.2)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)  Committee Self-assessment (3.4.8.3.2)
Governance (3.4.8.4)		Draft Annual Governance Statement (3.4.8.4.1/2/3)		Final Annual Governance Statement (3.4.8.4.1/2/3)	Local Code of Governance (3.4.8.4.1/3)  Annual Report of the Partnerships and Regeneration Scrutiny Committee 2021-22 (3.4.8.4.4)		
Treasury Management (3.4.8.5)			Annual Report 2021-22 (3.4.8.5.1/2/3/4)		Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2023-24 (3.4.8.5.3/4)	
Assurance Framework (3.4.8.7)			Annual Information Governance Report 2021-22 (3.4.8.7.1)		Annual Information Governance in Schools Report		Annual Insurance Report (3.4.8.7.1)

Core Function	29 June 2022	26 July 2022	28 September 2022	20 October 2022	08 December 2022	07 February 2023	18 April 2023
			Annual ICT Security Report 2021-22 (3.4.8.7.1)  Annual Health & Safety Report 2021-22 (3.4.8.7.1)		2021-22 (3.4.8.7.1)  Annual Procurement Report 2021-22 (3.4.8.7.1)		
Risk Management (3.4.8.8)			Corporate Risk Register (3.4.8.7.1/2) (3.4.8.8.1)			Annual Review of Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1)  Corporate Risk Register (3.4.8.7.1/2) (3.4.8.8.1)	
Countering Fraud and Corruption (3.4.8.9)			Annual Counter Fraud, Bribery and Corruption Report 2021-22 (3.4.8.9.4)  Annual Concerns, Complaints & Whistleblowing Report (3.4.8.9.1)		Annual Review of Counter Fraud, Bribery and Corruption Strategy (3.4.8.9.2/3)		

Core Function	29 June 2022	26 July 2022	28 September 2022	20 October 2022	08 December 2022	07 February 2023	18 April 2023
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2021-22 (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6)  Annual Internal Audit Strategy 2022-23 (3.4.8.10.1/2/5/6)		Internal Audit Update Report (3.4.8.10.10/ 11) (3.4.8.6)  Outstanding Issues/Risks (3.4.8.10.11)		Internal Audit Update Report (3.4.8.10.10/ 11) (3.4.8.6)  Review of Internal Audit Charter (3.4.8.10.3/13)	Internal Audit Update Report (3.4.8.10.10/ 11) (3.4.8.6)	Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6)  Outstanding Issues/Risks (3.4.8.10.11)
External Audit (3.4.8.11)				Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3)	Annual Audit Summary 2022 (3.4.8.11.3)		Annual Audit Plan 2022-23 (3.4.8.11.1/3)
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2021-22 (3.4.8.12.1/2)		Final Statement of Accounts 2021-22 (3.4.8.12.1/2)			
Other regulators and inspectors (3.4.8.13)							
Complaints Handling (3.4.8.14)			Annual Concerns, Complaints & Whistleblowing Report 2021-22 (3.4.8.14.1/2)  <b>Annual Letter of the Public Services</b>				

Core Function	29 June 2022	26 July 2022	28 September 2022	20 October 2022	08 December 2022	07 February 2023	18 April 2023
			Ombudsman for Wales 2021-22 (3.4.8.14.1/2)				
Self-assessment (3.4.8.15)		Review of the Draft Annual Self-assessment report (3.4.8.15.1/2/3)					
Performance Panel Assessment (3.4.8.16) <sup>1</sup>							

<sup>1</sup> At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021). The council must make a draft of its response to the panel performance assessment available to its Governance and Audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

## Appendix B – Training Programme

### Committee-specific training

Area	Medium	Provider	Date Provided / Scheduled	Attendance
Induction	Virtual	Jo Hendy, Welsh Local Government Association	23 June 2022	11 / 12 (92%)
Financial Statements	Virtual	Marc Jones, Director of Function (Resources) / Section 151 Officer	13 July 2022	9 / 12 (75%)
Complaints	Virtual	Matthew Harris, Public Services Ombudsman for Wales	9 September 2022	9 / 12 (75%)
Treasury Management	Virtual	Richard Bason, Senior Director, Link Treasury Services	14 September 2022	7 / 12 (58%)

### Mandatory training

Area	Medium	Provider	Date Provided / Scheduled	Completed
General Data Protection Regulations (GDPR)	eLearning	Internal	Available any time	4 / 12 (33%)
Cyber Awareness	eLearning	Internal	Available any time	0 / 12 (0%)
Basic Safeguarding Awareness	eLearning	Internal	Available any time	0 / 12 (0%)
Violence Against Women, Domestic Abuse and Sexual Violence (optional for lay members)	eLearning	Internal	Available any time	0 / 12 (0%)
Prevent (optional for lay members)	eLearning	Internal	Available any time	0 / 12 (0%)
Modern Slavery (optional for lay members)	eLearning	Internal	Available any time	0 / 12 (0%)

# DDIM I'W GYHOEDDI NOT FOR PUBLICATION

## *Adroddiad Blynyddol Diogelwch Seiber 2022 Annual Cyber Security Report 2022*

### **PRAWF BUDD Y CYHOEDD PUBLIC INTEREST TEST**

<p>Paragraff(au) Paragraph(s)</p>	<p>Atodlen 12A Deddf Llywodraeth Leol 1972 Schedule 12A Local Government Act 1972</p> <p>14: Information relating to the financial or business affairs of any particular person (including the authority holding that information). 18: Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.</p>
<p>Y PRAWF – THE TEST</p>	
<p>Mae yna fudd y cyhoedd wrth ddatgan oherwydd / There is a public interest in disclosure as:-</p> <p>Mae gwybodaeth yn ymwneud ag effeithlonrwydd trefniadau seibr ddiogelwch y Cyngor yn ymwneud yn anuniongyrchol â data personol a chyfrinachol y cyhoedd. Mae budd y cyhoedd mewn mynediad i'r wybodaeth gan y gellid ystyried y cyhoedd yn randdeiliaid yn niogelwch seibr y Cyngor.</p> <p>Information relating to the effectiveness of the Council's cyber security arrangements indirectly relates to the security of the public's personal and confidential data. There is a public interest in access to the information as the public may be considered to be stakeholders in the Council's cyber security.</p>	<p>Y budd y cyhoedd with beidio datgelu yw / The public interest in not disclosing is:-</p> <p>Byddai rhoi gwybodaeth am drefniadau diogelwch seibr y Cyngor yn y parth cyhoeddus yn debygol o gynyddu'r risg i rwydwaith y Cyngor ac unplygrwydd ei ddata. Gallai'r wybodaeth hon gael ei manteisio arni gan droseddwr ac eraill a allai geisio tanseilio mesurau diogelwch y Cyngor. Mae'r tebygolrwydd o niwed i faterion busnes y Cyngor o ganlyniad i ddatgelu'r wybodaeth yn uchel a fyddai o ganlyniad yn achosi niwed i fuddion masnachol ac ariannol y Cyngor. Mae budd y cyhoedd o sicrhau diogelwch y data a gedwir yn gryf.</p> <p>Placing information about the Council's cyber security arrangements into the public domain would be likely to increase the risk to the security of the Council's network and the integrity of its data. The information could be exploited by criminals and other parties who seek to undermine the Council's security measures. The likelihood of harm to the business affairs of the Council, arising from disclosure is high resulting in prejudice to the commercial and financial interests of the Council. The public interest in ensuring the security of data holdings is strong.</p>

Argymhelliad: \*Mae budd y cyhoedd wrth gadw'r eithriad yn fwy o bwys/~~Hai o bwys~~ na budd y cyhoedd wrth ddatgelu'r wybodaeth [\* dilewch y geiriau nad ydynt yn berthnasol]

Recommendation: \*The public interest in maintaining the exemption outweighs/~~does not outweigh~~ the public interest in disclosing the information. [\*delete as appropriate]



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# DDIM I'W GYHOEDDI NOT FOR PUBLICATION

*(Teitl yr Adroddiad: /Title of Report: )*

## PRAWF BUDD Y CYHOEDD PUBLIC INTEREST TEST

Paragraff(au) Paragraph(s)	Atodlen 12A Deddf Llywodraeth Leol 1972 Schedule 12A Local Government Act 1972  14 & 16
Y PRAWF – THE TEST	
Mae yna fudd y cyhoedd wrth ddatgan oherwydd / There is a public interest in disclosure as:-  Mae'r mater yn ymwneud â materion busnes y Cyngor.  The matter concerns the business affairs of the Council.	Y budd y cyhoedd with beidio datgelu yw / The public interest in not disclosing is:-  Mae'r mater yn cyfeirio at materion busnes y Cyngor a all niweidio buddiannau'r Cyngor yn fasnachol, ariannol ac yn gyfreithlon.  The matter refers to the business affairs of the Council which could prejudice the interests of the Council commercially, financially and legally.
Argymhelliad: *Mae budd y cyhoedd wrth gadw'r eithriad yn fwy o bwys/ <del>llai o bwys</del> na budd y cyhoedd wrth ddatgelu'r wybodaeth [* dilewch y geiriau nad ydynt yn berthnasol]  Recommendation: *The public interest in maintaining the exemption <del>outweighs/does not outweigh</del> the public interest in disclosing the information. [*delete as appropriate]	

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