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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Mr Dylan J. Williams
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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR LLYWODRAETHU AC ARCHWILIO	GOVERNANCE AND AUDIT COMMITTEE
DYDD IAU 21 MEDI am 2:00 y. p.	THURSDAY, 21 SEPTEMBER 2023 at 2.00 pm
YSTAFELL BWYLLGOR 1, SWYDDFEYDD Y CYNGOR AC YN RHITHIOL DRWY ZOOM	COMMITTEE ROOM 1, COUNCIL OFFICES AND VIRTUALLY VIA ZOOM
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU / MEMBERS

Cynghorwyr / Councillors:-

PLAID CYMRU / THE PARTY OF WALES

Geraint Bebb, Trefor Lloyd Hughes, MBE, Dyfed Wyn Jones, Euryrn Morris (***Deputy Chair***), Margaret M. Roberts

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Ieuan Williams

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

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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 27 July, 2023.

3 ANNUAL CONCERNS, COMPLAINTS AND WHISTLEBLOWING REPORT 2022/23 (Pages 11 - 36)

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

4 ANNUAL LETTER OF PUBLIC SERVICES OMBUDSMAN FOR WALES 2022/23 (Pages 37 - 50)

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

5 EXTERNAL AUDIT: REVIEW OF DEVELOPMENT CONTROL AND PLANNING ENFORCEMENT - ISLE OF ANGLESEY COUNTY COUNCIL (Pages 51 - 132)

- To present the national report of Audit Wales (for information)
- To present the local report of Audit Wales in relation to the Isle of Anglesey County Council
- To present the organisational response

6 EXTERNAL AUDIT: AUDIT WALES WORK PROGRAMME AND TIMETABLE QUARTERLY UPDATE (Pages 133 - 152)

To present the report of Audit Wales.

7 ANNUAL TREASURY MANAGEMENT REVIEW 2022/23 (Pages 153 - 166)

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

8 INTERNAL AUDIT UPDATE (Pages 167 - 174)

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

9 OUTSTANDING ISSUES AND RISKS (Pages 175 - 184)

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

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10 REVIEW OF FORWARD WORK PROGRAMME 2023/24 (Pages 185 - 190)

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 27 July, 2023

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)
Councillor Euryr Morris (Deputy Chair)
- Councillors Geraint Bebb, Trefor Lloyd Hughes, MBE, Keith Roberts, Margaret M. Roberts, Ieuan Williams
- Lay Members: Sharon Warnes, William Parry, Michael Wilson
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer
Programme, Business Planning and Performance Manager (GM)
Principal Auditor (NW)
Committee Officer (ATH)
Webcasting Officer (FT)
- APOLOGIES:** Councillor Dyfed Wyn Jones
- ALSO PRESENT:** Councillor Robin Williams (Deputy Leader & Portfolio Member for Finance), Mr Derwyn Owen (Engagement and Audit Director – Audit Wales), Bethan H. Owen (Accountancy Services Manager)
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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, 2023 were presented and were confirmed as correct.

3. EXTERNAL AUDIT :ISLE OF ANGLESEY COUNTY COUNCIL DETAILED AUDIT PLAN 2023

The report of Audit Wales setting out the detailed audit plan for the Isle of Anglesey County Council for the 2022/23 audit year was presented for the Committee's consideration. The Plan set out the work proposed to be undertaken in relation to the financial audit, the performance audit programme for the year along with the programme of grant certification work and audit reporting timetable and fees. The document was presented in draft version pending further discussions with the audited and inspected body.

Mr Derwyn Owen, Engagement and Audit Director for Audit Wales presented the report and provided an overview of the contents. Since the outline audit plan was presented to the Committee in June, 2023 the more detailed risk assessment work in relation to the accounts has been undertaken. Mindful that the auditors do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality, the level of materiality for the 2022/23 audit of the financial statements has been set at £2.845m. The audit planning and risk assessment work to date has identified the risk

of management override of controls as the most significant financial statements risk as per Exhibit 1 of the plan. This risk is present in all entities and is not unique to Anglesey. No significant risks specific to the Isle of Anglesey County Council's accounts were identified during the planning stage. Exhibit 2 outlines the other areas of audit focus along with the auditors' planned response; these relate to the valuation of land and buildings, the valuation of pension fund net liability, pension scheme surpluses and issues reported in the 2021/22 audit of accounts report and how they have been addressed to minimise reoccurrence. The audit team is yet to conclude all areas of the risk assessment and should any further significant financial risks arise on completion of this work then the Section 151 Officer will be updated as will the Governance and Audit Committee via its Chair. The detailed Audit Plan will be re-issued if necessary. The programme of performance audit work remains unchanged from that set out in the outline Audit Plan in June. The Audit of Financial Statements Report 2022/23 is scheduled to be finalised and delivered by November, 2023. The proposed audit fee is set out in Exhibit 5 of the plan. Fee rates for 2023/24 have increased by 4.8% for inflationary pressures and the financial audit fee reflects a further increase of 10.2% for the impact of the revised auditing standard ISA 315 on the financial audit approach. This is in line with the industry standards nationally in the private and public sectors. Any fees not required/used will be refunded.

In considering the Plan contents, the Committee highlighted the following –

- A discrepancy between the Welsh and English versions of the Plan with the omission from the Welsh version of the schedule of audit fees.
- The increased audit costs, specifically the nature of the additional requirements imposed by ISA 315 that makes a rise of 10.2% necessary.

Mr Derwyn Owen referred to Appendix 1 of the Plan which sets out the key changes to ISA 315 and the additional work to the annual audit which these entailed. These include more detailed and extensive risk identification and assessment procedures, a requirement for the auditors to obtain a wider and enhanced understanding of the Council's IT environment, a focus on exercising professional scepticism, the introduction of risk assessments that are scaleable depending on the nature and complexity of the organisation to be audited and a potentially greater use of technology in the performance of the audit.

- The nature and occurrence of management override of controls and whether there are measures that can be taken to prevent this from happening rather than detecting it after the event as appears to be the approach as outlined in the auditors' planned response.

Mr Derwyn Owen confirmed that management override of controls has been identified as a risk in the audit plan in the past few years and is a risk that is common to all entities. Whilst there have been no instances of it happening within the Council there have been several such occurrences across both private and public sector organisations in the UK. It is viewed as a significant risk and as such the auditors must carry out procedures to test the reliability of the financial information and statements presented. As regards prevention, the external auditor assesses the effectiveness of the Council's controls at the end of the financial year while it is internal audit's role to carry out that assessment on an ongoing basis throughout the year in accordance with its programme of work to ensure that the controls in place are operating as they should.

- The implications of ISA 315 for the Council in terms of additional work pressures on Finance Service personnel and whether those have been recognised via the standards or otherwise.

Mr Derwyn Owen advised that the requirements of ISA 315 may result in a greater number of enquiries for the Council. Audit Wales will work with the Finance Service team to expedite the audit and will discuss any increase in workload with the Section 151 Officer.

The Director of Function (Resources)/Section 151 Officer advised that the workload depends on issues identified in the course of the audit as well as the quality of the financial statements and supporting documentation submitted to the auditors. The Finance Service has endeavoured to work with Audit Wales over the past two years to improve the quality of the process and to ensure that its working papers are of a high standard and that the evidence provided to the auditors is sufficient to reduce the number of queries and/or incidence of errors and consequently, the resulting workload on staff.

- The likelihood that in the course of identifying and assessing the risks of material misstatements as required by ISA 315 the auditors will uncover a number of immaterial misstatements which will have to be recorded and which add to the workload and possibly the cost, but may not prove significant in the context of the overall accounts. It was asked whether any course of action can be taken to avoid this happening.

Mr Derwyn Owen advised that the audit testing strategy is based on the reasonable expectation of identifying material misstatements. Whilst the nature and type of misstatement uncovered as the audit progresses is not something that the auditors have any control over it can determine the level of response as in the case of a material error the potential impact it has on the accounts or with a trivial error whether or not it can be disregarded. However, these are not matters that can be foreseen at the outset of the audit.

It was resolved to note the Detailed Audit Plan 2023.

4. DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23

The report of the Head of Profession (HR) and Transformation incorporating the draft Annual Governance Statement (AGS) for 2022/23 was presented for the Committee's consideration.

The report was presented by the Programme, Business Planning and Performance Manager. To demonstrate good governance the Council must show that it is complying with the core (and supporting) principles contained within the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government. The draft Annual Governance Statement has been prepared in accordance with those principles. The Annual Governance Statement for 2022/23 has been streamlined in form and content following the presentation of the Local Code of Governance to the Committee in December, 2022. The Statement sets out the Council's scope of responsibility and expectations regarding how it conducts its business, the Governance Framework and the elements contained therein, how the effectiveness of the governance framework is evaluated and the assessment of performance against the core principles along with a progress update on issues identified in last year's Statement. Although no significant governance matters were identified for the year ending 31 March, 2023, the assessment process did identify a number of governance issues that will be addressed in 2023/24 as noted within the Statement. The Statement seeks to provide assurance about the Council's arrangements for the governance of its affairs including its ability to identify opportunities for further improving governance and the management of risk and resources. The Statement has been through an internal process having been considered by the Leadership Team and by the Head of Audit and Risk.

In considering the Annual Governance Statement the Committee raised the following points

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- The meaning of “significant” as it applies in the context of no significant governance matters having been identified for the year ending 31 March 2023.

The Committee was advised that in relation to the Governance Statement a significant matter would be any matter that affects the Council’s ability to fulfil its statutory duties and to deliver the strategic objectives as set out in the Council Plan for 2023-28. No such matter has arisen as evidenced by the regular update reports and regulatory review reports presented to the Committee during the year. Additionally, the annual report of the Head of Audit and Risk setting out the chief audit executive’s formal audit opinion for the year ending 31 March, 2023 did not find any areas of significant corporate concern.

- The ways in which the corporate scorecard as an effective performance management tool might be further enhanced and whether the process for reviewing the indicators for inclusion on the scorecard should be expanded to include members of the Governance and Audit Committee to provide an additional perspective.

The Committee was advised that the Corporate Scorecard is in the process of being reviewed to ensure that it aligns with the newly approved Council Plan for 2023-28. The Council’s governance framework of which the Corporate Scorecard is a component is reviewed and refined annually to ensure it remains effective and while it would be impractical to bring the Governance and Audit Committee into the review of the scorecard for 2023/24 mid-process, the suggestion will be considered when reviewing the scorecard for 2024/25.

- Whether the monitoring of the Council’s capital project activity would benefit from the establishment of a dedicated programme management office to provide oversight and scrutiny of the delivery of the Council’s capital projects.

The Committee was advised that the suggestion for a programme management office for capital projects would be taken back to the Leadership Team for consideration.

Having reviewed the document, the Governance and Audit Committee resolved to approve the draft Annual Governance Statement 2022/23 that will form part of the 2022/23 Statement of the Accounts.

5. DRAFT STATEMENT OF THE ACCOUNTS 2022/23

The report of the Director of Function (Resources)/Section 151 Officer incorporating the draft Statement of the Accounts for 2022/23 was presented for the Committee’s consideration. It was noted that the figures contained within the report are unaudited and may therefore be subject to change.

The report was presented by the Director of Function (Resources)/Section 151 Officer. The draft accounts were signed by the Council’s Responsible Financial Officer i.e. the Director of Function (Resources)/Section 151 Officer on 30 June, 2023 with the audit of the accounts due to commence in August 2023. A correction was made to Table 1 in the report in that the figure of £3,258m in being a contribution from useable reserves and balances should not therefore appear in brackets. Although efforts have been made in recent years to streamline and simplify the accounts by removing notes that are considered nonmaterial, the Statement remains a technical and complicated document. The accounts including the Comprehensive Income and Expenditure Statement are presented in accordance with statutory accounting requirements rather than on the basis of how the Council is funded and as such they contain

a number of items which are not charged against Council Tax and which are then reversed out to arrive at the Council's final financial position in respect of reserves and balances.

The following elements of the Statement of Accounts were highlighted –

- The Narrative Report which provides an overview of the Council's financial performance for the year in question covering both revenue and capital expenditure and refers to the Council's vision, priorities and strategies and the challenges it has faced. It also lists the core financial statements that are to follow. 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 (CIES) 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 6 in the Statement of Accounts). The CIES shows that the net cost of services was £179.355m with a deficit of £15.993m on the provision of services. Adjustments are made as per Table 1 of the introductory report to determine the movement in reserves and balances (Note 6). The CIES and adjustment Note 6 are then brought together in the Movement of Reserves Statement to show the Council balances as at 31 March, 2023 which is a true reflection of the Council's financial position.
- The Movement in Reserves Statement shows the changes in the year in the different reserves held by the Council. The Council had total usable reserves of £54.742m distributed between the General Reserve, Earmarked Reserves, the Housing Revenue Account, School reserves, Capital Receipt Reserves and Capital Grants Unapplied Reserve as at 31 March 2023. This is a reduction from the £58m of the previous year. These are resources which the Council has available to spend. The Council's draft General Fund balance stood at £13.967m which is equivalent to 8.8% of the net revenue budget for 2022/23 and is £6.067m above the minimum threshold for the General Fund Balance set by the Executive which is 5% of the net revenue budget or £7.9m.
- The Expenditure and Funding Analysis aims to show the real impact of the year's financial performance on the Council's balances. Although it is difficult to reconcile the CIES to the information presented in the tables within the report the Expenditure and Funding Analysis fulfils this function in part. The CIES includes many accounting adjustments which are not true costs which affect the Council's usable balances. To ensure that these accounting costs do not affect Council taxpayers and Council funds, they are cancelled out in the Expenditure and Funding Analysis.
- The Balance Sheet shows the value of the Council's assets and liabilities as at 31 March 2023. The value of the Council's net assets increased by £132.769m from £272.233m in 2021/22 to £405.002m at 31 March 2023. The value of the Council's long-term assets increased by £20.918m due to capital expenditure on the Council's property, plant and equipment and the revaluation of existing assets. The most significant change relates to the accounting valuation of the Pension Fund which for 2022/23 is shown to be in a net asset position of £19.815m which is an improvement of £141.014m on the previous year. This is due to the impact of interest rate and bond rate increases upon which the discount factor is based and the Actuary is required to use when discounting the future obligations of the pension fund with the current value of the pension fund assets. However, as accounting standards do not allow this to be reported as an asset in the Balance Sheet because the Council cannot realise the value of the asset at this point, it is shown as nil on the Balance Sheet. The results of the accounting valuation are explained in the Local Government Pensions note 34 to the accounts.

- The Cashflow Statement shows the changes in cash and cash equivalents of the Council during the financial year and shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financial activities.
- The notes to the accounts provide further information and context to the figures contained in the core financial statements.

In the ensuing discussion on the contents of the Statement of the Accounts the Committee raised the following matters –

- Whether the accounts for 2022/23 show any significant changes or adverse trends compared to previous years' accounts.

The Committee was advised that a point of focus are the Council's balances which have increased over the past two years due to the provision by Welsh Government of additional funding to meet the cost of the Covid-19 pandemic response but which are now beginning to decrease. The Council has a planned use for elements of its reserves particularly the earmarked reserves and the Housing Revenue Account reserves because those have been set aside for specific purposes. School balances are also expected to reduce as schools fully utilise the Covid catch up funding which was provided by Welsh Government to help pupils make up for missed learning during the pandemic. The £1.212m underspend on the 2022/23 revenue budget has contributed to the Council's General Balances bringing the total to £13.967m although £3.8m of this sum has been committed to fund the 2023/24 budget and the reserves will likely be drawn down again to balance the 2024/25 budget. Any overspend on the 2023/24 budget will also have to be funded from reserves. While there are no changes/movements in the accounts that are a cause of concern at the present time it is foreseen that the Council will face challenges in the future particularly in setting a balanced budget for 2024/25, and a downward trend in the Council's balances is predicted as a result. The position will be reviewed in setting the 2024/25 budget and the Medium Term Financial Plan.

- The lack of specific reference in the accounts to provision for climate change and carbon reduction projects.

The Committee was advised that a new Capital Strategy is in development which will consider the Council's capital requirements and priorities and how those will be funded. However, addressing all the Council's capital needs and aspirations would require a significant amount of funding which in terms of borrowing is unrealistic and unaffordable. Needs therefore have to be prioritised and balanced against affordability so that the Council does not become financially overstretched to the extent as in some councils where servicing debt costs is putting pressure on revenue resources. The level of borrowing to support capital expenditure has to be carefully considered and the strategy endorsed by the Executive and Council mindful also that the residents of Anglesey may have to pay more annually for investment in assets and for making progress towards net zero targets. Whilst achieving net zero status is among the Council's priorities no specific provision has been made in that regard to date.

- Clarification of the debtors figures, the relationship with the bad debt provision totalling £8.149m and debt collection.

The Committee was advised that the Council's debts are assessed for the value and age of the debt as well as the likelihood of its being successfully recovered. The older a debt the less likely it will be recovered. A bad debt provision is made annually and a charge is made to the revenue budget accordingly which funds the provision. Debts that are authorised to be written off because they are assessed as unrecoverable are removed from the system and

are then charged against the bad debt provision. Some types of debt are more difficult to collect than others e.g. home/residential care debts where vulnerable individuals are involved and the service cannot be withdrawn or where hardship is a factor and these are reflected in the annual assessment. In the case of Council Tax, the tax base when determined annually is not set at 100% to allow for an element of non-collection (the current Council Tax collection rate is approximately 99.3%). The sum of £8.149m noted in the accounts reflects what the Council taking a prudent approach, has assessed as an amount that may have to be written off (having considered the types of debt outstanding and having exhausted recovery processes) which in the context of the total amount of income collected by the Council annually is not an exceptional sum.

- The impact of interest rate rises on the Council's borrowings taking account of the fact that while the Council will receive a higher return on its investment it will conversely be paying more for borrowing.

The Committee was advised that the Council routinely borrows from the PWLB for a fixed term ranging from one to fifty years and that the interest rate varies according to the length of the loan term with more favourable rates for longer loan terms. Whilst interest rates were low the Council has been using its cash balances to fund capital expenditure as the return on investment was poor. As interest rates have increased the returns on investment are now such that they have surpassed PWLB's long term interest rate thereby raising the question of whether it is now timely for the Council to be taking out borrowing given that it has the capacity to do so having previously used internal borrowing instead of borrowing externally and because any cash surplus would now be better invested than used to fund capital activity. The risk in borrowing long-term at this point in time is that interest rates may reduce and the Council could find itself locked into a higher rate for a length of time when it could have borrowed more cheaply had it waited. In determining whether or not to borrow therefore the Council will consider a number of factors including timing as part of its treasury management strategy. Lending between authorities is also an option albeit on a smaller scale and subject to due diligence checks.

- The increase in the valuation of the Council's assets and the basis for the increase, what it means in practical terms if the value of the assets cannot be realised and whether assets have a part in borrowing.

The Committee was advised that Council borrowing is not secured against any of its assets as the PWLB lending facility is operated by the Government with Government funds. The valuation of assets fulfils accounting requirements. However, the Council will sell assets that are considered surplus to requirements because they no longer have any operational use e.g. schools that have been closed as part of the schools' modernisation programme and the capital receipts have been used to fund new schools. The Council's assets include its housing stock which because the properties are tenanted are valued at Social Housing existing use value rather than market value. In terms of funding capital activity, the Council seeks to maximise grant funding in the first place including the General Capital Grant and supported borrowing from Welsh Government (where the costs of borrowing are met by Welsh Government) in order to reduce the need to borrow externally. The Council will consider undertaking unsupported borrowing if the investment brings in income, generates savings e.g. in running costs or increases the value of an asset but it would have to meet the costs of so doing from its revenue budget in the form of interest payments and the Minimum Revenue Provision which is a charge made to the revenue budget annually to set aside a sum to pay back the loan. These are factors in considering whether to borrow to ensure that borrowing remains affordable. Councils that are experiencing difficulties in servicing their debts have borrowed to invest in commercial properties for income which due to factors including the pandemic have not provided the revenue returns expected.

- Whether the increase in the cost of providing services from £147.569m in 2021/22 to £179.355m in 2022/23 as shown in the CIES is an actual increase and is a year on year increase and if so whether it is a cause for concern.

The Committee was advised that the increase does in part represent a real increase in the cost of providing services due to inflation and pay rises as borne out by the Council's revenue budget for 2023/24 which at £175m net is an increase in the region of £17m on the previous year's budget. However, the figure for the cost of services in the CIES also includes items such as depreciation and pension current service costs which are included for accounting purposes rather than as a reflection of how the Council is funded. A more accurate comparison on a funding basis is made in the Expenditure and Funding Analysis where the net expenditure has increased from £123.596m in 2021/22 to £148.068m in 2022/23 but having regard to the fact that this figure also includes the HRA which is separate and is not funded by Council Tax. The cost of living crisis is having an impact on the Council in the form of inflation and rising costs and is a challenge going forwards.

- The valuation of the Pension Fund which has changed from a liability of £121.199m in 2021/22 to an asset of £19.815m in 2022/23 due to the impact of interest rate and bond rate increases. If rising interest rates and therefore the impact are seen as potentially short-term it was asked whether the accounts should be restated on the liability and whether it is possible to prevent the distortion in the Balance Sheet which significant variations in the valuation of the Pension Fund can create.

The Committee was advised that the valuation of the Pension Fund by the Actuary for the purpose of the accounts is theoretical and projects what the Council's liability or asset would be if the fund ceased to exist. It is carried out on an accounting basis and the results do not affect the Council's actual funds. The funding valuation completed every three years for the purpose of calculating the contributions and level of funding required is a more accurate measurement of the true value of the Fund as it considers the actual assets that the fund is invested in at the valuation date and assesses whether the returns on those assets are likely to meet all future payments to members based on all the benefits earned up to the valuation date. For this valuation a different set of assumptions is used. If the value of the assets and future returns are lower than the estimated future liability then the Council's contribution rates will increase to make up the difference over an agreed period of time. At the last funding valuation the Pension Fund was 110% funded.

- With regard to the £40.690m total capital spend for 2022/23 it was noted that whilst £26.595m was capitalised and added to the value of assets in the Council's Balance Sheet, the remainder was charged to the CIES of which £11.881m did not increase the value of capital assets. It was queried whether this could have been predicted.

The Committee was advised that accounting rules mean that the capital expenditure to which the sum refers is treated as revenue in the accounts because it has not been spent on or increased the value of a Council owned asset. This is the case for example with Disabled Facilities Grant expenditure which for the purpose of the Council's budget and funding is treated as capital expenditure as it is funded from capital resources but because it involves improvements to a private property rather than to an asset owned by the Council is treated as revenue in the accounts.

- Given the complexity of the Statement of Accounts, its value in providing the public readership with a true representation of the Council's financial performance and position was questioned especially as the figures in the financial statements can be misconstrued and are difficult to relate to the Council's actual budget outturn figures. It was suggested

that a short and simplified summary of accounts information that is easily accessible to the public could be published and that it be highlighted on the Council's website perhaps alongside the Council Budget Book which provides detailed information about service budgets.

The Committee was advised that the budget monitoring and outturn reports to the Executive provide information about the actual performance of the Council's services against budgets in the year as well as the progress of capital expenditure and activity and that these are available under the committees and meetings section of the website.

The Director of Function (Resources)/Section 151 Officer confirmed that he would consider drafting a one page summary of headline accounts figures for the Council's website.

Having scrutinised the draft Statement of the Accounts for 2022/23 the Governance and Audit Committee resolved to note the draft unaudited main financial statements for 2022/23.

Action: A summary of headline accounts information be produced and along with the Council Budget Book be signposted on the Council's website to be more easily accessed by the public.

6. REVIEW OF FORWARD WORK PROGRAMME

The report of the Head of Audit and Risk incorporating the Committee's updated Forward Work Programme and Training Programme for 2023/24 was presented for the Committee's consideration.

The Principal Auditor highlighted the following –

- The redistribution of items between the September meeting and the subsequent three meetings in December 2023 and February and April 2024 to accommodate a session at the end of the 21 September meeting with the CIPFA Facilitator in relation to the Committee's self-assessment.
- The withdrawal from the work programme of the item on the Local Code of Governance as it is only required to be considered once in an electoral cycle and was last considered by the Committee in December 2022.
- The withdrawal from the work programme of the Partnerships and Regeneration Scrutiny Committee Annual Report following consultation with the Scrutiny Manager as previously reported. Consequently, partnerships and collaborations as an area will be addressed as part of the Internal Audit Strategy for 2023/24.

It was resolved –

- **To accept the updated Forward Work Programme proposed for 2023/24 as meeting the Committee's responsibilities in accordance with its terms of reference.**
- **To note the changes to the dates on which reports will be submitted.**

**Mr Dilwyn Evans
(Chair)**

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CYNGOR SIR YNYS MON / ISLE OF ANGLESEY COUNTY COUNCIL	
MEETING:	Governance & Audit Committee
DATE:	21st September 2023
TITLE OF REPORT:	Concerns, Complaints and Whistleblowing 1st April 2022- 31st March 2023
PURPOSE OF THE REPORT:	Advise the Committee on the extent to which the Council is compliant with its Concerns and Complaints Policy
REPORT BY:	Director of Function (Council Business) / Monitoring Officer
CONTACT OFFICER:	Corporate Information and Complaints Officer Ext. 2588 dylanowen3@ynysmon.gov.wales

CONCERNS AND COMPLAINTS

1. Introduction & Summary

- 1.1 This report provides information on issues arising under the Council's [Concerns and Complaints Policy](#) along with the number of whistleblowing disclosures made under the Council's [Whistleblowing Policy](#) for the period 1st April 2022 – 31st March 2023.
- 1.2 This report includes Social Services complaints but only those where the complainant is not a service user. Social Services user complaints are dealt with under the [Social Services Policy – Representations and Complaints Procedure for Children and Adults](#). These are [reported](#) annually to the Corporate Scrutiny Committee. There is no data by Social Services users included in this report.
- 1.3 Concerns and complaints can provide valuable information about how the Council is performing, what users think of our services, and how and where we should focus improvements.
- 1.4 During the period 1st April 2022 – 31st March 2023, 321 concerns were received and 40 complaints were received. 39 complaints have received a response at the time of writing this report, with one unresolved case.
- 1.5 The Public Service Ombudsman for Wales (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.

2. Concerns

- 2.1 The overall number of concerns across services has increased during the period 69% (**Table 1, Appendix 1**). The services with the highest number of concerns were Housing, Leisure and Resources.
- 2.1.2 **Housing** – An increase was reported by the Service with the figure rising from 53 in 2021/22 to 184 in 2022/23. During 2022/23 a new feedback function was implemented within the Housing Management System. The Service considers that there was over reporting in the initial phase of implementation, with staff inputting day to day service requests in addition to those concerns meeting the definition of the PSOW. Had the data been reported correctly, it is estimated that the number of concerns would have been 95; being an increase of 42 when compared to 2021/22.
- 2.1.3 **Leisure** - An increase of 11 concerns were noted in 2022/23; being 48 when compared to 37 in the previous year.
- 2.1.4 **Resources** – The figure for the Service remains relatively high, but in fact represents a decrease in the number of concerns when compared with those reported in 2021/22. In 2021/22 the figure was 43, and in 2022/23, the figure reduced by 12, to 31.
- 2.2 In order to comply with an instruction by the PSOW, and a discussion held in the Governance and Audit Committee in 2022, detailed information about concerns has been collected since the 1st October 2022. Of the 321 concerns received during the year, 145 of these were received between the 1st October 2022 and 31st March 2023. A service by service representation of the 145 concerns is in **Table 2 -Appendix 1**, which reflects the enhanced level of data being collected and reported by the services.
- 2.3 Of the 145 concerns received between the 1st October 2022 – 31st March 2023, 41 were upheld in full, 1 was partly upheld and the remainder were not upheld and were dealt with as routine service requests.

3 Complaints

- 3.1 Of the 39 complaints addressed during the period, 10 were upheld in full, 4 were partly upheld and 25 were not upheld.
- 3.2 10% of the complaints received were escalated from concerns. 1 of the complaints received during the year was sent direct to the Council by the PSOW, who required the Council to process it according to the internal procedure before consideration by the PSOW.
- 3.3 If dissatisfied with the conclusion of the Council's complaints process, a complainant may escalate their case to the PSOW. Of the complaints investigated by the Council, 7 were escalated to the PSOW by the complainant. These cases were rejected by the PSOW without formal investigation. Please also refer to section 6 of this report, which provides information about complaints dealt with by the PSOW in 2022/23. Those having been through the Council's internal process as well as any made direct to the PSOW.

3.4 40 complaints requiring investigation by the Council was a reduction of 14, down from 54 in 2021/22. These are shown in the attached table (**Table 1 - Appendix 1**)

4 Late Responses to Complaints

- 4.1 The overall rate of responses to complaints issued within the specified time limit (20 working days) was 74.4%, down 5.2% on the previous year. 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.
- 4.2 Of the 39 complaints investigated by the Council, 10 of these were late responses.
- 4.3 Late responses were sent out during 2022/23 by Housing (1), Housing & Social Services (1) (using joint protocol), Public Protection (2) and Resources (6).
- 4.4 The figure for Resources is higher than other services but is lower than its late response rate for 2021/22. Information from the Service explains this as additional works within the Service with various Government grants, post pandemic, having contributed to the late responses during 2022/23.
- 4.5 The late response of 9 days between Housing and Social Services is explained by the Services as additional meetings which took place with the complainant to discuss the complaint; which then required separate and joint discussions between the services.
- 4.6 Public Protection had one late response of 12 days, where a detailed investigation had to take place into two elements, one of staff processes and the current process of applying for a license.

5 Lessons Learnt

- 5.1 The [Concerns and Complaints Policy](#) places an emphasis on learning lessons from concerns and complaints and thereby improving services. Council Services are expected to take concerns and complaints seriously and to learn from any mistakes that have been identified to limit the risk of the same issues occurring again in the future.
- 5.2 As mentioned above, during 2022/23, 10 complaints were upheld and 4 complaints partly upheld. **Appendix 2** shows information received from the services regarding lessons learnt and any practice which has evolved as a consequence of these findings.
- 5.3 In relation to concerns during 2022/23, 41 concerns were upheld and 1 concern partly upheld, **Appendix 3** shows information received from the services regarding lessons learnt and any practice which has evolved as a consequence of these findings.

6 Complaints to the PSOW

6.1 Complaints about Services

6.1.2 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.

6.1.3 There were 25 complaints referred to the PSOW between 1st April 2022 – 31st March 2023, these comprise of the following:

- 10 were escalated following formal responses under the Council's Complaints Procedure,
- 8 matters related to reviews of previous decisions from 2021/22; and
- 7 were complaints made direct to the PSOW.

6.1.4 Of the 25 cases referred to the PSOW, 5 resulted in early resolution/settlement, which then closed the matters and the remaining 20 were not taken into investigation.

6.1.5 The PSOW has a [Complaints Handling Process](#) in place to decide on whether or not a case merits investigation or not.

6.2 Complaints about Members

6.2.2 A complaint against an elected member must be based on an alleged breach, or breaches, of the Members' Code of Conduct, with the PSOW exercising 'first sift' jurisdiction (i.e. assessing merit) before deciding if, and how, to proceed.

6.2.3 During 2022/23, 1 code of conduct complaint was received by the PSOW against a County Councillor but was closed without any investigation after initial assessment. Limited information about such complaints is formally reported to the [County Council's Standards Committee](#) twice a year.

6.2.4 For the sake of completeness, complaints about the elected members of Town and Community Councils, in relation to the same Code of Conduct, are also reported twice a year to the [County Council's Standards Committee](#).

6.2.5 There are also summaries available in the PSOW's quarterly Casebook Summary which can be found at <https://www.ombudsman.wales/code-of-conducts/>

7 Language Related Complaints

7.1 During the reporting period there were no complaints under the Concerns & Complaints Policy in relation to the Welsh Language.

7.2 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 reported in the [Welsh Language Standards Annual Report](#) which is published on the Council's Website by the 30th June every year.

8 WHISTLEBLOWING

- 8.1 The Council's [Whistleblowing Policy](#) and local Guidance document was devised to encourage and enable employees to raise those concerns, which fall within the ambit of the Policy, without fear of victimisation or discrimination. Whistleblowing is the popular term used when a member of staff (it includes contractors but does not relate to the public or elected members) raise concerns about fraud, criminality, danger or serious risk that might threaten the public, their co-workers or the Council's reputation.
- 8.2 The level of information usually provided in this report has been agreed by the Leadership Team as, owing to the inevitably sensitive and confidential nature of such matters and the Council's legal obligation to protect Whistleblowers from detriment in the workplace, only limited information can be disclosed.
- 8.3 Following consultation with Directors/Heads of Service there were 0 whistleblowing concerns raised during the reporting period. If whistleblowing concerns were raised during the year, the following information would have been presented.

Date Raised	Type of Disclosure*/ Reported to	Nature of Concern	Investigated	Outcome	Lessons learned	Results fed back to the Whistleblower

* A first level disclosure means reported within the Council, as opposed to second level disclosure (to Regulators) or third level disclosure (to the media)

9 Key Messages from the Data

- 9.1 Complaints regarding elected Members, the Welsh Language (within the Concerns & Complaints Policy) and Whistleblowing are not a cause for concern and require no further specific action.
- 9.2 The number of concerns received during the period has increased from 189 in 2021/22 to 321 in 2022/23. Adjusting this figure to allow for the overzealous reporting by Housing during the first six months of 2022/23, it is estimated that a more accurate figure would be an increase from 189 to 236. This is likely to be as a result of more rigorous corporate collection of data relating to concerns.
- It is understood that the issue of mis-collection of data in Housing has now been addressed and should not impact on the concerns data reported to this Committee in the future.
- 9.3 The number of complaints has decreased from 54 in 2021/22 to 40 in 2022/23; with the highest number of complaints being in Resources (11) and Housing (10).
- 9.4 No complaints were investigated by the PSOW in 2022/23.
- 9.5 The time for responding to complaints (20 working days) continues to be an issue, with a drop of 5.2% during 2022/23 when compared to 2021/22. This means that only 74.4% of complaints have been answered within the required period. It must be

recognised, though, that the overall number of complaints is low, so the percentages are distorted.

- 9.6 Looking at the detail of the information provided, in relation to both concerns and complaints, there is a clear pattern of “customer care”/“customer service” deficiencies; particularly with regard to ongoing communication over timescales/delays.

10 Recommendations

The Committee:

- 10.1 Notes the information in this report in relation to the Council’s complaints process regarding the Welsh Language (under the Concerns & Complaints Policy), complaints in relation to elected Members and the Whistleblowing Policy/Guidance.
- 10.2 Is satisfied that this report provides reasonable assurance that the Council has appropriate processes in place under its Concerns & Complaints Policy and that Council services are largely compliant with the expectations set out in the said policy.
- 10.3 Requests the Council’s Leadership Team to review the Customer Service training provided to public facing staff, especially in those services with the highest number of concerns/complaints/late responses and ensures that any recommendations arising from that review are implemented. This review to take place in the context of the revised Customer Service Charter and the revised Concerns & Complaints Policy.

Appendix 1

Table 1 - Summary of Concerns and Complaints by Service for 2022 – 2023

Service	No. of concerns	No. of complaints	No. upheld	No. partly upheld	No. complaints rejected	No. of late responses (x days late)	Compliments
Council Business							
Council Business							4
Highways, Waste & Property							
Highways & Property	18	2			2		22
Waste	13	4	1		3		10
Housing							
Housing	184	10	3	4	3	1 (2 days)	17
*Housing/ Social Services		1	1			1 (9 days)	
Learning							
Learning (excludes schools)	9	2			2		8
Regulation & Economic							
Economic Development	5						22
Leisure	48						67
Maritime							
Planning	6	5			5		99
Public Protection	7	5	1		4	2 (1 x 2 days & 1 x 12 days)	21
Resources							
Resources	31	11	4		6	6 (1 x 13 days, 1 x 27 days, 1 x 63 days, 1 x 10 days, 1 x 5 days)	38
Transformation							
Cyswllt Môn							11
Totals	321	40	10	4	25	10	319

* Relates to more than 1 service

Table 2 - Summary of Concerns from 1st October 2022 to 31st March 2023*

Service	No. of concerns	No. upheld	No. partly upheld	No. concerns rejected
Highways, Waste & Property				
Highways & Property	6			
Waste	8	6		2
Housing				
Housing	86	24		62
Learning				
Learning (excludes schools)	5			5
Regulation & Economic				
Economic Development	1		1	
Leisure	19	10		9
Maritime				
Planning	3	1		2
Public Protection	6	1		5
Resources				
Resources	11			
Totals	145	42	1	85

- In respect of including the detailed information, it has been collected following the Governance and Audit Committee in September 2022.

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.

Guidance for Services on how to complete the form		
Category description	Details / examples	Examples of action taken
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 2022/2023					
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
Across Service					
1	F25	Housing & Social Services	Long timescale in receiving Occupational Therapist Assessment and following this long lead in time for works to be completed by Housing.	<p>SS - Customer Care Issue – Apology was given to the Complainant for the delay in OT Assessment. Lack of OT in the local area was responsible for this. Additional OT’s have been appointed to that specific area of the Island.</p> <p>Housing – Customer Care Issue – Noted that Technical Inspector did not refer his concerns within OT Assessment with Social Services, which created an additional delay. Staff member has been reminded to consult with all parties when working on resolutions to OT Assessments</p>	<p>Yes</p> <p>Yes</p>
Regulation & Economic					
2	F23	Public Protection	Advice given to member of public in relation to transfer of license not to the standard expected, all information was not presented to the complainant	Simple Error - Staff member spoken to, reminded if unsure to seek further advice.	Yes
Highways, Waste & Property					
3	F27	Waste Management	Member of staff parked in front of drive	<p>Simple error / no further action required -</p> <p>Management has spoken to staff member regarding where they park/stop the vehicle before they service properties.</p>	Yes

Upheld & Partly Upheld Complaints Reporting Form

Appendix 2

Housing					
4	F24 (Partly Upheld)	Housing Maintenance	Lack of Repairs & Maintenance in Property	Change in policy or process – Shortcomings were identified in the process of working with external contractors to complete follow on works, details on follow on works required now e-mailed to external contractor and Staff reminded to undertake this element.	Yes
5	F26	Housing Maintenance	Concerns raised about fireplace, work arranged and cancelled numerous occasions. No new appointment was given on the final cancellation.	Customer Care Issues – No clear reasons were given to the tenant as to why the appointments were being cancelled. Explained that Housing Services faced challenges in securing qualified plasterers to carry out work which would routinely have been completed within our agreed timescales. Staff reminded of importance of communicating any changes with tenants and state the reasons for changes.	Yes
6	F28 (Partly Upheld)	Housing Maintenance	Duration taken to complete inspection and following repairs in regards to mould and dampness in property	Over the period repairs had been undertaken at the property, but on some occasions there was no response in the property when appointment had been arranged, meaning works were being missed. Staff reminded to re-arrange void calls and re-affirm new date with tenants	Yes
7	F30	Housing Maintenance	Delay in completing adaptations work following Occupational Therapist Report and lack of clarity for delay reasons	Customer Care Issues – staff members involved with adaptations work have been reminded that communication with Tenants is of vital importance if delays are seen with the work to be undertaken.	Yes

Upheld & Partly Upheld Complaints Reporting Form

Appendix 2

8	F31 (Partly Upheld)	Housing Maintenance	No heating following fireplace being deemed not fit for use after Heating Engineer Inspection.	Customer Care Issues – Delay in the works were due to the nature of the work and the difficulty in sourcing the correct parts. The Complainant should have been made aware of the delays. Staff reminded of the importance of good communication with tenants	Yes
9	F32 (Partly Upheld)	Housing Maintenance	State of the damp in the house, have been trying to sort the issue out with Housing Repairs since February 2021.	Works undertaken over the period noted did not rectify the issue. Housing Services conducted external survey and remedial works undertaken following receiving report	Yes
10	F34	Housing Maintenance	Delays in repairing boiler where tenants had no hot water or heating.	Customer Care Issues – Clear instructions have been re-issued to staff regarding good communication with tenants.	Yes
Resources					
11	F1	Benefits	Change of address form sent out in error	Simple error- no further action required. Information received from DWP and Officer acted upon such information.	Yes
12	F5	Benefits	Customer care issue due to length of time taken to respond to customer	Customers Care Issues - Customer care issues discussed at meetings.	Yes
13	F35	Revenue	Customer care issue due to length of time taken to respond to customer	Customers Care Issues - Customer care issues discussed at meetings. Refund also processed to the Complainant	Yes
14	F36	Revenue	Payments for incorrect Council tax account taken out of wages	Change in policy or process Full investigation in to the issue. Change in process. Full investigation of how the error happened to include payroll. Forms to be completed by staff with customer signature on all deductions from wages	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

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.

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Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

Summary of Lessons Learnt for Concerns 2022/2023				
No	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
Regulation & Economic				
1	Leisure	Concern about the level of customer care service being offered at Holyhead Leisure Centre, particularly by one member of staff	Customer Care Issue - Spoke to customer over the phone and replied again with email. Apologised to the customer about the situation and explained that we would speak to staff at the centre to ensure that customer service levels improved.	Yes
2	Leisure	Number of concerns raised including school children not wiping the gym machines after use.	Customer Care Issue - Customer Care Focus group meetings arranged to discuss customer concerns. Discussion held with customer to ensure that necessary steps were taken to improve on the issues that were highlighted.	Yes
3	Leisure	Concern from customer about the level of Welsh used by staff while teaching classes especially in Amlwch Leisure Centre	Training or Supervision Required - Discussed possibilities with Bangor University in order to offer courses. A 6 session course organized for the Center's staff in order to promote the use of the Welsh language especially during classes at the centre.	Yes
4	Leisure	Frustrated with Plas Arthur Leisure Center phone system	Customer Care Issue - Telephone system has been looked at by IT Ticket logged since January 2023	Yes
5	Leisure	Concerned that over 30 children and adults were asked to have the party food at David Hughes leisure centre in the class room.	Customer Care Issue - Customers concern was upheld from the point of view children's work was left on the desks. Staff should have completed checks before party arrived.	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

			Staff reminded to make sure that rooms are checked before public arrive for meetings/parties	
6	Leisure	Received a concern regarding the quality of a swimming lesson at Plas Arthur Leisure Centre from Ysgol Llanbedrgoch	Customer Care Issue - Concerns discussed with the swimming teacher, and Manager explained how to communicate with children.	Yes
7	Leisure	Described the wet changing rooms at Holyhead Leisure Centre as being 'filthy'. Also mentioned that she would like lanes to be put out during the public swim sessions as she thought too many were attending.	Customer Care Issues - Facilities Manager spoke to the Duty Manager regarding the changing rooms to ensure that the high level of cleanliness is adhered to.	Yes
8	Leisure	Concerned about the swimming lessons that her daughter received at Plas Arthur and therefore wanted to cancel the membership.	Customer Care Issues - Facilities Manager spoke with the family and apologised about the standard of lessons. Family did not cancel and continued to attend lessons.	Yes
9	Leisure	Complimented the classes that we offer however was concerned about the space used within the centre to carry out the class. Suggested that the space used was not adequate.	Customer Care Issues - Space was looked at and Spinning Bikes were moved to another larger area of the centre.	Yes
10	Leisure	Concerned about how dirty the floor of the new squash court at Plas Arthur is and that clothes are dirty after attending a yoga session.	Customer Care Issue - Facilities Manager spoke to the Duty Manager regarding cleanliness of the squash court. Cleanliness standard was not acceptable and staff were informed.	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

11	Countryside and AONB	During a drystone walling event, complainant felt that the landowner was benefiting more than the volunteers.	Customer Care Issue - Some grounds for complaint, re. Quality of experience. In future it will be made clear to landowners/ providers the importance of skill development for volunteers.	Yes
12	Planning	Questioning why building control application was determined following verbal request not to deal with due to period of time taken from submission to checking plans and reimbursement of fee.	Change in policy or process - Resolved following discussion with Chief Planning Officer that fee would be transferred to new application. In future such conversations as held with complainant to be documented for audit purposes and in order to alleviate possibility of repeat.	Yes
13	Public Protection	Concern about lack of information in relation to action being taken	Customer Care Issue – Staff have been reminded of the importance of updating members of public when working on cases	Yes
Highways, Waste & Property				
14	Waste	Second home owner of property not always home to retrieve black bin and reporting numerous incidents where it has blown onto the highway. Requesting contractor to secure bin immediately and arrange future replacement of bin prior to future collections.	Customer Care Issue – Instructions have been sent to relevant staff with external contractors to prevent future issues.	Yes
15	Waste	Repeated missed collections of waste receptacles. Instructed the contractor to return to empty and instructed highway contractors to keep area clear	Customer Care Issue - Instructions have been sent to relevant staff with external contractors to prevent future issues.	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

		for access to service receptacles.		
16	Waste	Road sweeping vehicle in area approx. 5:10am, waking the resident up	Customer Care Issue - In future road sweeper drivers to inform manager of intention to sweep before 7am in residential areas so that notice can be given to residents.	Yes
17	Waste	Member of contractor staff caught urinating against wall by parent and child passing on the way to school.	Customer Care Issues – Service confirmed disciplinary action has been taken against responsible staff member by the contractor	Yes
18	Waste	Recycling crew leaving sides of recycling vehicle open, spilling material on the road	Customer Care Issues - No Clear CCTV images could be obtained of the incident, Contractor staff spoken to and instructed to close compartments when turning sharply. Contractor Operations Manager contacted customer to discuss.	Yes
19	Waste	Green bin not returned to place of origin following collection.	Customer Care Issue - Contractor staff instructed to take bin back to entrance of house following collection	Yes
Housing				
20		Tenants daughter called into customer services to report that her father has been awaiting a new rotary line since July, she explained she did call in 3 weeks ago for this to be chased up but not heard anything since.	Customer Care Issues - Job was completed by mistake by the operative on tablet and was not picked up by scheduler. Operatives reminded to double check which jobs they are closing on their tablet.	Yes
21		Plumber attended 29/9 due to radiators not heating up, he couldn't complete the job or	Customer Care Issues - Delay with receiving the required part for the boiler. This not relayed to the tenant.	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

		carry out the repair as a part was required for the boiler, tenant has had no contact from anyone since and is still without heating.	Staff reminded of the importance of communicating any changes or delays with tenants.	
22		Uncompleted work in the Tenant's Garden	Customer Care Issues - External Contractor was waiting on a part for machinery. Apologised for not contacting tenant. Contractor reminded the need to communicate any changes with the tenant.	Yes
23		Tenant has called that he still has no heating or hot water for 7 days, and that he's had no contact from anyone. Call out carried out, was told that boiler needed a part and that it would be installed the early the following week	Customer Care Issues - Delay with receiving the required part for the boiler. This not relayed to the tenant. Staff reminded of the importance of communicating any changes or delays with tenants.	Yes
24		Dissatisfaction raised due to repair delays and lack of communication	Customer Care issues - Lack of communication between the Customer Service Team and the Schedulers. Both teams have been reminded to communicate efficiently and within the guidelines of the Housing Repair Policy.	Yes
25		Dissatisfaction raised due to repair delays and lack of communication	Customer Care issues - Lack of communication between the Customer Service Team and the Schedulers. Both teams have been reminded to communicate efficiently and within the guidelines of the Housing Repair Policy.	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

26		Dissatisfaction raised due to repair delays and lack of communication - Tenant told that work would be completed by member of Customer Services Team, but job was not allocated by Schedulers	<p>Customer Care issues - Lack of communication between the Customer Service Team and the Schedulers.</p> <p>Both teams have been reminded to communicate efficiently and within the guidelines of the Housing Repair Policy.</p>	Yes
27		Father of tenant phoned in to complain that he had stayed in for 7 hours waiting for the gas servicing engineer to attend as arranged	<p>Customer Care Issues - first appointment was a void call visit. Second appointment was made, however the engineer had several problems that day and was running late, by the time he got to the property it was later on that day.</p> <p>Missed appointment - Engineer reminded of requirement to inform tenant or Gas Servicing Team if delays are to be expected.</p>	Yes
28		Tenant called into customer services this afternoon regarding outstanding jobs such as flooring, shower rail, fence and windows. Inspector attended noted follow on jobs these are now past target date and are unallocated	Customer Care Issues - Schedulers have been reminded to adhere to the guidelines within the Housing Repairs Policy in relation to timescales and making sure work is completed within timescale	Yes
29		Tenant waited all morning for electrician to arrive to install new E7 heater, nobody has turned up.	<p>Customer Care Issues - Customer Services Team had given the wrong appointment details to tenant.</p> <p>Team has been reminded to make sure that details given to tenants are correct to avoid future repeats</p>	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

30		e-mail sent in regards to a repair on the log burner that was scheduled for this Monday 5/12/22 . called the office as no one had been to carry out the repair .	Customer Care Issues - No parts available in stores, job moved to external contractor to source. Staff reminded of the importance of communicating any changes or delays with tenants.	Yes
31		Damage caused by operative when completing work. Also tenant noted that the operatives did not clean up after themselves.	Customer Care issues - Operatives have been reminded to their duty of care when repairing properties, with the need to avoid creating damage and securing that the property is clean and tidy around relevant work area before leaving.	Yes
32		Lack of Communication with completing repair	Customer Care Issues - relevant operative had been off work and no other capacity available to complete works. Job externally sourced to be completed. Staff reminded of the importance of communicating any changes or delays with tenants.	Yes
33		Callout engineer didn't attend as requested and approved by Galw Gofal. Phoned again later the same evening and it was confirmed matter was passed to contractor. Tenant was awake until 11pm but nobody turned up.	Customer Care Issues - following discussion with scheduler and administrator of contractor, it appears that engineer attended the wrong property and gained access too. (different address). Apology given to tenant and raised another job for attendance by contractor. Both External Contractor and Scheduling Teams requested to make sure that details	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

			of repair location is correct when raising work.	
34		Dissatisfaction raised due to no one attended property to undertake repair work even though letter had been received with relevant date.	Customer Care Issue - Wrong date written on letter. Apology given to tenant. Relevant teams who raise appointments reminded to make sure that information sent out to tenants is accurate.	Yes
35		Dissatisfaction raised due to on-going issue with oil boiler	Customer Care Issue - ongoing issues with the failure to complete works to a level where there would be no further issues. Apology issued to the Tenant.	Yes
36		Dissatisfaction raised due to on-going issue with immersion heating	Customer Care Issue - ongoing issues with the failure to complete works to a level where there would be no further issues. Apology issued to the Tenant.	Yes
37		Lack of communication in regards to works required to be completed following joint inspection by Inspector and Housing Management Officer	Customer Care Issues - Lack of communication with tenant following inspection to complete works. Staff reminded of the importance of communicating any changes or delays with tenants.	Yes
38		Tenant called extremely unhappy that the electrician did not turn up to undertake repair	Customer Care Issue - Operative should have contacted tenant or scheduler if they were unable to attend on day of appointment. Operatives have been reminded to contact tenant or Scheduler if they will not be able to attend an appointment, so the tenant is aware and new arrangements can be made	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

39		Gas Service Engineer arrived at property two days earlier than expected without notification to tenant.	<p>Simple Error / no further action required - Staff member within Gas Servicing Team had not taken the property off the Servicing List for External Contractor, which meant contractor went to property earlier than expected.</p> <p>Staff member reminded of the need to be accurate with property lists that are shared with external contractor to avoid a repeat situation.</p>	Yes
40		Gas service booked for 14.3.23 PM but no one turned up and tenant been at the property since 10AM waiting for them.	<p>Simple Error / no further action required - Unfortunately scheduler had not assigned the job to the engineer, so he was unaware of the appointment. Scheduler called the tenant to apologise.</p> <p>Staff member reminded of requirement of being accurate and making sure that works are moved to Engineers Tablets as required</p>	Yes
41		Unhappy with quality of Repair with new boiler and moving of Oil Tank	<p>Customer Care Issues - External Contractor who undertook work did not inform the Tenant or the Service that the works could not be completed.</p> <p>Works were agreed to be completed between tenant and external contractor. Tenant happy with final completed works.</p> <p>External Contractor has been reminded of the requirement to discuss any delay or failure to complete works with the Service in the first instance.</p>	Yes

Upheld & Partly Upheld Concerns Reporting Form

Appendix 3

42		Gas Servicing Engineer did not turn up for appointment following receiving a letter.	<p>Simple Error / no further action required - Staff member within Gas Servicing Team had marked the property as a void, therefore would not be on the list for External Contractor, which meant contractor did not go to property.</p> <p>Staff member reminded of the need to be accurate with property lists that are share with external contractor to avoid a repeat situation.</p>	Yes
43		Tenant received void call slip through letterbox, but was not aware that the Service was due to attend that day.	<p>Customer Care issues - No confirmation of appointment was sent to tenants.</p> <p>Teams who raise appointments have been reminded of the requirement to make tenants aware of future appointments.</p>	Yes

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	The Governance & Audit Committee / The Executive
Date:	21 September 2023/ 26 September 2023
Subject:	Annual Letter from the Public Services Ombudsman for Wales 2022/2023
Portfolio Holder(s):	Councillor Carwyn Elias Jones
Head of Service / Director:	Lynn Ball, Director of Function (Council Business) / Monitoring Officer
Report Author: Tel: E-mail:	Corporate Information and Complaints Officer 01248 752588 dylanowen3@ynysmon.llyw.cymru
Local Members:	Relevant to all Members

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) 2022/23;
- to support the implementation of the PSOW's Model Policy;
- to support the development of a training strategy;
- to support the development of a training needs assessment and the rollout of suitable training as required;
- 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 agreed to the implementation of elements referred to in her Annual Letter;
- to provide assurance that the Council will continue to monitor complaints thereby providing 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 her office over the previous 12 months.

The PSOW recently published her [Annual Report](#) for 2022/23.

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

The Annual Letter 2022/23, for the Isle of Anglesey County Council (IOACC), is attached as **Appendix 1**.

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:-

- 25 Service complaints were lodged with the PSOW, against IOACC; down from 29 complaints during 2021/2022. It was concluded that 20 did not require an investigation by the PSOW's office.
- 5 of the complaints lodged were dealt with by way of early resolution

In addition to the complaints lodged with the PSOW against IOACC Services, the Letter also refers to complaints made against County, Town and Community Councillors

- 1 Code of Conduct complaint was made against a member of the County Council but this was not investigated
- 1 complaint was made against a Town/Community Councillor during 2022/23, but the investigation was discontinued prior to its investigation.
- The PSOW have stated that the Town/Community Councils listed in Appendix F are included as they had a complaint closed during 2022/23 (referenced with the number of complaints) or that there were historical complaints against them in 2021/22 (referenced with a 0).

The performance for IOACC is to be found in the tables provided in the Annual Letter.

In her letter, the PSOW requests the following:-

- *“Present my Annual Letter to the Cabinet and to the Governance and Audit Committee at the next available opportunity and notify me of when these meetings will take place.”*

This report satisfies the above request and, in addition, is published to all Members and to the public. The Corporate Information and Complaints Officer has notified the Ombudsman of the dates of these meetings.

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

The Complaints Standards Agency (CSA) [Guidance for Public Service Providers on Implementing the Concerns and Complaints Policy](#) contains advice about training and refers to the need to develop a training strategy.

A training strategy will be developed and an assessment of the training needs of staff and Elected Members will be identified and addressed.

The Council will adopt the current version of the PSOW's Model Policy and ensure that its complaints management process complies with the CSA Guidance.

The Council provides quarterly complaints data in accordance with the timescale set by the CSA. Please see below a table confirming the submission date by the CSA and the date the information was submitted by the Council.

Submission Date	Date Data Sent by IOACC
22.07.2022	19.07.2022
21.10.2022	20.10.2022
03.02.2023	02.02.2023
21.05.2023	16.05.2023

- *“Inform me of the outcome of the Council’s considerations and proposed actions on the above matters at the earliest opportunity.”*

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

4. Additional information.

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

Quarterly reports are also provided to the Leadership Team

[The Governance & Audit Committee](#) receive an annual report on complaints, in September of each year. The report for 2022/23 has been reported to the Committee on 21st September 2023.

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 Governance and Audit Committee and the Executive; at the request of the PSOW.

D – Is this decision consistent with policy approved by the full Council?

Not relevant

E – Is this decision within the budget approved by the Council?

Not relevant

F – Impact on our Future Generations(if relevant)

1	How does this decision impact on our long term needs as an Island	The purpose of the Corporate Complaints Policy is to learn lessons when things go wrong and make changes to service delivery as required and where possible.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	The facts presented contribute to building better services for the future
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	Welsh language complaints are contained within the Corporate Concerns & Complaints Policy and are dealt with if received. If complaints are received from the Welsh Language Commissioner, they will be reported in the Welsh Language Standards Report 2022-23

G – Who did you consult?

What did they say?

1	Chief Executive / Leadership Team (LT) (mandatory)	Endorse the report and its recommendations.
2	Finance / Section 151 (mandatory)	Endorse the report and its recommendations.
3	Legal / Monitoring Officer (mandatory)	Endorse the report and its recommendations.
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Procurement	N/A
8	Scrutiny	N/A
9	Local Members	This report is published to all elected members

H - Appendices:

Copy of the Annual Letter 2022/23

I - Background papers (please contact the author of the Report for any further information):

None



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Communications

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Date: 17 August 2023

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

Annual Letter 2022/23

Dear Councillor Medi

I am pleased to provide you with the Annual letter (2022/23) 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 letter coincides with my Annual Report – “[A year of change – a year of challenge](#)” – a sentiment which will no doubt resonate with public bodies across Wales. My office has seen another increase in the number of people asking for our help – up 3% overall compared to the previous year, and my office now receives double the number of cases we received a decade ago.

In the last year, I have met with public bodies across Wales – speaking about our casework, our recommendations, and our proactive powers. The current climate will continue to provide challenges for public services, but I am grateful for the positive and productive way in which local authorities continue to engage with my office.

1,020 complaints were referred to us regarding local authorities last year - a reduction of 11% compared to the previous year. During this period, we intervened in (upheld, settled or resolved at an early stage) 13% of local authority complaints.

We received fewer Code of Conduct complaints in 22/23 compared to the previous year, relating to both Principal Councils and Town and Community Councils. My role is such that I do not make final findings about breaches of the Code of Conduct. Instead, where investigations find the most serious concerns, these are referred to the Standards Committee of the relevant local authority, or the

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Adjudication Panel for Wales. In 2022/23, the Ombudsman made 12 such referrals – a welcome reduction from 20 last year.

Supporting improvement of public services

Despite the challenges of last year, we have pushed forward with our proactive improvement work and launched a new Service Quality process to ensure we deliver the standards we expect.

Last year, we began work on our second wider Own Initiative investigation – this time looking into carers assessments within local authorities. This investigation will take place throughout the coming year, and we look forward to sharing our findings with all local authorities – not just those involved in the investigation.

The Complaints Standards Authority (CSA) continued its work with public bodies in Wales last year, with more than 50 public bodies now operating our model policy. We've also now provided more than 400 training sessions since we started, with local authorities, in September 2020.

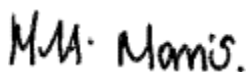
We continued our work to publish complaints statistics into a second year, with data now published twice a year. This data allows us to see information with greater context – for example, last year 14% of Isle of Anglesey County Council's complaints were referred to PSOW.

I would encourage Isle of Anglesey County Council, and specifically your Audit and Governance Committee, to use this data to better understand your performance on complaints and consider how well good complaints handling is embedded throughout the Authority.

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 and Audit Committee at the next available opportunity and notify me of when these meetings will take place.
- Continue to engage with our Complaints Standards work, accessing training for your staff, fully implementing the model policy, and providing accurate and timely complaints data.
- Inform me of the outcome of the Council's considerations and proposed actions on the above matters at the earliest opportunity.

Yours sincerely,



Michelle Morris
Public Services Ombudsman

cc. Dylan Williams, Chief Executive, Isle of Anglesey County Council.
By Email only: dylanwilliams@ynysmon.gov.uk



Factsheet

Appendix A - Complaints Received

Local Authority	Complaints Received	Received per 1000 residents
Blaenau Gwent County Borough Council	16	0.24
Bridgend County Borough Council	55	0.38
Caerphilly County Borough Council	49	0.28
Cardiff Council*	142	0.39
Carmarthenshire County Council	53	0.28
Ceredigion County Council	35	0.49
Conwy County Borough Council	31	0.27
Denbighshire County Council	32	0.33
Flintshire County Council	65	0.42
Cyngor Gwynedd	36	0.31
Isle of Anglesey County Council	25	0.36
Merthyr Tydfil County Borough Council	17	0.29
Monmouthshire County Council	23	0.25
Neath Port Talbot Council	39	0.27
Newport City Council	42	0.26
Pembrokeshire County Council	44	0.36
Powys County Council	38	0.29
Rhondda Cynon Taf County Borough Council**	54	0.23
Swansea Council	94	0.39
Torfaen County Borough Council	16	0.17
Vale of Glamorgan Council	49	0.37
Wrexham County Borough Council	65	0.48
Total	1020	0.33
* inc 9 Rent Smart Wales		
** inc 2 South Wales Parking Group		



Appendix B - Received by Subject

Isle of Anglesey County Council	Complaints Received	% share
Adult Social Services	1	4%
Benefits Administration	0	0%
Children's Social Services	3	12%
Community Facilities, Recreation and Leisure	0	0%
Complaints Handling	6	24%
Covid19	0	0%
Education	1	4%
Environment and Environmental Health	1	4%
Finance and Taxation	2	8%
Housing	4	16%
Licensing	0	0%
Planning and Building Control	5	20%
Roads and Transport	0	0%
Various Other	2	8%
Total	25	



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Appendix C - Complaint Outcomes (* denotes intervention)

Isle of Anglesey County Council		% Share
Out of Jurisdiction	5	20%
Premature	4	16%
Other cases closed after initial consideration	11	44%
Early Resolution/ voluntary settlement*	5	20%
Discontinued	0	0%
Other Reports - Not Upheld	0	0%
Other Reports Upheld*	0	0%
Public Interest Reports*	0	0%
Special Interest Reports*	0	0%
Total	25	

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Appendix D - Cases with PSOW Intervention

	No. of interventions	No. of closures	% of interventions
Blaenau Gwent County Borough Council	0	16	0%
Bridgend County Borough Council	5	57	9%
Caerphilly County Borough Council	6	52	12%
Cardiff Council	25	145	17%
Cardiff Council - Rent Smart Wales	1	9	11%
Carmarthenshire County Council	7	60	12%
Ceredigion County Council	13	44	30%
Conwy County Borough Council	5	35	14%
Denbighshire County Council	2	33	6%
Flintshire County Council	5	70	7%
Cyngor Gwynedd	5	33	15%
Isle of Anglesey County Council	5	25	20%
Merthyr Tydfil County Borough Council	1	18	6%
Monmouthshire County Council	1	22	5%
Neath Port Talbot Council	7	38	18%
Newport City Council	8	48	17%
Pembrokeshire County Council	3	45	7%
Powys County Council	8	44	18%
Rhondda Cynon Taf County Borough Council	2	54	4%
Rhondda Cynon Taf County Borough Council - South Wales Parking Group	0	2	0%
Swansea Council	10	99	10%
Torfaen County Borough Council	1	17	6%
Vale of Glamorgan Council	15	53	28%
Wrexham County Borough Council	6	67	9%
Total	141	1086	13%



Appendix E - Code of Conduct Complaints

**Isle of Anglesey County
Council**

Decision not to investigate	0
Discontinued	1
No evidence of breach	0
No action necessary	0
Refer to Adjudication Panel	0
Refer to Standards Committee	0
Total	1

Investigations

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Appendix F - Town/Community Council Code of Complaints

Town/Community Council	Decision not to investigate	Investigations				Total	
		Discontinued	No evidence of breach	No action necessary	Refer to Adjudication Panel		Refer to Standards Committee
Amlwch Town Council	0	1	0	0	0	0	1
Llandona Community Council	0	0	0	0	0	0	0
Llanddyfnan Community Council	0	0	0	0	0	0	0
Rhosybol Community Council	0	0	0	0	0	0	0

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Information Sheet

Appendix A shows the number of complaints received by PSOW for all Local Authorities in 2022/23. These complaints are contextualised by the population of each authority.

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 2022/23. 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 2022/23. 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 2022/23. 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 in 2022/23. This table shows both the volume, and the proportion that each outcome represents for each Town or Community Council.

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Archwilydd Cyffredinol Cymru
Auditor General for Wales

The Effectiveness of Local Planning Authorities in Wales



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



This report has been prepared for presentation to the National Assembly under the Government of Wales Act 2006 and the Public Audit (Wales) Act 2004

The Wales Audit Office study team was project managed by Nick Selwyn and comprised Steve Frank, Euros Lake, Matt Brushett, Philippa Dixon and Sara Leahy under the direction of Jane Holownia.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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	Local planning authorities must work within an intricate and multi-layered planning framework	15
	Managing competing influences and expectations when setting land use priorities and deciding upon applications can be difficult for planning authorities	17
	Stakeholders value planning services but are concerned that authorities are not good at engaging with and involving them, and that they lack ambition	21
2	Insufficient capacity and reducing resources are eroding planning authorities' resilience	25
	Planning authorities have seen a significant reduction in resources	26
	There are opportunities to increase income and reduce subsidisation of planning services	27
	Capacity is stretched, and planning authorities are struggling to deliver key functions, but there has been limited progress on improving resilience	32

3	Timeliness and quality of decision making varies widely and performance on managing applications is poor	36
	The focus and quality of planning committees decision making varies widely and the level of officer recommendations overturned remains high	37
	Performance in determining planning applications is poor	39
4	Further work is required to deliver the wellbeing aspects of the Planning (Wales) Act and Planning Policy Wales	43

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Summary report

- 1 The planning system controls the use of land and what is built on it, and is enforced by planning authorities, which are responsible for deciding whether a proposed development should be allowed to go ahead by granting or refusing planning permission. Planning applications must be decided in line with the Local Development Plan¹ unless there is a very good reason not to do so. Planning therefore ensures that the right development happens in the right place at the right time.
- 2 The local planning authority plays the critical role in identifying what development is needed and where; what areas need to be protected or enhanced; and in assessing whether a proposed development is suitable. There are 25 local planning authorities in Wales: the 22 unitary authorities and the three National Park Authorities. Local planning authorities have three key roles: Planning Policy, Development Control and Building Control – [Exhibit 1](#).

Exhibit 1 – the role of local planning authorities

The local planning authority plays a key role in supporting and managing development that benefits everyone living in and visiting Wales

Local Planning Authority Services

Planning Policy

the Local Development Plan sets out local planning policies and identifies how land is used, determining what will be built where. Adopted local plans provide the framework for development across Wales and are developed and managed by the local planning authority.

Development Control

most new buildings or major changes to existing buildings or to the local environment need consent before they go ahead, and it is the local planning authority that decides on the majority of planning applications.

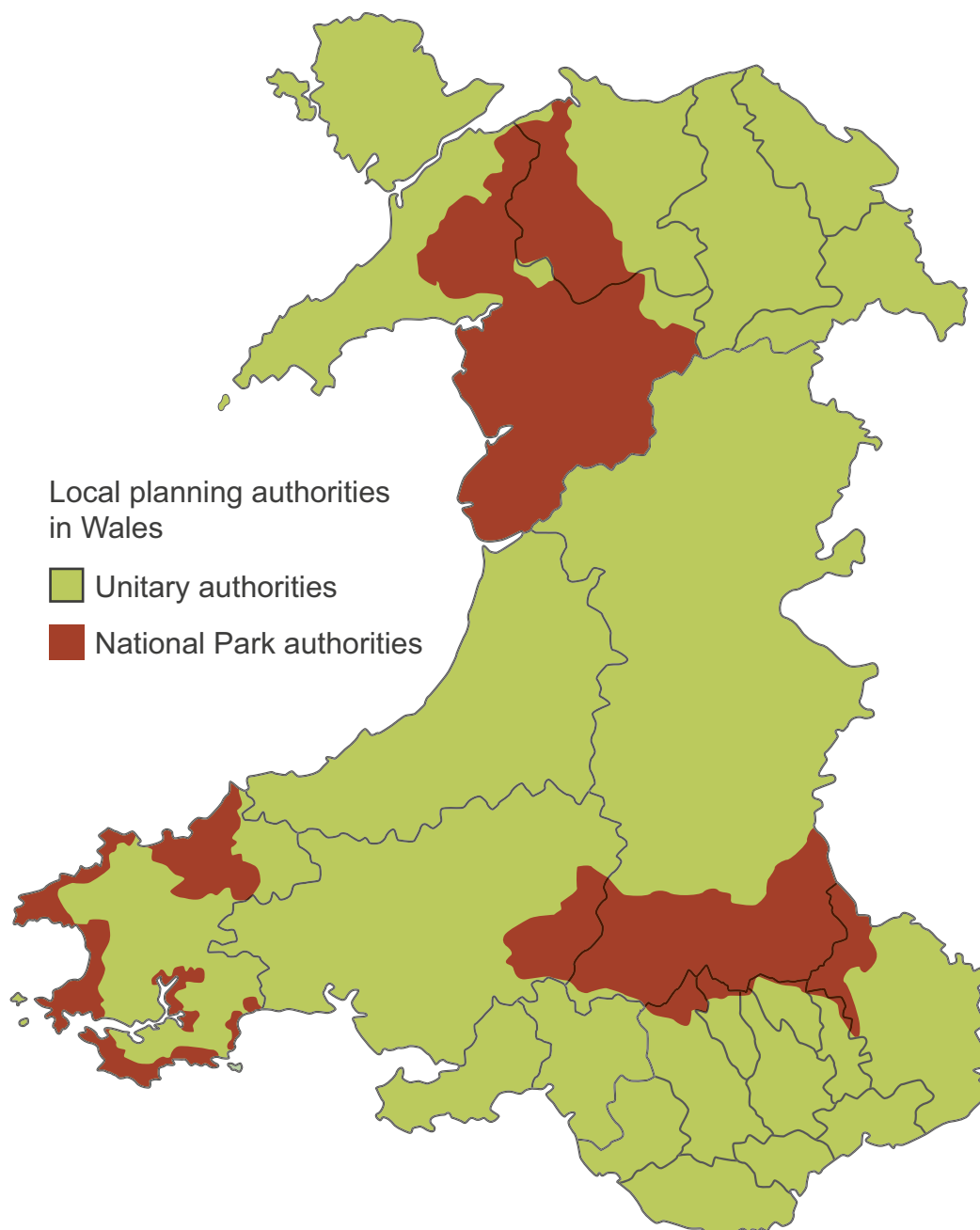
Building Control

building regulations are the minimum standards for design, construction and alterations to virtually every building in Wales. Building control oversees much of this work but these services are not provided by National Park Authorities.

Source: Wales Audit Office

1 Adopted Local Development Plan sets out local planning policies and identifies how land is used, determining what will be built where. Adopted local plans provide the framework for development across Wales.

Exhibit 2 – The 25 Local Planning Authorities in Wales



Source: Wales Audit Office

- 3 Local planning authorities make a major contribution to supporting the development of new homes, conserving natural assets, creating employment opportunities, enforcing high design standards and improving local infrastructure. The decisions taken by local planning authorities therefore directly impact on all of us, our wellbeing and our quality of life.
- 4 The National Assembly for Wales adopted a new **Planning (Wales) Act** (the 'Act') in 2015 which seeks to ensure the planning system is 'fair, resilient and enables development' against five key objectives:
 - a a modernised framework for the delivery of planning services – the Act introduces powers to allow planning applications to be made directly to Welsh ministers in limited circumstances;
 - b strengthening the plan led approach – the Act introduces a legal basis for the preparation of a national framework and strategic development plans;
 - c improving resilience – allows Welsh ministers to direct local planning authorities to work together and to merge;
 - d improving the development management system – the Act introduces statutory pre-application procedures for defined categories of application; and
 - e enabling effective enforcement and appeals – secure prompt, meaningful action against breaches of planning control and increase the transparency and efficiency of the appeal system.
- 5 Our report considers the progress of local planning authorities in delivering their new responsibilities and the extent to which they are acting in accordance with the sustainable development principle contained within the Wellbeing of Future Generations (Wales) Act 2015. We also consider how efficient and effective the 'local planning system' is, focussing on their performance, income and expenditure to determine how resilient services are. Finally, we also look at decision making and stakeholder engagement. Our review methods are set out in **Appendix 1**.

Our findings

- 6 The planning system has experienced substantial reform in recent years, culminating in the Planning (Wales) Act 2015 and a revised [Planning Policy Wales](#)². The driver for these changes has been the Welsh Government's aim to help planners respond to the changing circumstances in which land use regulation is operating, and to address longstanding concerns about the efficiency of the complex planning system – including tackling delays to plan-making and decision-making and increasing transparency. But land use planning is complex, and there are inherent tensions in the system. Decisions on land use and development are made with reference to plans of up to 15 to 20 years' duration, updated every five years or so, but these can quickly become out of step with the reality of rapid economic and social change.
- 7 Citizens we surveyed and spoke to told us that they do not believe that their planning authorities are ambitious enough to help deliver the improvements needed in their community. People we spoke to are frustrated by planners focussing too much on individual applications and not enough on encouraging and supporting the creation of a more vibrant and sustainable community. As well as wanting to see local planning authorities upping their game and becoming more innovative, citizens are concerned that they are not effectively engaged or involved in discussions on the priorities for development in their area, nor in decision making on local applications. Some citizens noted that developers have the resources to 'play the system', and overall the system is disproportionately delivering greater benefits for developers than communities.
- 8 The negative perception of citizens is not helped by the poor-quality information often provided by local planning authorities to help explain what they are doing, where and when. Repeatedly, our survey respondents told us they considered information to be inaccessible and not useful. Over half of those responding to our survey stated that it is not easy to access information on planning, and 70% stated that local planning authorities are not good at engaging with stakeholders about

2 [Planning Policy Wales](#) sets out the land use planning policies of the Welsh Government. The current version, published in December 2018, is intended to 'help to ensure that the planning decisions taken in Wales, no matter how big, or how small, are going to improve the lives of both our current and future generations. It will support changing the way we live and work, and the buildings and environment of Wales, today, building a better environment to accommodate current and future needs'.

planning proposals and their potential implications. Overall, many citizens we surveyed see local planning as a system which results in things happening in communities which they are unable to influence or control. There is a growing disconnect between what people want from their planning authority and what their planning authority is delivering.

- 9 Despite the new legislation and heightened expectation on the contribution planning can make to delivering the aspirations of the Wellbeing of Future Generations Act, local planning authorities have seen a significant reduction in capacity and struggle to deliver their statutory responsibilities. Our analysis shows that all planning services – policy, development and building control – have, since 2008-09, seen significant cuts in expenditure with budgets having fallen by 50% in real terms, considering inflation. Net expenditure has fallen from £45 million in 2008-09 to £22.8 million in 2017-18. The biggest cut has been to development control budgets where spend has reduced by 59%.
- 10 With less money to fund services, planning officer capacity is stretched and skills are decreasing in key areas of work. The number of trainees entering planning has fallen in recent years which raises concerns over the long-term sustainability of services. Despite these reductions in funding, authorities continue to subsidise services because the charges made by local planning authorities for administering and approving planning applications and building works does not reflect the cost of providing these services.
- 11 In the last four years the number of planning applications made to local planning authorities has remained stable at around 24,000 per annum, but fewer planning applications are being processed on time. Also, the length of time taken to investigate complaints about development varies widely across Wales. The best performing planning authorities deal with enforcement issues very quickly, often within a week. The worst performers can take over a year. On average it takes authorities over 37 weeks to investigate and deal with an enforcement case.

- 12 Planning committees take responsibility for determining larger applications that are not delegated to officers. Decisions are based on officer recommendations that committee members need to consider in arriving at their decision. The proportion of decisions made by members against officer advice remains high, with just under 9% of recommendations overturned in 2017-18. Where an authority has refused a planning application then the applicant has the right to appeal the decision. We found that just over 37% of appeals made by planning applicants are upheld, with the original authority decision being overturned.
- 13 It is not surprising to encounter concerns from all sides about planning decisions. In many cases there will be losers who suffer adverse effects, and it is often difficult for planning committees, even with hindsight, to judge if the 'right' decision has been made. Some of the factors that need to be considered are inevitably subjective; planning will always be more than a simple tick-box exercise, often demanding both judgement and imagination. An effective local planning authority will therefore need to have a clear vision of how they will work in the medium-to-long-term to improve their communities. Having a clear vision of the future possibilities can inspire and motivate people to want the best.
- 14 We found that most local planning authorities have not clearly defined how their planning services contribute to the wellbeing of people and communities. Our review concludes that planning services are key to helping to deliver the aspirations of the Wellbeing of Future Generations Act but currently, due to the complexity of the planning system, reducing capacity and variable decision making, authorities have some way to go make the step change needed.
- 15 Based on the findings of this audit, the Auditor General has concluded that **Planning Authorities are not resilient enough to deliver long-term improvements because of their limited capacity and the challenge of managing a complex system.**

Recommendations

Our recommendations are set out in the table below.

Recommendations	
R1	<p>Part 1 of the report sets out the complexities of the planning system showing how challenging it is for local planning authorities to effectively engage with and involve stakeholders in choices and decisions. To improve involvement with stakeholders and ownership of decisions we recommend that:</p> <ul style="list-style-type: none">• local planning authorities:<ul style="list-style-type: none">– test current engagement and involvement practices and consider the full range of other options available to ensure involvement activities are fit for purpose;– use ‘Place Plans’ as a vehicle to engage and involve communities and citizens in planning choices and decision making; and– improve transparency and accountability by holding planning meetings at appropriate times, rotating meetings to take place in areas which are subject to proposed development, webcasting meetings and providing opportunities for stakeholders to address committee meetings.• Welsh Government:<ul style="list-style-type: none">– review the Development Management Procedure Order 2012 and update the engagement and involvement standards for local planning authorities.
R2	<p>Part 2 of the report highlights that local planning authorities have been subject to significant reductions in funding and struggle to deliver their statutory responsibilities. To improve resilience, we recommend that local planning authorities:</p> <ul style="list-style-type: none">• review their building control fee regimes to ensure the levels set, better reflect the actual cost of providing these services and make the service self-funding; and• improve capacity by working regionally to:<ul style="list-style-type: none">– integrate services to address specialism gaps;– develop joint supplementary planning guidance; and– develop future local development plans regionally and in partnership with other local planning authorities.

Recommendations

R3 **Part 2** of the report highlights that the cost of development control services is not reflected in the charges set for these services and progress in developing regional responses to strengthen resilience has been slow. We recommend that the Welsh Government:

- reviews development control fees to ensure the levels set, better reflect the actual cost of providing these services; and
- consider how to use the powers in the Planning (Wales) Act to support and improve local planning authority capacity and resilience.

R4 **Part 3** of the report summarises the effectiveness and impact of local planning authorities decision making and how well they are performing against national measures. We recommend that local planning authorities improve the effectiveness of planning committees by:

- reviewing their scheme of delegation to ensure planning committees are focussed on the most important strategic issues relevant to their authority;
- revising reporting templates to ensure they are clear and unambiguous to help guide decision making and reduce the level of officer recommendations overturned; and
- enforcing the local planning authorities' standards of conduct for meetings.

R5 **Part 4** of the report identifies the central role of planning to delivering the ambitions of the Wellbeing of Future Generations Act. We recommend that local planning authorities:

- set a clear ambitious vision that shows how planning contributes to improving wellbeing;
- provide planning committee members with regular and appropriate wellbeing training and support to help deliver their wider responsibilities;
- set appropriate measures for their administration of the planning system and the impact of their planning decisions on wellbeing; and
- annually publish these performance measures to judge planning authorities impact on wellbeing.

We have also published a **summary report** and an **open data set** that summarises our analysis of performance data and some of our survey findings.

Part 1

Planning authorities find it challenging to balance competing demands because of the complexities of the planning system



- 1.1 In this section of the report we outline the complexities of the planning system. We consider the national planning policy framework and how this is implemented at a local level setting out the different responsibilities of local planning authorities, and the challenges of engaging with and involving citizens and stakeholders more effectively. Finally, we outline one of the strongest messages from our review – that planning authorities need to be more ambitious and visionary.

Local planning authorities must work within an intricate and multi-layered planning framework

- 1.2 Planning Policy Wales defines the planning system as responsible for managing the ‘development and use of land in the public interest, prioritising long term collective benefit, contributing to improving the economic, social, environmental and cultural wellbeing of Wales’. A well-functioning planning system is fundamental for sustainable development and achieving sustainable places. However, the planning system is very complex because it is based on an interconnected system of national, regional and local plans, policies, priorities and decision making to govern the use of land.
- 1.3 **Exhibit 3** outlines the key aspects of this interconnected and complex system (the fuller detail is set out in **Appendix 2**). In summary the Planning Framework in Wales covers:
- a **National** – at a national level, legislation is drafted by the Welsh Government, and scrutinised and adopted by the National Assembly for Wales. The most recent planning legislation is the Planning (Wales) Act 2015. Planning Policy Wales make the link between legislation³ and the priorities of the Welsh Government. Planning Policy Wales - supplemented by technical advice notes, circulars and ministerial letters - sets the policy for local planning authorities to comply with.
 - b **Regional** – Strategic Development Plans are recent introductions and allow for local planning authorities to develop regional plans that cover several local authority areas. Progress in developing regional plans has, to date, been slow.

3 The other key pieces of legislation are the Town and Country Planning Act 1990 and the Planning and Compulsory Purchase Act 2004. These were introduced by the UK Government.

- c **Local** – below the new regional framework sit Local Development Plans. These set the context for future priorities and development control activity in a local planning authority’s area. Local Development Plans are supported by Development Control policies, supplementary planning guidance and sub-area local plans, often referred to as ‘Place Plans’. Taken together, these provide the local policy framework for deciding on planning applications.

Exhibit 3 – the planning framework in Wales

Planning in Wales is complex because it is based on an interconnected system of national, regional and local plans, policies, priorities and decision making



Source: Wales Audit Office

- 1.4 Navigating a potential development or application through these different layers can be complicated. Identifying what plans govern the development, which guidance applies and where authority should be sought from is not easy because decision making rests with many organisations and each of these has different layers of responsibility. Local planning authorities must work within this planning policy framework, complying with the guidance and directives set by the Welsh Government.

Managing competing influences and expectations when setting land use priorities and deciding upon applications can be difficult for planning authorities

- 1.5 The multi-layered and complex nature of this system increasingly impacts upon local planning authorities in several important ways. Adopting a Local Development Plan can be a costly process. In 2015 Welsh Government estimated the costs of producing a Local Development Plan was between £1.1 and £2.2 million⁴. Adopting a plan can be time-consuming. For instance, one planning policy manager told us that his authority had to complete 872 separate actions over the various development agreement stages to get the Local Development Plan approved⁵. Consequently, it is not unusual for the adoption of a plan to take many years⁶.
- 1.6 The process of adopting a development plan, and by extension establishing the policies and decision-making arrangements to oversee development control activity, can also be contentious. Because planning policy decides on what type of development is permitted to happen, where and when, it generates criticism and competing views. In setting local policies, planning authorities need to balance conflicting pressures from applicants, communities, interest groups, businesses, lobby groups and residents. They also must consider the needs of current and future generations.

4 See summary of research evidence **Welsh Assembly research for the Planning Act (Wales) Bill 2015**.

5 See an example of Local Development Plan stages of the preparation process in Cardiff **Local Development Plan production process**.

6 For instance, Wrexham County Borough Council first Local Development Plan was withdrawn at examination in 2012 and the Council submitted the second draft deposit Plan for public consultation in April 2018.

- 1.7 In addition, developers want consistent, timely and professional development control services that reduce delays and proactively support their activity. An effective development control service is critical for them as they often borrow significant sums of money to fund developments, and therefore want local planning authorities to resolve issues quickly and conclusively to reduce their potential losses and increase profits. Also, the tensions brought about by multiple owners of land, the various interests in development and the pressures on local planning authorities to open-up new opportunities for development can be considerable. The value of land that has received planning permission can increase enormously and therefore the pressures on local planning authorities to grant planning permission are considerable.
- 1.8 In an era of growing demand for development land, there are often questions over the influence of developers, especially those with large resources, who are perceived as seeking to influence planning decisions. The development industry is well organised and expert, as are an increasing number of conservation and interest groups who are becoming ever more skilful and persuasive in getting their point across. And, whilst the public understand the importance of, and need for, new developments, they also value conservation and protection of the natural environment.
- 1.9 Consequently, it is not unusual to see communities and lobby groups opposing new housing or largescale infrastructure projects. This is borne out by the findings of our surveys. **Exhibit 4** summarises the different priorities for planning committee members, planning officers and the public. Whilst there is some correlation between each group of respondents, citizens gave greater preference to conservation and protection than new development.

Exhibit 4 – the main development priorities for senior planning officers, committee members and citizens

There are differences between local planning authorities and the public on future priorities

Heads of planning 5 main priorities	Planning committee member 5 main priorities	Members of the public 5 main priorities
1 Increasing the availability of housing	1 Improving infrastructure - road, rail, cycling, broadband, energy	1 Improving infrastructure - road, rail, cycling, broadband, energy
2 Creating new and safeguarding existing jobs	2 Increasing the availability of housing	2 Conserving and protecting the natural environment
3 Regenerating and improving existing towns and villages	3 Regenerating and improving existing towns and villages	3 Creating new and safeguarding existing jobs
4 Improving infrastructure - road, rail, cycling, broadband, energy	4 Conserving and protecting the natural environment	4 Protecting and conserving our existing homes, villages and communities
5 Conserving and protecting the natural environment	5 Creating new and safeguarding existing jobs	5 Improving education provision

Source: Wales Audit Office, Planning committee, senior planning officer, and citizens survey, January 2019.

- 1.10 Our fieldwork and surveys highlight a growing public perception of the continuing shift in the balance of influence (and power) between planners and developers. The influence of developers is partly fuelled by local planning authorities needing to support delivery of the national targets (such as the Welsh Governments 20,000 affordable homes⁷ between May 2016 and May 2021) and by the potential of planning to generate economic growth, create new jobs and protect existing ones.
- 1.11 Senior planning officers and planning committee members told us about the pressure on them not to impose too many restrictions on developers. We found there is also a perception of developers ‘buying’ planning permission through Section 106 agreements⁸ and paying the Community Infrastructure Levy⁹. This is not new and is a symptom of the supposed influence of professional lobbying and powerful interests. Comments in our public survey confirm this: ‘In my experience developers generally get their way and money talks, that’s not to say the process is corrupt merely that developers usually have the resources to badger the authority into approving their schemes sometimes in the face of under resourced local opposition.’

7 www.assembly.wales/en/bus-home/pages/rop.aspx?meetingid=4000&assembly=5&c=Record%20of%20Proceedings#C433962

8 A local planning authority and a developer may enter into a legal agreement to provide infrastructure and services on or off the development site where this is not possible through planning conditions. This agreement, also known as a Section 106 agreement, is a delivery mechanism for the matters that are necessary to make a development acceptable in planning terms. Planning agreements have become increasingly important to the provision of public services including highways, recreational facilities, education, health and affordable housing.

9 The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 in England and Wales to help deliver infrastructure to support the development of an area. Development may be liable for a charge under the Community Infrastructure Levy if the local planning authority has chosen to set a charge in its area. Most new development which creates net additional floor space of 100 square metres or more, or create a new dwelling, is potentially liable for the levy. Currently only three local planning authorities are using the Community Infrastructure Levy.

Stakeholders value planning services but are concerned that authorities are not good at engaging with and involving them, and that they lack ambition

- 1.12 To ensure fairness, it is important that local planning authorities communicate how and why planning decisions are taken, and how the public can get involved in the process. But we found that the wider public are often less aware of where to access information and how the 'system' works. This is partly a reflection of the complexity of the planning policy and development control processes. But it is also a reflection of how well local planning authorities communicate, inform and involve the public.
- 1.13 Planning authorities are increasingly aware of the need to strengthen engagement and involvement, especially in the work of planning committees. Positively, twenty-three authorities provide online information on planning applications (only Blaenau Gwent and Isle of Anglesey do not) and 22 have an officer on duty to provide advice to applicants (Bridgend, Ceredigion and Gwynedd are the exceptions)¹⁰.
- 1.14 We found that planning authorities are also encouraging public speaking and webcasting of planning committee meetings. However, whilst 24 of the 25 planning committees allow members of the public to address the committee (only Merthyr Tydfil County Borough Council does not), only 11 of the 25 planning committees webcast meetings¹¹. Public access to many planning committee meetings is also still limited to those who are free to attend during the day and few hold meetings in the locations where the planning applications relate. This can result in limited public attendance and interest in the work of local planning authorities.
- 1.15 For instance, one citizen responding to our survey noted that 'public confidence in the local planning authority is severely undermined by a lack of transparency and consultation. There is next to no community involvement in future planning and the matter is becoming increasingly politicised'. Another concluded that 'whatever the planning department is doing it is not resulting in making my town a more beautiful or happier place. I've never known a time when my local community seems more polarised, more insular and more ill at ease with itself, and the way that our living spaces are designed is not soothing things'.

¹⁰ <https://gov.wales/sites/default/files/publications/2018-12/planning-performance-framework-table-oct-2017-sep-2018.xlsx>

¹¹ <https://gov.wales/sites/default/files/publications/2018-12/planning-performance-framework-table-oct-2017-sep-2018.xlsx>

- 1.16 Understandably, those who use planning and development control services have a better understanding of how the system works. But even here our findings highlight concerns over engagement and involvement. Both citizens and organisations we surveyed and interviewed, who regularly use planning services, commented on local planning authorities' difficulties in engaging with stakeholders about planning proposals and their potential implications. Communication is often based on traditional approaches such as adverts in the local press, letter drops and appending notices to lampposts, which are often proscribed in guidance¹². These are not necessarily in step with how many citizens and stakeholders consume information in the digital and smartphone age.
- 1.17 Over half of citizens responding to our survey noted dissatisfaction with their local planning authority when dealing with comments they submitted as part of the development plan adoption, and a third were unhappy with how authorities dealt with their comments on other planning applications that impacted on their local environment, community or home. For example, one respondent to our public survey noted that 'by their nature, planners are not good communicators. Most older people don't own computers, so they can't check on how planning applications that affect them are progressing... Planners need to upskill their communications efforts.' Similarly, another noted that 'I knocked on 27 houses and not one householder was aware of the candidate areas, aware of the proposed change of use or aware they could object'. We acknowledge the challenge local planning authorities face in communicating with and involving citizens. There is no one right way of doing this and local planning authorities need to consider the full range of involvement options that are available to them.

¹² The Development Management Procedure Order 2012 sets out the minimum engagement requirement that a local planning authority must undertake.

- 1.18 Planning Policy Wales introduces the concept of Place Plans as a key element to determine land use, conservation and development at very local levels. In Wales, Place Plans differ from England where their equivalent - Neighbourhood Plans – are material considerations and form part of the wider Local Plan framework. Place Plans are slowly being introduced with good examples in existence in Brecon¹³, Mold¹⁴ and Snowdonia¹⁵. Good quality guidance has been developed for Place Planning by the Brecon Beacons National Park Authority¹⁶ on how to involve stakeholders to both develop the plans and agree future priorities. There is good evidence of how this has been effectively used in completing their first two Place Plans in Crickhowell and Hay-on-Wye, with good progress also being made on emerging Place Plans in Brecon and Talgarth.
- 1.19 Despite local planning authorities needing to balance competing demands and influences, our fieldwork and surveys found some consistent messages on where planning choices and decisions should rest. Importantly, citizens and bodies who regularly work within the planning system recognise the need for planning to maintain a local focus, and this is best delivered by local planning authorities.
- 1.20 Whilst local accountability is valued, our survey findings also show that there is support for the Welsh Government rather than local planning authorities and the UK Government to have a greater influence and control over larger nationally significant development projects. This approach is consistent with the 2015 Act which introduces a new consenting process for developments of national significance¹⁷.
- 1.21 Despite wanting to see planning decisions taken primarily at the lowest possible level of government, feedback also consistently shows that users and beneficiaries of the planning system do not believe that local planning authorities are ambitious enough to help deliver the improvements needed in their community. Citizens are frustrated by planners focussing too much on individual applications and not enough on encouraging and supporting the creation of a more vibrant and sustainable community – **Exhibit 5**.

13 See **Brecon Place Plans**

14 See **Mold Town Plan**

15 See **Snowdon Partnership Place Plan**

16 See **beacons-npa.gov.uk/strategy-and-policy/place-plans**

17 Developments of National Significance are usually large-scale developments relating to energy, transport, water, or waste which Welsh ministers decide upon.

Exhibit 5 – citizen feedback on the ‘vision’ and ‘ambition’ of local planning authorities

Citizens recognise the important contribution planning can make to their wellbeing but are concerned that local planning authorities lack vision and ambition.

The current planning system is structurally flawed and ‘transactional’ in approach, it needs to be more creative, innovative and dynamic in its approach and more organic. If we have any chance of planning for future generations and wellbeing of Wales, make sure that WFG principles become reality.

Planning should be more than just using lots of words to talk about land use. There is an opportunity here to inspire people to improve their environment, incentivise good design, and promote examples of good schemes. The planning system in Wales is driven by a fear of failure rather than a shared vision of what the future could look like.

Clearer and stronger vision needed... Fortune favours the brave.

I think planning in particular doesn’t consider the long-term infrastructure implications of its planning decisions - with major large housing developments being agreed without clear, well thought through plans for roads, schools etc in the area. Traffic and parking in the city is already a huge issue and it seems like planning decisions are made in isolation.

... planners just focus on the technocratic elements of land use planning, not how the place will look and feel like in the long term. Design and spatial technology, social media, and virtual reality is not used to show people what is possible.

Source: Wales Audit Office, Public survey 2018-19.

1.22 Survey comments show that citizens want to see local planning authorities upping their game and becoming more bold, ambitious and visionary. However, our review shows that local planning authorities do not have the capacity to meet these growing aspirations and in the proceeding section of this report we outline some of these difficulties.

Part 2

Insufficient capacity and reducing resources are eroding planning authorities' resilience



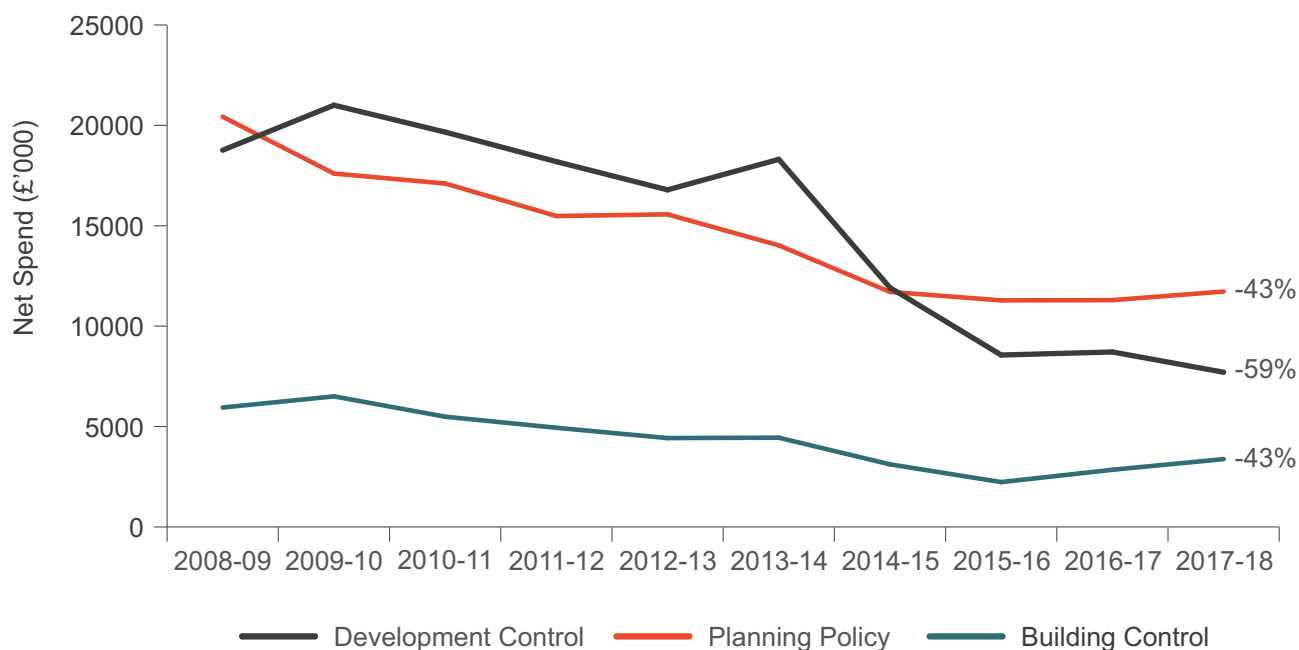
2.1 In this section of the report we assess the resilience of planning services, looking at changes in funding, income and expenditure. We examine the reduction in budgets over the last decade and the impact of these changes on staff numbers and roles. We also consider how authorities are responding to this challenge to ensure they have enough capacity to deliver their statutory responsibilities. Finally, we consider how they are collaborating and working together to strengthen their resilience.

Planning authorities have seen a significant reduction in resources

2.2 Local planning authority expenditure has reduced significantly in the last decade. In real terms, net expenditure has fallen by 50% from £45 million in 2008-09 to £22.8 million in 2017-18 – **Exhibit 6**. The largest reduction has been in development control where funding has reduced by 59%.

Exhibit 6 – net expenditure by local authorities on planning services in real terms in Wales between 2008-09 and 2017-18.

There has been a significant reduction in expenditure on planning in the last decade



Source: Revenue outturn (RO) data, StatsWales. Analysis by Wales Audit Office using 2009 deflators.

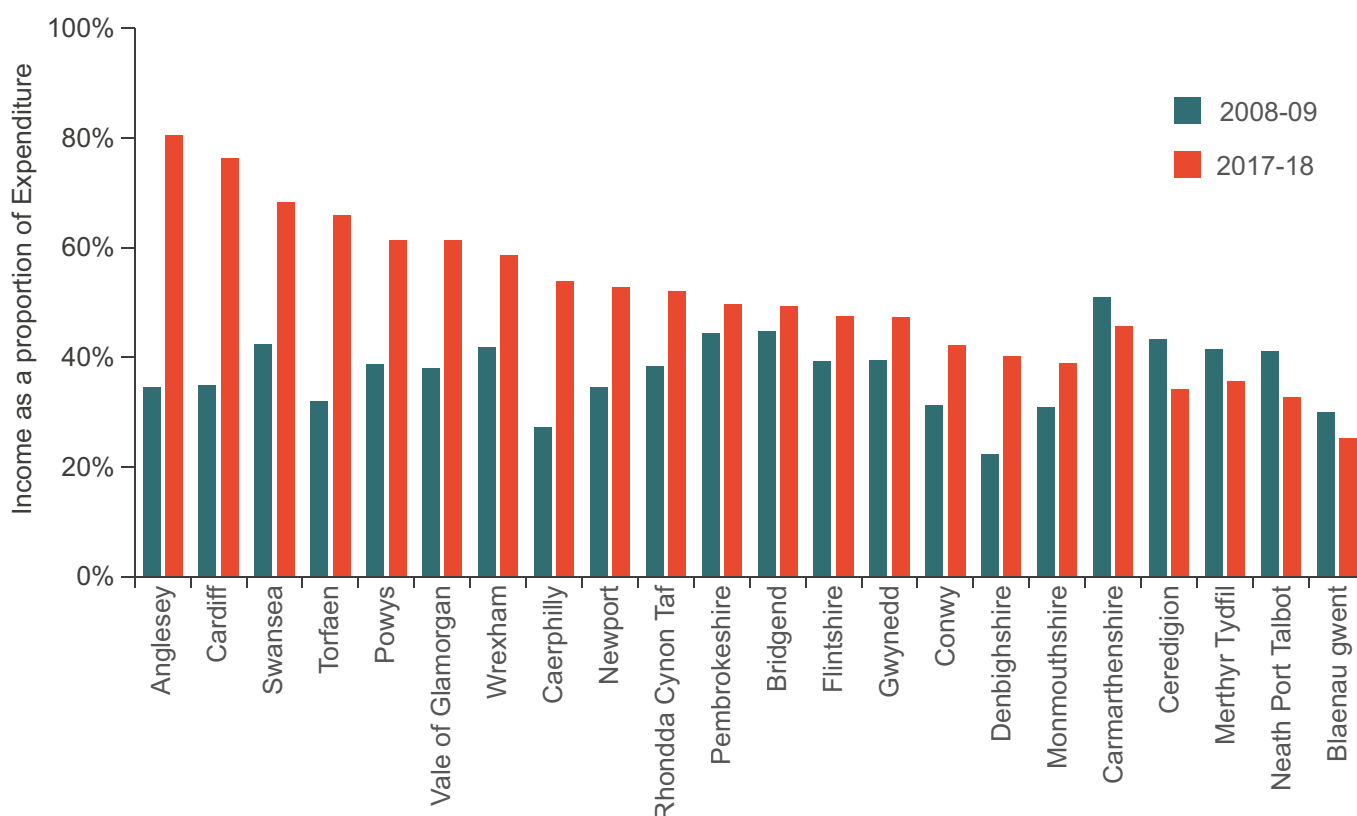
- 2.3 The Regulatory Impact Assessment (RIA) considered by the National Assembly for Wales when scrutinising the Act, outlined that the estimated total additional cost over the first five years of delivering the entire the Act would be around £6.1 million. This cost would be offset by total savings of £7.9 million, leaving a net balance of savings of £1.8 million. The RIA concluded that implementing the Act would result in a £0.5 million increase in Welsh Government expenditure, just over £1 million increase in expenditure by the 25 local planning authorities, and savings of just over £3.5 million for the development industry and others¹⁸. Our analysis shows that since 2014-15, local planning authorities have seen their net expenditure reduce by £3.9 million, not increase by £0.9 million.

There are opportunities to increase income and reduce subsidisation of planning services

- 2.4 Given the need for local authorities to reduce their net expenditure in line with cuts in central funding, many authorities are reviewing services to ensure that, where appropriate, they are making the most of opportunities to maximise income. Whilst all local planning authorities continue to require subsidy, between 2008-09 and 2017-18, 17 of the 22 authorities had an improving subsidy position with the level of expenditure on planning services falling and the level of income now covering a greater proportion of cost – [Exhibit 7](#).

Exhibit 7 – income as a proportion of expenditure for all planning services by local authority in 2008-09 and 2017-18

Most local authority planning services have an improving subsidy position



Source: Revenue outturn (RO) data, StatsWales. Analysis by Wales Audit Office¹⁹.

2.5 There are two main areas of activity where local planning authorities charge for the services they provide – development control and building control. Welsh Government sets the development control fees. These are the same for all Welsh planning authorities and the last revision to fees was in 2015²⁰.

19 There is no national data published for the three National Park Authorities.

20 Town and Country Planning Fees for Applications, Deemed Applications and Site Visits (Wales) Regulations 2015 www.legislation.gov.uk/wsi/2015/1522/contents/made

- 2.6 Our analysis shows that in 2017-18, real terms income as a proportion of expenditure has significantly increased for development control work and now accounts for 70% of the total cost of these services. However, whilst income is increasing, there is a wide variation in performance. Two local authorities – Isle of Anglesey and Cardiff – collect more income from development control activity than it costs to provide this service. The remaining 20 authorities are all operating with varying levels of subsidy, ranging from 6.7% to 65.7% of the cost of the service (see [Appendix 3](#)).
- 2.7 Unlike development control, fees for building control services are set by each local authority. Our examination of income and expenditure shows that whilst income now covers 68% of the cost of building control services, this has remained static in recent years and no authority is recovering the full cost of their building control service. Subsidisation ranges from 0.2% to 76.2% of the services cost (see [Appendix 4](#) for our detailed analysis).
- 2.8 Subsidising services is often driven by a desire to maximise take-up and to support delivery of the wider strategic priorities. Building control services are also in competition with the private sector and consequently need to ensure services are competitively priced. However, authorities also need to consider their operating environment and identify how they can reduce the level of subsidy they provide to services to improve financial sustainability and strengthen resilience.
- 2.9 Using public data gathered from authority websites, we set out in [Exhibit 8](#) the array of charges for the cost of building control services for the erection of a single dwelling²¹. The range in price between the cheapest and most expensive building control charge varies significantly. Even when considering local factors and the possible differences in provision and quality of service, the scale and range of costs is very broad.

21 Most authorities have on-line fee schemes and provide detailed guidance to support applicants. However, not every authority publishes a fee scheme for their building control services. Our analysis is based on information collated from 12 local authority websites.

Exhibit 8 – example of local authority building regulation charges in 2018-19

There is a wide variation in how much Building Control services charge for the same activity.

Item	Lowest charge	Highest charge	Differential
New Full Plans - Plan fee for single dwelling (A)	£140.74	£241.20	+71.4%
New Full Plans – Inspection for single dwelling (B)	£225.72	£532.00	+135.7%
New Building Notice fee for single dwelling (C)	£383.04	£785.22	+105.0%
Composite charge for A, B and C for single dwelling	£732.00	£1,098.00	+50.0%
Regularisation ²² charge for single dwelling	£510.72	£948.75	+85.8%

Source: Wales Audit Office analysis of on-line Building Control Fee schemes.

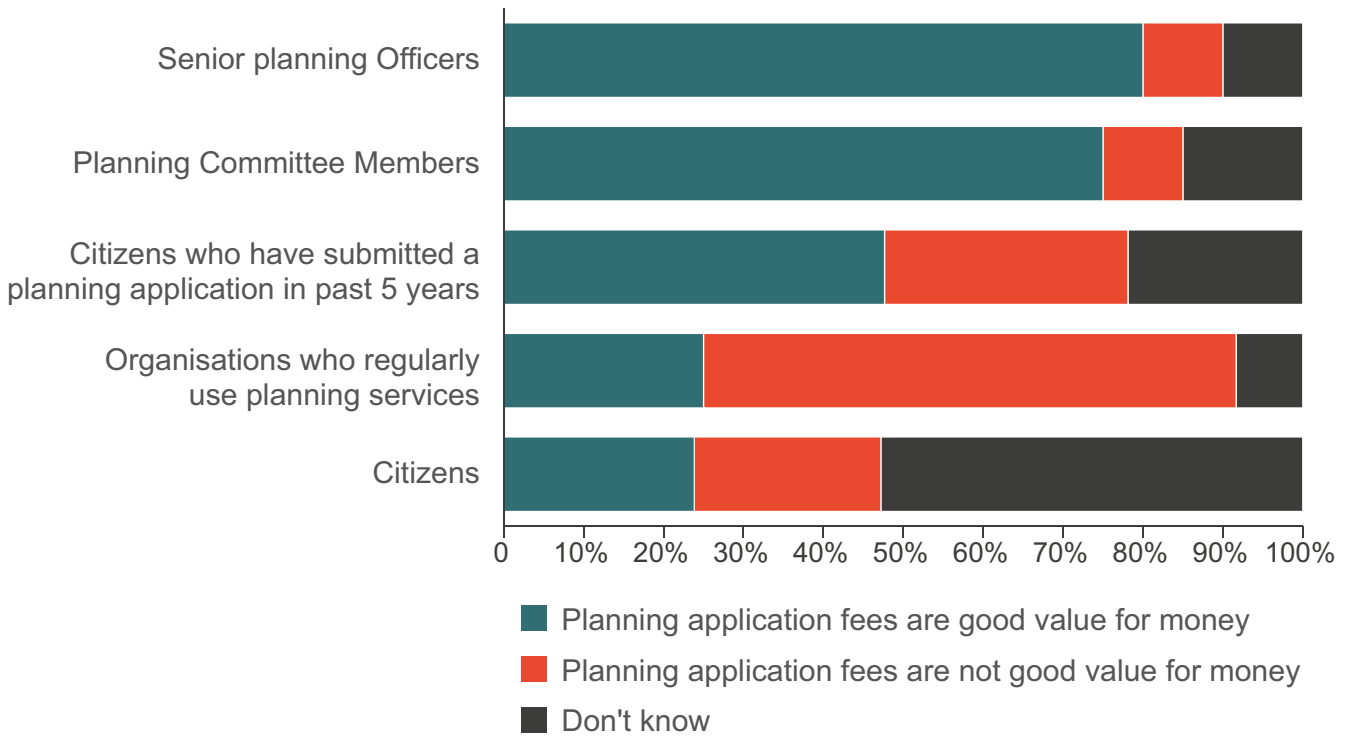
2.10 At the end of 2017-18, the combined deficit on development and building control income to expenditure stood at £11.1 million. The findings in [Exhibit 7](#), and our more detailed analysis set out in [Appendices 3 and 4](#) highlight that there is scope for Welsh Government and local authorities to review current fee schemes to ensure they better reflect the cost of providing these services, and we have made recommendations to this effect²³. However, increasing fees needs to be balanced with ensuring that any rise is reflected by a better-quality service. This is especially salient as the findings of our survey work highlight that many who use planning services do not feel that current fees represent good ‘Value for Money’ – [Exhibit 9](#).

22 Building Control services can be provided in advance of work or applied retrospectively after work has taken place. Work approved after it has been completed is called ‘Regularisation’.

23 If all local planning authorities and Welsh Government enact our recommendation in full, the potential savings will be in the region of £11.1 million. If the Welsh Government increases Development Control charges to cover cost, then this will result in £7.7 million savings. If all local authorities address their Building Control deficit it will result in £3.4 million savings.

Exhibit 9 – survey findings on whether local authority planning fees represent ‘Value for Money’

There is a difference of opinion between those who administer and use planning services on whether fees represent good ‘Value for Money’



Source: Wales Audit Office, Planning committee, senior planning officer, stakeholder and citizens surveys, January 2019.

Capacity is stretched, and planning authorities are struggling to deliver key functions, but there has been limited progress on improving resilience

- 2.11 An authority's workforce is one of its greatest assets and a significant proportion of expenditure is on staffing. However, in the current period of prolonged austerity, authorities are often balancing budgets by reducing staff. The findings of our surveys with senior planning officers, planning committee members and organisations who regularly use planning services all note that in the last decade there has been a significant reduction in staff. As a result, local planning authorities struggle to deliver their responsibilities, are having to manage capacity from week to week, and are just about coping. In addition, over time the more experienced planning staff are retiring and not being replaced which is leading to a deficit in skills, experience and 'know how'.
- 2.12 Whilst authorities have sought to protect and retain skills and capacity in key areas, most notably planning policy, there have been significant reductions in others. There is also a high degree of consistency on where gaps in resources are most acutely felt – design specialists, data analysts, research officers, infrastructure specialists and trainee planning officers (see [Appendix 5](#) for the detailed survey results). This trend reflects the desire of authorities to protect front-line staff and service delivery as much as possible, but the reduction in the number of trainees is concerning. Representative bodies, academic institutions and local authorities we interviewed all highlighted that investment in planning trainees has fallen, and several fear that 'planning' is no longer considered an attractive career.
- 2.13 Research by the Royal Town Planning Institute (RTPI)²⁴ also highlights that chief planning officers no longer have a prominent or strategic position within local authorities, and the perceived value and influence of the profession continues to reduce. Corporate management teams provide leadership, vision and priority setting for areas setting the strategic direction and investment decisions of local authorities. The implications of corporate decisions on new investment, infrastructure, development activity, local services and policy delivery are significant, and an effective and influential chief planning officer can play a critical role in delivering these and wider policy goals. However, the RTPI found that the most senior planning officer is usually third tier and 60% manage a range of other services. Despite its importance, planning services have less resources, prominence and influence.

24 www.rtpi.org.uk/media/3164426/chiefplanningofficers.pdf

2.14 Our analysis also suggests that local planning authorities are only coping because the number of planning applications they are dealing with has remained stable with no significant increase in numbers – **Exhibit 10**.

Exhibit 10 – number of planning applications decided on: total for Wales and range across the 25 local planning authorities

The number of planning applications decided on has remained broadly stable but there is a wide variation in the range of applications individual planning authorities deal with.

Year	Wales total	Lowest number	Highest number
2014-15	24,203	308	2,596
2015-16	25,247	362	3,053
2016-17	25,008	326	2,819
2017-18	24,098	307	2,636

Source: Welsh Government, gov.wales/planning-services-performance-reports

2.15 Stakeholders also noted issues about the skills of planners, in particular the skills needed to negotiate complex agreements. Planning officers and planning committee members we spoke to noted that the lack of capacity is discouraging them from taking too many risks because of the fear of the cost of losing appeals against planning decisions. The reduction in resources also means that local planning authorities are often not able to compete with the level of legal expertise deployed by developers when pursuing appeals.

- 2.16 The nature of planning as a profession is also changing and it's no longer just about land use. As noted in Section 1, planning makes an important contribution to the wellbeing of future generations agenda and there are greater expectations of wider and more effective stakeholder, citizen and community involvement, not just engagement. The evidence from our review highlights that with less resource, growing expectations and reducing capacity, local planning authorities alone cannot respond to the demand placed on them. A collaborative and integrated approach working with others and doing things differently is required. However, despite senior officers and members of planning committee responding to our survey highlighting that they are collaborating and integrating services to reduce costs and build capacity, we found only limited evidence of this taking place. Rather, most planning authorities are trying to do everything but with less resources.
- 2.17 Our review identified some positive approaches to improving efficiency and performance and reduce cost. For example, Newport City Council's registration process and pre-application advice and guidance service is helping the authority to better manage applications and free up capacity. Ceredigion County Council has a single 'Development Team', integrating planning policy with development and building control services to find the most efficient and convenient way of delivering planning services for citizens. The development team approach also helps developers and architects through the planning and building regulation process. A development team ethos can give certainty as to the level of service that can be expected and give guidance and advice on the information required prior to and during the planning and building regulatory process. However, only three local planning authorities advertise this service on their website and reference it in planning guidance.
- 2.18 The Local Plan process in England is similar to Wales, and there are some good examples of how authorities have sought to develop their resilience by working collaboratively. For example, Plymouth City Council, South Hams District Council and West Devon Borough Council have developed, and recently adopted, the Plymouth and South West Devon Joint Local Plan. Working with the Dartmoor National Park Authority and the South West Peninsula City Deal has also enabled the three local authorities to realise savings of over £1.5 million and employ three trainee planning officers. Similar approaches have been developed between the county and borough councils in Suffolk which has resulted in estimated net savings of £2.2 million and reduction in supplementary planning guidance from 52 guides to 12.

- 2.19 To date, only Isle of Anglesey County Council and Gwynedd County Council have developed a joint Local Development Plan and have a joint planning policy team, although this does not cover or include Snowdonia National Park Authority who elected not to work with them. Despite Welsh Government ministers having the powers to mandate collaboration and merge local planning authorities, and/or require the production of joint Local Development Plans under the Act, these powers have yet to be used.
- 2.20 Citizens we surveyed acknowledge the challenges authorities face and many felt that planners try to do their best with the resources they have. However, the weight of our evidence shows that reducing staff numbers, the loss of experience, less training and trainees and a less prominent role for planning in strategic decision-making structures, raises some real concerns over the future resilience of the service. Indeed, many survey respondents felt that the level of expertise in planning authorities has eroded in recent years and the service is neither 'fit for the future' or able to deliver what is needed. This raises some important questions about how sustainable planning services are, and whether they can play the role expected by many in shaping the future of Wales.

Part 3

Timeliness and quality of decision making varies widely and performance on managing applications is poor



- 3.1 In this section of the report we summarise the effectiveness and impact of local planning authority's decision making and how well they are performing against national measures.

The focus and quality of planning committees' decision making varies widely and the level of officer recommendations overturned remains high

- 3.2 Whilst local planning authorities have established clear governance arrangements and policies for managing planning services, we found that there are significant opportunities to improve the effectiveness of committees. Our viewing of a sample of planning committees found that the quality and administration of meetings contrasts widely. The size of planning committees also varies with four having more than 20 members. This can make meetings hard to manage. Whilst some meetings are well chaired with clear and effective management of business, others focus too much on parochial and minor issues that should have been delegated to officers.
- 3.3 We also witnessed some local authority planning officers being subjected to inappropriate behaviour and pressure by planning committee members. Frequently, senior planning and legal officers need to intervene to ensure the planning committee remains on point and understands the limits and extent of their responsibilities to avoid poor decision making. Despite this, it is also not uncommon for decisions to be deferred or delayed, often for long periods of time.
- 3.4 Whilst the majority of planning committee members and senior officers responding to our surveys believe their planning committee understands its role and responsibilities and receive appropriate and clear recommendations, a third noted that from their experience they felt their committee is ineffective. Just over a fifth of planning committee members and senior officers who responded to our surveys acknowledged weaknesses in ICT systems and felt their support systems for planning committees are not as efficient and effective as they should be. Several also noted concerns with the quality of committee reports often being too detailed and written in jargon. Organisations we surveyed and interviewed, who regularly use planning services, similarly flagged concerns with decision making and the effectiveness of planning committees.

- 3.5 Planning applications for minor development, those that have no significant impact on the public interest, or those which do not attract objections, are generally decided by officers under delegated powers. In 2013-14, less than 0.25% of planning applications considered by the 25 local planning authorities were decided on by planning committees with the remainder delegated to officers. By 2017-18, applications considered by planning committees had risen to 7% of all decisions²⁵. The total number of committee decisions taken in 2017-18 ranged from 13 in the Brecon Beacons National Park Authority to 282 in Wrexham County Borough Council.
- 3.6 However, the proportion of officer recommendations overturned remains high. In 2017-18 the percentage of planning committee member-made decisions against officer advice stood at 8.6% with performance ranging from no officer decisions being overturned in several local planning authorities to one authority – Ceredigion County Council – recording over 60% of officer recommendations being overturned (**Exhibit 11**). Overturning and making decisions contrary to officer advice results in planning committee members moving away from their adopted policies, and potentially undermines the integrity of the plan-led system.

25 See figure 27 on page 40: gov.wales/sites/default/files/publications/2018-12/planning-services-annual-performance-report-2017-to-2018.pdf

Exhibit 11 – percentage of member-made decisions against officer advice – Wales average and range across the 25 local planning authorities

There is a wide range of performance by planning committees in deciding on the advice of officers when determining planning applications.

Year	Wales average	Lowest %	Highest %
2014-15	10.5%	0%	81.8%
2015-16	7.1%	0%	39.5%
2016-17	10.9%	0%	59.2%
2017-18	8.6%	0%	60.7%

Source: Welsh Government, gov.wales/planning-services-performance-reports

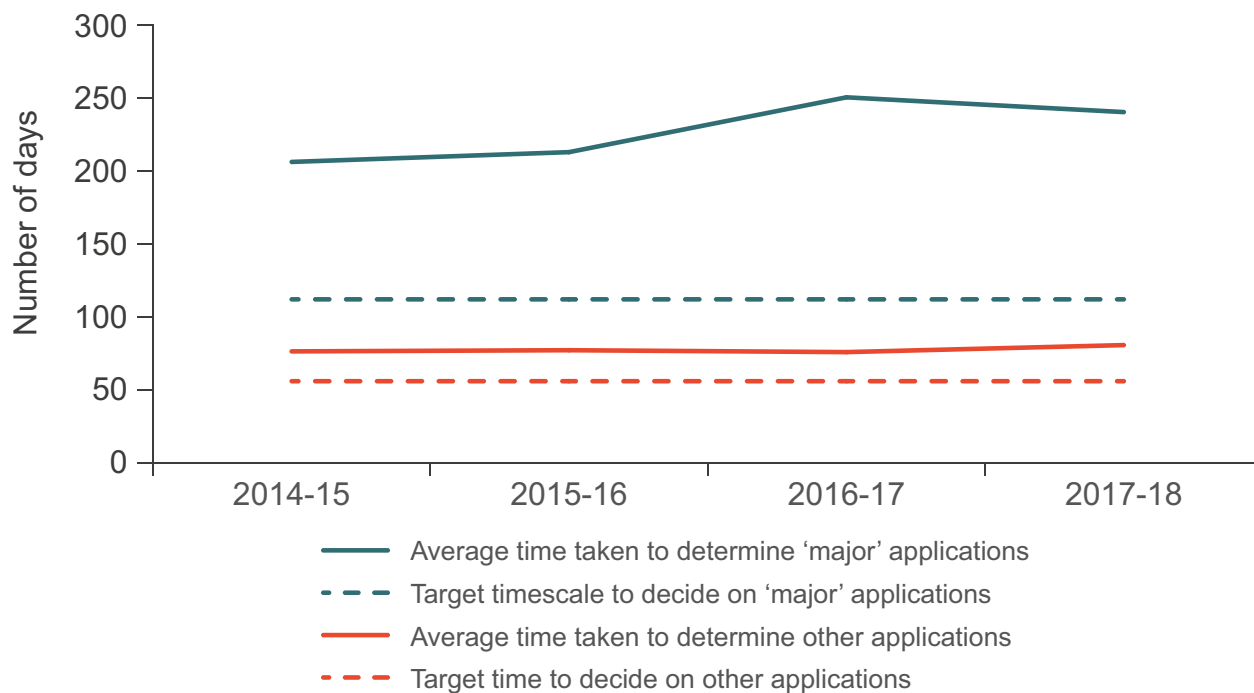
Performance in determining planning applications is poor

3.7 Our analysis of national data shows that whilst demand and numbers of planning applications remains stable, local planning authority capacity is stretched, and authorities will not be able to cope with a surge in demand, particularly for major planning applications. For example, whilst the time taken to decide all planning applications is stable, for major ones the time taken is getting longer and is significantly below the statutory targets for speed of decisions²⁶. In 2017-18, only 20% of major planning decisions were ‘on time’ and within the statutory timescale – **Exhibit 12**. This is important because the larger major planning applications are those that can make the biggest and most immediate impact on communities’ wellbeing, and poor planning performance can influence investment decisions where developers have a choice of where to build.

26 Planning applications should be determined in 8 weeks. Major planning applications, where there is an Environmental Impact Assessment, are given 16 weeks because they are more complex and usually require a greater level of consultation and negotiation. ‘Large scale major developments’ is defined as a development of 200 or more houses, or 10,000 square metres or more floor space, or where the site area is 2 hectares and above. A ‘Small scale major development’ are those of between 10 and 199 houses, or between 1,000 and 9,999 square metres floorspace or where the site area is between 1 and 2 hectares.

Exhibit 12 – the average time taken to decide on planning applications by local planning authorities between 2014-15 and 2017-18

The average time taken to decide on applications is increasing for major applications and well above the Welsh Government’s targets.



Source: Welsh Government, gov.wales/planning-services-performance-reports

- 3.8 Almost any decision made by a local planning authority is subject to a right of appeal in the event of refusal of planning permission, the taking of enforcement action, imposition of an onerous or improper condition on a granted planning permission, or the failure of the planning authority to determine the application within a timely period ('non-determination').
- 3.9 **Exhibit 13** summarises the range of performance across the 25 local planning authorities against the Welsh average. Just under two-thirds of appeals are dismissed, with the poorest performance in Monmouthshire where 64.3% of appeals were upheld. Welsh Government has compared the number of planning decisions where permission was refused contrary to officer advice, with the overall success rate at appeal. Whilst there are some local planning authorities which buck the trend (such as Powys County Council), typically local planning authorities that refuse consent contrary to officer advice have lower levels of appeals dismissed²⁷.

²⁷ gov.wales/planning-services-annual-performance-report-2017-2018

Exhibit 13 – percentage of appeals dismissed – Wales average and range across the 25 local planning authorities

There is a wide range of performance by local planning authorities successfully dismissing an appeal against its planning decision.

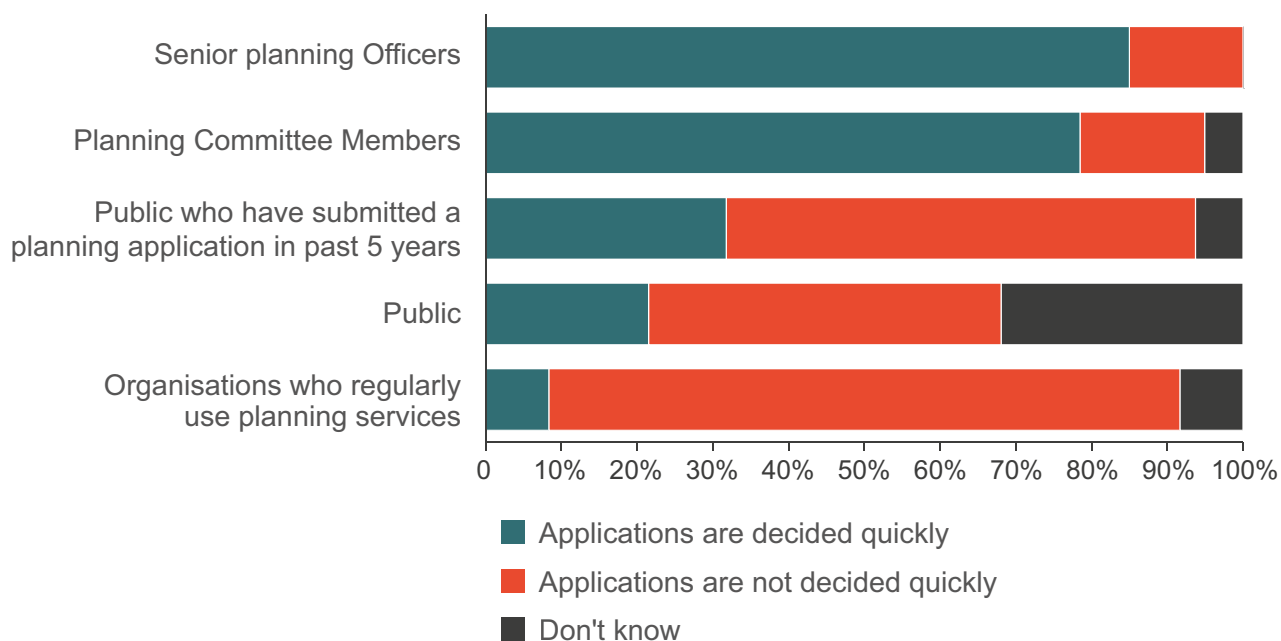
Year	Wales average	Authority with the lowest % dismissed	Authority with the highest % dismissed
2013-14	65.3%	47.6%	100%
2014-15	65.6%	46.2%	83.3%
2015-16	66.5%	6.0%	90.5%
2016-17	60.9%	40.0%	83.3%
2017-18	62.6%	35.7%	100.0%

Source: Welsh Government, gov.wales/planning-services-performance-reports

- 3.10 Taking enforcement action quickly, decisively and fairly is a key aspect of preventing poor development and deterring wrongdoing. Our analysis of data published by the Welsh Government shows that whilst the time taken to carry out enforcement investigations has remained static, the range of performance across Wales is widely variable, and positive action following investigation is poor. In 2017-18, the average time taken to investigate enforcement cases was 78.8 days. However, performance ranged from 4.3 days in the best authority to 468 days in the poorest performer. The average time to take positive enforcement action following investigation was 184.6 days. The best performer followed up on enforcement action within 8 days whilst the worse authority took 468 days.
- 3.11 There is also a significant difference of opinion between those who use the planning system and those who administer it, on speed and effectiveness of decision making – **Exhibit 14**.

Exhibit 14 – survey findings on how quickly the local planning authority decides on planning applications

There is a difference of opinion between those who administer and use planning services on how quickly planning authorities make decisions on applications



Source: Wales Audit Office, Planning committee, senior planning officer, stakeholder and citizens surveys, January 2019.

3.12 Local planning authority staff we interviewed see national measures as too blunt and overly focused on speed and outputs, rather than on quality outcomes. Most Local Development Plans and Annual Monitoring Reports²⁸ report a high number of performance indicators, and local planning authorities report numerous other indicators in various plans, workplans, and strategies. For example, Newport has 83 Local Development Plan performance indicators, 22 local planning policy indicators and 20 national planning indicators. And because performance reporting remains focussed on judging how well planning authorities manage applications, demonstrating the impact on wellbeing can be difficult. Consequently, local planning authorities need to do more to ensure they make the case for planning.

28 Annual Monitoring Reports (AMR) provide the basis for monitoring the implementation and effectiveness of the Local Development Plan and determine whether any revisions to the plan are necessary. The AMR assesses the extent to which the Local Development Plan objectives are being achieved and whether the Plan's policies are functioning effectively. It also identifies any necessary actions.

Part 4

Further work is required to deliver the wellbeing aspects of the Planning (Wales) Act and Planning Policy Wales



- 4.1 The Planning (Wales) Act 2015 introduces a statutory purpose for the planning system and importantly requires local planning authorities to exercise their functions in accordance with the principles of sustainable development as defined in the Wellbeing of Future Generations Act. This is reinforced in Planning Policy Wales and the contribution of planning to improving people's wellbeing is clearly set out in the most recent update in December 2018²⁹. Officers, members and stakeholders we spoke to see the shift in focus of Planning Policy Wales to align with the future generations agenda as a positive step and a more effective way of presenting planning policy.
- 4.2 The planning system provides the legislative and policy framework to manage the use and development of land and can therefore contribute positively to the achievement of the seven national wellbeing goals. Planning is a key lever for economic growth and wellbeing and allows for a medium-to-long term consideration of the supply and demand for land to support new development. The planning system is also key to making conservation a reality as it plays an important role in protecting and enhancing the natural environment.
- 4.3 Planning Policy Wales also states that public bodies (including local planning authorities) need to consider and demonstrate how they are using the five ways of working to underpin their work because a 'plan-led approach is the most effective way to secure sustainable development through the planning system'. It also makes clear that it is for each decision-making body to consider, and demonstrate, how they can deliver these ambitions.
- 4.4 The quality of the planning process starts with the setting of objectives for the planning service. Objectives must be driven by identifying communities' land use needs and then serving them, and should integrate both development objectives, as contained in a Local Development Plan, with wider corporate objectives. Published guidance, setting and monitoring of service standards, pre-application discussions and effective communication can improve the quality of the process, if they are well managed.

29 gov.wales/sites/default/files/publications/2019-02/planning-policy-wales-edition-10.pdf

- 4.5 We found that most local planning authorities have not clearly defined how their planning services contribute to the wellbeing of people and communities and our findings highlight that further work is required to realise these aspirations. For instance, we found that local planning authorities' vision for the future is often unclear and not integrated with other key plans. Few Public Services Boards make the link between wellbeing and planning. For example, only four Wellbeing Assessments cross reference and integrate data with their Local Development Plan. Few adopted Local Development Plans share or have a similar vision statement that reflects the Wellbeing Plan of the local authority.
- 4.6 Likewise, our review of a sample of annual monitoring reports³⁰ finds that whilst the reports present a reasonable understanding of environmental impacts from planning policies, in general, economic, social, and cultural wellbeing is not as well considered. The results of engagement and involvement in the planning process are consistently weaker areas in annual monitoring reports. As a result, local planning authorities struggle to demonstrate the wider impact of their policies systematically and consistently across Wales.
- 4.7 Whilst planning and wellbeing of future generations acts are the key drivers for future land use and development in Wales, their introduction placed huge demands on local planning authorities. It is fair to say that there has been a 'lukewarm' reception from local planning authority staff and planning committee members we engaged with to the Wellbeing of Future Generations Act. Senior planning officers note the challenges of implementing the two pieces of legislation at the same time which placed additional demand, overburdening a service that struggles with capacity.
- 4.8 Given the recent legislative changes we found many local planning authorities are reviewing governance arrangements to ensure both their decision making and support arrangements reflect the expectations of the Planning (Wales) Act and are better aligned to with their wider wellbeing responsibilities. For instance, the quality, accessibility and coverage of member training on planning issues is increasingly aligned with the implications of the Wellbeing of Future Generations Act. We also identified some good examples of how planning committees consider wellbeing issues; most notably in the three national park authorities, Newport City Council and Flintshire County Council.

30 Annual monitoring reports assess if policies are achieving their objectives, and if sustainable development is being delivered.

- 4.9 The positive impact of planning can be demonstrated and felt in several ways. Given the limitations of the national performance reporting framework which judges inputs, outputs and timeliness, it is important that local planning authorities focus on and demonstrate how their work contributes to delivery of wellbeing outcomes. We identified some good examples of local planning authorities who demonstrate a better understanding of the wider impact of their decisions. For instance, the work of Swansea City Council to identify and quantify economic wellbeing measures, and the environmental wellbeing measures adopted by Flintshire County Council.
- 4.10 There are also some national tools available to quantify the wider benefit and impact of planning decisions. The RTPI Cymru has published a toolkit³¹ which measures the value generated by planning. The RTPI tool concludes that because of granting planning permission and enabling the completion of development in 2016-17, land values increased by more than £2.2 billion and just over £125 million of developer contributions were secured to improve local infrastructure and amenities. However, we found that to date only three local authorities have introduced Community Infrastructure Levy schemes – Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils – and the amount raised in 2017-18 was relatively small, less than £0.5 million. Nonetheless, quantifying the financial value of planning using the RTPI approach locally can help to demonstrate the impact and benefit of good planning decisions.
- 4.11 Research shows that designing good quality buildings and green spaces is good for health, can enhance wellbeing and helps to lay the foundation for more vibrant and inclusive communities³². From our review we found that design guidance is often quite limited and does not encourage innovation or experimentation. Only five planning authorities have published local design guidance online and planning committee reports we reviewed did not consistently refer to local design standards, despite some helpful national design guidance³³. Good guidance we reviewed include Rhondda Cynon Taf County Borough Council³⁴ and Pembrokeshire Coast and Snowdonia National Park Authorities. Outside of Wales, we also found good quality design guidance in Sheffield³⁵, Dartmoor National Park Authority³⁶, and the Isles of Scilly³⁷.

31 See **RTPI the-value-of-planning-in-wales**

32 City Health Check: How design can save lives and money, RIBA, 2017; and Design Matters: Promoting Good Design Through the Planning System, RIBA, 2019.

33 See **Technical Advice Note 12-Design 2016**

34 See **RCT Design Guidance and Information**

35 See **Sheffield design guidance**

36 See **Dartmoor Design Guide**

37 See **Isles of Scilly Design Guide**

- 4.12 Picturing the outcome of planning decisions can also be a good way to judge and demonstrate the positive impact of decisions. Newport City Council and Snowdonia National Park Authority undertake annual planning committee tours to view new developments to judge the impact of their decisions and to help identify what works well and what could be improved in design, layout and integration with existing buildings, landscape and infrastructure.
- 4.13 The outcome of planning decisions on citizens and how development contributes to improving and enhancing their wellbeing is perhaps the best measure of how well planning authorities are responding to the Future Generations agenda. Our survey shows that whilst most heads of planning and planning committee members think the local planning authority permits only good quality developments, less than a third of citizens (29%) think the same, and just over a fifth (22%) that their local planning authority can develop and support what their community needs in the future.
- 4.14 This contrasts with the work of some English planning authorities who recognise that their planning services are a means by which they can work with the private sector to generate income and create opportunities for citizens. For example, Newcastle City Council has prioritised the creation of a more sustainable city leveraging over £1 billion investment through its partnership with Legal and General at the Helix site, and its Accelerated Development Zones is allowing the Council to regenerate the city centre and tackle poverty.
- 4.15 The conclusions of our citizens survey highlight the key challenge facing local planning authorities – on the one hand they must balance managing the flow of planning applications, and the day-to-day work of development and building control services, with setting a more ambitious and longer-term vision that enhances and improves wellbeing for their communities. Our review has highlighted that planning services are key to helping to deliver the aspirations of the future generations agenda, but at this time due to the complexity of the planning system, reducing capacity and variable decision making, it has some way to go make the step change needed.

Appendices

Appendix 1 – study methodology

Appendix 2 – the planning framework in Wales

Appendix 3 – net cost of local authority
development control services
in 2017-18

Appendix 4 – net cost of local authority
building control services in
2017-18

Appendix 5 – survey findings



Appendix 1 – study methodology

Review of literature

We have reviewed a wide range of documents and media, including Welsh Government policy and guidance documents; local authority plans and strategies; and other relevant research and guidance from government, local authorities, the Royal Town Planning Institute, and research bodies.

Data and statistical analysis

We have collated and analysed a wide range of performance indicator returns and budget data available online at the Office for National Statistics, StatsWales and planning service performance reports published by the Welsh Government.

National fieldwork

We interviewed representatives from the Future Generations Commissioners (FGC) Office, the Welsh Government Planning Directorate, Planning Officers Society for Wales (POSW), the Director for the Royal Town Planning Institute (RTPI) for Wales, the Royal Institute for Chartered Surveyors and the Welsh Local Government Association. We also discussed our survey and emerging findings with FGC Office, Welsh Government, POSW and Community Housing Cymru Development Forum.

Local fieldwork

We visited eight local authority planning authorities in 2018-19. The authorities selected represented a mix of city, urban, rural and valleys authorities. These were Bridgend County Borough Council, Ceredigion County Council, Gwynedd Council, Newport City Council and Torfaen County Borough Council. We also undertook fieldwork with Brecon Beacons, Pembrokeshire Coast and Snowdonia National Park Authorities. During the visits, we interviewed a range of local planning authority staff and Members. We also visited Newcastle City Council for contrast and to learn how they deliver wellbeing through their planning services.

Surveys

We undertook a range of online surveys with chief planning officers, planning committee members and professional bodies who regularly use planning services.

We also held a series of public engagement events to hear about planning issues from members of the public at the Royal Welsh Show and the National Eisteddfod and supplemented this direct engagement work with an online public survey. We received 627 completed surveys and responses from residents living in every local planning authority area.

Appendix 2 – the planning framework in Wales

National Planning Policy

Planning Policy Wales

Planning Policy Wales (PPW) provides the land use planning policy for Wales. The primary objective of PPW is to ensure that the planning system contributes towards the delivery of sustainable development and improves the social, economic, environmental and cultural wellbeing of Wales. PPW is supplemented by 21 topic based Technical Advice Notes (TANs) which provide detailed planning advice and must be considered by local planning authorities when preparing development plans. TANs are supplemented by procedural guidance in circulars and policy clarification letters. Over the last five years Welsh Government has annually produced one circular and one policy clarification letter every month.

National Development Framework

The National Development Framework sets out how the planning system at a national, regional and local level can assist in delivering these requirements through Strategic Development Plans and Local Development Plans. The consultation on the first draft of the new National Development Framework is due for completion in the summer of 2019. The NDF will set out a 20-year land use framework for the whole of Wales and will direct the development plans that sit below it – Strategic Development Plans and Local Development Plans. It will also support decisions on large scale infrastructure projects through the Developments of National Significance process.

Regional Planning Policy

Strategic Planning Areas and Strategic Development Plans

The Act includes powers for Welsh ministers to identify ‘strategic planning areas’ that are larger than individual local planning authorities and for ‘strategic planning panels’ to be established for these areas. These panels will comprise elected members from the constituent local planning authorities. A panel, if established for an area, will then produce a Strategic Development Plan that will form part of the formal development plan for that area. A Strategic Development Plan will cover cross-boundary issues such as housing and transport. Strategic Development Plans and regional development planning is still in its infancy with south-east Wales being the furthest advanced in progressing towards a regional Strategic Development Plan.

Local Planning Policy

Local Development Plans

Every local planning authority has a statutory duty to prepare a Local Development Plan in line with Planning Policy Wales. They must prepare a local plan which sets planning policies in their area. These are very important when deciding planning applications. Once the local planning authority has prepared the Local Development Plan, there is an examination by an independent planning inspector to consider the 'soundness' of the plan, with hearings held in public. Community engagement is vital to the plan making process. Local planning authorities publish a Delivery Agreement at the start of the process setting out the key stages and when people can get involved. Planning applications must be decided in accordance with the adopted Local Development Plan unless material considerations indicate otherwise. There are 24 Local Development Plans at various stages. Gwynedd and Anglesey have a joint Development Plan and two authorities are in the process of adopting their plan.

Development management

The local planning authority is also responsible for deciding whether a proposed development should be allowed to go ahead. This is called planning permission. Most new buildings, major alterations to existing buildings and significant changes to the use of a building or piece of land need this permission. These services are called Development Management. Most minor and uncontroversial planning applications are dealt with by local planning authority officers under delegated decision-making powers. Larger and more controversial developments are often decided by planning committee, informed by officers' recommendations. Larger development proposals of more than local importance are 'called in' to be decided by the Welsh Government instead of the local planning authority. In some circumstances the UK Government can also call in development proposals as well. Charges are set nationally by Welsh Government. However, local planning authorities can also charge for pre-submission advice and the cost of this service is left to local discretion.

Local Planning Policy (cont.)

Building control

The 22 local authorities provide building control services to check that building works comply with the building regulations. This is an important service that to ensure the health and safety of persons in and about a building. The regulations also promote energy efficiency in buildings and contribute to meeting the needs of disabled people. Building control services are also responsible for dealing with dangerous structures, contraventions and demolition sites. Most building work requires building regulation approval. This includes new buildings, loft-conversions, extensions and alterations. Since 1985 local authority building control services have been in competition with 'Approved Inspectors' who operate on a profit-making basis and work nationally across authority boundaries. Building control charges are set by each local authority who must adopt a scheme of fees. The range and complexity of fees varies widely. National park authorities do not provide building control services.

Planning enforcement

Planning enforcement deals with breaches of planning controls, including where building work requiring planning permission is undertaken without such permission, where conditions attached to a planning condition are not complied with, or where the use of a building or site is changed without planning permission. Their core duties of planning enforcement are:

- investigating allegations and enquiries;
- writing to complaints and offenders;
- negotiating remedial action;
- liaising with other council departments to ensure consistency of approach;
- making recommendations as to the expediency of taking enforcement action;
- checking compliance with enforcement notices and prosecuting for non-compliance; and
- appearing as a local planning authority witness in a magistrates' court.

Source: Wales Audit Office

Appendix 3 – net cost of local authority development control services in 2017-18

Local authority	Expenditure (£'000)	Income (£'000)	Net cost £'000 (negative sum means surplus)	Proportion of subsidy (higher positive % is better)
Isle of Anglesey	767	812	-45	5.9%
Gwynedd	1,097	528	569	-51.9%
Conwy	884	503	381	-43.1%
Denbighshire	952	457	495	-52.0%
Flintshire	1,177	905	273	-23.1%
Wrexham	687	583	104	-15.1%
Powys	1,702	1,372	330	-19.4%
Ceredigion	793	375	418	-52.7%
Pembrokeshire	1,105	648	457	-41.4%
Carmarthenshire	2,272	1,150	1,122	-49.4%
Swansea	2,897	2,370	527	-18.2%
Neath Port Talbot	1,277	438	839	-65.7%
Bridgend	659	464	195	-29.6%
Vale of Glamorgan	1,311	864	447	-34.1%
Rhondda Cynon Taf	1,682	936	746	-44.4%
Merthyr Tydfil	409	263	146	-35.7%
Caerphilly	987	653	334	-33.8%
Blaenau Gwent	683	240	444	-64.9%
Torfaen	629	587	42	-6.7%
Monmouthshire	1,079	430	649	-60.1%
Newport	936	600	336	-35.9%
Cardiff	1,209	2,312	-1,102	91.2%

Source: Revenue outturn (RO) data, StatsWales. Analysis by Wales Audit Office

Appendix 4 – net cost of local authority building control services in 2017-18

Local authority	Expenditure (£'000)	Income (£'000)	Net cost £'000 (negative sum means surplus)	Proportion of subsidy (higher positive % is better)
Isle of Anglesey	455	454	1	-0.2%
Gwynedd	642	403	239	-37.2%
Conwy	332	173	159	-47.9%
Denbighshire	328	165	163	-49.7%
Flintshire	524	238	286	-54.6%
Wrexham	392	347	45	-11.5%
Powys	673	622	51	-7.6%
Ceredigion	437	229	208	-47.6%
Pembrokeshire	463	333	130	-28.1%
Carmarthenshire	751	456	295	-39.3%
Swansea	626	516	110	-17.6%
Neath Port Talbot	630	298	332	-52.7%
Bridgend	326	238	88	-27.0%
Vale of Glamorgan	494	468	26	-5.3%
Rhondda Cynon Taf	490	292	198	-40.4%
Merthyr Tydfil	218	141	77	-35.3%
Caerphilly	297	187	110	-37.0%
Blaenau Gwent	441	105	336	-76.2%
Torfaen	245	185	60	-24.5%
Monmouthshire	543	388	155	-28.5%
Newport	345	201	144	-41.7%
Cardiff	843	678	165	-19.6%

Source: Revenue outturn (RO) data, StatsWales. Analysis by Wales Audit Office

Appendix 5 – survey findings

Exhibit 14 – planning committee members’ views on whether their planning authority makes enough resources available for the following:

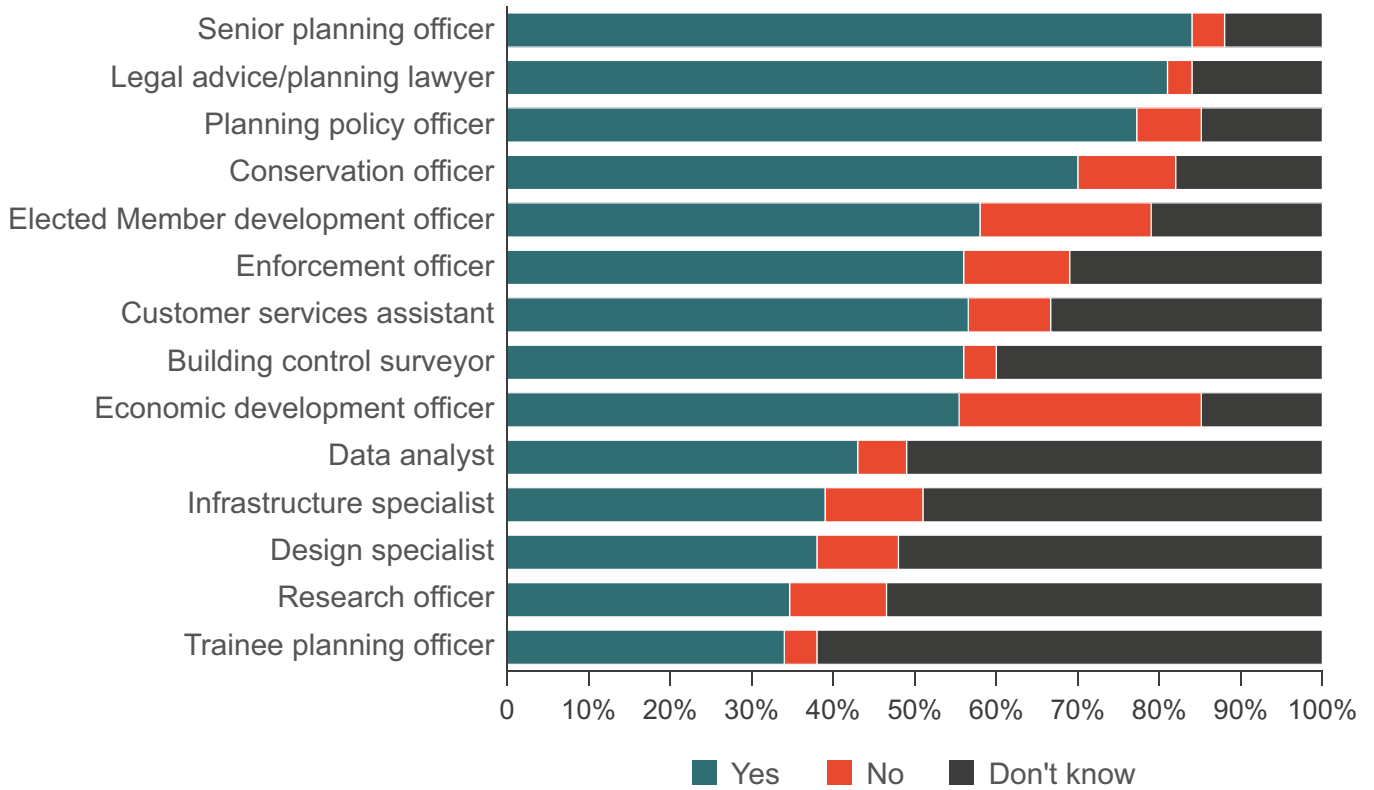
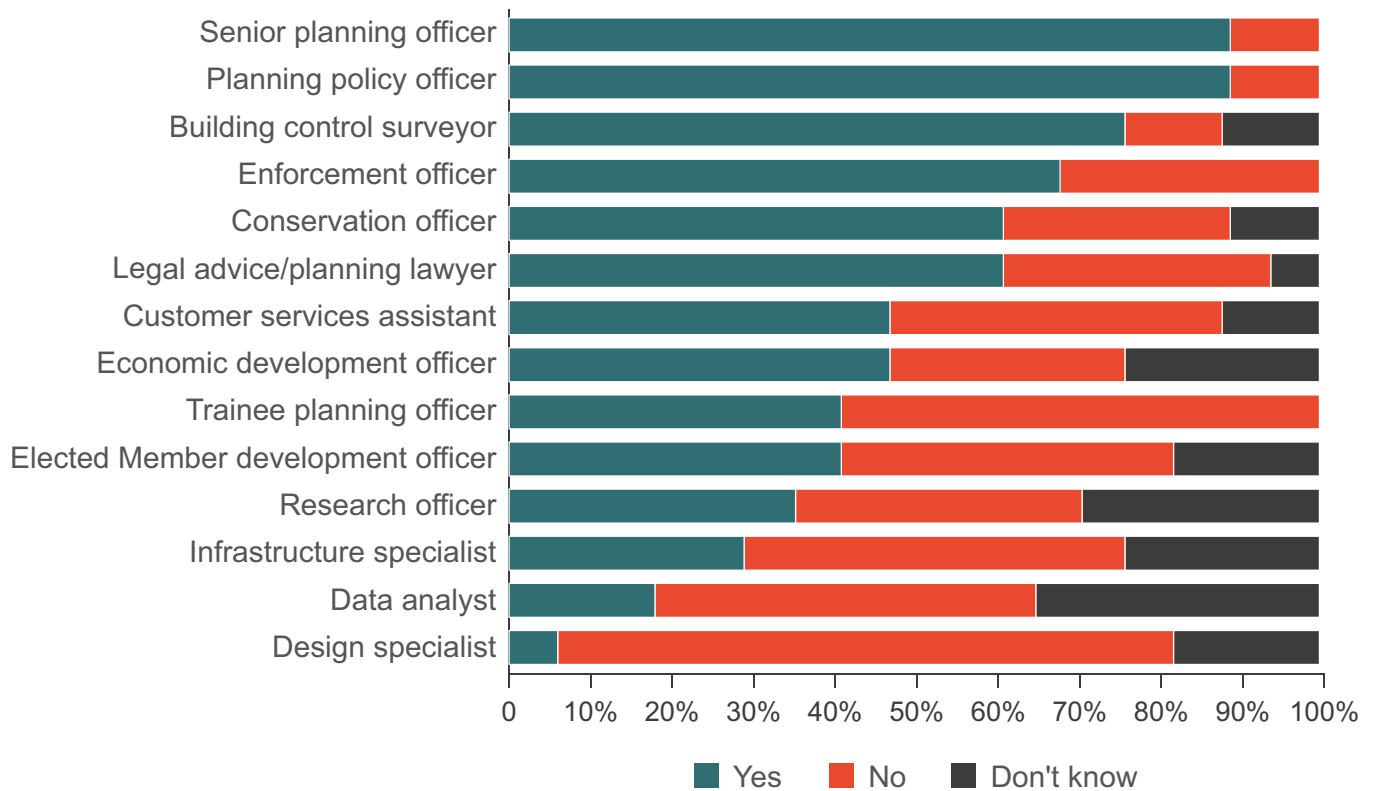


Exhibit 15 – senior planning officers views on whether their planning authority makes enough resources available for the following:



Source: Wales Audit Office Surveys, January 2019.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

Summary

What we reviewed and why

- 1 As part of the Auditor General's work programme for 2022-23 we reviewed the development control and planning enforcement service at the Isle of Anglesey County Council (the Council).¹
- 2 Planning services affect everyone. They make a major contribution to supporting the development of new homes, conserving natural assets, creating employment opportunities, driving regeneration and economic development, and improving local infrastructure. The decisions taken by local planning authorities therefore directly impact on our communities – shaping our wellbeing and quality of life, both now and in the future. Conversely, poorly performing planning services can significantly undermine how places look and feel.
- 3 Planning services in Anglesey have endured a challenging few years. Performance against key metrics relating to the timeliness and quality of planning decisions reflected a service under pressure. And planning enforcement – a key function to uphold the integrity of the planning system – was struggling to cope.
- 4 The purpose of this review was to assess how the Council is addressing the performance and resilience challenges in its development control and planning enforcement service.
- 5 The background to this review is twofold:
 - firstly, in 2019 we published a national report on the planning system in Wales.² The national review focused on all aspects of local planning authorities and assessed progress in implementing the Planning (Wales) Act 2014 Act (the Act). Overall, it highlighted a planning system that was struggling to deliver against the ambitions of the Act and to implement national policy.³ Specifically in terms of development control, we found that capacity was stretched, planning authorities were struggling to deliver key functions, and there was limited progress on improving resilience. The report made several recommendations aimed at addressing these weaknesses.
 - secondly, the Council undertook an internal review of its planning service between July-September 2019 in response to poor performance across a

¹ Development control is the planning function concerned with determining whether planning applications are approved. Planning enforcement deals with breaches of planning control.

² [The effectiveness of local planning authorities in Wales, Auditor General for Wales, 2019](#)

³ [Planning Policy Wales \(PPW\) sets out the land use planning policies of the Welsh Government](#)

range of national indicators. Following its review, the Council's report recommended that a planning function improvement plan be prepared to address longstanding weaknesses in the planning service. The improvement plan also sought to address the recommendations in the 2019 Audit Wales national report.

- 6 We undertook this review during the period September 2022 to January 2023. Our methodology included:
- a review of key documents;
 - analysis of performance data; and
 - interviews with officers and Elected Members at the Council, and with representatives from [Planning & Environment Decisions Wales](#) and the [Royal Town Planning Institute Cymru](#).

What we found

- 7 Our review sought to answer the question: **Does the Council have an effective and resilient development control and planning enforcement service?**
- 8 Overall, we found that: **The Council has strengthened the capacity and culture of its planning service but needs greater resilience to overcome future uncertainty.** This report is structured around our supporting conclusions:
- the Council has well-established corporate arrangements to monitor and learn from past experiences, and has invested in the planning service to address poor performance.
 - the Council has improved capacity and morale within the service, but needs to develop and retain its workforce in order to maintain this progress.
 - significant challenges risk undermining the service's resilience in the medium and long term.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations
<p>Service improvement</p> <p>R1: Part 1 of this report highlights mixed progress in implementing key actions within the service improvement plan aimed at building resilience. We recommend that:</p> <ul style="list-style-type: none">the Council evaluates the service improvement plan to identify key outstanding areas, ensuring that opportunities to improve performance, resilience and reputation are actioned and embedded in future ways of working. <p>This will also enable the Council to address the opportunities for improvement highlighted in this report, helping to improve service resilience.</p>
<p>Risk monitoring</p> <p>R2: Part 3 of this report highlights opportunities to improve how the Council identifies and mitigates service specific risks. We recommend that:</p> <ul style="list-style-type: none">the Council strengthens its horizon scanning arrangements, ensuring it recognises the short, medium and long term challenges facing the planning service in its risk register. <p>This will improve the Council's ability to mitigate and respond to risks.</p>
<p>Resource planning</p> <p>R3: In Part 2 of this report we highlight opportunities to improve how the Council resources demand-led services. We recommend that:</p> <ul style="list-style-type: none">the Council uses data on current and future demand and funding to inform decisions on resources allocated to the development control and planning enforcement services. <p>This will improve how the Council considers risks in resourcing services.</p>
<p>Building skills and experience</p> <p>R4: Parts 1 and 2 of this report references the Council's reliance on a small number of specialist roles in key areas within the planning service. We recommend that:</p>

Recommendations

- the Council undertakes a skills audit to identify key specialisms required within the service, to inform its workforce management strategy, including ongoing training and development provision. Where these skills currently rest with a small group of staff, the Council should consider exposing others to build their experience.

This will strengthen the Council's business continuity arrangements and improve resilience.

Detailed report

The Council has strengthened the capacity of its planning service but needs greater resilience to overcome future uncertainty

The Council has addressed poor performance

- 9 The Council has well-established corporate arrangements to monitor and learn from past experiences and has invested in the planning service to address poor performance.
- 10 The 25 local planning authorities in Wales⁴ report their performance against 19 national measures. These capture performance relating to five broad areas: policy making, the efficiency of decision making, quality of decisions, engagement and enforcement. Taken together, the measures provide a picture of performance across Wales and enable comparison between authorities.⁵
- 11 The most recently published comparative data shows that, in 2018-19, the Council was performing worse than most other local planning authorities, on many of the key performance indicators. Benchmarking analysis summarised in **Exhibit 2** shows the Council's ranking in relation to the other 24 local planning authorities in 2018-19.

Exhibit 2: the Council's performance against key national indicators in 2018-19

The table below sets out the Council's 2018-19 position benchmarked against the other local planning authorities in Wales, for seven key indicators. For the purpose of this analysis, first position reflects the best-performing and 25th position is the worst-performing.

Key performance indicator	Anglesey's ranking /25 in 2018-19
Percentage of all applications determined within time periods required	20 th
Percentage of appeals dismissed	5 th
Percentage of enforcement cases investigated within 84 days	25 th
Average time taken to determine all applications in days	19 th

⁴ The 25 local planning authorities in Wales include the 22 unitary authorities and the three National Park authorities.

⁵ [Planning Performance Framework, Welsh Government](#)

Key performance indicator	Anglesey's ranking /25 in 2018-19
Percentage of Member made decisions against officer advice	19 th
Percentage of applications determined under delegated powers	22 nd
Percentage of "major" applications determined within time periods required	17 th

Source: Audit Wales analysis of Welsh Government performance data⁶

- 12 At present, local planning authorities' ability to benchmark their performance is limited. Welsh Government is yet to restart publishing service specific performance data since it stopped during the pandemic, with the most recent publicly-available comparative data being for 2018-19. Whilst this limits comparison with other authorities, senior officers and Elected Members in Anglesey emphasise the value of comparing against historic local data and regularly draw on such information to monitor performance.
- 13 The Council has good systems in place to identify services under pressure. Through its corporate planning and performance management framework, the Council recognised the need to better understand and address the issues surrounding the planning service's poor performance. The Council's corporate scorecard includes three of the 19 national planning performance indicators and is reviewed quarterly by the Executive⁷.
- 14 The Council took decisive action to address the planning service's poor performance. Having identified that the service was under pressure, in 2019 the Council undertook a detailed review of the planning function. The review highlighted issues around capacity, morale, systems and monitoring processes. The internal review resulted in a service improvement plan being developed.
- 15 The Council's progress in implementing the improvement plan has been mixed. The majority of the 24 specific actions contained within the plan were scheduled to take place before the end of the 2019-20 financial year. Despite this, the Council made limited progress on many of these actions prior to lockdown restrictions being announced in late March 2020. Thereafter, the shift to remote working and the unprecedented pressures on the Council to respond to the pandemic and support communities took priority, curtailing any significant progress in implementing the improvement plan.
- 16 However, some key developments meant the planning service was well-placed to adapt to remote working during the pandemic. In 2018-19 the Council had made improvements to the planning service's workflow systems, which helped teams to

⁶ [Planning services performance reports, Welsh Government](#)

⁷ [Committee details: The Executive, Isle of Anglesey County Council](#)

better manage officers' caseloads. The online systems represent a significant improvement in how the planning teams manage their work enabling officers to access and progress their caseloads remotely, which proved vital during the pandemic.

- 17 The planning service continues to be well supported by the Council's ICT Division and officers consistently highlighted their importance in developing and facilitating key systems. The current dashboards and workflow systems have become vital to the running of the planning service, contributing to a good level of short-term resilience with regard to business continuity. However, we found that the expertise required to develop and maintain these systems rests with just one or two key officers. The Council could do more to upskill others in this area to further improve resilience.

The Council has improved capacity and morale within the service, but needs to develop and retain its workforce in order to maintain this progress

Development control

- 18 The Council has stabilised the service following its internal review. Following considerable turnover, by autumn 2022 both the development control and planning enforcement teams had successfully recruited to all posts for the first time in over two years. The Council invested the £75,000 allocated to fund the delivery of the improvement plan by creating two year fixed-term 'Planning Officer' roles in its development control team. The Council has also invested in a Planning Trainee role.
- 19 Filling vacant posts and additional capacity has led to officers feeling significantly less pressurised and better able to deliver against a more manageable workload. This is helping teams to focus on processing applications more efficiently and on making better quality decisions. The increase in capacity is helping the Council to make progress against some, but not all the strategic improvement areas identified in the service improvement plan.
- 20 However, through these personnel changes, many experienced officers have left the service. The key challenge now facing the Council is retaining staff and focusing on developing officers' skills and experience.
- 21 The new Planning Officer roles are a 'stepping stone' between the Planning Assistant and Senior Planning Officer roles and provide career progression opportunities for staff. Staff retention and career progression are key challenges facing the profession as a whole, as highlighted in our 2019 national report.⁸ Senior

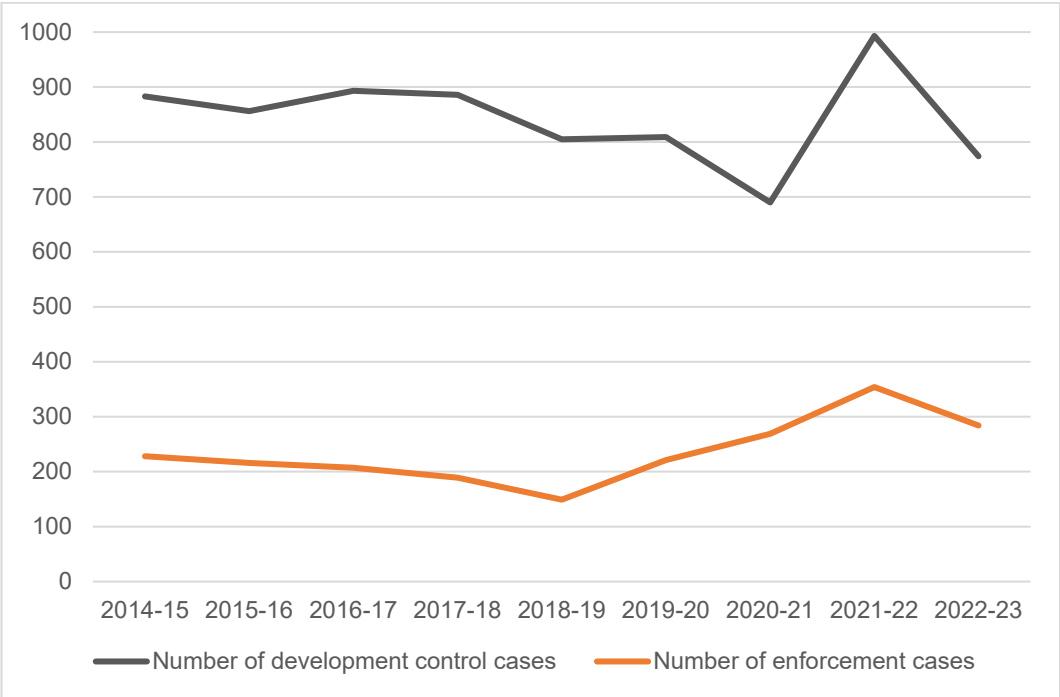
⁸ [The effectiveness of local planning authorities in Wales, Auditor General for Wales, 2019](#)

officers are confident that the investment in these new posts will result in a step change in service performance. However, the Council will need to consider current and future demand, and demonstrate the impact of this temporary restructure to justify any ongoing investment.

- 22 Officers across the development control and enforcement teams experienced significant workload pressures during the pandemic. This was due to a significant spike in demand on the planning service, coupled with the fact that the service was carrying several vacant posts at times. Some officers reported having up to 60-70 applications in their caseloads at times – more than double their usual caseload. **Exhibit 3** shows the number of planning applications and enforcement complaints received since 2014-15.

Exhibit 3: Demand on the Council’s development control and enforcement teams between 2014-15 and 2022-23

This graph shows the number of development control applications and enforcement complaints the Council has received since 2014-15.



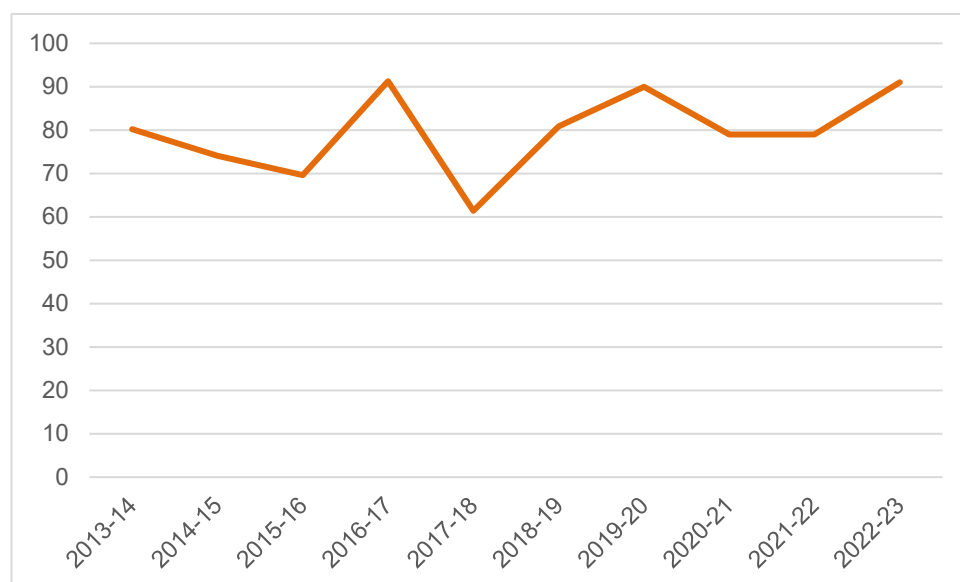
Source: [Planning services performance reports, Welsh Government](#) (up to 2018-19) and Council data (post 2018-19)

- 23 In the context of increasing demand, performance against key efficiency metrics, such as the proportion of all planning applications determined within the required timescales, remained stubbornly stable between 2020-21 and 2021-22. However,

with a decrease in demand and a stabilising service, **Exhibit 4** shows that performance in 2022-23 has improved.

Exhibit 4: the percentage of all planning applications determined within time periods required, between 2013-14 and 2022-23

This graph shows the proportion of all planning applications determined within the time periods required. The Welsh Government considers performance to be 'good' if 80% or more of applications are determined within the time periods required. The Council has gone further by establishing a local target of 90% or more being determined within time periods required. It reached this performance in 2022-23.



Source: [Planning services performance reports, Welsh Government](#) (up to 2018-19) and Council data (post 2018-19)

24 There is a renewed focus on efficiency and improving performance in the planning service. This culture is driven by managers within the service who are supporting officers to better manage their caseloads and process applications in a timely manner. Examples of this include:

- clear communication with local planning agents to request that applications are submitted with all necessary information, to ensure they can be processed as efficiently as possible by the Council.
- a greater focus on securing 'extensions of time'⁹ for relevant applications.

⁹ When additional information is required to process an application, the 'clock' measuring the number of days taken to process applications can be paused to reflect the time taken

- clear quality assurance and approval steps for all applications, supported by well-embedded workflows, facilitated by the modernisation and improvements to ICT systems. This includes advice and support for planning assistants, planning officers and senior planning officers when processing applications.
 - embedding a learning culture – teams have weekly case conferences to discuss applications jointly and inform key decisions, helping officers to learn ‘on the job’. Officers also have the opportunity to work on more complex and sometimes major applications as part of their development.
- 25 The Council has made significant progress in improving morale and developing a ‘one team’ ethos. For example, the development control team is structured in two sub-teams, reflecting geographic areas. In previous years these sub-teams tended to operate in silos with little sharing of knowledge and capacity between the two. In contrast, although applications are still processed by the sub-teams along the same geographical boundaries, officers consistently highlighted how a one team ethos is being embedded and is helping to create greater resilience – for example, with officers sharing caseload burdens and supporting each other’s development. There is also support and a recognition of the strategic importance of planning at a corporate leadership level.
- 26 The Council is managing demand on the service. It has recently developed an online planning portal to reduce demand on officers’ time by providing easier access to information to citizens about planning applications. Although it was one of the last local planning authorities in Wales to do this¹⁰, the launch of [Map Môn](#) now enables applicants and citizens to view planning and building control information for their areas. Officers and Members highlighted the positive impact of this, both in terms of freeing up officers’ time from having to respond to queries and making more information openly accessible to the public. The Council is also managing demand by prioritising pre-application advice to potential applicants. This advice is focused on improving the quality of applications that the Council subsequently receives, enabling quicker and more efficient processing.
- 27 Inevitably, servicing the [Planning and Orders Committee](#) (the Committee) can impact on the timeliness of processing applications. The Council’s scheme of delegation sets out the basis for the types of applications that are determined by officers under delegated powers. Applications considered by the Committee require more work by officers – for example, drafting reports setting out the application background and proposed decision. In Anglesey, the proportion of planning applications determined by officers under delegated powers has been

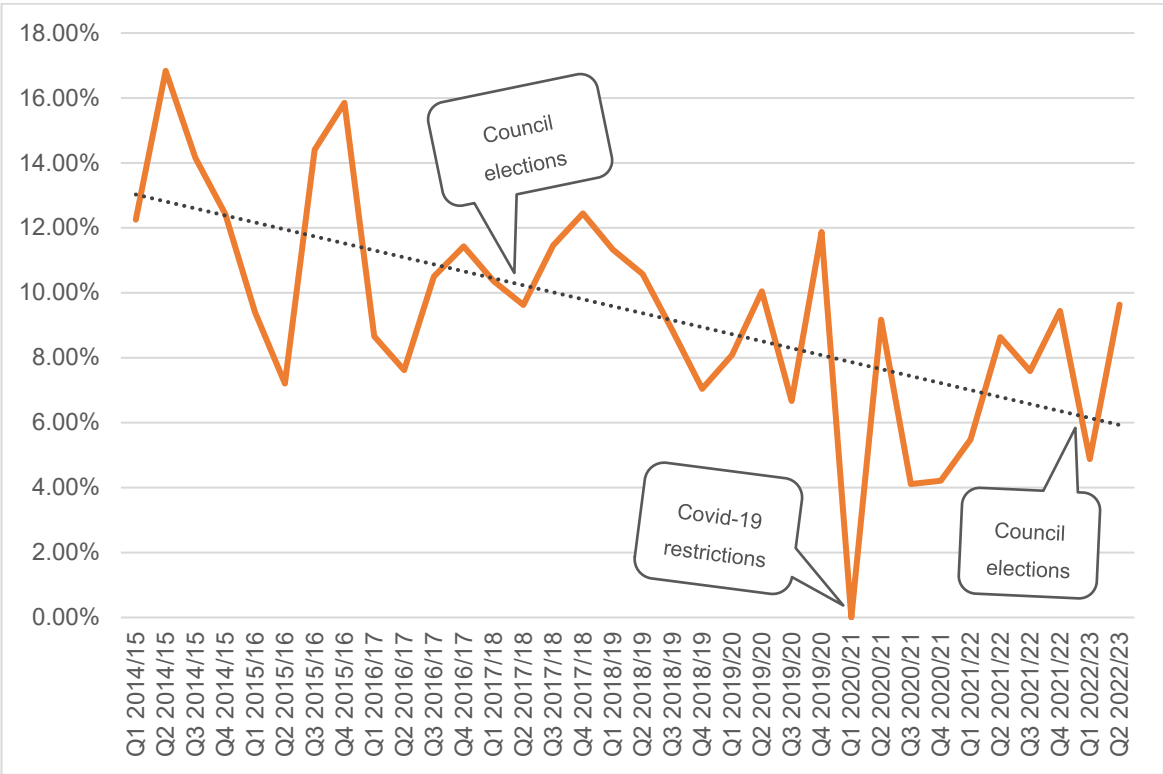
by external parties to respond to these requests. This has to be agreed by all parties and was not always being secured in previous years.

¹⁰ We [reported in 2019](#) that the Council was one of only two local planning authorities in Wales not to provide online information on planning applications at the time.

broadly around 90% for the last seven years.¹¹ **Exhibit 5** shows the quarterly variations over time, and how different factors may influence the number of applications considered by the Committee. Regular and on-going training to Elected Members is important to ensure a consistent understanding of their role in relation to planning, and to help ensure that the Committee is focused on the most appropriate types of applications – i.e. large scale, complex or contentious.

Exhibit 5: the proportion of planning applications determined by the Council’s Planning and Order Committee, by quarter since 2014-15

This graph shows how different factors, such as turnover in membership of the Committee, may impact on the number of applications being it considers. No applications were considered by the Committee during the first quarter of 2020-21 due to the pandemic.



Source: Audit Wales analysis of the Council’s data

Planning enforcement

28 The Council has sought to increase capacity and forge a positive ‘one team’ ethos in its planning service, however these improvements are mostly limited to the

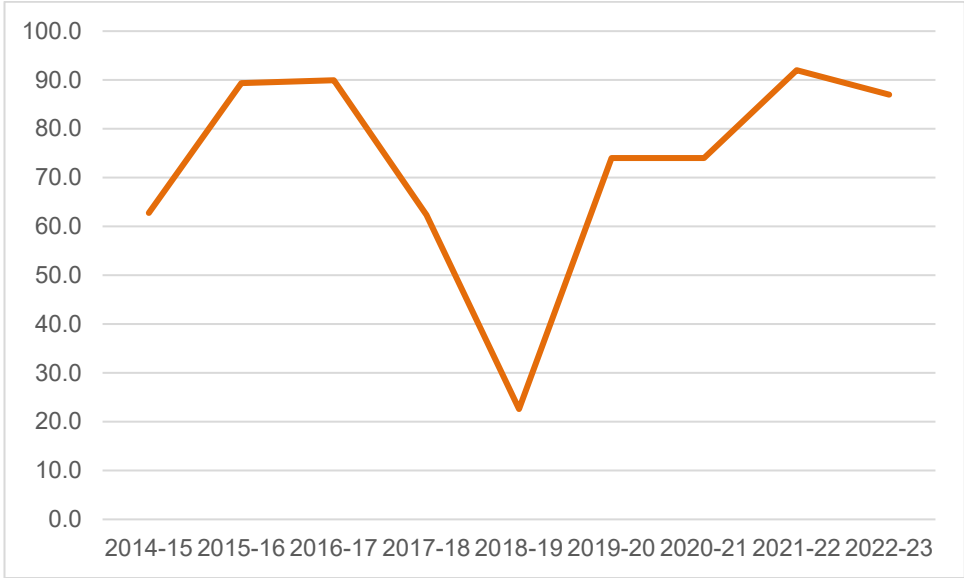
¹¹ [Planning services performance reports, Welsh Government](#)

development control team. The Council’s performance on enforcement activity has been particularly poor in previous years. For example, **Exhibit 2** shows that the Council was the worst performing local planning authority in Wales in 2018-19 when it came to the efficiency of dealing with enforcement cases, and this was by a considerable margin.¹² Vacant posts and periods of sickness absence had a significant impact on the small team’s ability to deal with caseload pressures.

29 However, with recent recruitments and the team being up to full capacity, the enforcement team has been able to take a Task and Finish approach to prioritise a backlog of complex cases, resulting in a significant improvement in performance. This improvement is also against a backdrop of an increase in demand, as shown in **Exhibit 3**. **Exhibit 6** shows the performance data reflecting the Council’s efficiency in dealing with enforcement cases within the time periods required.

Exhibit 6: Percentage of enforcement cases investigated within 84 days, since 2013-14

This graph shows a significant improvement in performance from 2018-19, when the Council was the worst performing local planning authority in Wales in relation to this indicator. Welsh Government considers anything above 80% to be ‘good’ enforcement performance.



Source: [Planning services performance reports, Welsh Government](#) (up to 2018-19) and Council data (post 2018-19)

¹² [All Wales Planning Annual Performance Report 2018-19, Welsh Government, December 2019](#)

- 30 Despite improvements in performance, the enforcement team lacks resilience. Planning enforcement sits relatively detached from the development control team and the work typically requires a slightly different skillset, reflecting the more nuanced and sometimes confrontational nature of the work. Despite this, forging closer links with the development control team and exposing wider officers to enforcement work to build their experience, would help to improve the resilience of the enforcement team.
- 31 Three officers undertake planning enforcement work at the Council, irrespective of demand. Whilst performance has improved, workload pressures can have an impact on staff. This challenge is not unique to Anglesey – research published by the Royal Town Planning Institute (RTPI) and highlights that unmanageable workloads and insufficient staff can also lead to an inability to meet public demand.¹³ Further research by RTPI Cymru identified almost three quarters of local planning authority planners feel overstretched several or more times a week.¹⁴ Externally, unmet enforcement demand risks undermining the integrity of the planning system.

Significant challenges risk undermining the service's resilience in the medium and long term

- 32 Whilst the Council has improved capacity in its planning service, there are major challenges on the horizon which threaten to destabilise the function. Some of these key risks are listed below.
- the discontinuation of the joint policy unit with Gwynedd Council, and the consequent need to produce a new local development plan (LDP) for Anglesey. The [current joint local development plan](#) is set to expire on 31 December 2026¹⁵ and producing a new LDP is a lengthy process that takes a minimum of three and a half years. The Council therefore faces a challenging schedule, and at the time of our fieldwork it was yet to establish a policy unit to undertake this work. Officers and Members were confident that a new team would be established swiftly and a new LDP would be produced and adopted in this short time frame. This is despite the Council's risk registers highlighting a number of vacant posts, and widespread difficulties in recruitment and retention across the directorate. The potential impact of this on development control and enforcement is significant. The Planning (Wales) Act 2015 aimed to strengthen the plan-led approach and

¹³ [Planning Enforcement Resourcing, RTPI, November 2022](#)

¹⁴ [The Big Conversation – Understanding the well-being of planners in Wales, RTPI Cymru, January 2023](#)

¹⁵ [Local Development Plan \(LDP\) end dates: letter to local authorities, Minister for Housing and Local Government, Welsh Government, September 2020](#)

clearly, without a fully adopted plan in place, the basis for making good planning decisions is wholly undermined.

- Anglesey has a track record of aspiring to attract the interest of large, national and international-scale developments which have the potential to transform the economic prospects of the island and the wider North Wales region. This focus continues as a theme within the new Council Plan 2023-2028. Large projects of this nature have the potential to impact on development control, should recruitment pressures require officers' workloads to be reprioritised in order to ensure the best chance of securing these developments. The Council aims to secure planning performance agreements¹⁶ to help fund the additional workload burdens associated with such developments, but it can be difficult to recruit accordingly to backfill vacant roles.
- one example of an international scale development secured recently is the Freeport Status for Anglesey.¹⁷ Freeports remove barriers to trade and provide easements that simplify how businesses can operate. Putting in place the requisite town and country planning arrangements, through Local Development Orders is a priority for the Council and will be a time and resource intensive process.
- planning is an income generating service.¹⁸ As such, a reduction in demand for planning can impact on the Council financially. The planning service currently receives 15% of the income it generates. This income may reduce if the current economic climate results in a reduction in demand. This presents a risk to development control in particular, when much of the improvements in capacity and morale in recent years have been a result of the short term investments in new fixed term roles.
- changes to planning legislation and policy¹⁹ to address issues around second homes may result in an increase in demand on the enforcement team, which is already at capacity, if not overstretched.

33 There is scope for the Council to improve its understanding of the significance of these challenges and their potential impact on the planning service. For example, although the Council shows an awareness of these key developments and the opportunities they present, its risk registers did not reflect an analysis of the above challenges at the time of our review. The Council's horizon scanning arrangements

¹⁶ The main purpose of a PPA is to provide a framework, agreed between the LPA and the applicant or potential applicant, about the process for considering a major development proposal.

¹⁷ [Press release: Successful Freeport bid offers North Wales economic boost, Isle of Anglesey County Council website, March 2023](#)

¹⁸ Planning fees are set nationally by Welsh Government.

¹⁹ [Written Statement: Changes to planning legislation and policy for second homes and short-term lets, Minister for Climate Change, September 2022](#)

could be improved to help it identify service-specific risks and to plan accordingly by establishing mitigating actions.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Organisational response

Report title: Review of Development Control and Planning Enforcement – Isle of Anglesey County Council

Completion date: April 2023

Document reference: 3520A2023

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>Service improvement</p> <p>The Council evaluates the service improvement plan to identify key outstanding areas, ensuring that opportunities to improve performance, resilience and reputation are actioned and embedded in future ways of working.</p> <p>This will also enable the Council to address the opportunities for improvement highlighted in this report, helping to improve service resilience.</p>	<p>Agree</p> <p>The current Improvement Plan will be reviewed to identify outstanding areas and priorities.</p> <p>A revised plan to address these priority areas will be produced.</p>	December 2023	Chief Planning Officer
R2	<p>Risk monitoring</p> <p>The Council strengthens its horizon scanning arrangements, ensuring it recognises the short, medium and long term challenges facing the planning service in its risk register.</p> <p>This will improve the Council's ability to mitigate and respond to risks</p>	<p>Agree</p> <p>The Service is preparing a Risk Register which will be regularly updated and monitored.</p>	Monitored and updated every quarter.	Chief Planning Officer
R3	<p>Resource planning.</p>	<p>Agree</p> <p>Will also consider financial resources.</p>	Monitored and updated every quarter.	Chief Planning Officer

	The Council uses data on current and future demand to inform decisions on resources allocated to the development control and planning enforcement services.			
R4	<p>Building skills and experience.</p> <p>The Council undertakes a skills audit to identify key specialisms required within the service, to inform training and development provision. Where these skills currently rest with a small group of staff, the Council should consider exposing others to build their experience.</p>	<p>Agree</p> <p>The principle is accepted, however in reality given the significant pressures facing Local Authorities it will be challenging.</p>	<p>Monitored and updated annually</p>	<p>Chief Planning Officer</p>

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

Quarterly Update: 30 June 2023

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in March 2023.	December 2023	Draft to be issued November 2023.

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 statement of accounts	To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2023.	November 2023	The Statement of Accounts were received on 30 June 2023 and audit fieldwork is underway.

Description	Scope	Timetable	Status
<p>Certification of Grant returns:</p> <p>Teachers' Pension Contributions for the financial year 2022-23</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline last working day in May 2023.</p> <p>Certification deadline 30 November 2023.</p>	<p>Return not yet received.</p>
<p>Certification of Grant returns:</p> <p>Non-Domestic Rates 2022-23</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline 30 June 2023.</p> <p>Certification deadline 17 November 2023.</p>	<p>Return received on 13 June 2023. The audit is due to commence shortly.</p>
<p>Certification of Grant returns:</p> <p>Housing Benefit Subsidy 2020-21</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline 30 April 2021.</p> <p>Certification deadline 28 February 2022.</p>	<p>Return received on 28 April 2021. The draft qualification letter is with the Council for review.</p>
<p>Certification of Grant returns:</p> <p>Housing Benefit Subsidy 2021-22</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline 30 April 2022.</p> <p>Certification deadline 31 January 2023.</p>	<p>Return received on 29 April 2022. The initial testing work is well progressed.</p>

Description	Scope	Timetable	Status
<p>Certification of Grant returns:</p> <p>Housing Benefit Subsidy 2022-23</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline 30 April 2023. Certification deadline 31 January 2024 (to be confirmed).</p>	<p>Return not yet received.</p>

Performance Audit work

2022-23 Performance audit work	Scope	Timetable	Status
Assurance and Risk Assessment	<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.</p> <ul style="list-style-type: none"> • Financial position • Capital programme management • Use of performance information – with a focus on service user feedback and outcomes • Setting of well-being objectives 	<p>Ongoing monitoring of financial position</p> <p>September – December 2023</p> <p>February – September 2023</p> <p>February – September 2023</p>	<p>Ongoing</p> <p>Scoped</p> <p>In progress – report drafting stage</p> <p>In progress – document review under way</p>

2022-23 Performance audit work	Scope	Timetable	Status
Thematic Review – Unscheduled Care	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.	August 2022 – July 2023	Fieldwork nearing completion, reporting from June 2023 onward.
Thematic review – Digital	A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.	January – September.	In progress - report drafting stage.
Review of Development Control and Planning Enforcement	The review will seek to establish: Does the Council have an effective and resilient development control and planning enforcement service?	July 2022 – June 2023	Final report issued in April 2023.

2023-24 Performance audit work	Scope	Timetable	Status
Assurance and Risk Assessment	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.	April 2023 to March 2024	Ongoing
Thematic review – Financial Sustainability	A review of councils’ financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	To be confirmed	Scoping
Thematic review – commissioning and contract management	A review focusing on how councils’ arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.	To be confirmed	Scoping
Local project – Follow-up on WHQS 2018	To be confirmed	To be confirmed	Scoping

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at the Isle of Anglesey County Borough Council
Building safety	Review of how well local authorities are delivering their responsibilities for building safety	September 2022 – August 2023	Reporting – end of July 2023	Yes – interview with nominated officer at the Council and survey.
Planning for sustainable development – Brownfield regeneration	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Reporting – September 2023	Yes – interview with nominated officer at seven councils and survey.
Governance of special purpose authorities – National Parks	Review of systems and effectiveness of governance	November 2022 – September 2023	Evidence gathering – fieldwork due to be completed end of June 2023	No

Study	Scope	Timetable	Status	Fieldwork planned at the Isle of Anglesey County Borough Council
Corporate Joint Committees (CJCs)	Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.	September 2022 – August 2023	Draft report has been issued to the four CJCs. Letters to the four individual CJCs will also be issued. Updated summary report due to be published August.	Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.

Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority is still in a causing concern category, and we will convene a progress conference in July to evaluate progress against the recommendations from the core inspection. We also undertook a focused link work activity in Powys in May to consider aspects of their work on school improvement, the transformation agenda and financial management in schools. We will inspect Gwynedd in the week beginning 26 June and Carmarthenshire in the week beginning 10 July.

Field work being carried out across local authorities during the summer term includes a focus on how well local authorities are supporting the educational needs of asylum seekers and refugees. This work will be included in HMCI's annual report. Our aim is to describe, acknowledge, and evaluate the experiences of these groups as they engage with education and training in Wales.

Care Inspectorate Wales (CIW)

CIW planned work 2022-23	Scope	Timetable	Status
Programme 2022-23	<p>We have published our updated Code of Practice for our local authority inspection activity Care Inspectorate Wales</p> <p>How we inspect local authority services and CAFCASS Cymru</p>	May 2023	Published
Joint work	<p>We are finalising our thematic reviews programme of work for 2023-2026. Areas for consideration include, adult safeguarding, carers, CLDT and CAMHS.</p> <p>We continue to work with partners, sharing information and intelligence including completing joint reviews.</p>	Current	In progress
		Current	In progress

CIW planned work 2022-23	Scope	Timetable	Status
	<p>We are working in collaboration with HIW for a national review of the stroke pathway. A national report will be published early summer.</p> <p>We continue to work in collaboration with HIW in conducting CMHT inspections.</p> <p>CIW is working with partners to complete a rapid review. The overarching objective of the rapid review is to determine to what extent the current structures and processes in Wales ensure children who are in need of care, support and protection are appropriately placed on, and removed from, the Child Protection Register, when sufficient evidence indicates it is safe to do so. This is a collaborative review.</p>	<p>Current</p> <p>Current</p> <p>Interim findings – Publish 22 June 2023</p> <p>National report – September 2023</p>	<p>In progress</p> <p>In progress</p> <p>In progress</p>
<p>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2022-23</p>	<p>The <u>2020-21 report</u> was published on 7 February 2021</p> <p>The 2021-2022 report is underway</p>	<p>Published</p> <p>To be confirmed</p>	<p>Published</p> <p>Preparing</p>

CIW planned work 2022-23	Scope	Timetable	Status
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<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>National report publication October 2023</p>	<p>In progress</p>
Joint Inspection Child Protection Arrangements (JICPA)	<p>Cross-inspectorate approach. Areas to be determined. We will complete a further four multi-agency joint inspections in total. Each local authority will have a published letter post inspection.</p> <p>We will publish a national report in late spring 2023.</p>	<p>April 2023 – April 2024</p>	<p>Delivery</p>

Audit Wales national reports and other outputs published since June 2022

Report title	Publication date and link to report
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	June 2023
Digital inclusion in Wales (including key questions for public bodies)	March 2023
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	February 2023
Welsh Government purchase of Gilestone Farm	January 2023
Together we can – Community resilience and self-reliance	January 2023
A Picture of Flood Risk Management	December 2022
'A missed opportunity' – Social Enterprises	December 2022
Poverty Data Tool	November 2022
'Time for change' – Poverty in Wales	November 2022
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)

Report title	Publication date and link to report
National Fraud Initiative 2020-21	October 2022
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	October 2022
Payment to the Welsh Government's Former Permanent Secretary on Termination of Employment	September 2022
Equality Impact Assessments: More than a Tick Box Exercise?	September 2022
Welsh Government – setting of well-being objectives	September 2022
Welsh Government workforce planning and management	September 2022
NHS Wales Finances Data Tool – up to March 2022	August 2022
Public Sector Readiness for Net Zero Carbon by 2030: Evidence Report	August 2022
Public Sector Readiness for Net Zero Carbon by 2030	July 2022
Sustainable Tourism in Wales' National Parks	July 2022
Third Sector COVID-19 Response Fund – Memorandum for the Public Accounts and Public Administration Committee	July 2022
The Welsh Community Care Information System – update and data tool	July 2022

Audit Wales national reports and other outputs (work in progress/planned)^{1, 2}

Title	Indicative publication date
Local Government Financial Sustainability Data tool update	July 2023
NHS finances data tool – to 31 March 2023	July/August 2023
Springing Forward: Managing assets and workforce in local government	July/August 2023
Covering teachers' absence – follow-up	August 2023
NHS quality governance	August/September 2023
NHS workforce planning (data briefing)	August/September 2023
Net zero (pan UK overview)	September 2023
Ukrainian refugee services	October/November 2023

¹ 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. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind. For example, we have been tracking developments with completion of the A465 section 2 road improvement project following our [interim findings report](#) in February 2020.

² We have also published to our website a paper – [Our work programme for 2023-2026](#) – that provides additional detail about our national work (including local thematic reviews). In addition to new work that we will be taking forward in 2023-24, the paper includes details about indicative topics for work to start in 2024-24 or 2025-26.

Title	Indicative publication date
Local government digital strategy review – national summary	October 2023
Local government use of performance information, outcomes and service user perspective – national summary	October 2023
Affordable housing	January/February 2024
Local government capital programme management – national summary	To be confirmed
Active travel	To be confirmed
Cancer services	To be confirmed
Capital planning and programme management	To be confirmed (starting in 2023-24)
Challenges for the cultural sector	To be confirmed (starting in 2023-24)
Homelessness	To be confirmed (starting in 2023-24)
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	To be confirmed (starting in 2023-24)
Rebalancing care and support	To be confirmed (starting in 2023-24)
Tackling NHS waiting lists	To be confirmed (starting in 2023-24)

Title	Indicative publication date
Access to education for children with Additional Learning Needs	To be confirmed (starting in 2023-24)
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (starting in 2023-24)
Governance of Fire and Rescue Authorities	To be confirmed (starting in 2023-24)
The senior public service	To be confirmed (starting in 2023-24)

Good Practice Exchange events and resources

Title	Link to resource
<p>A Wales of vibrant culture and thriving Welsh language: Inspired by the Football Association of Wales journey over the past decade, this event will examine and discuss how going beyond expectations creates an inclusive and positive attitude that becomes self-fulfilling. Working in partnership with the Future Generations Commissioner and the Welsh Language Commissioner, this event will assist and inspire public bodies, and the third sector to embrace the cultural diversity of modern Wales and work beyond compliance and into excellence.</p>	<p>All resources are now available on our website. Blog</p>
<p>Together we can – creating the conditions to empower our communities to thrive: This shared learning event will bring people together from across public services to share ideas, learning and knowledge. We will share the findings of our reports on social enterprises and community resilience, including our recommendations going forward.</p>	<p>20 June 2023 – 10:00 – 12:00 – Online. The recording will be available on our website in one to two weeks.</p>
<p>Podcast: Poverty and Community Resilience Our latest podcast follows our recent reports and events on poverty, social enterprises, and community resilience.</p>	<p>Podcast</p>
<p>Digital Strategy: The Covid pandemic has demonstrated the importance of digital in delivering modern services at pace. We have seen digital acting as a major catalyst in adapting to the challenges we have faced. Public services need to continue with this agile and responsive mind set as the norm and not the exception. This event will help equip public services with the practical tools and knowledge they need to successfully implement a Digital Strategy within their organisations.</p>	<p>21 September 09:00 – 13:00 – Cardiff – To register for Cardiff 27 September 09:00 – 13:00 – North Wales – To register for North Wales</p>

Recent Audit Wales blogs

Title	Publication date
<u>Helping people to help themselves</u>	15 February 2023
<u>A perfect storm – the cost of living crisis and domestic abuse</u>	21 November 2022
<u>Tackling poverty means tackling poverty data</u>	11 November 2022
<u>Cost of living and putting away the bayonet</u>	21 September 2022
<u>Heat is on to tackle Climate Change</u>	18 August 2022
<u>Direct Payments in Wales</u>	15 June 2022
<u>Unscheduled Care in Wales – a system under real pressure</u>	21 April 2022
<u>Skills Competition Wales</u>	18 February 2022
<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

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	21 SEPTEMBER 2023
SUBJECT:	ANNUAL TREASURY MANAGEMENT REVIEW FOR 2022/23
PORTFOLIO HOLDER(S):	COUNCILLOR R WILLIAMS
LEAD OFFICER(S):	R MARC JONES
CONTACT OFFICER(S):	JEMMA ROBINSON
Nature and reason for reporting	
<p>To comply with regulations issued under the Local Government Act 2003 and with the Council’s Treasury Management Scheme of Delegation for 2022/23 (Appendix 8 of the Treasury Management Strategy Statement 2022/23). 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 2022/23. 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 2022/23, 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 10 March 2022);
- a mid-year treasury update report (received on 9 March 2023);
- 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 on 14 September 2022, in order to support Members’ scrutiny role.

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 2022/23:-

- 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 2022/23 – 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 2023/24 and beyond; and
- Conclusion.

2. A Review of the Year – External Factors

2.1 Interest Rates – By March 2022, Bank Rate had finished at 0.75%. Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

2.2 The Economy – United Kingdom - Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated, in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP. The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

3. A Review of the Year – Internal Factors

3.1 Capital Expenditure and financing 2022/23 - 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:-

	2022/23 Estimate (£'m)	2022/23 Actual (£'m)
General Fund capital expenditure	40	30
HRA Capital Expenditure	15	11
Total Capital Expenditure	55	41
General Fund financed in year by Grants & Contributions	19	19
HRA financed in year by Grants & Contributions	3	4
General Fund financed in year by Council Resources	8	3
HRA financed in year by Council Resources	10	7
General Fund capital expenditure financed by borrowing	13	8
HRA capital expenditure financed by borrowing	2	0

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

Scheme	Underspend £'m	Comment
Refurbishment of school buildings	1.186	In the latter part of 2022/23, the Authority was awarded £1.189m of additional grant funding for school capital maintenance works. The grant funding was used to fund capital expenditure on education buildings in 2022/23, 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 2023/24.
Free School Meals	0.600	In the latter part of 2022/23, the Authority was awarded £0.832m 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 2022/23, replacing funding from the Authority's own resources. There was also £0.013m of expenditure that the Authority deemed to be revenue in nature, although eligible as per the terms of the grant, therefore, £0.013m of this funding was transferred to revenue, leaving the capital budget to be £0.819m. The funding saved by the Authority from this grant will now be used to fund free school meals preparation works in 2023/24.
Community Focussed Schools (CFS) Grant	0.451	<p>In 2022/23, the Authority was awarded £0.476m of grant funding to support small and medium scale practical projects to open schools outside the traditional hours, specifically to safely adapt and effectively open schools outside traditional hours, to enable community use of the existing facilities. There was minimal expenditure in 2022/23 and, due to the timing of the funding, the scheme was expected to underspend as per previous monitoring reports.</p> <p>The grant funding was used to fund locally determined capital schemes in 2022/23, replacing funding from the Authority's own resources. There was also £0.025m of expenditure that the Authority deemed to be revenue in nature, although eligible as per the terms of the grant, therefore, £0.025m of this funding was transferred to revenue, leaving the capital budget to be £0.451m. The funding saved by the Authority from this grant will now be used to fund CFS projects in 2023/24.</p>
Additional Learning Needs (ALN) Grant	0.436	<p>In 2022/23, the Authority was awarded £0.476m of grant funding to support learners with ALN. There was minimal expenditure in 2022/23 and, due to the timing of the funding, the scheme was expected to underspend as per previous monitoring reports.</p> <p>The grant funding was used to fund locally determined capital schemes in 2022/23, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund ALN projects in 2023/24.</p>

Scheme	Underspend £'m	Comment
Disabled Access Education Building	0.145	<p>This is due to disabled adaptations being completed in all secondary schools except one. The remaining secondary school is on hold pending the outcome of feasibility studies. Works to primary schools are completed as and when required.</p> <p>Though substantial investment has been undertaken, further work maybe required in the future to address the needs of individuals not yet known to us and, therefore, the underspend is required to be slipped to 2023/24.</p>
Various Flood schemes	1.198	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, and other schemes have completed.
Local Transport Fund – Infrastructure enhancements	0.416	Due to the nature of the works and lead time on delivery of infrastructure, time extension has been secured until June 2023.
Maritime Infrastructure	0.178	Work in Amlwch is being prioritised and, while background work has begun and consultants have been appointed, the full budget is still required, and the majority of the work will take place in 2023/24.
Visitor Infrastructure	0.199	As per previous monitoring reports, this scheme was expected to slip, with the majority of the works anticipated to take place in 2023/24.
Sustainable Communities for Learning – Band B	1.191	Experienced a delay of 18 weeks due to extremely wet ground conditions. Additional drainage works have had to be carried out. Trench excavations and concrete foundations have commenced. Awaiting confirmation of cost increases due to delay, drainage works, poor ground conditions and deeper concrete foundations.
Disabled Facilities Grant	0.466	There has been a slowing down of referrals coming through from Social Services, as a hangover from the pandemic, coupled with a lack of contractors. There were more approvals but with a smaller pool of contractors, the jobs are not being turned around as quickly. This issue is being addressed in the forthcoming financial year.
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 to match the available funding.
Capital works to existing assets	0.476	The remaining budget has been committed to works that span 2022/23 and 2023/24. Works include substantial investment at Holyhead and Amlwch Leisure Centres.

Scheme	Underspend £'m	Comment
Upgrade Public Conveniences	0.361	The service is in the process of developing a public conveniences improvement plan, which will give a better idea of the capital requirements in the next financial year. It is also envisaged that further grant funding for capital works to public conveniences may be forthcoming in the next financial year, and part of this budget could again be used as match funding if the opportunity arises.
Vehicles	0.510	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 2023/24.
Integrated Care Fund (ICF)	0.694	£0.852m was claimed through the ICF in the prior year and through displaced funding, for the projects to slip into 2022/23 to be completed. Some of the projects will continue in 2023/24 and it has been agreed with the regional team that the funding can be carried forward to fund completion in 2023/24.

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:-

Usable Reserves and Provisions	Draft 31 March 2023 £'m	Final 31 March 2022 £'m
Council Fund General Reserve	13.967	12.278
Earmarked Reserves	19.637	23.181
Housing Revenue Account (HRA) reserve	12.107	12.333
School Reserves	6.716	7.827
Capital Receipts Reserves	1.908	2.381
Capital Grant Unapplied	0.407	0.000
Total Usable Reserves	54.742	58.000
Provisions	5.037	4.915
Total Usable Reserves and Provisions	59.779	62.915

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 2022/23 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 2022/23 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 £123.8m at 31 March 2023 is less than the forecast CFR for the following two years:-

	Actual 2022/23 £'m	Estimated 2023/24 £'m	Estimated 2024/25 £'m
Capital Financing Requirement	144.1	173.9	202.7

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 £12.5m. There were no new PWLB loans in the year and £2.285m principal repayments, with an interest free loan of £1.123m received in the year (as per 3.4 and 3.5 below). This has resulted in the Internal borrowing position at 31 March 2023 now being £20.3m:-

	31 March 2022 Actual £'m	31 March 2023 Actual £'m
Gross borrowing position	125.3	123.8
CFR	137.8	144.1
(Underfunding) / Overfunding of CFR	(12.5)	(20.3)

3.4 Other Borrowing- During the year, the Council did not enter into any other short-term borrowings. An interest free loan of £1.123m was received during 2022/23 to fund capital expenditure on energy saving projects and will be repaid in annual instalments.

3.5 Debt Repayments – There were three PWLB loans that matured during the year. £1m matured 19 August 2022. The loan was originally taken in July 2007 at an interest rate of 5.35%. £1.0m matured 16 January 2023. The loan was originally taken in May 1995 at an interest rate of 8.5%. £0.285m matured 31 March 2023. The loan was originally taken in May 1995 at an interest rate of 8.5%. 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 £65m, ranging between £38m and £65m. The interest 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, average balances of £55.8m returned £0.863m at an average interest rate of 1.55%.

Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that a tighter monetary policy was called for. Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24.

Part of the Council's deposits were held in no notice deposit accounts which pay interest at rates near the prevailing base rate, £11.521m at 1.25% on 31 March 2023 (31 March 2022 £38.616m at 0.05%). There were four other short-term investments as at 31 March 2023 - £30.0m at an interest rate of 3.96% (£7.5m at 0.77% as at 31 March 2022). All investments were for under 1 year.

On 22 July 2022, a £7.5m investment with Goldman Sachs (that was outstanding as at 31 March 2022) matured, and was reinvested on the same date. Details of all new investments in the year, with their respective interest rates, are detailed in the table below:-

Counter Party	Start Date	End Date	Interest Rate %	Amount £
National Westminster Bank	11/04/2022	11/10/2022	1.30	10,000,000
Santander	10/05/2022	10/11/2022	1.47	7,500,000
Nationwide Building Society	17/05/2022	17/08/2022	0.97	7,500,000
Goldman Sachs	22/07/2022	22/12/2022	2.18	7,500,000
Nationwide Building Society	17/08/2022	17/11/2022	1.87	7,500,000
National Westminster Bank	11/10/2022	11/01/2023	2.70	10,000,000
Wrexham County Borough Council	25/10/2022	25/04/2023	3.80	5,000,000
Santander	10/11/2022	10/02/2023	3.24	7,500,000
Nationwide Building Society	17/11/2022	17/02/2023	3.03	7,500,000
Cornwall Council	25/11/2022	27/02/2023	3.06	5,000,000
Goldman Sachs	22/12/2022	22/06/2023	3.83	7,500,000
National Westminster Bank	11/01/2023	11/07/2023	4.10	10,000,000
Santander	10/02/2023	10/05/2023	4.00	7,500,000
Cornwall Council	27/02/2023	24/03/2023	3.90	5,000,000

3.7 Treasury Position at 31 March 2023 – 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 2022/23. 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 2021/22 and 2022/23 financial years are as follows: -

	31 MARCH 2022			31 MARCH 2023		
	£'m	Average Rate (%)	Average Maturity (years)	£'m	Average Rate (%)	Average Maturity (years)
Debt PWLB	121.9	4.58	29.58	119.6	4.54	29.15
Debt Non-PWLB	3.4	0	4.03	4.2	0	3.73
Total	125.3			123.8		
CFR	137.8			144.1		
Over / (under) borrowed	(12.5)			(20.3)		
Fixed term investments (all < 1 year, managed in house and fixed rate)	7.500	0.765		30.000	3.96	
No notice investments (all managed in house)	38.616	0.05		11.521	1.25	
Total Investments	46.116	0.17		41.521	3.21	

Borrowing is further broken down by maturity as:-

	31 MARCH 2022		31 MARCH 2023	
	£'m	% of total	£'m	% of total
Total borrowing	125.3	100	123.8	100
Under 12 months	2.7	2.2	2.3	1.9
1 – 3 years	3.4	2.7	3.3	2.7
4 – 6 years	4.5	3.6	5.6	4.5
7 – 10 years	4.9	3.9	3.8	3.1
10 years and above	109.8	87.6	108.8	87.8

There have been no new borrowings taken out in the year (long or short term), with an interest free loan being received in the year as per 3.4 above. 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 2022/23

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 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 10 March 2022. 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 2022/23, 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 2022/23, the Council implemented its new MRP policy after seeking advice from its Treasury advisor. The new policy is a more prudent measure, with the MRP charge reflecting more closely the change in asset values. The new policy can be seen in Appendix 6 of the Treasury Management Strategy Statement 2023/24 that was approved by full Council on 9 March 2023.

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 2022/23.

- **Capital expenditure – Estimates of Capital Expenditure** - This is the forecast Capital Expenditure from 2022/23 to 2025/26, and is based on the Capital Programme for 2022/23 and the Capital Strategy for 2023/24.
- **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 2022/23 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 2022/23, 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	2021/22 Actual £'m	2022/23 Original £'m	2022/23 Actual £'m
Capital Expenditure			
• Non-HRA	23.734	17.177	29.510
• HRA	9.723	18.784	11.180
• Total	33.457	35.961	40.690
Total Capital Financing Requirement:			
• Non-HRA	99.387	107.867	105.824
• HRA	38.415	43.646	38.287
• Total	137.802	151.513	144.111
Gross Borrowing	124.348	144.335	123.800
External Debt	124.348	144.335	123.800
Investments			
• Longer than 1 year	0	0	0
• Under 1 year	46.116	15.000	41.522
• Total	46.116	15.000	41.522
Financing costs as a proportion of net revenue stream – Council Fund	4.50%	4.40%	2.78%
Financing costs as a proportion of net revenue stream – HRA	9.12%	13.40%	7.18%

- 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 2022/23 was £35.961m. However, the actual expenditure was £40.690m. The prudential indicator was based on the capital budget approved for 2022/23 (£35.961m). However, this budget does not include any slippage amounts from the previous year and also that fact that throughout the year, additional schemes are added to the capital programme, hence why the non-HRA capital expenditure is higher than what was 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 unforeseen works, planning delays, tender issues and / or difficulties in obtaining external agency approval for certain aspects of a scheme.
- 6.3** The second Prudential indicator in the above table is the Capital Financing Requirement (CFR). 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 2022/23 was £151.513m. However, the actual CFR was significantly lower at £144.111m. The reduction in the HRA CFR is due to the underspend against the HRA budget, meaning there was no borrowing in 2022/23 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 2022/23. 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 2023/24 and will increase the CFR.

- 6.4** The Authorised Borrowing Limit (£185m) and the Operational Boundary (£180m) were not breached during the year, with the amount of External debt peaking at £125.273m only.
- 6.5** The Financing costs, as a proportion of net revenue stream for the General Fund (2.78%), was below the anticipated total (4.40%), which is due to financing costs being lower, attributed to both the change in MRP calculation, resulting in a lower MRP charge, and additional interest earned being higher than expected than when the prudential indicator for 2022/23 was produced. The Financing costs, as a proportion of net revenue stream for the HRA (7.18%), was lower than the anticipated total (13.40%), which is due to the financing costs being significantly lower than expected at the time of producing the proposed indicator for 2022/23 (attributed to both the change in MRP calculation, resulting in a lower MRP charge, and reduced borrowing requirements). The underspend on HRA reduced the amount of Revenue contributions needed to fund the capital programme in 2022/23 from £10.1m to £7.4m.

7. Looking forward to 2023/24 and beyond

- 7.1 On 9 March 2023, the full Council approved the Treasury Management Strategy Statement for 2023/24. The Strategy Statement was based on the Capital Strategy, and it is forecast that the Council will need to borrow an additional £26.1m in 2023/24 for the General Fund and HRA, a total of £30.7m in 2024/25 and a further total of £21.4m in 2025/26 to fund its Capital Programme, noting that the majority of the borrowing is forecast to fund the HRA capital programme. This additional borrowing will affect the MRP being charged to fund the capital financing costs. In 2023/24, the forecast MRP is £1.6m, in 2024/25 £2.0m and £2.1m in 2025/26.
- 7.2 On 6 April 2023, the Isle of Anglesey County Council invested £5m with Nationwide Building Society with an interest rate of 4.17%. The investment matured on 6 July 2023, and was rolled over for a further 6 months with an interest rate of 5.47%.
- 7.3 On 25 April 2023, a £5m investment with Wrexham County Borough Council matured and was rolled over for a further 6 months with an interest rate of 4.3%
- 7.4 On 10 May 2023, a £7.5m investment with Santander matured and was rolled over for a further 6 months with an interest rate of 4.76%.
- 7.5 On 22 June 2023, a £7.5m investment with Goldman Sachs matured and was rolled over for a further 6 months with an interest rate of 5.52%.
- 7.6 On 11 July 2023 a £10m investment with NatWest matured and was rolled over for a further 6 months with an interest rate of 5.88%.
- 7.7 To date, there have been no principal repayments of PWLB borrowing by the Isle of Anglesey County Council. There is £1.854m due to be repaid later in the 2023/24 financial year.
- 7.8 The interest receivable budget of £1.424m that was set for 2023/24 was based on the increase in interest rates, hence providing more opportunities for investment of surplus cash. Interest received to quarter 1 of 2023/24 was £379k, and is anticipated that the interest receivable budget can be met in 2023/24.
- 7.9 The latest interest rate forecast from Link Group (as at 18 July 2023) can be seen in the table below:-

Interest Rate Forecasts								
Bank Rate	Sept 2023	Dec 2023	Mar 2024	June 2024	Sept 2024	Dec 2024	Mar 2025	June 2025
Link	5.50%	5.50%	5.50%	5.25%	4.75%	4.25%	3.75%	3.25%

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.

RECOMMENDATIONS

The Committee is recommended to:-

- (i)** Note that the outturn figures in this report will remain provisional until the audit of the 2022/23 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 2022/23 prudential and treasury indicators in this report;
- (iii)** Consider the annual treasury management report for 2022/23 and pass on to the next meeting of the Executive with any comments.

Background papers:-

Treasury Management Strategy Statement 2022/23
Prudential and Treasury Indicators 2022/23
Treasury Management Mid-Year Review Report 2022/23
Capital Outturn Report 2022/23

R MARC JONES
DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	21 September 2023
Subject:	Internal Audit Update
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
<p>Nature and Reason for Reporting: 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> <p>It also fulfils the requirements of CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2022, to consider the arrangements in place to secure adequate assurance across the body’s full range of operations and collaborations with other entities, specifically, in relation to the authority’s internal audit function to oversee its independence, objectivity, performance and conformance to professional standards; support effective arrangements for internal audit and to promote the effective use of internal audit within the assurance framework.</p>	

1. INTRODUCTION

1.1 This report updates the Committee, as at 13 September 2023, on the audits completed since the last update as at 31 March 2023, 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 2023



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



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Summary of Assurance Work Completed Since Last Update

1. This section provides an overview of internal audit reports finalised since the meeting in April 2023, including the overall assurance rating and the number of issues/risks raised.
2. We have finalised **seven** pieces of internal audit assurance work in the period, summarised below and discussed in more detail later in the report:

Title	Assurance Level	Critical	Major	Moderate
IT Service Continuity (Phishing) (Follow Up)	Reasonable	0	0	0
IT Software Licence Management (Follow Up)	Reasonable	0	0	1
Fuel Cards	Reasonable	0	0	6
Modernising Learning Communities Programme (Strategic Risk YM5)	Reasonable	0	0	5
Managing the Risk of Housing Tenancy Fraud	Reasonable	0	1	4
Recovery of Council Tax, NNDR and Sundry Debts	Limited	0	3	5
North Anglesey Regeneration Grant Investigation	Not Applicable	Not Applicable	Not Applicable	Not Applicable

IT Service Continuity (Phishing) (Second Follow Up)

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
	0	Moderate

3. Our review sought to answer the following key question:
Has management addressed the remaining outstanding issues/risks originally raised in our Limited Assurance report on IT Service Continuity (Phishing) in May 2021?
4. Our follow-up review concluded that the Council has made good progress to strengthen its controls in this area since our original review.
5. The IT Team has made several technical and procedural improvements, which help to mitigate the risk of a successful phishing attack and made provision for an ongoing programme of phishing tests to ensure staff awareness of phishing and cyber risks is maintained.
6. To conclude, the results of our review continue to be positive, and our 'reasonable' assurance rating remains. The Council has addressed all of the risks outstanding after our last follow up, and therefore the action plan is now complete.
7. As previously reported however it is critical that the Council continues to promote cyber safe practices and ensure staff are well equipped to recognise phishing attempts. Several well-publicised cases of councils in England being significantly impacted by a successful attack highlights the severity of the risk posed in this area.

IT Software Licence Management (First Follow Up)

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
	1	Moderate

8. Our review sought to answer the following key question:
Has management addressed the outstanding issues/risks originally raised in our Limited Assurance report of IT Software Licence Management in January 2022?
9. Our follow-up review concluded that the IT Team has made good progress in strengthening controls in this area and has addressed the majority of the issues/risks identified during our original review and in conclusion, the results of our review are positive.
10. The IT Team has addressed all but one of the ten risks identified during our original review and work to address the remaining one is underway.
11. We are satisfied that arrangements to manage the risks associated with software licensing have now improved and we were therefore able to increase the assurance level provided to 'Reasonable'.
12. We will continue to monitor the one remaining agreed action as part of our internal monitoring system to ensure it is successfully implemented and the associated risks mitigated.

Fuel Cards

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
	6	Moderate

13. Our review sought to answer the following key question:
Does the Council have effective arrangements in place to manage its fuel cards, safeguard against the risk of fraud and theft and achieve value for money in this area?
14. We undertook the review following an incident in January 2023 where the fuel card of a recently written off Council vehicle was used fraudulently.
15. Overall, our review concluded that the Council manages its fuel cards effectively in the main, however there are some opportunities to strengthen controls and improve processes.
16. We raised six 'Issues/Risks', which include the development of a fuel and fuel card policy outlining vehicle user responsibilities, evidence of employee acknowledging, understanding and accepting their responsibility regarding fuel and fuel card usage, a fuel efficiency reconciliation, expired contracts and a lack of market testing.
17. We have agreed an action plan with management for these issues to be addressed by December 2023 and therefore, within the scope of our review, we were able to provide reasonable assurance of the governance, risk management and control of this area.

Modernising Learning Communities Programme (Strategic Risk YM5)

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
	5	Moderate

18. Our review sought to answer the following key question:
Does the Council have effective governance and control measures in place to manage the strategic risk relating to the delivery of the modernising learning communities' strategy?
19. As the development of the Council's Modernising Learning Communities Programme is at an early stage, there is a limitation to the extent of the assurance that we can provide.
20. However, our review concluded that reasonable progress is being made with establishing the necessary governance and control measures. This is to enhance previous arrangements which were in place for the 21st Century School Programme (Band A and B). Our review highlighted some areas for improvement and officers were responsive to our input and advice.
21. We were therefore able to provide reasonable assurance over the strategy's development and approval, and the governance framework around the programme which are two key controls to manage the strategic risk. We raised five 'Issues/Risks' in respect of programme and project management training, methodology and practices and we are assured that management plans to address all the 'Issues / Risks' raised by April 2024.

Managing the Risk of Housing Tenancy Fraud

Reasonable Assurance	Issues/Risks	
	0	Critical
	1	Major
4	Moderate	

22. Our review sought to answer the following key question:
Does the Council have suitable arrangements in place to manage the risk of housing tenancy fraud?
23. The outcome of our review was mainly positive and concluded that the Housing Service has adequate arrangements in place to manage the risk of housing tenancy fraud, with fundamental controls in place to deter and mitigate the risk of fraud provided for within its policies and contracts. However, there are some moderate governance and internal controls that could be improved.
24. We raised five 'Issues/Risks', which include conducting tenancy audits, awareness raising with the public and tenants about the financial and social impacts of tenancy fraud, fraud related training and guidance to inform and direct the Housing Service officers, a tenancy fraud policy and the inclusion of a unique identifier within the housing system to improve the quality of the National Fraud Initiative matching exercise.
25. We have agreed an action plan with management and therefore, within the scope of our review, we can provide reasonable assurance of the governance, risk management and control of this area.

Recovery of Council Tax, National Non-Domestic Rates and Sundry Debts

Limited Assurance	Issues/Risks	
	0	Critical
	3	Major
5	Moderate	

26. Our review sought to answer the following key question:
Does the Council have robust procedures in place to effectively recover unpaid council tax, non-domestic rates, and its sundry debts?
27. The Revenues Service has some well-embedded statutory recovery procedures in relation to the recovery of Council Tax. The Revenues Service pursues Council Tax arrears through the formal court process and its available sanctions, although there are limited options available to the Recovery Team and therefore there is little prospect of recovering these debts, resulting in dormant balances. In addition, the Council has not initiated legal recovery proceedings of unpaid Non-Domestic Rates since December 2021, resulting in a significant increase in arrears. With regards sundry debts, there is a lack of effective arrangements to review, recover, enforce and write-off more complex, aging debts.
28. We were only able to provide limited assurance and raised eight 'Issues/Risks'. We have agreed an action plan with management and are assured that there are plans to address all the 'Issues/Risks' by January 2024.
29. *In accordance with our protocol regarding limited assurance audits, members of the Committee have received a copy of the full report and action plan separately.*

North Anglesey Regeneration Grant Investigation

30. Following a referral from a member of the public, the Director of Function (Resources) and Section 151 Officer asked Internal Audit to investigate a claim that a grant recipient was not entitled to the award of a North Anglesey Regeneration grant.
31. Therefore, our investigation sought to answer the following key question:
Have the qualifying criteria and eligibility requirements been met when awarding a North Anglesey Regeneration Grant of £7,500?
32. The North Anglesey Regeneration Grant forms part of the Isle of Anglesey County Council's successful proposal to the Nuclear Decommissioning Authority (NDA) for funding to regenerate the North of Anglesey. The criteria were set by the Council and the final decision on who the grants were awarded to was also made by the Council, but the grant was funded by the NDA.
33. Our investigation confirmed that the applicant had correctly followed the procedure to apply for the grant and had submitted the documentation required by the Council. All documentation and proof of purchase of the asset met the requirements of the grant. All were submitted and carried out in the correct order and within the specific timelines.
34. A panel of officers within the Council met to discuss the applications and to decide whether the key objectives of the grant scheme were met. The panel concluded that the prime objective of the scheme was met, and the application was processed in accordance with this conclusion.

Work in Progress

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

Area	Reason for Audit	Stage
Declarations of Interest	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Fieldwork
National Fraud Initiative	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Fieldwork
Safeguarding (YM10)	Strategic Risk Register assurance	Fieldwork
Organisational Resilience (YM7)	Strategic Risk Register assurance	Fieldwork
Teachers' Pensions	First Follow Up	Fieldwork (waiting for information)
Payroll ('Starters' Processes)	Internal Audit Strategy 2023-24	Fieldwork
The Administration of Local Government Pensions	Internal Audit Strategy 2023-24	Fieldwork
Direct Debit Management	Internal Audit Strategy 2023-24	Fieldwork
Grass Cutting	Requested by Director of Function (Resources) / Section 151 Officer	Fieldwork
Investigation	Complaint to Cllr Llinos Medi	Fieldwork
Investigation	Allegation of internal fraud	Fieldwork
Visitor Economy and Coastal Areas Income Processes	Requested by Chief Executive	Scoping

Outstanding Actions

36. Work is progressing to support services with implementing all outstanding actions.
37. A more detailed report on all outstanding actions is submitted separately to this meeting.

Priorities

Current Capacity

38. A recent successful recruitment exercise means we are now only carrying one vacant post at Senior Auditor level due to long-term secondment. Our new Senior Auditor started with the team on 1 April 2023 and is settling in well.
39. We are continuing to utilise the budget savings to commission additional external support.

Short/Medium Term Priorities

40. We are making good progress with our Annual Internal Audit Strategy for 2023-24 and Counter Fraud, Bribery and Corruption Strategy 2022-2025.
41. We are currently working with CIPFA and members of the Governance and Audit Committee to undertake an assessment of the effectiveness of the Committee using the recently published CIPFA guidance as a benchmark. A report will be submitted to the Committee meeting in December 2023.
42. We are also working with Zurich Risk Engineering UK to undertake an independent assessment of the Council's Risk Management framework, which will highlight areas of strength and identify recommendations for further development. A report will be submitted to the Committee meeting in February 2024.

Longer Term Priorities

43. We will continue to work with colleagues in the Performance Team to improve assurance mapping across the Council and contribute to the development of the Governance and Performance Review Group.

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to	Governance and Audit Committee	
Date	21 September 2023	
Subject	Outstanding 'Issues/Risks'	
Head of Service	Marc Jones Director of Resources / Section 151 Officer MarcJones@anglesey.gov.wales	
Report Authors	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales	Nanette Williams Principal Auditor NanetteWilliams@anglesey.gov.wales
Nature and Reason for Reporting:		
<p>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.</p>		

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 allows 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'.

Outstanding Issues/Risks

September 2023

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Marion Pryor BA MA CMIIA CPFA ACFS

Nanette Williams MSc CMIIA CIA



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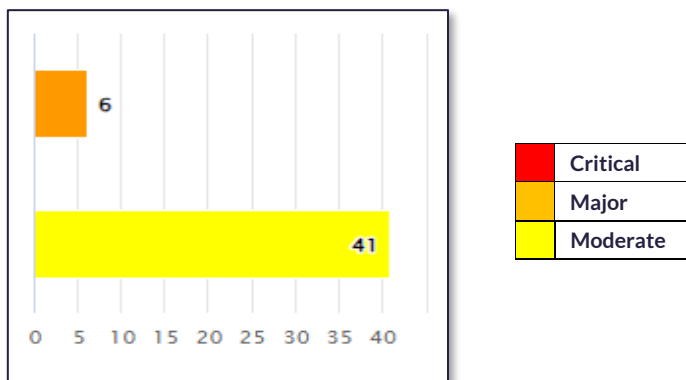
Introduction

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 receives 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 reporting ‘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, and we monitor how these risks have been addressed.
3. 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’ and ‘risks’ using the Council’s corporate action tracking system (4action).
4. We have developed and refined a user dashboard on 4action, which displays a real-time snapshot of current performance in addressing outstanding actions and enables effective tracking and reporting of this information.
5. We continuously monitor overdue actions so we can promptly obtain updates from management as to progress with addressing them.

Current Performance

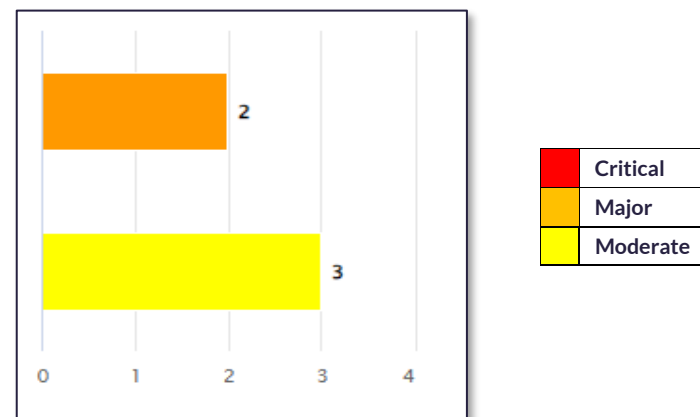
6. The following five graphs show the outstanding actions across the Council as of 31 August 2023.
7. As of 31 August 2023, we are tracking 47 outstanding actions. Of these six are rated 'major' (amber) and 41 'moderate' (yellow) in risk priority, as shown in Graph 1 below.
8. A detailed status update of the six outstanding 'major' rated issues/risks is also shown at [Appendix 1](#).
9. It should be noted that no 'Red' or 'Critical' issues/risks were raised during the year and there are no Red or 'Critical' 'issues/risks' currently outstanding.

Graph 1 – Total Outstanding Actions



10. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There are currently five actions that have reached the date management were due to finish implementing them, and are now 'overdue', as shown in Graph 2.

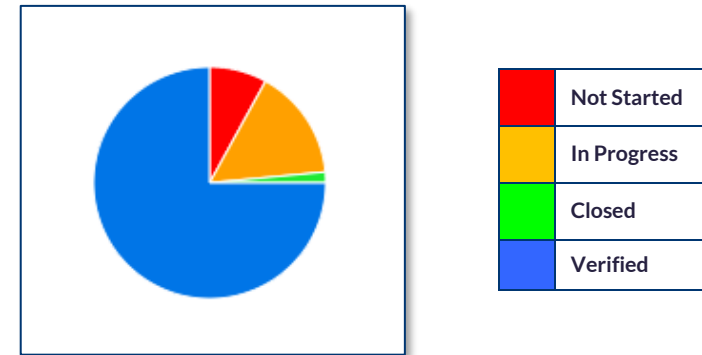
Graph 2 – Overdue Actions



11. Four of these; two rated 'major' in risk priority and two rated 'moderate', relate to an audit of Teachers' Pensions. We are currently in the process of revisiting these actions as part of a formal follow up audit in this area. This work started in May 2023, however due to other priorities, the payroll section has been unable to provide some of the information needed for the audit. We aim to present the outcome of this follow up to the Governance and Audit Committee at its meeting on the 7 December 2023.

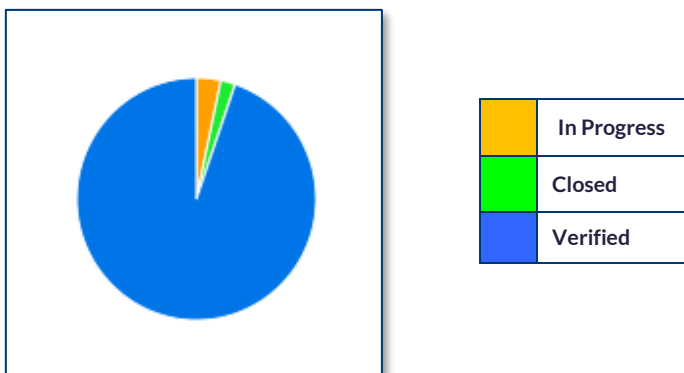
12. The other action is rated 'moderate' in risk priority and relates to an audit of 'Supplier Maintenance and Duplicate Payments' and the recovery of a small number of duplicate creditor payments identified during the original audit. We are advised that the Trainee Accountant has completed work to investigate and confirm these payments as true duplicates and will now commence recovery action. We will continue to monitor progress with the service to ensure this work is completed as soon as possible.
13. Graphs 3 and 4 below show the status of all actions, i.e., whether they are 'not started'; 'in progress' or 'closed' if the action has been addressed.
14. Internal Audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.

Graph 3 – Total issues/risks by status



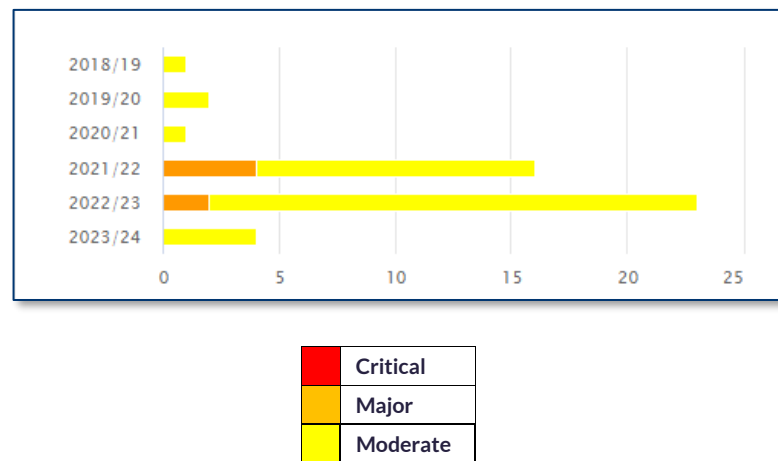
15. Graph 3 shows the status of all outstanding actions (irrespective of the date management agreed to address them by). It shows that management have now addressed 77% and Internal Audit has verified 75%. The remaining 2% relate to an audit of 'Galw Gofal', which we will be formally following up in December 2023. We will verify that management has successfully implemented these actions during this piece of work.
16. The actions showing as 'not started' relate to several audits where the actions identified have not yet reached their anticipated completion dates. These include 'Direct Payments', 'Financial Resilience', 'Council Tax and NNDR Refunds', 'Galw Gofal', 'Gas Safety' and 'Poverty'. When these dates approach, we will actively pursue updates from management to determine progress.

Graph 4 – Total issues/risks by status (where due)



17. 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 have verified virtually all, however as detailed above, those that have yet to be verified relate to an audit of ‘Galw Gofal’ which will be formally followed up shortly. The actions showing here as ‘in progress’ are those that are now overdue, as detailed in paragraphs 10 and 11 above.
18. We will occasionally extend completion 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 date is unachievable, as significantly more work is needed to address the issue/risk.

Graph 5 – All outstanding issues/risks by year



19. As detailed above, 47 outstanding actions have yet to be fully completed.
20. These are spread between financial years 2018/19 and 2023/24. While graph 5 indicates the majority relate to the current and last two financial years, there are three issue/risks dating back to 2018/19 and 2019/20 that management has yet to fully address.
21. These relate to improving the password complexity settings for the Council’s externally facing Leisure booking system, finalising the Council’s assurance mapping arrangements and promoting the Council’s Prevention of Fraud and Corruption Policy.

22. They are all rated as 'moderate' or 'yellow' in risk priority, and we are assured by management that:
- The new Leisure Hub system is due to go live at the end of September 2023, with the new system incorporating improved password complexity settings.
 - The Council is in the process of upgrading its Risk Management system, 4Risk. Once the upgrade is complete, work to populate the assurance map will continue. The Risk and Insurance Manager will work with Service Business Managers and the Performance team to populate first- and second-line assurances.
 - Promotion of the Council's Prevention of Fraud and Corruption Policy will form part of the Council's Counter Fraud, Bribery and Corruption Strategy 2023-26. The Head of Audit and Risk is currently in discussions with a trainer to provide fraud awareness sessions for relevant staff during the Autumn of 2023.
23. It should be noted that there are no 'major' rated issues/risks dating back further than 2021/22, as shown above. This demonstrates that management are prioritising addressing risks of higher priority.

24. In addition, to ensure that services are successfully addressing their issues/risks promptly, where a 'major' rated issue/risk is still not resolved 12 months after the original completion date has passed, action owners are asked to attend Governance and Audit Committee to update the Committee on the reasons for the delay in addressing the issue/risk.
25. There are currently no 'major' rated issues/risks to which this applies.
26. A detailed status update of all six outstanding 'major' rated issues/risks currently being tracked follows at [Appendix 1](#).
27. 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	Report Assurance Rating*	Issue /Risk Summary	Current Status
Information Governance	2021/22	January 2022	30/09/23	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 75% complete. Addressing this issue/risk is dependent on the roll out of the Microsoft Intune device management application. Except for users with non-compatible apps, most eligible staff have now been migrated to MS Intune. A small number of eligible staff remain that have failed to engage with IT and as a result the IT team has removed their VASCO access. This means that they can no longer work remotely until they are migrated to MS Intune. The IT team is working to address the compatibility issues that exist between Intune and some Council systems e.g., Orchard Housing. Completion of the full rollout expected by end September 2023.
Recruitment and Retention	2021/22	June 2022	31/12/23	Reasonable	There is little formal, routine reporting to the Leadership Team (LT) of recruitment data analysis to ensure the LT 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 50% complete. The Council has procured a new recruitment system. The new system will include better data analysis and reporting functionality which can be presented to the Leadership Team. The Transformation service has recently recruited a project officer, who on commencement in post in September, will be responsible for implementing the new system. The current timescale for completion of December 2023 is still considered achievable.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Report Assurance Rating*	Issue /Risk Summary	Current Status
Teachers' Pensions	2021/22	June 2022	01/05/23	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 Teachers' Pension Service (TPS). We therefore cannot provide assurance that the information extracted and uploaded to the TPS is complete or accurate.	We are currently undertaking a formal follow up review to determine progress with addressing the issues/risks raised in our original report. A follow up report will be presented to the Governance and Audit Committee at its meeting on 7 December 2023.
Teachers' Pensions	2021/22	June 2022	01/05/23	Limited	The Payroll and Payments Manager did not provide evidence of error reports being investigated or actioned.	As above.
IT Vulnerability Management	2022/23	August 2022	30/09/23	Reasonable	There is currently no assurance available regarding patching when devices connect remotely via Citrix as opposed to connection directly via Microsoft Endpoint/Azure, and on site.	Action 75% complete. Addressing this issue/risk is dependent on the roll out of the Microsoft Intune device management application. As detailed above, progress with this work has developed significantly recently, with completion of the full rollout expected by end September 2023.
Galw Gofal	2022/23	January 2023	30/09/23	Limited	Data protection arrangements are not sufficiently robust for the Isle of Anglesey County Council to meet its obligations as one of the data controllers for Galw Gofal.	Action 75% complete. Galw Gofal have developed and updated their data protection document framework. To complete this work, legal advice was sought about their data protection status for all activities e.g., data controller or processor. Once this has been confirmed the DP framework will be finalised.

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

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	21 September 2023
Subject	Review of Forward Work Programme for 2023-24 v3
Head of Service	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting To provide a Forward Work Programme for 2023-24 to the members of the Governance and Audit Committee.	

1.0 INTRODUCTION

- 1.1 A Forward Work Programme is attached at [Appendix A](#), along with a training programme at [Appendix B](#).
- 1.2 The programme has been developed considering the Committee's terms of reference and its responsibilities under the Local Government and Elections (Wales) Act 2021.
- 1.3 Amendments have been made to the dates that reports will be submitted to the September 2023, December 2023, February 2024 and April 2024 meetings to take account of the Committee's work on reviewing its effectiveness.

2.0 RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
 - considers whether the Forward Work Programme proposed for 2023-24 meets the Committee's responsibilities in accordance with its terms of reference, and
 - notes the changes to the dates on which reports will be submitted.

Appendix A – Forward Work Programme 2023-24

Core Function	29 June 2023	27 July 2023	21 September 2023	November 2023 ¹	07 December 2023	08 February 2024	18 April 2024
Accountability arrangements (3.4.8.3)	Review of Forward Work Programme 2023-24 (3.4.8.3.2) Annual Chair's Report 2022-23 (3.4.8.3.1)	Review of Forward Work Programme 2023-24 v2 (3.4.8.3.2)	Review of Forward Work Programme 2023-24 v3 (3.4.8.3.2) Committee Self-assessment (3.4.8.3.2)		Review of Forward Work Programme 2023-24 (3.4.8.3.2) Committee Self-assessment (3.4.8.3.2)	Review of Forward Work Programme 2023-24 (3.4.8.3.2) Annual Review of Committee's Terms of Reference (3.4.8.3.2)	Review of Forward Work Programme 2024-25 (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 2022-23 (3.4.8.4.4)		
Treasury Management (3.4.8.5)			Annual Report 2022-23 (3.4.8.5.1/2/3/4)		Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2024-25 (3.4.8.5.3/4)	
Assurance Framework (3.4.8.7)	Annual Insurance Report 2022-23 (3.4.8.7.1/2)		Annual Information Governance Report 2022-23 (3.4.8.7.1/2)		Annual Information Governance in Schools Report 2022-23 (3.4.8.7.1/2)	Annual Health & Safety Report 2022-23 (3.4.8.7.1/2)	

¹ Final date to be confirmed.

Core Function	29 June 2023	27 July 2023	21 September 2023	November 2023 ¹	07 December 2023	08 February 2024	18 April 2024
	Climate Change Update (3.4.8.7.1/2)		Annual ICT Security Report 2022-23 (3.4.8.7.1/2) Annual Health & Safety Report 2022-23 (3.4.8.7.1/2)		Annual Information Governance Report 2022-23 (3.4.8.7.1/2) Annual ICT Security Report 2022-23 (3.4.8.7.1/2)		
Risk Management (3.4.8.8)			Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)		Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)	Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1) Risk Management Health Check (Zurich Municipal Risk Engineering) (3.4.8.8.1)	Annual Review of Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1) Strategic Risk Register Update (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 2022-23 (3.4.8.9.4) Annual Concerns, Complaints & Whistleblowing Report 2022-23 (3.4.8.9.1)		Annual Review of Counter Fraud, Bribery and Corruption Strategy 2023-26 (3.4.8.9.2/3) Annual Counter Fraud, Bribery and Corruption	Annual Review of Counter Fraud, Bribery and Corruption Strategy 2023-26 (3.4.8.9.2/3)	

Core Function	29 June 2023	27 July 2023	21 September 2023	November 2023 ¹	07 December 2023	08 February 2024	18 April 2024
					Report 2022-23 (3.4.8.9.4)		
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2022-23 (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6) External Quality Assessment of Conformance with the Public Sector Internal Audit Standards (3.4.8.10.1/2/9/12/14)		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) Annual Internal Audit Strategy 2024-25 (3.4.8.10.1/2/5/6) Review of Internal Audit Charter (3.4.8.10.3/13)
External Audit (3.4.8.11)	Work Programme and Timetable – Quarterly Update (Q4) (3.4.8.11.3) Outline Annual Audit Plan 2023 (3.4.8.11.1/3)	Detailed Annual Audit Plan 2023 (3.4.8.11.1/3)		Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3)		Annual Audit Summary 2023 (3.4.8.11.3)	
Financial Reporting (3.4.8.12)		Draft Statement of Accounts		Final Statement of Accounts			

Core Function	29 June 2023	27 July 2023	21 September 2023	November 2023 ¹	07 December 2023	08 February 2024	18 April 2024
		2022-23 (3.4.8.12.1/2)		2022-23 (3.4.8.12.1/2)			
Other regulators and inspectors (3.4.8.13)					National Reviews and their Related Recommendations (3.4.8.13.1)		
Complaints Handling (3.4.8.14)			Annual Concerns, Complaints & Whistleblowing Report 2022-23 (3.4.8.14.1/2) Annual Letter of the Public Services Ombudsman for Wales 2022-23 (3.4.8.14.1/2)				
Self-assessment (3.4.8.15)	Review of the Draft Annual Corporate Self-assessment report (3.4.8.15.1/2/3)						
Performance Panel Assessment (3.4.8.16) ²							

² 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
Understanding Local Authority Accounts for Councillors	Virtual	CIPFA	22 June 2023	Dilwyn Evans Michael Wilson Cllr Geraint Bebb
			24 August 2023	
Treasury Management	Virtual	Richard Bason, Treasury Management Advisor, Link Group	15 September 2023	
Risk Management	Hybrid	Julie Jones, Risk and Insurance Manager	Autumn 2023	
Countering Fraud and Corruption	Hybrid	To be confirmed	Autumn 2023	

Mandatory training

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