

THE VALE OF GLAMORGAN COUNCIL

GOVERNANCE AND AUDIT COMMITTEE: 1<sup>ST</sup> MARCH, 2022

REFERENCE FROM CABINET: 14<sup>TH</sup> FEBRUARY, 2022

**“C815 VALE OF GLAMORGAN COUNCIL ANNUAL AUDIT SUMMARY 2021 (EL/PR) (SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) –**

The Executive Leader and Cabinet Member for Corporate Performance and Resources presented the Auditor General Wales’ Annual Audit Summary for the Vale of Glamorgan Council, outlining work completed since the last Audit Summary, issued in February 2021.

The contents of the Annual Audit Summary 2021 (appended at Appendix A to the report) were generally positive and highlighted that the Council met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21. The Auditor General Wales had also given an unqualified true and fair opinion on the Council’s financial statements on 12th October, 2021.

Whilst no formal recommendations were made, 5 Proposals for Improvement (PFI) were made in relation to specific local reviews on the Council’s Financial Sustainability (1PFI) and Third Sector Partnership Working (4 PFI). As well as specific local reviews, each year, Audit Wales also carried out studies across the local government sector to make recommendations for improving value for money. Two such reports were published in relation to: Discretionary services (April 2021) and Regenerating town centres in Wales (September 2021).

In line with the Council’s corporate performance management arrangements, consideration was given by relevant Council services to the findings contained within both local and national reports as they were published, and actions incorporated within the Council’s Insight Tracker throughout the year as appropriate. This was monitored via the Insight Board, Scrutiny Committees, Cabinet and the Governance & Audit Committee as work to address them progressed. Progress against the Council’s regulatory actions was also monitored by Audit Wales colleagues throughout the year as part of the Annual Regulatory Plan.

Cabinet congratulated all the staff for complying with all the requirements and appreciated the positive performance to ensure the Authority continued to work at a high level during difficult times.

This was a matter for Executive decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED – T H A T the contents of the Vale of Glamorgan Council Annual Audit Summary 2021 be noted and the report referred to the Corporate Performance & Resources Scrutiny Committee (17th February, 2022) and Governance & Audit Committee (1st March, 2022) with any recommendations/comments of the Committees referred back to Cabinet thereafter.

Reason for decision

To provide for scrutiny and review of the Auditor General's Annual Audit Summary 2021.”

Attached as Appendix – Report to Cabinet: 14<sup>th</sup> February, 2022

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| Meeting of:  | <b>Cabinet</b>   |
| Date of Meeting:   | <b>Monday, 14 February 2022</b>  |
| Relevant Scrutiny Committee:   | Corporate Performance and Resources  |
| Report Title:  | Vale of Glamorgan Council Annual Audit Summary 2021  |
| Purpose of Report:   | To present the Vale of Glamorgan Council Annual Audit Summary 2021<br><b>(Appendix A)</b>  |
| Report Owner:  | Councillor Neil Moore, Leader and Cabinet Member for Performance & Resources   |
| Responsible Officer:   | Rob Thomas, Chief Executive  |
| Elected Member and Officer Consultation:   | The Annual Audit Summary applies to the whole authority and informs Scrutiny Committees' annual work programme, the Cabinet annual work programme and the Council's improvement programme. |
| Policy Framework:  | This is a matter for Executive decision by Cabinet.  |
| <p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The report presents the Auditor General Wales' Annual Audit Summary for the Vale of Glamorgan Council, outlining work completed since the last Audit Summary, issued in February 2021.</li> <li>• The contents of the Annual Audit Summary 2021 (appended at <b>Appendix A</b> of this report) were generally positive and highlight that the Council met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21. The Auditor General Wales also gave an unqualified true and fair opinion on the Council's financial statements on 12 October 2021.</li> <li>• Whilst no formal recommendations were made, 5 Proposals for Improvement (PFI) were made in relation to specific local reviews on the Council's Financial Sustainability (1PFI) and Third Sector Partnership Working (4 PFI). As well as specific local reviews, each year, Audit Wales also carry out studies across the local government sector to make recommendations for improving value for money. Two such reports were published in relation to: Discretionary services (April 2021) and Regenerating town centres in Wales (September 2021).</li> <li>• In line with the Council's corporate performance management arrangements, consideration is given by relevant council services to the findings contained within both local and national reports as they are published, and actions incorporated within the Council's Insight Tracker throughout the year as appropriate. This is monitored via the Insight Board, Scrutiny Committees, Cabinet</li> </ul> |  |

and the Governance & Audit Committee as work to address them progresses. Progress against our regulatory actions is also monitored by Audit Wales colleagues throughout the year as part of the Annual Regulatory Plan.

- It is recommended that Cabinet Members note the contents of Vale of Glamorgan Council Annual Audit Summary 2021 and refer the report to the Corporate Performance & Resources Scrutiny Committee (17th February 2022) and Governance & Audit Committee (1<sup>st</sup> March 2022) with any recommendations/comments of the Committees referred back to Cabinet thereafter.

## **Recommendation**

1. That Cabinet note the contents of the Vale of Glamorgan Council Annual Audit Summary 2021 and refer the report to the Corporate Performance & Resources Scrutiny Committee (17th February 2022) and Governance & Audit Committee (1st March 2022) with any recommendations/comments of the Committees referred back to Cabinet thereafter.

## **Reason for Recommendation**

1. To provide for scrutiny and review of the Auditor General's Annual Audit Summary 2021.

## **1. Background**

- 1.1 The Auditor General for Wales has a duty under the Local Government (Wales) Measure (2009) to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities have a general duty to 'make arrangements to secure continuous improvement in the exercise of their functions'.
- 1.2 The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil their duties. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising the audit and assessment work in a published annual improvement report (now Annual Audit Summary) for each authority. The report also discharges the Auditor General's duties under section 19 to issue a report certifying that they have carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) they believe that the authority has discharged its improvement planning duties under section 15.
- 1.3 The Annual Audit Summary outlines the audit work completed since the last Audit Summary, issued in February 2021 and covers all work undertaken by other inspection and regulatory bodies such as Estyn (Her Majesty's inspectorate for schools in Wales) and the Care and Social Services Inspectorate Wales (CSSIW).

## **2. Key Issues for Consideration**

- 2.1 **Appendix A** contains the Vale of Glamorgan Annual Audit Summary, outlining work completed since the last Audit Summary, issued in February 2021.
- 2.2 The report findings were generally positive and highlight that the Council met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21. The Auditor General Wales also gave an unqualified true and fair opinion on the Council's financial statements on 12 October 2021.

- 2.3** Whilst no formal recommendations were made, 5 Proposals for Improvement (PFI) were made in relation to specific local reviews on the Council's Financial Sustainability (1PFI) and Third Sector Partnership Working (4 PFI).
- 2.4** As well as specific local reviews, each year, Audit Wales also carry out studies across the local government sector to make recommendations for improving value for money. Two such reports were published in relation to: Discretionary services (April 2021) and Regenerating town centres in Wales (September 2021).
- 2.5** In line with corporate performance management arrangements, consideration is given by relevant council services to the findings contained within both local and national reports as they are published, and actions incorporated within the Council's Insight Tracker throughout the year as appropriate. This is monitored via the Insight Board, Scrutiny Committees, Cabinet and the Governance & Audit Committee as work to address them progresses. Progress against our regulatory actions is also monitored by Audit Wales colleagues throughout the year as part of the Annual Regulatory Plan.
- 2.6** It is recommended that Cabinet Members note the contents of Vale of Glamorgan Council Annual Audit Summary 2021 and refer the report to the Corporate Performance & Resources Scrutiny Committee (17th February 2022) and Governance & Audit Committee (1st March 2022) with any recommendations/comments of the Committees referred back to Cabinet thereafter.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** Our Corporate Plan has been structured around the Well-being of Future Generations (Wales) Act 2015, through the development of four Well-being Objectives. By aligning our Well-being Objectives in the Corporate Plan with the Well-being Goals of the Act, this will enable us to better evidence our contribution to the Goals.
- 3.2** Performance reporting is an important vehicle for showing our progress, not only in terms of impacts across the national well-being goals through achievement of our well-being objectives but also in terms of the changes and improvements made in our approach to integrated planning.
- 3.3** The five ways of working are a key consideration in our corporate Performance Management Framework ensuring that we continue to focus on working differently and in an inclusive way to challenge why, what and how we respond to our key performance challenges.

### **4. Resources and Legal Considerations**

#### **Financial**

- 4.1** Audit and inspection fees for the Council are met from existing budgets.
- 4.2** There are no additional budgetary implications arising from this report, although underperformance in some areas may have a negative impact on external assessments of the Council and could put certain funding opportunities at risk.

## **Employment**

- 4.3** There are no direct workforce related implications associated with this report. However, there are a number of issues contained within the Annual Audit Summary that may have the potential to impact on our staff establishment and performance overall. This may in turn impact adversely on achievement of our Well-being Objectives.

## **Legal (Including Equalities)**

- 4.4** The Auditor General for Wales has a duty under sections 15, 17, 18, 19 and 24 of the Local Government (Wales) Measure 2009 to assess and report the outputs from corporate and improvement Assessments of all improvement authorities in Wales.
- 4.5** The Local Government (Wales) Measure 2009 required that the Council secure continuous improvement across the full range of local services for which it is responsible. This report covers the final year covered by these duties, with new arrangements being introduced under the Local Government & Elections (Wales) Act (2021) in 2022/23.
- 4.6** The Well-being of Future Generations (Wales) Act 2015 requires the Council to set Well-being Objectives by April each year that maximise its contribution to achieving the Well-being goals for Wales and report its progress annually.

## **5. Background Papers**

None.

## Vale of Glamorgan Council Annual Audit Summary 2021

This is our audit summary for Vale of Glamorgan Council. It shows the work completed since the last Annual Audit Summary, which was issued in February 2021. Our audit summary forms part of the Auditor General for Wales' duties. More information about these duties can be found on our [website](#).



### About the Council

#### Some of the services the Council provides



#### Key facts

The Council is made up of 47 councillors who represent the following political parties:

- Labour 13
- Independent 3
- Conservative 14
- Llantwit First Independent 4
- Vale Independents Group 8
- Plaid Cymru 4
- No party affiliation 1

The Council spent £256.2 million on providing services<sup>1</sup> during 2020-21, the 14th-highest spending of the 22 unitary councils in Wales.

<sup>1</sup> We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.



## Key facts

As at 31 March 2021, the Council had £92.2 million of useable financial reserves<sup>2</sup>. This is equivalent to 36% of the Council's annual spending on services, the fourth-highest percentage of the 22 unitary councils in Wales<sup>3</sup>.

The County has 3 (4%) out of its 79 areas deemed the most deprived 10% of areas in Wales: this is the joint-seventh lowest of the 22 unitary councils in Wales<sup>4</sup>.

The County's population is projected to increase by 9.5% between 2020 and 2040 from 133,864 to 146,527, including a predicted 0.8% increase in the number of children, a 2.9% increase in the number of the working-age population and an 35.2% increase in the number of people aged 65 and over<sup>5</sup>.

## The Auditor General's duties

### We completed work during 2020-21 to meet the following duties

- **Continuous improvement**

The Council also had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2020-21.
- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

<sup>2</sup> We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

<sup>3</sup> Source: 2020-21 Statement of Accounts

<sup>4</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>5</sup> Source: Stats Wales



We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



**To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.**

## What we found

### Audit of Vale of Glamorgan Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

#### For 2020-21:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 12 October 2021.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the draft statements presented for audit on 30 June 2021 were of good quality.
- a number of changes were made to the Council's financial statements arising from our audit work, which were reported in our Audit of Financial Statements Report to the Governance and Audit Committee in September 2021 and full Council in October 2021.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work remains ongoing, but to date has not identified any significant issues.
- the Auditor General issued the certificate confirming that the audit of accounts for 2020-21 has been completed.

## Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on the procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

## Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

As part of our examination of councils' performance assessments covering the 2020-21 financial year we noted a reduced reference to comparative performance information although we recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money and will be a challenge for councils to consider particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.

## Financial sustainability

During 2020-21, we examined the financial sustainability of each council in Wales. In Vale of Glamorgan Council, we concluded that the Council is well placed to maintain its financial resilience with a healthy level of reserves and sustainable plans for their use.

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021.

## Recovery planning

During 2020-21, we reviewed the arrangements that each council in Wales was putting in place to support recovery planning. We undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate. Our key findings included:

- the Council was transparent in setting out the use of the Managing Director's emergency powers during the first few months of the pandemic.
- the Council agreed a Coronavirus Recovery Strategy (CRS) which sets out its recovery priorities. The Council had given appropriate consideration to how the CRS would align with its existing Corporate Plan and Annual Delivery Plan. Going forward, as part of our ongoing monitoring of recovery planning arrangements, we want to understand how the

Council's strategic recovery priorities are being taken forward in accordance with the sustainable development principle.

- the majority of the Council's staff moved to working from home quickly and although there were some initial technical difficulties, the Council responded quickly to resolve these. The Council surveyed staff about their wellbeing and their new working arrangements.
- we will continue to monitor the Council's arrangements to support recovery planning.

## Third sector partnership working

A project looking at whether the Council's arrangements with the third sector are effectively supporting the Council to achieve its strategic recovery priorities. We concluded that the Council's arrangements support its current way of working with the third sector, but now could be strengthened to maximise opportunities to enhance its relationship to support the delivery of the Council's strategic recovery priorities.

## Other inspectorates

We also took into account Assurance Check findings undertaken by Care Inspectorate Wales (CIW) and Estyn reports as well as any subsequent actions taken by the Council in response. CIW and Healthcare Inspectorate Wales published their joint National review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales. They identified a number of key findings and recommendations in the [full report](#). In November 2021, CIW also published its [national overview report of assurance checks in Wales](#) and [Let me flourish](#), a national review of early help, care and support and transition for disabled children in Wales.

Estyn did not undertake an inspection of Local Government Education Services in the Vale of Glamorgan during 2020-21.

## Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

### Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these services in the face of this rising and complex demand. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Our [report](#) was published in April 2021.

## Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

## Planned work for 2021-22

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- Assurance and risk assessment including a focus on:
  - The Local Government and Elections Act (Wales) 2021
  - Recovery planning
  - Carbon reduction plans
  - Self-assessment arrangements
  - Financial position
- Springing Forward – as the world moves forward, learning from the pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- Improvement reporting audit
- Workforce planning – a project looking at whether the Council has robust and effective workforce planning arrangements.

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

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

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

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.