

Report

Governance and Audit Committee

Part 1

Date: 11 November 2021

Subject Audit Wales and Regulatory Bodies 6-month update

Purpose To present the Council's response to Audit Wales and Regulatory Bodies 6-month update in response to recommendations

Author Head of People and Business Change

Ward All

Summary In May 2021, the Governance and Audit Committee had updated its Terms of Reference to align with the Local Government & Elections (Wales) Act 2021. In its Terms of Reference one of the Audit Committee's function is to *receive and consider inspection reports from external regulators and inspectors and to make recommendations and where monitor implementation and compliance with agreed action plans.*

The Council has three external regulators: Audit Wales, Care Inspectorate Wales and Estyn each responsible for providing assurance that the Council is fulfilling its statutory duties and providing value to the public. This report covers the regulatory activity undertaken in the first six months of the financial year from the three regulators. Where recommendations have been directly raised for the Council to consider and where necessary take action, these have been included in the report.

A further report will be provided at the end of the year summarising the Regulators activity in the year.

Proposal The Governance and Audit Committee is asked to consider the contents of this report of the regulatory activity completed in the first six months and the assurances that where recommendations have been raised the Council is taking necessary action.

Action by Corporate Management Team and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team

Signed

Background

In [May 2021](#), the terms of reference for the Governance and Audit Committee was updated to align with the Local Government & Elections (Wales) Act 2021. One of the functions outlined in the terms of reference of the Committee is:

To receive and consider inspection reports from external regulators and inspectors and to make recommendations and, where necessary, monitor implementation and compliance with agreed action plans.

In June 2021, the Auditor General also requested all Council's Governance and Audit Committee to formally consider all reports of external review bodies – principally: Audit Wales (AW), Estyn and Care Inspectorate Wales (CIW). This report provides an overview of the reports that have been published by the three regulatory bodies for the six-month period between April and September 2021.

Audit Wales

Audit Wales is the statutory external auditor of most of the Welsh public sector and its role is to examine how public bodies manage and spend public money including achieving value in the delivery of their services. Reports produced by AW cover either national (thematic) areas or local studies of the public body.

For the six-month period covered in this report, Audit Wales have published five reports. The table below provides an overview of the reports and any recommendations for the Council to consider and/or implement.

Audit Report National (Thematic) / Local	Overview	Month Published	Recommendation(s)	NCC Action
National (Thematic) At your Discretion	An overview of discretionary services delivered by Council's, the challenges, and opportunities as a result of the Covid pandemic.	April 2021	For information report. There were no direct recommendations for the Council to implement / consider.	Report has been shared with relevant Cabinet Member and Head(s) of Service for information.
Local Financial Sustainability Assessment	An assessment of the Council's financial sustainability based upon the Council's 2019/20 year-end position; quarter 1 and projections for quarter 2 2020/21. The report concluded that the Council has a good understanding of its financial position and recognises the need to transform its service delivery for future sustainability, although further work is required to design and implement these changes.	August 2021	1. Development and implementation of a strategic approach and plan to close the MTFP gap 2. Develop a sustainable capital	Transformation and Corporate Director will allow time and focus for this work across the organisation and implement a plan. It is likely Welsh Government will be given a multi-year funding settlement in the forthcoming spending review which will allow it to do the same for local government and provide more certainty to plan over the medium term. Demand on the Council's budgets are significant and there are large potential risks and challenges on its budgets in the next few short years as we deal with the impacts of Covid. These will feature heavily in our work in this area. The AW report flags up a potential financial sustainability risk due to its

Audit Report National (Thematic) / Local	Overview	Month Published	Recommendation(s)	NCC Action
	Two recommendations for NCC to action. (See also separate Audit Committee report)		programme and funding.	<p>high revenue budget cost of 'capital financing', which will grow even higher as its internal borrowing reduces over the medium term. This issue was explained in the Councils capital strategy in February 2021 to both Cabinet and full Council. Whilst the Cabinet agreed revenue budget for the capital financing costs required to complete the current capital programme, sustaining the impacts of that if funding reduces / service pressures increase is a real risk.</p> <p>The next capital programme period begins in 2023/24 and the current capital programme has very limited capital resources unallocated at this time and is strictly limited. The next programme will need to:</p> <ul style="list-style-type: none"> (i) Show how it deals with affordability and sustainability in relation to future borrowing. Inevitably, this will need to focus on setting out appropriate limits on new borrowing commitments which stabilise/reduce the Councils longer term Capital Financing requirement (CFR) - that is, its requirement and commitment to future external borrowing, which has grown significantly in recent years, (ii) limit / keep the current programme borrowing requirement to what is already set out in its capital and treasury strategies. <p>Work on putting together the new programme will develop over the 2022/23 financial year.</p>
National (Thematic) Financial Sustainability of Local Government Covid-19 Impact, Recovery and Future Challenges	This is an overview of the local government Financial Sustainability Assessments completed across Wales.	September 2021	For information report. There were no direct recommendations for the Council to implement / consider.	Report has been shared with relevant Cabinet Member and Head(s) of Service for information.
National (Thematic)	This is an overview of the Auditor General's findings on local government in Wales	September 2021	For information report. There were no direct recommendations for	Report has been shared with relevant Cabinet Member and Head(s) of Service for information.

Audit Report National (Thematic) / Local	Overview	Month Published	Recommendation(s)	NCC Action
A Picture of Local Government	including strategic operating context and funding.		the Council to implement / consider.	
National (Thematic) Regenerating Town Centres in Wales	<p>Main findings of how local authorities are managing and regenerating their town centres.</p> <p>2 / 6 recommendations are for local authorities to consider and implement.</p>	September 2021	<p>R4 The Welsh Government has provided all 22 local authorities with training on how best to use existing enforcement, financial assistance, and debt recovery powers, but they are not being consistently nor effectively utilised to support regeneration. We recommend that local authorities take appropriate action, using these existing powers and resources available to achieve the best possible outcome for town centres by:</p> <ul style="list-style-type: none"> • using alternative methods of enforcement before using Compulsory Purchase Orders as a last resort; • Integrating enforcement strategies with wider departmental strategies across housing, environmental health, planning and regeneration teams to make more effective use of existing skills and resources; and • ensuring there is capacity and the right expertise to use the full range of powers, working in collaboration with other councils to achieve good outcomes. <p>R6 - Town centres are changing, and local authorities need to be receptive to these changes and plan to manage these shifts. We recommend that local authorities use our regeneration tool to</p>	<p>A cross service Empty Properties Group has been set up and includes officer representatives with a range of enforcement powers covering different legislation. Legal representation is also an important part of this group. A works in default budget has been allocated by Cabinet with the intention of enforcing sales where works are undertaken in default. Six properties are currently being prioritised by the group and works in default have already been undertaken in respect of one site.</p> <p>This work is ongoing in the Council and is reported through the Regeneration Service Plan.</p> <p>This toolkit has been completed and demonstrates that Newport has several strengths and also areas we need to further develop. This includes improved marketing and potentially developing a Placemaking Plan which will engage with residents and businesses and seek to deliver a</p>

Audit Report National (Thematic) / Local	Overview	Month Published	Recommendation(s)	NCC Action
			self-assess their current approaches to identify where they need to improve their work on town-centre regeneration (the tool is here).	City Centre which meets their aspirations.

Audit Wales will be undertaking the following reviews over the next six months in 2021/22:

- **National (Thematic) Reviews** – Building social resilience and self-reliance in citizens and communities / Equalities review (FEIA) / Poverty in Wales / Social enterprises / Springing Forward.
- **Local Reviews** – Newport Intelligence Hub and Workforce Planning.

Care Inspectorate Wales

Care Inspectorate Wales (CIW) are the independent regulator of social care and childcare in Wales. CIW are responsible for inspecting and driving improvement of regulated services and local authority social services. CIW also undertake national (thematic) reviews of social care services and inspect social care and childcare services across local authority areas.

Inspection reports of regulated services such as children’s homes and secure accommodation services and residential family centres are not reported and/or made available on the CIW website to protect the privacy of children or people using that service.

To date no local authority or national (thematic reports) have been published by CIW since April. Two inspections have been completed on the Council’s Children Homes in the last six months and the reports are still being finalised. The inspection reports are shared with the Director of Social Services, Head of Service and Cabinet Member for Social Services. Any recommendations and actions required for the Council are monitored through an action plan.

Estyn

Estyn is the independent inspection and advice service on quality and standards in education and training provided in Wales. Estyn inspect quality and standards including all schools, further education, adult community learning, local government education services, teacher education and training, Welsh for adults, work-based learning and others.

Estyn also advise and guide the Welsh Government through thematic reports, commissioned by the Minister for Education and cover a range of sectors and themes. Reports are intended to encourage wider thinking and share effective practice.

For the six month period covered in this report, Estyn have published one thematic report. The table below provides an overview of the report and any recommendations for the Council to consider and/or implement. To date no school inspection reports have been published by Estyn. Inspection reports and action plans are monitored through the school and the school governors. Inspection reports and action plans are shared with the Education Service and Education Cabinet Member. The Governance and Audit Committee will be provided links to the report for information.

Audit Report	Overview	Month Published	Recommendation(s)	NCC Action
--------------	----------	-----------------	-------------------	------------

National (Thematic) / Local				
<p>National (Thematic)</p> <p>Recruit, Recover, Raise Standards: Accelerating Learning Programme</p>	<p>Focus on the support for post-16 learners since September 2020 through the 'Recruit, Recover, Raise Standards: Accelerating Learning Programme' Grant (the RRRS grant) in schools and the catch-up grant in further education (FE) colleges.</p> <p>1 / 7 recommendations are for local authorities to consider and implement.</p>	<p>June 2021</p>	<p>R6 Track and evaluate the success of different models of providing additional support to learners across their areas, referring to the indicators suggested in this report.</p>	<p>Newport City Council was awarded £632k Post-16 Learner Recovery and Progression Funding for the 2021/22 academic year. This funding will be used to support students who have experienced disruption to their learning because of the Covid-19 pandemic and consequently may require additional help with their wellbeing or academic progress.</p> <p>The aim of the funding is to ensure that:</p> <ul style="list-style-type: none"> • learners who have missed subject content can review previous learning and develop knowledge in order to meet the demands of their course. • learners are provided with specific pastoral support, including resilience and confidence building to enable a successful return to in-person learning. • learners are given additional support with practical/workshop skills they may have missed during distanced learning. <p>The grant has been distributed to all schools in Newport using the established post-16 funding formula. Schools can then determine how this funding is spent in line with their own context and the needs of specific learners.</p> <p>Schools must evidence their spends by submitting data at individual learner level, identifying the type and duration (in hours) of support received. Schools are due to submit their delivery plans to the local authority by 11th November 2021.</p>

Estyn forward programme has the following national (Thematic) reviews being undertaken in 2021/22:

- Regional consortia and local authority support for Curriculum for Wales

- The changing approach to assessment
- Welsh Language immersion approaches
- Impartial advice and guidance for young people
- Professional Learning: qualifications for post-16 practitioners in further education, work-based learning and adult learning in the community
- 16 to 18 curriculum
- Implementation of the ALNET Act in schools
- Peer-on-peer sexual harassment in education settings.

Financial Summary

There are no direct costs associated with this report.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Recommendations and actions are not implemented by the Council to improve the delivery of services to the public / service users.	H	L	All Regulatory reviews and reports are shared with the relevant Senior Officers and Cabinet Members. Recommendations and Actions are delivered and monitored by the relevant service area(s) with corporate monitoring by People & Business Change.	Corporate Management Team

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan 2017-22
Strategic Recovery Aims
Service Plans 2021/22

Options Available and considered

1. To consider the contents of this report and recommend to Council that the recommendations / actions raised by the regulatory bodies be reported to Governance and Audit Committee in the end of year report with an overview of what the Council has undertaken.
2. To request further information or reject the contents of this report.

Preferred Option and Why

1. Option 1 is the preferred option with recommendations raised by the Audit Committee to be considered and reported to Cabinet and Officers in accordance with the Council's Constitution.

Comments of Chief Financial Officer

To be Provided

Comments of Monitoring Officer

There are no specific legal issues arising from the report. In accordance with the Local Government (Wales) Measure 2011, as amended by the Local Government & Elections (Wales) Act 2021, there are a number of statutory functions that the Governance and Audit Committee have to discharge and there are other non-statutory functions that can also be included within the terms of reference of the Committee. One of the additional functions that the Council has previously delegated to this Committee is the responsibility for receiving and considering inspection reports from external regulators and inspectors, making any necessary recommendations and monitoring implementation and compliance with agreed action plans. This also meets the requirements of the Auditor General in terms of ensuring that all reports from external regulators are reported to the Council and there is a process in place for monitoring compliance. The role of the Governance and Audit Committee is to consider this overview report on the regulatory activity undertaken during the past 6 months period and to satisfy itself that appropriate action has been taken to address the issues identified by the regulators. Responsibility for individual actions, as identified in the responses to the specific regulatory reports, is a matter for the relevant officers and Cabinet Members but the Committee needs to be satisfied that robust procedures are in place to identify and monitor those actions.

Comments of Head of People and Business Change

Newport City Council has a responsibility for ensuring that its services provide value for money to the tax payer and also ensure that we are fulfilling our statutory duties. This report to the Governance & Audit Committee outlines the regulatory activity completed this financial year to date and will provide necessary assurances that our governance, internal control and risk management processes are operating effectively. Newport Council maintains a strong and ongoing working relationship with its three regulatory bodies and supports their work completed throughout the year.

Local issues

None.

Scrutiny Committees

Not applicable as this report will be presented to the Council's Governance and Audit Committee.

Equalities Impact Assessment

Not applicable as this is an information only report to the Governance and Audit Committee.

Children and Families (Wales) Measure

This measure is considered as part of the Care Inspectorate Wales regulatory activity.

Wellbeing of Future Generations (Wales) Act 2015

The regulatory activity completed by the three bodies all consider the Wellbeing of Future Generations Act in its findings and recommendations for the Council. The Council's response also considers the five ways of working (Long term, Collaboration, Preventative, Involvement, Integration) to deliver improvement.

Consultation

Not Applicable.

Background Papers

[Audit Wales](#)

[Care Inspectorate Wales](#)

[Estyn](#)

Dated: 8th October 2021