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AGENDA

Committee AUDIT COMMITTEE

Date and Time of Meeting MONDAY, 8 DECEMBER 2014, 2.00 PM

Venue COMMITTEE ROOM 4 - COUNTY HALL

Membership Sir Jon Shortridge (Chair), Ian Arundale, Professor Maurice Pendlebury and Hugh Thomas

Councillors Howells, McGarry, Mitchell, Murphy, Robson, Walker and Weaver (plus one vacancy)

Time approx.

1 Welcome to new Committee Member

2 Apologies for Absence

To receive apologies for absence.

3 Declarations of Interest

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

4 Minutes

To approve as a correct record the Minutes of the meeting held on 15 September 2014.

5 Organisational Development Programme in Context with the WAO Corporate Assessment

Leader (Cllr Bale), Chief Executive (Paul Orders), Chief Officer Change & Improvement (Martin Hamilton), Local Government Manager, Wales Audit Office (Non Jenkins)

6 Finance

6.1 Budget Update

7 Governance and Risk Management

7.1 Information Governance Audit Report (V Pearson)

7.2 Corporate Risk Register Mid Year Review 2014-15

7.3 Audit Committee Annual Self-Assessment Review 2013-14

7.4 Reflecting on Good Governance - Feedback
(Wales Audit Office and Grant Thornton seminar- bringing together the most up-to-date thinking and practice from across Wales and beyond).

8 Wales Audit Office

Introduction and Priorities

9 Treasury Management

9.1 Performance Report

10 Internal Audit

10.1 Internal Audit Half Yearly Progress Report

11 Outstanding Actions

11.1 Procurement & Contracting Issues Sub Group

11.2

- i. Glyn Derw Michaelston Federation - Briefing from Director of Education & Lifelong Learning
- ii. Social Housing Fraud Update - Briefing from Audit & Risk Manager
- iii. Highway Bridges and Structures Update - Briefing from Principal Engineer, Bri Management
- iv. Delayed Transfer of Care (DTCOC) Update - Briefing from Director Health & Social Care
- v. Corporate Risk - Social Services Wellbeing Act Update - Briefing from Director Health & Social Care

12 Work Programme Update

13 Date of Next Meeting

19 January 2015 at 2.00pm, Committee Room R4 – this follows the Audit Committee Self-Assessment Exercise/Service Area Review Discussion (1.00-2.00pm, CR4)

**Christine Salter
Corporate Director (Resources)**

Date: Date Not Specified
Contact: Paul Burke,
029 2087 2412, PaBurke@cardiff.gov.uk

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AUDIT COMMITTEE

15 SEPTEMBER 2014

Present: Sir Jon Shortridge (Chairperson), Professor Maurice Pendlebury, Ian Arundale and Hugh Thomas

County Councillors Cowan, Howells, McGarry, Mitchell, Murphy, Walker and Weaver.

Apologies: Councillor Marshall

17: NEW COMMITTEE MEMBER – MR HUGH THOMAS

The Committee welcomed Mr Hugh Thomas who has been appointed as a new independent member to the Committee.

18: DECLARATIONS OF INTEREST

The Chairperson reminded Members of their responsibility under Part III of the Members' Code of Conduct to declare any interest in general terms and to complete personal interest forms at the start of the meeting and then, prior to the commencement of the discussion of the item in question, specify whether it is a personal or prejudicial interest. If the interest is prejudicial Members would be asked to leave the meeting and if the interest is personal, Members would be invited to stay, speak and vote.

19: MINUTES AND ACTION PLAN

The Committee noted that many of the items on the Action Plan have now been actioned satisfactorily and completed.

RESOLVED –

- 1) That the minutes of the meeting of the Audit Committee of 25 June 2014 were agreed as a correct record of the meeting and signed by the Chairperson.
- 2) That the Action Plan be approved.

20: MATTERS ARISING FROM THE MINUTES OF 25 JUNE 2014 AND ACTION PLAN

Audit Committee
15 September 2014

(i) Payroll Overpayments – Response from Chief Executive

The Chairperson had written to the Chief Executive as this issue had received consecutive Limited Assurance audit opinions. A supportive response had been received and circulated. A follow-up audit is underway and its findings will be reported to the next Committee. The Chairperson felt that this is a fundamental control matter and that the Committee has to be assured that Internal Audit recommendations are being implemented.

In discussing this report and establishment control more generally, concern was raised over security matters e.g. collecting in security passes when a person leaves, and it was agreed this would be raised at the next meeting when the ICO audit report was being discussed.

RESOLVED –

- 1) That a follow-up audit should be carried out and the results of it should be made available to the Audit Committee by the end of 2014
- 2) The presentation on Information Governance (now deferred to December's meeting) needs to respond to the comments members had made on Security issues.

(ii) Procurement & Contracting Issues - Audit Committee Sub-Group Update

The Sub-Group has now met and agreed terms of reference and a way forward. As part of their work they intend to review a newly updated version of the Fraud, Bribery & Corruption Policy.

Members are keen to raise awareness of the importance of fraud matters and the need for a robust process for dealing with suspected cases and holding people to account for their actions. They are keen to support initiatives that improve the understanding of officers in relation to Council rules and procedures, to target non compliance and reduce the risk of future fraud and financial impropriety.

RESOLVED –

- 1) The group will report progress to the Audit Committee at their next meeting in December 2014.

21: INTERNAL AUDIT

(i) Internal Audit Annual Report 2013-14

This report at Appendices D and G of agenda item 5.1 contained exempt information as defined in Section 100 (1) (1A) of, and paragraphs 14 and 21 of Schedule 12A to, the Local Government Act 1972. No members of the public were present.

The Audit & Risk Manager provided a summary of the main report findings, concentrating on the main conclusions and audit opinion as set out in the report. The format was consistent with previous reports providing members with an outline of audit work undertaken during 2013-14 and some key indicators on audit performance and engagement with clients. The overall view of the Audit & Risk Manager was that, despite facing a number of challenges this year, Internal Audit had continued to provide an effective audit and investigation service and largely met the challenges as set out at the start of the financial year. Key was conforming to the new Public Sector Internal Auditing Standards which provides assurances that a professional service is delivered in line with best practice. The main approach was still on system based auditing but more emphasis was being placed on seeking efficiencies when on audit visits. Much work had again been done over the past 12 months to introduce lean auditing ideas in order to streamline audit processes and drive out efficiencies.

The overall audit opinion, based on the work of the Section over the past year, was that there is a sound framework for financial control within the Council and the majority of audits undertaken provide assurances of controls in place. In some cases the Council rules require updating in recognition of the changing environment in which the Council is placed, and Audit are keen to engage with those tasked with reviewing these.

Clearly there is scope for control and compliance to be enhanced as a result of twenty audit reports with a Limited Audit assurance, and concern was expressed at an increasing number of follow up audits which highlight the problems Directors face introducing changes at a time when resources are under significant pressure.

Discussion highlighted members' concerns over High risk audits with Limited Assurance opinions. In these cases members were keen to ensure that all audit recommendations were actioned. In particular on some audits relating to contract matters (e.g. Opening & Receipt of Tenders) the Committee was keen that these issues should continue to be prioritised by the audit team.

The Committee enquired about benchmarking and comparisons with local authorities in comparable cities in the UK. The Committee was advised that the Audit Section is a founder member of an all-Wales benchmarking group which continues to provide comparative data on key indicators, and is looking to re-join the Chartered Institute of Public Finance and Accountancy (CIPFA) Benchmarking Club. A range of performance measures are maintained, regularly reported upon and some key

Audit Committee
15 September 2014

indicators had been presented to Audit Committee at a meeting last year. More work is intended on benchmarking recognising the importance of learning lessons from similar authorities in targeting a high standard of performance.

The Committee asked if there is any work being done on the sub-letting of Council properties by tenants. The Committee was advised that this is being looked at and the Committee will be provided with a report at a future meeting.

There was some discussion of the reducing audit resources and particularly the impact on audit coverage given the challenges faced by the Council. This is made more important by the need to ensure an audit presence throughout the period of change to ensure proper consideration of risks and to ensure that there was no breakdown of controls. It was generally considered that this was an area where resources should be protected, where possible, and that the position should be monitored closely by the Audit Committee.

There was also a view that audit should be supported by officers being required to attend the Committee when their particular area is not performing well. On this point, the Audit and Risk Manager informed the meeting that previously when there have been unsatisfactory outcomes the approach has been to allow audit clients six months in which to improve and then to seek explanations if little improvement had been made after that time.

The Committee noted that there appear to be a number of compliance issues and asked whether this was due to a lack of training or to management issues. The Committee was advised that there is an element of both. When a lack of training was evident appropriate courses were provided but, due to the significant number of experienced officers leaving, those remaining staff are under greater pressure to continue to deliver and as a result there is an increasing risk of systems and controls becoming compromised. Managers need to be alert to this and be reminded of their responsibilities for financial control throughout their directorates.

In summary, the Chairperson note that the Committee welcomed the report and the overall “satisfactory” audit opinion from Internal Audit, although it felt it appropriate to draw attention to the significant level of audit outcomes offering only Limited or No assurance and hoped to see an improvement during the next year.

RESOLVED –

- 1) Senior Management Statements (SMS)

The Audit and Risk Manager should capture the Committee's concerns about compliance in drafting the next Senior Management Assurance questionnaire. This new draft is to be brought before the Committee for comment.

2) Contract matters / Tendering

The Audit Committee is to be provided with an update on fundamental and high risk audits –including any previous Limited Assurance audits e.g. Receipt, Custody and Opening of Tenders and the City Centre Advice Hub.

In light of the Committee's concerns about propriety and compliance around contracting matters, the Committee would like Internal Audit to continue to prioritise audits in this area.

3) Benchmarking and Comparative Data Matching

The Committee should receive an annual report on Audit benchmarking data exercises.

4) Sub-Letting

The Committee should receive a report on the investigation of sub-letting of council properties by tenants.

5) Whistleblowing

The Audit Committee should seek an annual update giving an opinion from the Standards and Ethics Committee on how well the Council's whistleblowing policy is working. A letter is to be sent to the Chair.

(ii) Internal Audit Progress Update - Quarter 1 and Executive summary

This report at Appendices A to E of agenda item 5.1 contained exempt information as defined in Section 100 (1) (1A) of, and paragraphs 14 and 21 of Schedule 12A to, the Local Government Act 1972. No members of the public were present.

The Audit & Risk Manager provided an overview of the work undertaken during the first quarter of 2014-15.

There was some concern at further Limited Assurance Audit opinions being reported, including some schools, but the Committee was advised that the list of audits where follow ups had been undertaken was reducing as on second visits the control

Audit Committee
15 September 2014

environments had improved in many to the extent that they were now considered to provide satisfactory assurance.

A question was asked as to why Glyn Derw School had not complied with the normal timescales for budget submissions and it was agreed an answer would be requested from the Director of Education & Lifelong Learning.

There was discussion as to how to select officers to be asked to attend Audit Committee where there continues to be control issues and it was agreed that the emphasis should be on cases which had been reaudited and where insufficient improvement had been reported. It was suggested that the Audit & Risk Manager could highlight potential areas /audits so that Members could consider the merits of asking officers to attend.

There was some concern raised in relation to the tendering process for the Cymorth grant funding and it was agreed that the Member could raise the matter with the Audit & Risk Manager should he wish to do so. Any proposed action would be reported back to a future meeting of the Committee.

RESOLVED –

- 1) Glyn Derw High School - In light of the Committee's concern around setting of budget for 2013 the Director of Education & Lifelong Learning is to be asked to provide Committee with an explanatory note for circulation to the Committee.
 - 2) The Director of Education & Lifelong Learning to be contacted in order to raise concerns around further Limited Assurance reports in schools.
 - 3) Councillor Mitchell to consider raising his concerns relating to grant allocation with the Audit and Risk Manager if he wished to do so. Any proposed action to be reported to a future Committee meeting.
 - 4) Future audit progress reports are to identify key areas of control weakness/failure of compliance, and identify potential attendance of Directors to future Committee meetings.
 - 5) The Director of Strategic Planning, Highways and Traffic & Transport is to be alerted to the possibility that Audit Committee may wish to seek his attendance at a future Committee to discuss a Highways internal audit report.
- (iii) A Consistent Approach to Non-Benefit Investigation Sanctions

This report was deferred from the Committee's meeting on 25 June 2014.

RESOLVED – That the report be noted and supported.

(iv) Finance Service Review

The Projects and Technical Accountancy Manager informed the Committee that a service review of the Finance Service is being carried out in order to ensure that the services it provides are fit for purpose, offer value for money and are suitable for meeting future demands. With reference to the Audit Committee's statutory functions as set out in the report, the Committee was asked to give feedback on the degree to which the Finance Service supports the work of the Committee by providing information to it that is accurate, timely and in an acceptable format.

The view of the Committee was that the most useful way forward would be for the Finance Service to circulate a questionnaire. This would give Members of the Committee more time to consider the questions and provide the required feedback.

RESOLVED –

- 1) Finance officers to circulate a questionnaire for Members to complete and return.
- 2) The matter is to be discussed in the January self-assessment exercise

22: FINANCE

(i) Budget Update/Budget Strategy

The projected Council overspend is £1 million and the Directorate overspend is projected to be just under £7 million, offset by a range of initiatives. Monitoring budget savings shows a similar position to last year. Directors have been instructed to minimise spend and keep to procuring essential items only. The budget strategy was agreed by the Cabinet in July and challenge testing sessions are underway with Directors to test their savings proposals. Budget proposals will go public in October and be taken through Cabinet and consultation. The intention is that some proposals will be considered in the autumn this year and decisions taken early to aid the difficult task of budget discussions in the run up to fixing the budget for 2015-16 in February.

RESOLVED – That the report be noted.

23: WALES AUDIT OFFICE (WAO)

(i) Audited Statement of Accounts - Cardiff Council including Audit of Statement

Audit Committee
15 September 2014

of Account – Cardiff & Vale of Glamorgan Pension Fund

The Committee was informed that the WAO was to give an unqualified audit opinion. The quality of the report and accounts was good and they had been received ahead of the deadline. There were no significant matters that should be brought to the attention of the Committee.

The Committee noted that the figures given in the summary of corrections (Appendix 3, pages 13-15) were large amounts and the WAO officers were asked if that was unusual. The Committee was advised that in terms of overall expenditure it was not unusual. These are corrected figures and were largely classification issues.

Regarding surplus assets, the Committee enquired whether the Council will be following the CIPFA code of practice, as it is important that all assets are identified. The Committee was advised that at present the Council has a number of systems for recording assets and the Council is working with SAP with a view to bring all these systems together.

The Committee pointed out that in the Summary of Accounts 2013/14 there were discrepancies between some figures given under Income and Expenditure (page 1) and percentages in the Sources of Income pie chart (page 2). Officers agreed to review these.

In summary, the Chair said that given the financial challenge that the Council is facing, the identification of all surplus assets should be a priority. The Committee noted that the Statement of Accounts has been finalised and expressed its appreciation for the work that had gone into their preparation.

RESOLVED –

- 1) That the Draft Summary of Statement of Accounts 2013/14 figures be checked and updated.

(ii) Performance Audit Programme Update

The Committee received for information the Wales Audit Office Improvement Assessment 2014-15 Programme update for September 2014

RESOLVED – That the report be noted.

(iii) Corporate Assessment Report

Steve Barry provided an overview of the report and highlighted some key messages.

The Committee was advised that the Council was making good progress in some areas, but in others there had been some slippage and improvements were needed.

The WAO welcomed the Organisational Development Plan (ODP) that the Chief Executive is putting together - a plan which he intends to subject to a peer review, with the aim of getting an assessment of how effective the plan will be at tackling issues it identifies. The WAO is satisfied by the further milestones that are in place and will be monitoring the situation.

The Corporate Assessment Report had highlighted non-compliance in some areas and the WAO had discussed this with the Chief Executive. The Committee suggested that issues around non-compliance should be addressed in the appraisals of Directors, Operational Managers and other officers, who should be held to account.

It was felt that it would be useful if the Chief Executive and the Leader attended a meeting of the Committee to give a briefing on the content and objectives of the ODP. The Committee should ask the Chief Executive how he plans to respond to the Corporate Assessment Report so that the Committee can monitor that response.

The Committee felt that it needed assurances that senior management is implementing the ODP and it was suggested that the Senior Management Statements (SMS) should be amended to include a question on this.

The Committee noted that the report states that the Council is not managing its land and property assets well, and it was suggested that more priority needs to be given to identifying these assets and their potential for income generation.

The Chair thanked the WAO for its report and said that the Audit Committee recognises that it has a responsibility to contribute to the Council's response to it.

RESOLVED –

- 1) The Leader and the CEO are to be invited to the Committee meeting on 8 December for discussion of the Organisational Development Plan (ODP) and how it will address required improvements, as identified in the Corporate Assessment Report.
- 2) The Audit and Risk Manager is to liaise with Steve Barry (WAO) on the production of a briefing that can be provided to the Committee prior to the meeting with the Leader and the CEO that will assist the Committee in its preparation for this discussion. The briefing is to include asset management and information on how performance management and accountability measures will be used to drive forward improvements.

Audit Committee
15 September 2014

24: TREASURY MANAGEMENT

(i) Performance Report

Appendix 1 of agenda item 8.1 (Treasury Management – Performance Report) contained exempt information as defined in Section 100 (1) (1A) of, and paragraphs 14 and 21 of Schedule 12A to, the Local Government Act 1972. It was agreed that the public be excluded for the duration of the discussion of this item of business on the grounds that if members of public were present during the discussions, due to the nature of the business to be transacted, there would be disclosure to them of exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act, 1972. No members of the public and press were present.

The Committee was advised that in 2014/15 no external borrowing has been undertaken to date.

The Committee noted that the report states that ‘In the medium to long term, efforts will be made to restructure loans maturing in 2056/57’ and asked if it was possible to be more specific about what the medium to long term would be. The Committee was advised that in previous years the Council would have had the opportunity to address loan restructuring but three years ago the Treasury imposed a penalty on the Council for the early repayment of debt and it is now extremely costly to make early repayments.

RESOLVED – That the report be noted.

(ii) Treasury Management Annual Report

Annexes B and C of Appendix 1 to agenda item 8.2 (Treasury Management – Annual Report) contained exempt information as defined in Section 100 (1) (1A) of, and paragraphs 14 and 21 of Schedule 12A to, the Local Government Act 1972. It was agreed that the public be excluded for the duration of the discussion of this item of business on the grounds that if members of public were present during the discussions, due to the nature of the business to be transacted, there would be disclosure to them of exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act, 1972. No members of the public and press were present.

The Committee was informed that this is one of a series of three reports that have to go to the Full Council. It is intended as a position statement of key activities and issues for 2014/15.

The Committee asked for an explanation of the strategy that will be used for repaying debt. The Committee was informed that much will roll forward but it will depend on the size and affordability of the Council's capital programme and on the provision that has been made for the repayment of debt.

RESOLVED –

- 1) That the report be noted and commended to the Council.
- 2) The Annual Report or Mid Year report, if more practical, should contain a statement on the provision for repayment of debt as well as options considered to restructure loans maturing in 2056/57.

25: OPERATIONAL ITEMS

(i) Information Governance Consensual Audit Report

Discussion of this item was deferred to a later date.

26: WORK PROGRAMME – 2014/15

An Assurance summary bringing together risks and issues from a number of different sources and showing how these were being considered and progressed was discussed.

The Committee felt that this mapping exercise was very helpful in providing an overview on risks and issues to be addressed. It was considered important to make sure that the work of the Committee complements rather than duplicates the work of scrutiny committees, such as the Policy Review and Performance Scrutiny Committee (PRAP) and members of both should consider if this was working effectively. It was considered that some of the work on the programme could perhaps be better dealt with by PRAP or by the Children and Young People Scrutiny Committee. Scrutiny committees that have considered issues that would be of interest to the Audit Committee could then report back to it. It was agreed this could be part of discussion when the self assessment review is undertaken later in the year.

The Committee was advised that start times for meetings in 2014/15 have been changed and meetings will now start at 2pm and finish at approximately 5pm.

RESOLVED –

Audit Committee
15 September 2014

- 1) The Chair, the Section 151 Officer and the secretariat are to consider the issues that have been raised in respect of agenda management.

27: MINUTES OF THE POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

The Committee received the minutes of Policy Review and Performance Scrutiny Committee meetings of 6 May 2014, 3 June 2014 and 1 July 2014.

RESOLVED – That the minutes be noted.

28: URGENT BUSINESS

There was no urgent business.

29: DATE OF NEXT MEETING

The next meeting will be held on 8 December 2014 in Committee Room 4, County Hall, starting at 2.00pm.

The meeting closed at 5.00pm

Signed _____ Date _____
Chairperson

CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD

AUDIT COMMITTEE: 8 December 2014

ORGANISATIONAL DEVELOPMENT PROGRAMME (ODP)

AGENDA ITEM: 5

Reason for this Report

1. The Corporate Assessment 2014, issued by the Wales Audit Office in September, was discussed at Audit Committee on the 15th September. Members requested the Leader and Chief Executive be invited to their next meeting to seek assurances that the required improvements, as identified in the Corporate Assessment Report, were being addressed as part of the Organisational Development Programme.
2. A representative from the Wales Audit Office and the Audit & Risk Manager were asked to prepare a Briefing Report to assist Members with preparing for this item on the December meeting agenda.

Background

3. In March 2014 the Wales Audit Office undertook a Corporate Assessment of the Council, which sought to answer the question, "Is the Council capable of delivering its priorities and improved outcomes for citizens?"
4. The Corporate Assessment drew the following conclusions:
 - Political and managerial instability over a number of years has meant that the Council has been unable to develop the culture and framework necessary for continuous improvement
 - The Council has identified what it wants to achieve for its citizens but has lacked an effective means of delivery
 - Some processes intended to ensure good governance have not been implemented, and decision-making processes are inefficient and lack transparency
 - Whilst there have been some recent changes, performance management has failed to consistently secure improvement in the past
 - Although the Council ensures a balanced budget, prospects for achieving proposed savings in 2014-15 are uncertain and the anticipated level of future funding means the current methods of service delivery are unsustainable
 - Corporate human resource arrangements are founded on positive practice but are not being implemented consistently
 - The Council is improving its use of information technology and its information arrangements
 - The Council is not managing its land and property assets well
 - The Council engages well in collaboration with others and is able to demonstrate improved outcomes for citizens.

5. The Wales Audit Office set out their expectations as follows:

Leader and Cabinet

- Clarity of vision and cohesive leadership
- Clear roles and expectation – clear accountability
- Appraisal and development
- Effective Agenda management

Senior Management Team

- Clarity of vision and cohesive leadership
- Clear roles and expectations – clear accountability
- Appraisal and development consistently implemented
- Robust performance evaluation and transparent reporting
- Delivery of savings plans
- Robust options appraisals to inform budget planning

Scrutiny Committees

- Improved agenda management
- Clear roles and accountabilities
- Performance evaluation and challenge
- Relevant work programmes
- Clarity of intended impact and benefits of reviews

Audit Committee

- Improved agenda management
- Clear roles and accountabilities – in particular when issues identified by the Committee remain unresolved
- Robust challenge of the Annual Governance Statement
- Review Internal Audit's strategic plan and underlying risk based annual plan to ensure key areas covered and monitor:
 - o Slippage against plan and implications for annual IA assurances
 - o Compliance testing in context of failures identified in the Corporate Assessment

Issues

Council Responses to Wales Audit Office Corporate Assessment

6. The Cabinet Report of 15 May 2014 established the Organisational Development (OD) Programme as the delivery mechanism for a new organisational model, based on cooperative principles that will reposition the Council and enable it to respond positively and effectively to the challenges.
7. Following the Wales Audit Office Corporate Assessment, a further Cabinet Report was approved on 18 September 2014 setting out how the Council would ensure that the Council addresses the Auditor General's primary proposal for improvement, which is that:
 - “the Council ensures the implementation of its Organisational Development Plan resolves the range of issues identified in this assessment”.

8. The September report set out how the Organisational Development Programme will ensure delivery of continuous improvement in both systems and services:
- Further strengthening of Corporate Planning & Performance Management;
 - Clarifying measures to improve medium term financial planning;
 - Strengthening “Governance” programme;
 - Streamlining “Assets & Infrastructure” programme to focus on organisational development alone;
 - Refining the management of the programme to better facilitate the flow of different initiatives through the programme.

Audit Committee Assurance Requirements

9. As part of the Audit Committee’s role to provide high level focus on assurance and the Council’s arrangements for governance, managing risk, maintaining an effective control environment, and reporting on financial and non-financial risk, the Committee would like assurance that:
- Concerns raised in the WAO Corporate Assessment will be addressed as part of the OD Delivery Plan;
 - That sound financial controls are in place, with robust evaluation of investment decisions and effective monitoring of expenditure and savings;
 - That senior management are held to account for ensuring all officers understand and fully comply with Council rules and policies;
 - The OD Plan is on track to deliver, with milestones being met and savings realised;
 - The governance framework for change is robust, with appropriate management of risks and issues;
 - That the improvements to the performance management framework meet the changing needs of the Council;
 - That lessons learned from other public bodies and internal change are being used to mitigate risk across the OD Programme.

Legal Implications

10. There are no direct legal implications arising from this report.

Financial Implications

11. There are no direct financial implications arising from this report.

RECOMMENDATION

12. The Committee notes the content of this report.

**CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES**



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU



Annual Improvement Report including the Corporate Assessment 2014

The City of Cardiff Council

Issued: September 2014
Document reference: 367A2014

About the Auditor General for Wales

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 National Assembly.

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

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

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

Cover image © Kieran Ridley

This Corporate Assessment Report has been prepared on behalf of the Auditor General for Wales by Steve Barry and Samantha Spruce under the direction of Jane Holownia.

Contents

Summary report, introduction and proposal for improvement	4
Detailed report	
Fragmented leadership and management have meant that weak performance in key service areas has not improved	7
Political and managerial instability over a number of years has meant that the Council has been unable to develop the culture and framework necessary for continuous improvement	7
The Council has identified what it wants to achieve for its citizens but has lacked an effective means of delivery	9
Some processes intended to ensure good governance have not been implemented, and decision-making processes are inefficient and lack transparency	12
Whilst there have been some recent changes, performance management has failed to consistently secure improvement in the past	17
Although the Council ensures a balanced budget, prospects for achieving proposed savings in 2014-15 are uncertain and the anticipated level of future funding means current methods of service delivery are unsustainable	31
Corporate human resource arrangements are founded on positive practice but are not being implemented consistently	33
The Council is improving its use of information technology and its information management arrangements	36
The Council is not managing its land and property assets well	38
The Council engages well in collaboration with others and is able to demonstrate improved outcomes for citizens	40
Appendices	
Appendix 1 Status of this report	44
Appendix 2 Useful information about Cardiff and Cardiff Council	45
Appendix 3 Annual audit letter	47
Appendix 4 Cardiff Council's improvement objectives and self-assessment	50

Summary report, introduction and proposal for improvement

Introduction

- 1 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure. This work has been undertaken by staff of the Wales Audit Office, on behalf of the Auditor General. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner, we have brought together a picture of what Cardiff Council (the Council) is trying to achieve, how it is going about it, and the progress it has made since the Auditor General published his last annual improvement report. The report also draws on the Council's own self-assessment. Finally, taking all this into account, the report records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2014-15.
- 2 In 2013-14, staff of the Wales Audit Office began a four-year cycle of corporate assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each authority will receive an in-depth corporate assessment once during a four-year period. In the intervening years, we will keep track of developments through progress updates.

- 3 Our fieldwork for the corporate assessment focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question:
'Is the Council capable of delivering its priorities and improved outcomes for citizens?'
- 4 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection and publish a report and make recommendations; and
 - recommend to Ministers of the Welsh Government that they intervene in some way.
- 5 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

Summary

- 6 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit Office; and also draws on the work of the relevant Welsh inspectorates. The report covers the Council's delivery of services, its evaluation of services in relation to 2012-13, and its planning of improvement for 2013-14. Taking these into account, the report records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2014-15.
- 7 The Auditor General has concluded that: **Fragmented leadership and management have meant that weak performance in key service areas has not improved.** We came to this conclusion because:
- political and managerial instability over a number of years has meant that the Council has been unable to develop the culture and framework necessary for continuous improvement;
 - the Council has identified what it wants to achieve for its citizens but has lacked an effective means of delivery;
 - some processes intended to ensure good governance are not being implemented, and decision-making processes are inefficient and lack transparency;
- whilst there have been some recent changes, performance management has failed to consistently secure improvement in the past;
 - although the Council ensures a balanced budget, prospects for achieving proposed savings in 2014-15 are uncertain and the anticipated level of future funding means current methods of service delivery are unsustainable;
 - corporate human resource arrangements are founded on positive practice but are not being implemented consistently;
 - the Council is improving its use of information technology and its information management arrangements;
 - the Council is not managing its land and property assets well; and
 - the Council engages well in collaboration with others and is able to demonstrate improved outcomes for citizens.
- 8 In May 2013, the Chief Executive outlined to the Cabinet the risks and emerging challenges to the Council across all Cabinet portfolio areas, following which the Cabinet commissioned a Peer Review by the Welsh Local Government Association. The review, published in September 2013, highlighted a deterioration in systems and procedures over a number of years together with a lack of transparency in information being reported to members. In October 2013, Cabinet adopted a report which described actions the Cabinet 'already had in place to contribute significantly to addressing the Peer Review recommendations' and that

'other elements of the Peer Review which needed urgent action have either already been addressed or appropriate actions are currently being put in place'.

9 The findings in this report mean that we cannot agree that significant progress has been made in addressing the issues identified in the Peer Review and our more recent work identifies the extent of the problems that the Peer Review described as 'deep rooted'. We recognise that some progress has been made, particularly with the establishment of a new senior management team, improvements to financial information about directorates and the identification of £50 million potential savings for 2014-15. However, significant risks remain:

- Savings proposals have been identified, but a significant number are not backed by detailed plans and a track record of failing to achieve planned savings in recent years means uncertainty remains about whether the Council will meet the £50 million savings proposed for 2014-15.
- The revised Corporate Plan still lacks sufficiently clear measures of success, and delivery plans against which performance can be reviewed are in an early stage of development.
- Whilst some changes to the detail within the existing performance management framework are being made, the Council still lacks readily accessible and timely information to enable it to effectively manage performance.

- The Council cannot be sure that policies and procedures are being put into practice. Control systems are not effectively identifying and dealing with instances of non-compliance.

10 This new leadership thus faces significant challenges. In September 2013, the Peer Review described its recommendations as 'urgent', requiring an urgent response from the Council. The new leadership will need to prioritise action and instil the required urgency in its response.

11 Given the recent progress and the establishment of a new management team, the Auditor General feels it appropriate to allow time for new processes and procedures to bed down, before making any recommendations. We will, therefore, carry out a corporate inspection in 2015 to determine whether the issues identified in this report have been satisfactorily resolved.

Proposal for improvement

P1 The Council ensures the implementation of its Organisation Development Plan resolves the range of issues identified in this assessment.

12 We will work with the Council in the interim to ensure that there is clarity about the key improvements we expect to see achieved by the time of the corporate inspection, and will monitor activity in the coming months as a means of assessing progress.

Detailed report

Fragmented leadership and management have meant that weak performance in key service areas has not improved

Political and managerial instability over a number of years has meant that the Council has been unable to develop the culture and framework necessary for continuous improvement

- 13 Over the past four years the Council has undergone a change in political control, has had three leaders and a leadership challenge, two chief executives and two re-structures of its senior management team. The resulting period of instability at both political and managerial level has been accompanied by reports of failing services and weaknesses in processes and procedures.
- 14 At a political level, a new administration was elected in May 2012. In May 2013, the Leader survived a leadership challenge. Later in the year, the Cabinet was increased from 9 to 10 members. A leadership election took place in March 2014 and the newly elected leader appointed a new Cabinet comprising nine members.
- 15 The various administrations made significant changes at managerial level over the period 2010 to 2012. By April 2012, the administration had reduced the senior management team to the Chief Executive and four senior managers. In May 2012, the newly elected administration, believing capacity to have been reduced too much, adopted a new management structure comprising a Chief Executive and 10 senior managers. Staff took up post to the current

structure between July and September 2013. The Chief Executive, who had been in post for three years, resigned in June 2013 and the current Chief Executive took up post in December 2013.

16 This review, therefore, followed several years of uncertainty at both management and member level. As it took place in March 2014, all references to Cabinet responses via interview or surveys are attributable to members of the former Cabinet.

17 Although the Labour group secured a significant majority at the May 2012 elections, many were elected for the first time and, as such, whilst able to demonstrate personal capabilities, had no experience of managing a major council. Whilst some basic training for elected members was provided following the May elections, no specific support for Cabinet members to assist them in the delivery of their roles had been made available. Over this period, vacancies at senior management level meant that a number of Cabinet members had no senior managers in post responsible for the management of the services within their portfolio.

18 A consequence of two management re-structures is that a large proportion of current senior managers at the Council have undergone periods of uncertainty about their future roles on two occasions in the past four years, and that staff in general have had uncertainty about their roles and positions in the Council.

The Council has identified what it wants to achieve for its citizens but has lacked an effective means of delivery

19 During 2013, the Wales Audit Office published two reports identifying weaknesses arising from a lack of clarity about priorities, a failure to properly evaluate performance, and inadequate performance management arrangements. In May 2013, the Chief Executive outlined to the Cabinet the risks and emerging challenges to the Council across all Cabinet portfolio areas, following which the Cabinet commissioned a Peer Review by the Welsh Local Government Association. The review, published in September 2013, highlighted a deterioration in systems and procedures over a number of years together with a lack of transparency in information being reported to members.

20 The *Corporate Plan 2014-2017* (the Plan) was adopted by the Council on 27 February 2014. In response to criticism of the previous plan by the Peer Review and the Wales Audit Office, the Council produced a more concise document with the aim of establishing a clearer focus on priorities.

21 The Plan identifies three priorities:

- economic development as the engine for growth and jobs;
- education and skills for people of all ages to fulfil their potential and be well prepared for employment in the Cardiff economy and beyond; and
- supporting vulnerable adults, children and young people in times of austerity.

22 The Plan includes sections aligned to the portfolio responsibilities of the former Cabinet setting out what directorates propose to do in respect of delivery.

23 Reference is made to 'directorate delivery plans' that 'sit underneath' the Plan and will provide the specific details about how priorities will be delivered. The directorate delivery plans were being developed at the time of our assessment. If developed as proposed, and used to drive performance they should be capable of providing the necessary framework for delivery.

24 In each section, the Plan lists the 'outcomes' it wishes to see. There is some confused use of this term – in some cases the outcome is clear, such as 'a net growth

in jobs', in other cases what is listed is a measure rather than an outcome, for example, 'timeliness of initial assessments'. The Council needs to ensure that stated outcomes are clear and supported by an appropriate range of measures.

25 Variation in the way in which directorates describe outcomes, confused use of terminology and lack of clarity about the improvement sought in a number of instances mean that the Plan does not provide a clear reference point from which performance can be evaluated in the future. We will discuss the need for improved performance management arrangements in a later section.

26 In pages 6 and 7 of its report, the Peer Review clearly described the scenario facing the Council and proposed ways in which the Council could more clearly explain its vision and ambitions. It explained 'some English councils that have experienced the same challenges have articulated new visions for 'co-operative councils' in order to avoid mass outsourcing thereby falling into the role of a residual service provider'. Clarity about how the Council sees its future role in the delivery of services is essential because it provides the point of reference for decision making and expected ways of working. The Council recognises that the financial situation means it cannot continue to operate in the way it has previously but currently lacks a clear vision of the way in which it might deliver services in the future.

- 27 The new Leader has taken steps to establish a vision of the type of council Cardiff could be by indicating his intention to open discussion on the options for delivering services in the city. One option would involve building on the work of a network of 'co-operative councils'¹. This has led to the launch of the 'Cardiff Debate'. This is a wide reaching set of engagements with stakeholders ranging from strategic partners to communities and individual service users to explore the challenges facing the public sector, and exploring how best to address these challenges.
- 28 The Chief Executive has produced an Organisation Development Plan – a three-year programme to deliver that vision. The Plan was adopted by the new Cabinet in May 2014. The delivery of the Organisational Development Plan is by means of a programme underpinned by 10 principles which serve to expand what the Council's approach to establishing a Co-operative Council will involve. These principles include focussing on co-production of services with the people and communities who use them, shifting the emphasis of the Council to prevention and early intervention to reduce demand on key services, as well as taking a more commercial approach to service delivery. The principles also lay the foundations for the Council to become more progressive in its approach to service delivery, marking a shift to a 'commissioning' organisation rather than a direct service provider, open to collaboration, and adoption of alternative service delivery models.
- 29 The majority of the senior management team told us they were clear about the outcomes the Council was trying to achieve and 56 of the 91 operational managers we surveyed felt the same. Similarly, 20 of the 28 members who responded said they were clear about what the Council is trying to achieve.
- 30 The Council had conducted its own staff survey between November and December 2013. At 14.5 per cent (2,046 responses from 14,200 employees), the response rate was poor, indicating the Council needs to establish better ways of securing the views of its staff. The Council had asked for a response to the question: 'I understand how I contribute to the corporate plan'. Staff were asked how far they agreed or disagreed with the statement using a scale of 0 (disagree) to 10 (agree). The result was a rating of 6.02 which was described as 'a fair score – there is considerable room for improvement'.
- 31 The Leader and Chief Executive have recognised the need for better methods of engagement with staff. The Council has arranged seven staff 'road-show' events starting in May 2014 to improve communications and engage with staff as the new leadership seeks to implement its new ideas.
- 32 We understand that an immediate action emerging from the Organisational Development Programme, and its commitment to improve staff engagement, has been the launch of an employee engagement programme. This has included re-focusing existing arrangements such as the Senior Management Forum to enable a greater dialogue with managers, replacing a previously top down, briefing format, and introducing new engagement activities such as employee road shows which have been attended by over 350 employees. The Council has also established a network of 'ambassadors' to help ensure that sustainable engagement techniques are established in each directorate. This is intended to provide a clear signal of the Council's intent to secure real and productive engagement with its employees.
- 33 Perhaps the most telling response from the staff survey was the response to the question 'On a scale of 0-10 how likely is it that you would recommend Cardiff Council as an employer to a friend' resulted in the lowest rating of 5.19. It was also considered a 'fair score' but with 'considerable room for improvement'.
- 34 The results of our interviews and focus groups indicate that there is broad awareness at senior level of the three areas identified as priorities in the Corporate Plan and of the financial challenges facing the Council but limited planning to support delivery. The Council's own survey suggests a need to improve the way in which priorities are translated into action to make them more meaningful to the staff engaged in delivery.

¹ The Co-operative Councils Network is a group of leading Labour local authorities who are adopting new co-operative approaches to transform the way local public services are delivered in their areas www.coopinnovation.co.uk.

Some processes intended to ensure good governance have not been implemented, leading to inefficient decision-making processes and a lack of transparency

35 Good governance should result in good management, good performance, good stewardship of public money, good public engagement and ultimately, good outcomes (*The Good Governance Standard for Public Services*, OPM and CIPFA, 2005). Good governance provides a framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and achieve set objectives. When we reviewed the governance arrangements at the Council, we looked for evidence of:

- Accountability: Clarity of roles and responsibilities and evidence of people being held to account in their roles.
- Efficiency: Arrangements that supported timely decision making; co-ordination of activity; management of meetings (including agenda items and the outcome of meetings); content of agenda and purpose of reports; and the time spent in meetings.
- Transparency: The availability of information, the quality and balance of information.

Whilst many were clear about their responsibilities, people are not being held to account when failing to discharge their responsibilities

36 The role/terms of reference of committees, panels, standing orders, financial regulations and the role of statutory officers have been set out in the constitution and the Council has recently agreed role descriptions for elected member roles (based on generic Welsh Local Government Association role descriptions). Since joining the Council in August 2013, the Monitoring Officer has begun improving governance practices: this has included a review of the constitution and the development of new ways of supporting members to discharge their roles. One outcome has been the adoption of the Member Development Strategy by the Democratic Services Committee.

37 The Cabinet members we interviewed accepted they were accountable for the delivery of specific sections of the Corporate Plan, demonstrated knowledge of their portfolios and a willingness to take the lead such as in fielding questions in scrutiny. However, there was no formal appraisal arrangement in place for Cabinet members to help the Leader assess the effectiveness with which they discharged their roles.

38 Scrutiny committee members generally displayed an understanding of their roles and a willingness to challenge in scrutiny. Attendance of Cabinet members at scrutiny committee meetings and appropriate 'challenge' of Cabinet members by scrutiny members reinforce the accountability

and roles of non-executive and executive members, senior officers and scrutiny officers.

39 We also interviewed committee chairs (including independent chairs). They were clear about the remit of their particular committee but there was a general lack of clarity about how their specific roles integrated with delivery of priorities or supported the good governance of the Council. Twenty-seven of the 28 members who responded to the Wales Audit Office survey either agreed or strongly agreed that they were clear about their roles and responsibilities as a councillor.

40 Ninety-two per cent of the managers responding to our survey said they were clear about their roles and responsibilities. However, although a majority of respondents felt they were clear about their roles and responsibilities, there are significant examples in recent years of circumstances that have required remedial action by the new management team because of failures to properly discharge responsibilities in some service areas:

- During 2013, in response to a complaint from outside the organisation, the Council investigated procurement and contract management arrangements in a number of service areas. The investigation concluded that 'given the widespread, endemic nature of the non-compliance with Contract Standing Orders and Procurement Rules and other Council policies identified with the respective service areas, it would be inappropriate to seek disciplinary action with individual

officers'. Subsequent action has involved mandatory training for Council officers. The inability to take disciplinary action in this particular case means the Council has failed to hold anyone to account for such a significant failure.

- Since September 2013, a revised approach to major project management has been put into place because of failures in previous project management arrangements. For example, poor project management made it necessary to withdraw the registration of the children's home at Thornhill Road, just eight months after its opening. A number of weaknesses in decision-making processes in 2011 led to £1.67 million being spent on the development of a building that was ultimately not fit for purpose. These examples illustrate that, although there was clear guidance about how such projects should be handled, it had not been followed. If implemented as intended, the new arrangements should resolve this problem.
- In March 2014, the Internal Audit service reported that despite having identified issues with payroll overpayments in 2009, problems were still evident. The issues meant that only limited assurance about systems could be given following the most recent audit. The total value of overpayments identified in 2012-13 was £415,000. Despite being aware of the need to establish clear responsibilities for managing payroll processes since 2009, the Council, in March 2014, had taken no effective action.

41 Whilst these examples do point to significant lapses in compliance, we have been discussing our findings with the Council who have told us they are now pro-actively addressing the shortcomings. The Senior Management Team receives and discusses regular reports on contract compliance. This has been supplemented with individual meetings with directors and where training has been provided to improve compliance. Measures have been put in place to ensure that directors and headteachers understand their role and the importance of timely notification of leavers and this will be monitored on a regular basis. Whilst the Council encountered difficulty in taking disciplinary action against some staff members, it is investigating processes to determine if any further action is required to prevent a similar situation arising in the future. During 2013-14 the Council disciplined a total of 196 staff, with 22 of these being dismissed, indicating that where possible robust action is taken.

There are examples of both elected and lay members discharging their responsibilities well, but systems are inefficient leading to slow decision making and consideration of scrutiny recommendations

- 42 The Council's executive and scrutiny framework is clear. It includes the Council, the Cabinet, scrutiny committees, the Audit Committee and a number of other committees dealing with such matters as planning and licensing.
- 43 There is a high level of dedicated officer support for scrutiny, and scrutiny meetings are also well attended by senior officers (including the Chief Executive).
- 44 The scrutiny committee meetings we observed were well run, with a clear room layout that helped to reinforce accountability and the respective roles of members. Committee chairs ensured appropriate discussion and challenge by members. Scrutiny committee members considered their work to have value and our observation identified appropriate challenge.
- 45 Scrutiny work programmes for 2013-14 demonstrate a commitment to undertake a number of reviews throughout the year, including a number of in-depth task and finish groups (15 reports were produced by task and finish groups in 2012-13). Members we spoke to believed that scrutiny was playing a useful role in identifying potential improvement.

46 We reviewed the agendas of the Cabinet, scrutiny committees and the Audit Committee over the past six months. We identified a number of weaknesses. We found examples of lengthy reports that were not always clear about the purpose for presentation to the particular meeting; agendas with too many items for the time available; the same reports presented to different committees; and detailed reports being presented for information only.

47 Members of the previous Cabinet we interviewed referred to over-lengthy agendas. They spoke of a lack of consensus about which responsibilities were delegated to individual members of the Cabinet. At the time of this assessment, there were 15 scrutiny reports awaiting a response from Cabinet, seven from the period March to September 2013, four from the period September to December 2013 and four from January to March 2014. Scrutiny members we spoke to told of their frustration at the length of time taken before Cabinet considered their reports.

48 Our two surveys asked managers and elected members for their view about the effectiveness of the scrutiny function. Around 57 per cent of managers felt that the scrutiny process helped improve outcomes, although 27 per cent disagreed. However, half of the members who responded did not feel the Council was using scrutiny process effectively.

49 We also asked members whether arrangements for them to challenge key issues were effective; 20 out of 28 members felt they were not and 18 did not think that members were effective in assisting the Cabinet to develop policies. Overpacked agendas and lack of clarity about why items are being discussed have not helped.

50 Despite our finding that there is a high level of officer support for scrutiny, there were some emerging concerns that reductions in resources were hampering the speed/quality of scrutiny work, and the Council is proposing to hold fewer council meetings in 2014-15 as a consequence of planned budget savings.

Arrangements for providing public records of meetings are weak, leading to a lack of transparency about decision making

51 In the course of this assessment, we sought information from the Council's website and expected to find easily accessible information about meetings, reports presented and decisions made.

52 A decision register and minutes are routinely published for all cabinet decisions but we found that some records of decisions and supporting information were absent from the Council's website, between January and April 2014, for example:

- the Council's four scrutiny committees have met on 16 occasions;
- minutes are available on the website for six of those meetings;

- minutes are not available for 10 of those meetings; and
 - minutes are not available for two scrutiny meetings involving the 2014-15 budget and draft Corporate Plan, meaning that there is no public record of the role played by members in considering proposals at Children and Young People and the Environment scrutiny meetings.
- 53 We encountered other similar issues that led us to conclude there is an inconsistent approach to record keeping and updating the website; for example, although minutes of the Policy Review and Performance Scrutiny Committee meetings are available for 7 January and 13 February 2014, the minutes of meetings on 29 October 2013 and 26 November 2013 were not.
- 54 The scrutiny web pages are not kept up to date, for example, we were unable to locate committee forward work plans for the full year via the website, the scrutiny 'forward plan' document is not always updated and the scrutiny committee annual reports for 2012-13 had not been added to the website several months after being approved.
- 55 Eleven of the 28 councillors responding to our survey said that they did not find it easy to find out what key decisions have been taken. One stated: 'I find it difficult to access any key decisions immediately. We are only told when the decision is final or about to be implemented. We need to be consulted way in advance and given the chance for input. Also figures I have requested have not been forthcoming and unless I am prepared to put in an FOI, I may not see them.'
- 56 The *Annual Complaints Report 2012-13* (presented to Cabinet in December 2013) provides some explanation for the levels and causes of complaints in various service areas. However, in some instances, outcomes of the complaint handling are presented as positive without sufficient explanation of the reasons for complaints or the action the Council intends to take. There is little explanation of the Council using the information to understand trends/take corrective action to improve service quality/customer experience.

Whilst there have been some recent changes, performance management has failed to consistently secure improvement in the past

A change of approach to performance evaluation and management is emerging

- 57 The Council had a long established process of providing what it described as 'delivery and performance' reports covering a three-month period. In September 2013, the Peer Review described the Council as 'data heavy and information light' and that 'a drastic overhaul of the current systems' was needed. There had been limited progress in changes to performance reporting by March 2014. Nevertheless the current Leader and Chief Executive have recognised the need for improvement of arrangements, both in terms of the nature of information provided and the need to provide greater transparency and challenge. Early indications are that necessary changes have been identified and plans for change are beginning to be implemented.
- 58 The programme of organisational change adopted by Cabinet on 15 May 2014 recognises the need to establish a system that provides members with assurance about the overall quality of services. This has not been achieved by previous efforts to tailor the existing system. The Council tells us that the aim of the emerging arrangements is to ensure change will be secured through a fundamental change in performance culture, where open and honest debate about performance issues becomes the norm, and is used to drive focused improvement.

Performance management arrangements in the past had not consistently driven improvement and performance is comparatively weak in two of the Council's three priority areas

- 59 The Welsh Government requires all councils to report on a common set of indicators to enable a comparison of performance in key service areas across Wales. Thirty National Strategic Indicators (NSIs) have been set that cover the Welsh Government's strategic priorities in education, social care and waste management. There are also 14 Public Accountability Measures (PAMs) chosen to reflect issues of importance such as support for carers, school attendance and the condition of highways.
- 60 Data for 2012-13 showed that the Council was amongst the top five performers for six of the 30 NSIs and amongst the bottom five performers in 12 of the 30. In recent years, the Council has sustained improvements in waste management and in the provision of disabled facilities grants but within education and social services (two of its priority areas) it has remained amongst the worst performers. The Council is amongst the bottom five performers for seven of the 14 PAMs and is not amongst the top five performers in any of the indicators. Whilst there was improvement in six areas measured by the PAMs 2012-13 compared to the previous year, five got worse.
- 61 The top priorities of the Council are:
- economic development as the engine for growth and jobs;

- education and skills for people of all ages to fulfil their potential and be well prepared for employment in the Cardiff economy and beyond; and
- supporting vulnerable adults, children and young people in times of austerity.

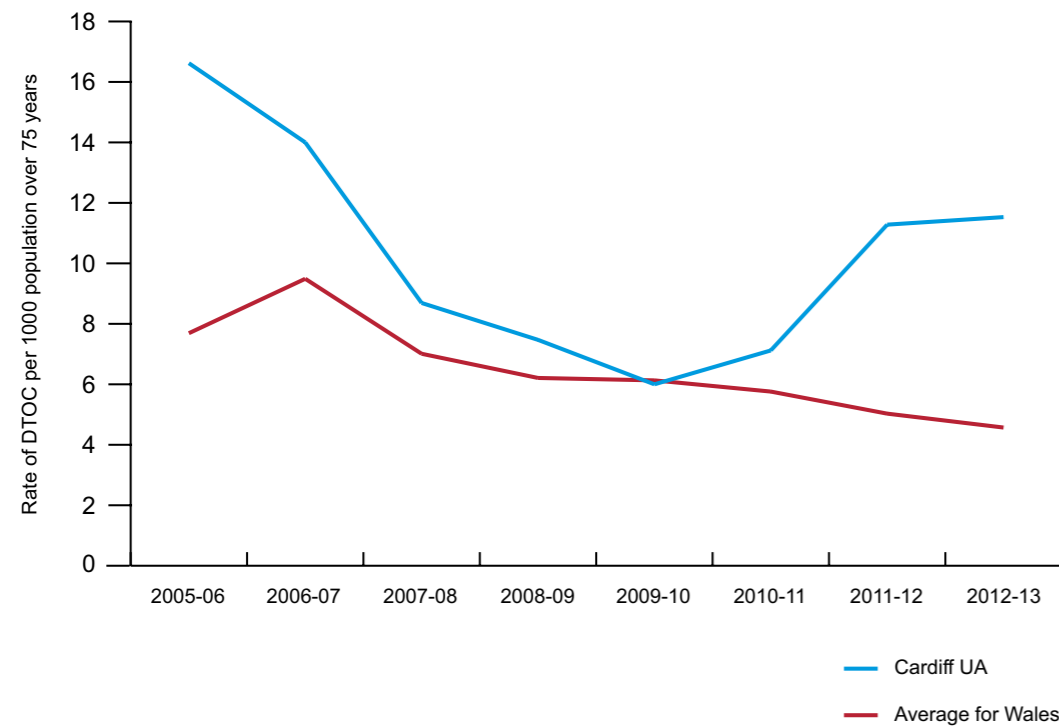
62 Data available for social care and education shows weak comparative performance for key indicators compared to the rest of Wales with limited comparative improvement in recent years.

The Council faces significant challenges in social care and performance compares unfavourably with other councils in Wales

- 63 Exhibits 1 to 3 compare the Council's performance in the Welsh Government's social care indicators with other councils in Wales.
- 64 Exhibit 1 shows the time that older people have to wait before being able to be discharged from hospital to more appropriate care. Until 2009, the situation

Exhibit 1: Rate of population that experienced a delay in their transfer of care for social reasons 2005-06 to 2012-13

Older people in Cardiff are waiting longer for appropriate care and delays are increasing.



Source: Welsh Government, National Strategic Indicators

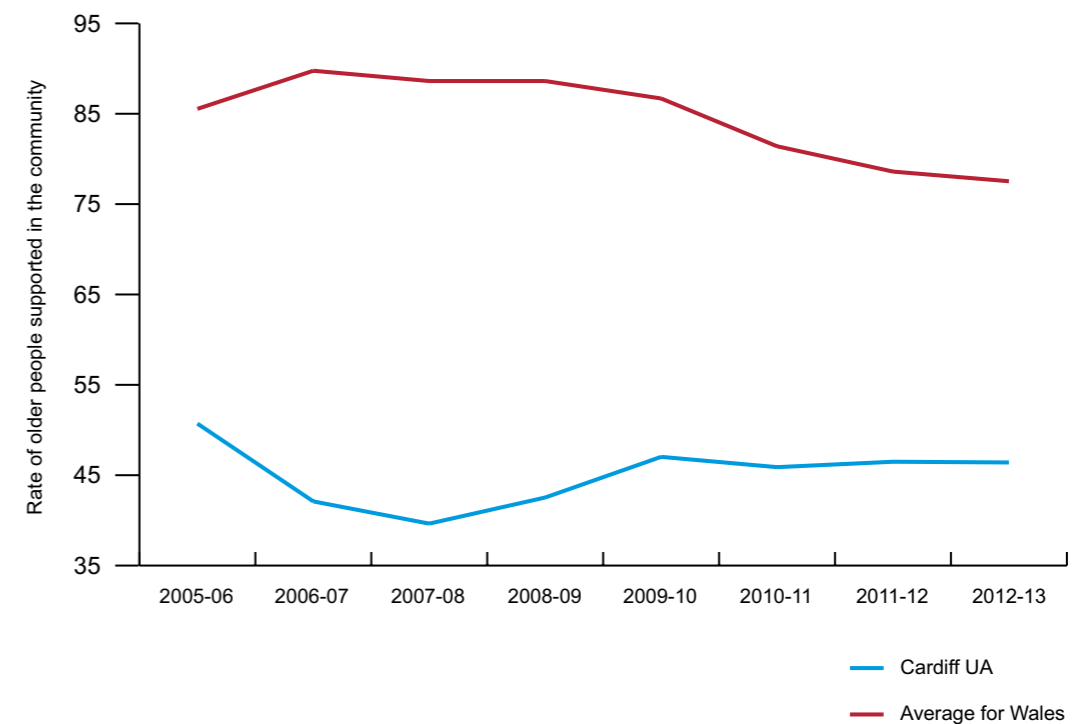
had been improving. However, since 2009-10, Cardiff's performance has deteriorated with the rate increasing year on year, and in 2012-13 older people in Cardiff were waiting significantly longer to be discharged from hospital compared to the average across Wales.

65 The overall number of people in our society with health or care needs is rising. Exhibit 2 shows that the Council supports fewer older people in the community, than the Wales

average, which could suggest that in Cardiff, those with health or care needs are not being reached.

66 Nevertheless, the Council continues to be a top performer in the provision of disabled facilities grants and it has been consistently reducing the number of days taken to deliver a disabled facility grant. Exhibit 3 compares Cardiff's performance with the Welsh average.

Exhibit 2: The rate of older people supported in the community 2005-06 to 2012-13
Cardiff's performance has, for the last eight years, been significantly below the average for Wales.



Source: Welsh Government, National Strategic Indicators

Exhibit 3: Delivery of disabled facilities grants Wales comparison
The Council is amongst the top performers in Wales.

	2009-10	2010-11	2011-12	2012-13
Cardiff (calendar days)	189	307	220	155
Wales ranking	1st	7th	4th	2nd

Source: Welsh Government, National Strategic Indicators

67 The CSSIW published its *Annual Review and Evaluation of Performance 2012/13* (the Evaluation) about the Council on 28 October 2013. A copy of the report can be found at www.cssiw.org.uk/our-reports/local-authority-report/2013/cardiff-annual-evaluation/?lang=en.

68 The Evaluation sets out the key areas of progress in 2012-13 and areas for future improvement covering adult services and services for children. The summary reads as follows: 'Cardiff social services continues to face significant demands and challenges in meeting the needs of a diverse population. The loss of senior managers and the use of interim arrangements at a time when the department was going through change provided opportunities for development. However, it also created challenges in the day-to-day delivery of social services. Partnership working with the Vale of Glamorgan Council remains a strong feature of the planning and delivery of services. Arrangements to implement a joint safeguarding children's board have progressed during the year and it is

anticipated these will become operational in the coming year. The annual report of the director of social services highlights a range of achievements and developments in service delivery. It is a positive report which references improvements over the last year. The report outlines priorities for action and improvement in both adult and children's services, but does not fully reflect the risks associated in both the delivery of services and the restructuring of services in key areas.'

Education performance remains comparatively weak and a high proportion of looked-after children are leaving school without a qualification

69 In January 2011, Estyn, Her Majesty's Inspectorate for Education and Training in Wales, judged the Council's education service to be 'adequate' with 'adequate' prospects for improvement. Estyn judged the Council to require further monitoring visits to review progress, and the previous Chief Executive and political administration set up an Improvement Board that was intended to resolve issues and drive improvement. In February 2014, Estyn inspectors carried out a final monitoring visit and on 28 March wrote to the new Chief Executive with the results.

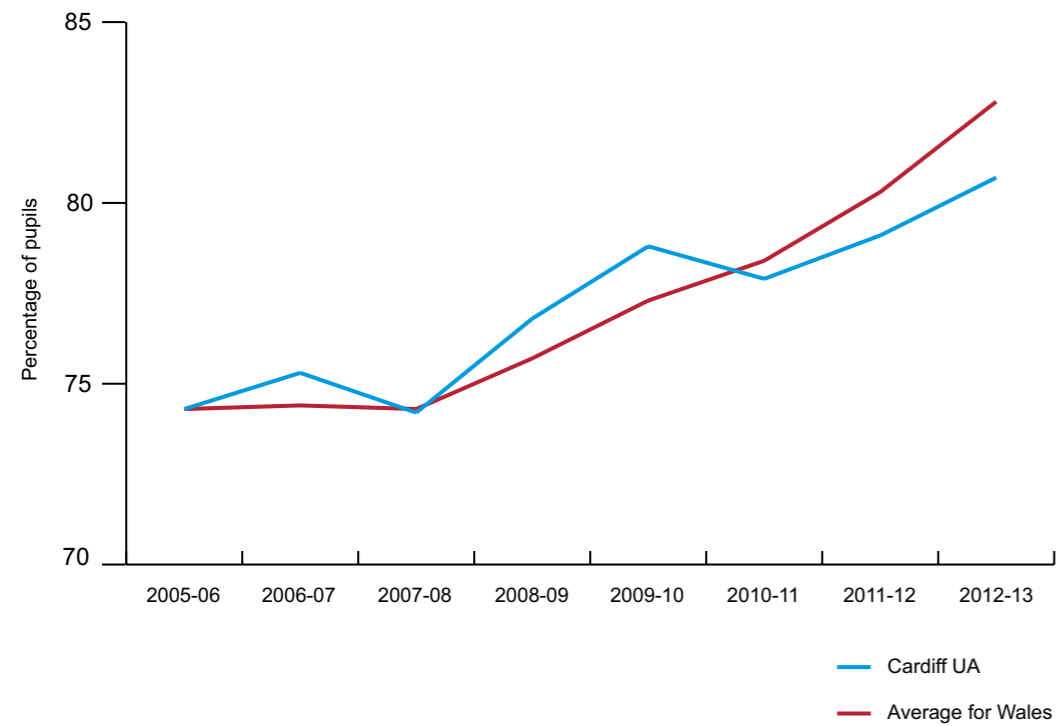
70 Whilst recognising the impact of significant turnover in senior management posts, including that there were periods where key posts were unfilled, the latest Estyn report concluded that in the three years since the original inspection 'most outcomes for children and young people have not improved well enough'. The report also stated, 'Performance management processes have not been robust enough to ensure there has been suitable progress in meeting the authority's objectives. This is evident through the wide variations in performance in the authority's schools and the relatively high proportion of schools judged to be in need of follow-up activity. The authority gathers a wide range of data to track progress with specific initiatives.

However, it has not consistently analysed and evaluated this information robustly enough to measure progress accurately, identify those key areas that require improvement and to target initiatives effectively.'

71 Exhibits 4 to 7 compare the Council's performance in education indicators with other Councils in Wales.

Exhibit 4: Education results key stage 2²

Cardiff has achieved some improvement in its overall key stage 2 results, but is behind the rate of improvement seen in the overall average for Welsh councils.



Source: Welsh Government, National Strategic Indicators EDU/003

² The percentage of pupils assessed at the end of key stage 2, in schools maintained by the local authority, achieving the Core Subject Indicator, as determined by Teacher Assessment.

Exhibit 5: Education results key stage 3³

Cardiff has achieved some improvement in its overall key stage 3 results, but is behind the rate of improvement seen in the overall average for Welsh councils.

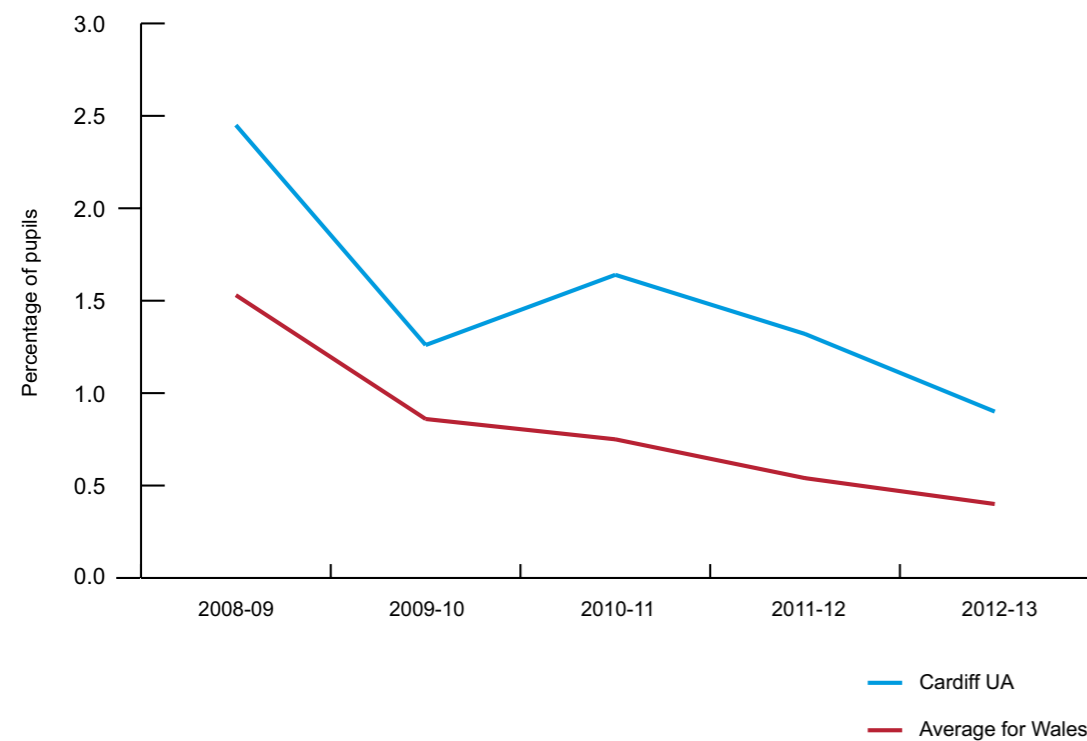


Source: Welsh Government, National Strategic Indicator EDU/011

³ The average point score for pupils aged 15 at the preceding 31 August, in schools maintained by the local authority.

Exhibit 6: Pupils leaving school without any qualifications

Cardiff has achieved some improvement in the percentage of pupils leaving school without a qualification. The trend in improvement is faster than the average for all Welsh councils.



Source: Welsh Government, National Strategic Indicators

72 Whilst there has been some improvement in the percentage of all pupils leaving school without a qualification, looked-after children in Cardiff are not experiencing such improvement.

Exhibit 7: Looked-after children leaving school without a qualification

	2009-10	2010-11	2011-12	2012-13
Cardiff	7.69%	14.29%	11.1%	23.6%
Wales average	6.36%	6.48%	3.48%	5.72%

Source: Statistics Wales

The Council is undertaking a broad range of activity which is helping to reduce the relatively high numbers of young people who are not in education, employment or training

73 Since the May 2012 elections, the Council has made it a priority to reduce the number of young people who are not in education, employment or training (NEET). This is reflected in a range of strategic documents and drives activity in a number of service areas. Cardiff has seen substantial falls in the proportion of 16-18 year olds who are NEET in recent years, which officials attributed to a wide range of activities including: raising standards at key stage 4; a wider curriculum offering more vocational options and progression routes; and the deployment of learning coaches. The Council's 2013 strategy recognised that any reduction will need to be more rapid if it is to meet its vision of all young people being in education, employment or training.

74 Data shows that the percentage of year 11 school leavers known to be NEET in Cardiff fell from 8.9 per cent in 2009 to 6.7 per cent in 2012. Data for 2013 is expected in May 2014.

75 During May and July 2013, a Wales Audit Office team visited eight councils in Wales (including Cardiff) to inform a national study on NEETs. We found a range of positive practice within the Council but also identified that the Council, like many others, needs to strengthen performance management arrangements and ensure consistent understanding across the Council of underlying issues and how roles and responsibilities need to be discharged in order to meet education and training objectives.

Exhibit 8: The percentage of year 11 (16-18 age range) school leavers known to be NEET Cardiff and Wales average
 The percentage of 16-18 year olds who are NEET has fallen in Cardiff but remains higher than the Wales average.

	2009	2012
Cardiff	8.9%	6.7%
Wales average	5.7%	4.2%

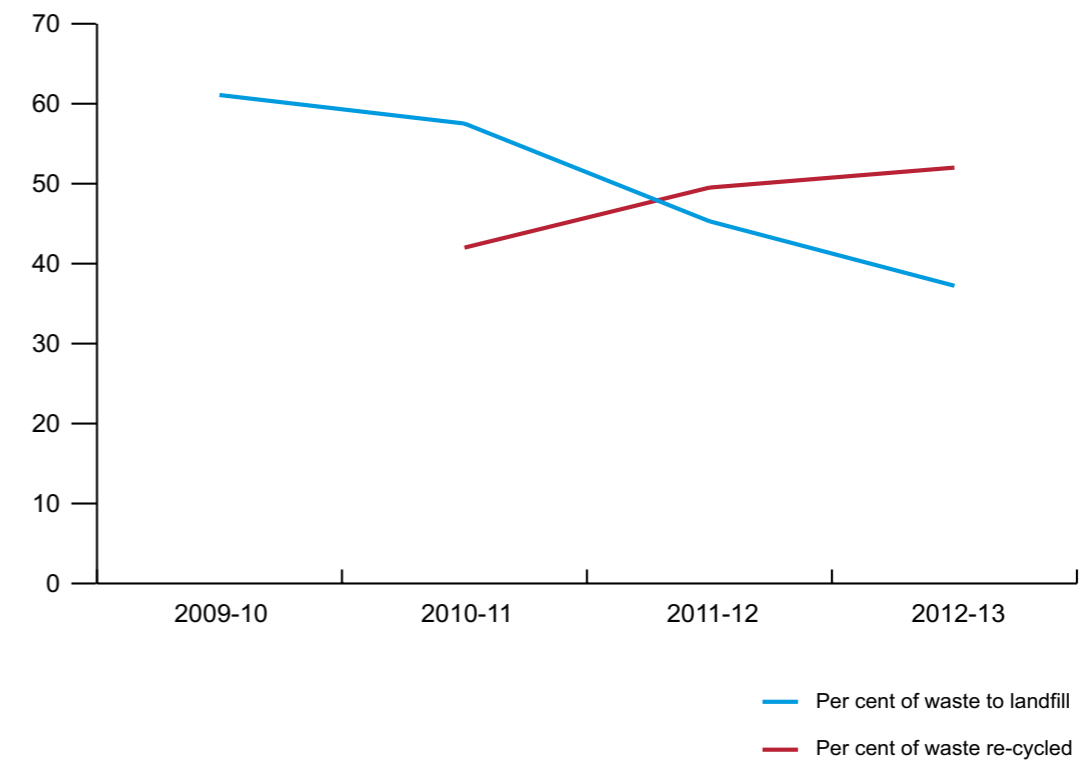
Source: Wales Audit Office analysis of Careers Wales data supplied by the Welsh Government, 2012

76 Whilst Welsh Government statistics for the whole of Wales showed a reduction in the proportion of 16 year olds who are NEET over the period 2009 to 2012, the proportion of 18 year olds NEET rose from 17.9 per cent to 20.1 per cent. As part of its continuing strategy, the Council, like most others, needs to establish a clear understanding of its aims and objectives for young people aged 19-24.

Waste management performance has improved

77 The Welsh Government expects councils to help citizens recycle waste, and collects information about recycling rates as well as about the different types of service provided by different councils. The Welsh Government has set targets for all councils in Wales to improve the amount of waste recycled and reduce the amount that goes to landfill. The Council has been undertaking a range of initiatives to improve recycling and reduce the amount of waste going to landfill. It met the Welsh Government recycling target of 52 per cent in 2013.

Exhibit 9: Waste management performance for Cardiff
 Waste management initiatives have been driving improvement: waste to landfill is reducing and recycling is increasing.



Source: Welsh Government: Statistics Wales

The Welsh Language Commissioner identified planned improvements by the Council

- 78 The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. It is expected that new powers to impose standards on organisations will come into force through subordinate legislation by the end of 2014. Until that time, the Welsh Language Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 79 The Welsh Language Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Welsh Language Commissioner outlining its performance in implementing the language scheme. The Welsh Language Commissioner analyses every monitoring report, provides a formal response and collects further information as required.

- 80 The Council has been working on developing an integrated corporate database to record the language choice of city residents for some time. The Council has not completed the work this year but the project has moved forward following a visit to a local authority that has already succeeded in developing a comprehensive database. The completion of this work is a priority for the Council during the next period. In an effort to promote the Welsh language in the capital, the Council is organising a conference 'Cardiff: A Bilingual City' to celebrate the Welsh language and start the process of creating a Welsh language action plan. As a result of internal restructuring, there was a delay in the provision of Welsh language training and language awareness training for Council staff. It is intended that those members of staff who have already been trained to provide internal training will start on their work shortly. Further to that, e-learning modules will be introduced to strengthen the Council's commitment to staff training.

Previous corporate performance reporting has failed to drive improvement

- 81 Some changes were made to the content of the delivery and performance report for quarter three (ending 31 December 2013) presented to Cabinet on 13 March 2014. However, the report still contained over 90 performance indicators with no links between performance, service quality/ activity and finance. These reports are presented to Cabinet and Policy Review and Performance Scrutiny Committee, but provide little information that enables assessment of service quality. They are typically presented some four to six months after the end of the period to which they apply, thereby rendering them of little value in managing performance.
- 82 We reviewed the delivery and performance reports and also assessed the quality of the Council's own assessment of its performance in 2012-13. The Council had published its *Annual Performance Report 2012-13* in October 2013. While it had introduced data that allowed comparison with other councils in Wales, this report demonstrated the same weaknesses we had identified the previous year in that it did not properly evaluate performance by drawing attention to both less favourable and improving performance.

- 83 Our interviews and reviews of minutes of meetings identify that members have been seeking improvements in performance reporting for some time. There have been times when the Council appeared to be planning detailed changes which did not come to fruition, such as in May 2011 when a draft Performance Management strategy was produced but never finalised or implemented. The approach in the past has been to undertake small-scale changes to the existing reporting mechanism which have not resolved basic weaknesses. Consequently the Council still lacks timely, relevant information to enable it to assess service quality.
- 84 The approach to the Council's new performance management framework recognises that change must be secured through a fundamental change in performance culture, where open and honest debate about performance issues is the norm, and is used to drive focussed improvement. Changes implemented since February 2014 include:
- Directorate Delivery Plans have been put in place across the authority, providing clear milestones and performance indicators against which the delivery of the Corporate Plan can be monitored;
 - monitoring and reporting cycles for finance and service performance information have been aligned to afford the Council greater visibility of its overall performance position;

- Senior Management Team performance challenge meetings have been initiated on a monthly basis;
- joint Cabinet and Senior Management Team performance challenge meetings have been initiated on a monthly basis;
- scrutiny of performance information prior to formal Cabinet consideration has been established;
- Accelerated Improvement Support – led by the Chief Executive – has been established for targeted services, including Children’s Services and Education, utilising a mix of internal support and external peer support and challenge;
- a Challenge Forum drawing together senior Members and officers, together with external peer support, has been established to test and challenge the Council’s progress against its improvement journey;
- an extensive staff engagement programme has been undertaken to raise awareness of, and involvement in, the improvement journey; and
- the Personal Performance Development and Review process has been simplified and the need for compliance clearly articulated.

Although the Council ensures a balanced budget, prospects for achieving proposed savings in 2014-15 are uncertain and the anticipated level of future funding means current methods of service delivery are unsustainable

Service-based budget information has improved and members are seeking earlier involvement in budget options appraisal

- 85 During the budget planning for 2014-15, which began in the summer of 2013, the Council’s finance team produced budget briefing documents (including service specific profiles) for the new senior management team. This information was also shared with members of the former Cabinet during the summer of 2013 and finance managers attended October/November 2013 Scrutiny Committee meetings to explain the information available at that stage. These documents were subsequently included in the papers circulated to all members in February 2014 as the budget was finalised and provided essential insight into service budgets. They identified key areas of expenditure and those aspects of a budget that are afforded a degree of ‘protection’ – either because of requirements of the Welsh Government or because of policy decisions by the Council.
- 86 In December 2013, the Council published its *Budget Engagement Report*, a detailed 56-page document which explained the consultation exercises undertaken since July 2013 and the influence engagement had on establishing priorities. The Corporate Director (Resources) in addition to providing Cabinet briefings had provided briefings for the leaders of the other political groups and their budget spokespersons.
- 87 Over the period 10 to 13 February 2014, the Council’s scrutiny committees were asked to consider budget proposals. The Council adopted the budget on 27 February. All members we spoke to were of the view that this provided insufficient time for proper scrutiny and consideration of alternative options, and wished for earlier engagement in the budget process. The draft Corporate Plan was also presented at these scrutiny meetings prior to adoption on 27 February, meaning that members needed to assimilate a large amount of detailed information within a short space of time.
- 88 The need to improve engagement with members, with local communities and with service users has been recognised by the current leadership and plans are in place for engagement to resume from April 2014. The work that the Council has done over the past eight months in improving information to the public about how it spends its money provides a strong foundation for the further development of arrangements.
- There is a high risk that savings targets for 2014-15 will not be achieved and longer-term savings requirements are unlikely to be met if current methods of service delivery are sustained**
- 89 In February 2013 the Medium Term Financial Plan estimated that the Council would need to find a £27 million shortfall in its budget for 2014-15 based on the latest indicative information from Welsh Government as stated in the budget report. Following the Chancellor’s budget in March 2013 and a

letter from the Welsh Government in May 2013 indicative changes to the revenue support grant meant that by July 2013, when the Council was preparing its budget strategy for 2014-15, this shortfall had increased to £33 million. In October 2013 when the Welsh Government published its Provisional Financial Settlement the actual reduction in revenue support grant meant that the Council would need to secure in the region of £50 million in savings in 2014-15.

90 The Council's revenue budget for 2014-15 is £585,288,000. In practice, the bulk of the £50 million savings had to be found from a significantly lower figure. Elements of education budgets are allocated as a consequence of Welsh Government requirements so the Council is unable to consider using this funding for any other purpose, and to support delivery of its priorities elements of social care have been afforded a degree of protection. The Council has identified what it describes as a 'controllable' budget of around £250 million from which the bulk of the £50 million savings are drawn.

91 The Council has produced a schedule of the proposed savings to be made during 2014-15 on a directorate basis. We reviewed the schedule in March 2014 and had concerns about the proportion of proposals classified as at a 'general' rather than 'detailed' stage of planning and of proposals for income to be increased when reductions in the number of staff were also taking place. Whilst it was clear that opportunities to purchase services in a different way were

being planned, timescales for achieving the estimated savings were less clear. This risk has been recognised and close monitoring arrangements have been established to track progress 'in year'.

92 The Council's finance team works closely with services to track actual savings and by April 2014 plans were being described as 'detailed'. Monitoring arrangements have improved in the past year because proposed savings are now being tracked when previously expenditure in relation to budget allocated had been the focus. However, the Council estimates it will fail to meet its 2013-14 target by around £5.7 million. Given the scale of savings to be achieved, there is a high risk that the Council will not achieve planned savings in 2014-15.

93 In the longer term, the Council recognises that it is unlikely to be able to achieve the necessary savings from its 'controllable' budget – this is because this budget is reducing significantly as a result of both current pressures and demand for social care services in particular is projected to increase, placing extra demand for finance. It is of the view that to manage within probable future finance it must reconsider the way in which services are delivered, continue to pursue improvement and efficiency, and give further scrutiny to the budgets allocated to 'protected' areas.

Corporate human resource arrangements are founded on positive practice but are not being implemented consistently

94 In 2013-14, the Council employed 11,677 staff. We looked at how well it was using this significant resource by:

- reviewing absence management arrangements;
- considering the effectiveness of appraisal and personal development; and
- following up progress which we identified in 2012.

95 In this section, we provide the headline messages and recommendations arising from our reviews. We have also provided more detailed feedback to the Council.

Corporate arrangements to manage sickness absence have improved but need to be consistently applied

96 Since 2011, the Council has sought to improve its management of sickness absence. In 2011, the Policy Review and Performance Committee produced a report which suggested the adoption of 19 recommendations to improve the management of sickness absence. Until recently, the level of sickness absence had remained fairly constant at a level above the Council's target of 10 full-time equivalent days of sickness absence per year. The latest figures available from the Council show an improvement although there remain a number of service areas such as environment and children's services where the days lost remains high.

Exhibit 10: Full-time equivalent staff days lost per year because of sickness absence is beginning to improve

2011-12		2012-13		2013-14	
Target	Actual	Target	Actual	Target	Actual
10 days	11.49 days	10 days	11.71 days	10 days	10.18 days

Source: Cardiff Council quarter 4 performance reports March 2012 and March 2013: data has not been subject to audit.

- 97 Corporate policies and procedures for the management of sickness absence are based on best practice models. The Council launched a new Attendance and Well-Being Policy during the summer of 2013. This policy incorporated the majority of recommendations made in the 2011 scrutiny report. The Council has defined key actions to reduce sickness absence levels and introduced support arrangements for managers. Support includes access to a central team of advisers.
- 98 We interviewed managers from a number of different services and found that corporate sickness absence arrangements are not consistently applied at service level. Some services have been proactive in implementing measures to manage sickness absence such as providing additional training for managers or taking preventative measures such as utilising health checks and flu vaccinations. However, some managers are not held to account within their directorates for managing sickness absence.
- 99 The Council has been monitoring overall sickness absence as well as absence levels in all service areas. It has not evaluated how well policies and procedures are being implemented, and the positive practices in some service areas are not being captured and implemented more generally.

The Council has sound arrangements to undertake individual performance review but training and development opportunities are not fully integrated with directorate reviews

- 100 The Council has a standardised system that governs the way that individual performance should be assessed across services and is intended to make the process easy to use. The system records the outcomes of discussions between managers and staff covering objectives, performance and development needs. Overall, the expected two reviews per year and suggested content reflect positive practice for a performance management system in a large organisation.
- 101 The system expects links to be made between corporate priorities, service targets and individual objectives to enable a clear understanding of how individuals support delivery of corporate and service objectives. There are comprehensive guidance notes for both managers and staff which are straightforward and easy to use.
- 102 Training for managers has been delivered by HR People Services and ongoing support can be accessed on an individual basis if managers are unclear about how to use the system. Therefore, there is adequate support and advice for managers to implement the system.

- 103 As well as undertaking appraisals, councils need to ensure staff are equipped for their current roles and equipped for managing future demands. In January 2012, we reported that: 'The Council has recognised the need to ensure its staff both understand the rationale and approach to change and are provided with the skills and knowledge to deliver change and improvements. The Cardiff Council Academy (the Academy) developed via the People and Leadership Transformation Programme is the means by which the Council proposed to meet that need.'
- 104 The Academy approach aims to ensure effective strategic planning of people development as well as the delivery of learning and development in the context of transformation, service improvement and making the best use of resources available. The Academy has a number of streams of activity, some leading to nationally recognised qualifications, others designed to meet the needs of both the Council and individuals as transformation progresses.
- 105 As part of our review, we considered whether the Academy was fulfilling its intended purpose. We found that although a number of good examples of development opportunities were being pursued, the Academy was not well integrated with plans at directorate level:
- The Council's intranet states that the Academy consists of all learning and development opportunities within the Council but we found it only includes those provided through the Academy and not those arranged and/or delivered by services.

- The Academy was intended to encourage a joined-up approach to identifying development needs using the appraisal system guided by a competency framework (to identify the most appropriate level of courses required). But there are no mechanisms to assess whether this is working in practice.

- 106 In 2012-13, the Council spent approximately £4,600,000 on external training. There appears to be scope for it to examine further the ways in which training is currently organised to determine the potential for savings.

Workforce planning is not aligned to the delivery of Council priorities

- 107 The Council does not have a workforce strategy. Its service delivery plans are not framed in the context of the current financial challenge and its performance management system is not based on clear standards of delivery. Therefore, the 'building blocks' for a workforce strategy are absent.
- 108 The Council has used voluntary severance and deletion of posts to reduce its costs. The Council has a process for considering voluntary severance requests whereby it has to be demonstrated that the work associated with the post can be done by others under existing roles or as a development opportunity. The Council is also planning to compare the skills/experience of those staff who wish to leave but have not yet had voluntary severance approved, with those staff in the redeployment pool who do not wish to leave.

The Council is improving its use of information technology and its information management arrangements

The Council is improving its use of information technology

109 In 2009, the Council entered into a long-term 15-year strategic IT partnership with TATA Consultancy Services (TCS). The aim of the partnership was to accelerate the Council's transformation process to deliver service improvements and efficiencies. This strategic partnership is in its fifth year and has a breakpoint in November 2014. The Council is currently giving consideration to the future of this arrangement.

110 Although there has been progress during 2013-14 the Council is, in some respects, behind other councils in Wales in the deployment of new initiatives using technology to deliver service modernisation and improvement to support business transformation.

111 The Council has recently completed a restructure of its ICT service and is revising its arrangements for developing, using and supporting technology. There is some evidence to suggest these changes could support continuous improvement:

- The Council is aware of the key actions that need to be taken to improve its arrangements to secure efficient, effective and economical use of technology resources.
- At the time of this assessment, the Head of the ICT service was redrafting the Council's ICT strategy. The new ICT strategy should be aligned to the Welsh

Government's National ICT Strategy for the Public Sector in Wales and has the potential to lead to improvement although it is still being developed and is not yet fully implemented.

112 Planned and recent changes include:

- From 1 April the Council's new Electronic Document Records Management System (EDRMS), SharePoint 2010 is being established.
- The first phase of a new Customer Relationship Management (CRM) system in 2014-15 is to replace C2C with the development of 'single view of a customer' service. This will provide citizens with more options and easier access to services.
- Mobile work scheduling in early 2014 was piloted in Community Maintenance, then in 2014-15 highways, schools, parks and transport/fleet, and adult services. The aim is to speed up the process of ordering and completing work so that services become more responsive to tenants and other clients.
- Improvement of the Council's website from April 2014 in response to a poor rating by professional standards and with the aim of improving 'self-service' options for users.

The Council has taken action in response to the Data Protection Act undertaking notice made by the Information Commissioner in August 2013

113 In recent years, the Council has faced a series of complaints about the length of time taken by the Council to respond to information requests. The Information Commissioner's Office reviewed the Council's arrangements to process requests and overall compliance with Data Protection Act requirements. In August 2013, the Information Commissioner found that there were systemic failures in the Council's arrangements and issued an 'undertaking notice' which required the Council's data controller to process personal data in accordance with legislative requirements.

114 Since August 2013, the Council has drafted an Information Governance Strategy and Information Management Strategy which was scheduled for Cabinet approval at the time of this assessment.

The Council is not managing its land and property assets well

- 115 A report to Cabinet in January 2013 referred to the Council owning, or having an interest in, a large property estate with a current use value of approximately £1 billion. This comprised 523 operational buildings used to deliver Council services. Apart from staffing costs, expenditure on the operational estate represents the next largest call on the Council's revenue budget. Currently, the running cost of property stands at approximately £48 million per annum, with a maintenance backlog of almost £100 million.
- 116 In 2010, following a detailed assessment of the Council's asset management arrangements, we reported that the Council had adopted an Asset Management Plan which 'did not have sufficiently robust plans or strategies to enable effective management of property', and there was no framework in place to support it.
- 117 Because of the importance of asset management, we reviewed progress in 2011. We found that good progress had been made following the appointment of a Corporate Property and Estates Manager and implementation of a corporate approach to decision making about the use of the Council's property assets. The Council still needed to improve the information available for assessing whether it was making the best use of resources but it had recognised this and was clear about next steps.
- 118 In 2013, however, we found that progress had stalled over the past two years and arrangements were not ensuring the best use of resources. The Peer Review also found that: 'The current property holdings of the Council are extensive. There are plans to make this more efficient, but there did not seem to be the urgency that might be expected in interviews with Officers. This programme offers short term revenue savings and longer term capital receipts.'
- 119 During our assessment, we found that the responsibility for corporate estates management had been transferred to the Director of Economic Development. Although there was clarity about the issues that remained to be addressed, the Council lacked a clear strategy for realising the aspirations in its Corporate Asset Management Plan. The latest *Corporate Improvement Plan for 2014-2017* sets out the Resources and Economic Development commitments to explore new ways of working, which include the development of a new Property Strategy.
- 120 We also found a number of factors that the new leadership will need to address if it is to establish a culture where property is viewed as a corporate, rather than a service, asset:
- An Asset Management Board was set up as the principal forum for decision making at senior officer level for all decisions concerning property. However, the Board did not include representation from all property-owning directorates, reporting arrangements lacked clarity and it has not met since April 2013.
 - There is a range of property management information systems across the Council which are not sufficiently joined up and co-ordinated and have no direct link to financial information. The absence of easily accessible and accurate information for the property estate will inhibit a corporate oversight of property performance, effective risk management, and the ability to make informed and timely decisions.

The Council engages well in collaboration with others and is able to demonstrate improved outcomes for citizens

121 The Council works in a range of different ways with a variety of external partners. We looked for clarity about the purpose of collaboration and whether the results being achieved were achieving intended outcomes. To establish a view, we looked at a sample of the activities in which the Council is engaged.

Improved outcomes are being achieved through the work of the Cardiff Partnership Board

122 In 2009, the Council began working with key statutory and voluntary partners, such as the police, the fire and rescue service, the health board, and Voluntary Action Cardiff to develop a single integrated strategy to meet the statutory responsibilities of individual partners and provide a structure for delivering their shared objectives. During 2010, partners developed the ways in which they intended to evaluate the impact of what they were doing. They undertook a strategic needs assessment and, from December 2010 to March 2011, undertook detailed consultation to find out what mattered to citizens and businesses. This culminated in the publication of *What Matters 2010:2020 – The 10 Year Strategy⁴ (What Matters)* for Cardiff which provides the focus for delivery of the activity of the partnership.

123 The Cardiff Partnership Board, comprising senior people from partner organisations, oversees the delivery of activity via neighbourhood teams and specific programmes (such as Families and Young People). The neighbourhood teams and programmes focus on addressing the issues identified in the original needs assessment. Strategic leadership is provided by the Cardiff Leadership Group drawn from partner organisations and includes elected member representation. This group shapes partnership working and considers the programme and work-streams based on a continuing review of issues.

124 From the outset *What Matters* established the principle that success would be evaluated in terms of the outcomes being achieved. There is a structured review process at neighbourhood and programme level, and annual reports have been produced for 2011-12 and 2012-13. These report against the seven key objectives of *What Matters* in terms of how much has been done, how well it has been done and identifying whether anyone is better off as a result. The reports identify general progress in the approach taken by partners and refinement of reporting systems. They also report both successes and continuing challenges.

125 The Council has given a commitment to continued partnership working in its recent Corporate Plan and service delivery plans are being developed that will include associated activities. The Council is also actively involved in the further development of the partnership. It has responded positively to a report published in December 2013 which reviewed current arrangements and identified potential opportunities for development of the partnership as well as potential joint working with the neighbouring Vale of Glamorgan Local Service Board.

Neighbourhood management is engaging effectively with communities to address local issues and the Council is strengthening collaboration across its own services

126 Neighbourhood delivery is one of the key means by which the needs identified in *What Matters* are being addressed at a local level. Six neighbourhood teams are made up of people who work for a number of different organisations who have been brought together with the common purpose of seeking solutions to local problems.

127 Since 2011, we have been monitoring the progress being made at neighbourhood level, first reporting in January 2012 about the plans being put in place, and in July 2013 about the impact being achieved.

128 In July 2013, we recognised continuing progress and concluded that: 'Working collaboratively with partners the Council engages with citizens to identify local priorities and supports schemes which deliver improvements but the sustainability of arrangements and performance management need further development.'

129 Neighbourhood management arrangements were effectively engaging, consulting and involving citizens in identifying and addressing important issues. A range of engagement processes were being used by partners to secure the views of local people – from those still at school and their parents to older people in the community. This had led to an improved understanding of problems, and community involvement in the development of solutions such as:

- improvements to street lighting in key risk areas; and
- inclusion of services provided by partner organisations as well as Council services at local level.

130 Effective partnership working is delivering improvements for communities but the approach to neighbourhood management across Council services is inconsistent and sustainability is an issue. Within the neighbourhood teams, we found a strong commitment to working across agency boundaries to resolve local problems. At the same time, it was recognised that success was based on the commitment of particular individuals and that some key Council services, including education,

⁴ *What Matters 2010-2020 – The 10 Year Strategy* is an overarching 10-year strategy developed by a range of public, private and third sector partners. It is based around the delivery of seven key strategic outcomes, which aim to improve the quality of life for citizens.

waste management and parks, were not fully engaged in the approach. The Chief Executive and senior management team have taken the first steps to remedy this by designating director leads for each neighbourhood, responsible for promoting a cross-council collaborative approach.

- 131 At the time of our July 2013 review, vacancies in staff structures and changes of personnel led us to conclude that the sustainability of neighbourhood working was an issue. Since then, recruitment to the senior management structure has been completed and the Council has re-affirmed its commitment to neighbourhood working. It has continued the development of 'community hubs' as points of contact with citizens and as centres for the co-location of services.

Longstanding partnership working with the Vale of Glamorgan Council and the Cardiff and Vale University Health Board is co-ordinating activity to improve outcomes for service users

- 132 The Council has worked in partnership with the Vale of Glamorgan Council and the Cardiff and Vale University Health Board to address a range of health and social care issues:

- The three organisations have reduced individual costs by appointing one manager for adult learning disability services.

- The three organisations are co-ordinating activity and developing new services to reduce the delay in transfer of care from hospital into the community. This has included the establishment of a 're-ablement' service that supports individuals to live independently (over 60 per cent of cases initially supported did not go onto to need further care) and close working with housing services to increase the availability of housing and care to support more independent living.
- The Council, in partnership with the Vale of Glamorgan Council and the Vale Community Safety Partnership, has established a multidisciplinary planning board to co-ordinate service activity leading to reduced waiting times for services for people with substance and alcohol misuse issues.

The Council continues to explore opportunities for collaboration as a means of delivering its objectives and monitor the effectiveness of existing arrangements

- 133 The Council has recognised that it can no longer continue to deliver all services in the way it has in the past and is developing a vision of Cardiff as a 'co-operative council' which embraces new ways of delivering public services. The Council is engaging with the business community by means of Cardiff Business Council and is providing start-up funding to new businesses. It is also prioritising the examination of options for delivering sports and leisure within the Organisational Development Plan.

- 134 Councils in Wales are facing a challenging agenda – to reduce the amount of municipal waste that goes to landfill. Failure to achieve targets set by the Welsh Government will lead to substantial financial penalties. Prosiect Gwyrdd is a partnership between the Council and the councils of Caerphilly, Monmouthshire, Newport and the Vale of Glamorgan. Its purpose is to establish a medium to long-term facility to treat waste that cannot be recycled or composted. In 2007, specific governance and scrutiny arrangements were established to guide the project which involved managing a situation of high public interest and a process governed by public procurement regulations and requirements to treat commercially sensitive information in confidence. At the time of writing, the facility was under development in Cardiff. Having moved through the procurement stage, arrangements to review delivery are being developed.

- 135 In September 2012, in response to Welsh Government requirements a new Joint Education Service (JES) was established to provide a school support service to the Vale of Glamorgan, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and Bridgend councils. A similar arrangement is in place throughout Wales and we propose to undertake a national review of the effectiveness of arrangements during 2014-15. The Council is assessing the strength of arrangements in respect of service quality, governance and clarity of accountability.

Appendices

Appendix 1 Status of this report

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

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

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

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

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

Appendix 2 Useful information about Cardiff and Cardiff Council

The Council

The Council's budgeted gross revenue expenditure for 2013-14 was approximately £790.6 million. This equates to about £2,288 per resident. The Council's capital budget for the year was approximately £103.7 million. The average band D council tax in 2012-13 and 2013-14 was £937 per year. Approximately 58 per cent of housing is in council tax bands A to D.

The Council is made up of 75 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 45 Labour
- 15 Welsh Liberal Democrats
- 7 Conservatives
- 4 Independent
- 2 Plaid Cymru
- One Heath Independent
- One Llanrumney Independent

The Council's Chief Executive is Paul Orders. The Council's directors are Corporate Director Resources: Christine Salter; Education, and Lifelong Learning: Nick Batchelor; Sport, Leisure and Culture: Chris Hesse; Children's Services: Tony Young; Health and Social Care: Sian Walker; Environment: Jane Forshaw; Strategic Planning, Highways, Traffic and Transport: Andrew Gregory; Communities, Housing & Customer Services: Sarah McGill; Economic Development: Neil Hanratty; County Solicitor: Shaun Jamieson; and County Clerk and Monitoring Officer: Marie Rosenthal.

Appendix 3 Annual Audit Letter

Other information

The Assembly Members for Cardiff are:

- Julie Morgan, Cardiff North, Labour
- Mark Drakeford, Cardiff West, Labour
- Vaughan Gething, Cardiff South and Penarth, Labour
- Jenny Rathbone, Cardiff Central, Labour
- Eluned Parrott, South Wales Central, Welsh Liberal Democrats
- Leanne Wood, South Wales Central, Plaid Cymru
- David Melding, South Wales Central, Welsh Conservative Party
- Andrew R T Davies, South Wales Central, Welsh Conservative Party

The Members of Parliament for Cardiff are:

- Kevin Brennan, Cardiff West, Labour
- Stephen Doughty, Cardiff South and Penarth, Labour (Co-op)
- Jonathan Evans, Cardiff North, Conservative
- Jenny Willott, Cardiff Central, Liberal Democrat

For more information see the Council's own website at www.cardiff.gov.uk or contact the Council at Cardiff Council, County Hall, Atlantic Wharf, Cardiff CF10 4UW. Tel: 029 2087 2087 (English) or 029 2087 2088 (Cymraeg), or e-mail C2C@cardiff.gov.uk.

Councillor Heather Joyce
Leader
Cardiff Council
County Hall
Atlantic Wharf
Cardiff
CF10 4UQ

Dear Councillor Joyce

Annual Audit Letter

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

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

It is the Council's responsibility to:

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

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

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

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards. On 27 September 2013 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee and Council in my Audit of Financial Statements report on the 16 and 26 September 2013 respectively, and a more detailed report to officers will follow in due course.

Overall the statement of accounts and associated working papers provided for audit were of a good standard, although it was disappointing that compliance against the improved procedures put in place last year to support debtors and creditors balances was not as effective this year.

The statement of accounts also contained an uncorrected misstatement of £9 million in respect of grant for the early start of the 21st century schools programme. After discussion at Council, members supported officers' proposals not to amend this balance and reported this decision in the letter of representation. Although this was not material for the accounts and therefore did not impact on my opinion, it is important that if the Welsh Government seeks to issue grants in a similar way in future the Council ensures that the correct approval process is followed to prevent this situation occurring again.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009 (the Measure). Overall, I am satisfied there are no issues that would impact on the unqualified audit opinion given on the 2012-13 statement of accounts. However, a number of issues were raised by the Auditor General in his reports to Cabinet on 10 October 2013 that require prompt action if the Council is going to improve the way it discharges its duties under the Measure. The key recommendations were the need to set clear improvement priorities improve performance management and clearly report the outcomes of work done. Progress with these recommendations together with the Council's response to the recently reported Welsh Local Government Association (WLGA) peer review will be followed up in the first quarter of 2014.

The extremely challenging financial position faced by all local government bodies in Wales following the recent budget settlement will also mean that the Council's medium term financial plan (MTFP) will need to be revisited and updated to reflect the additional savings that need to be made over the next three years.

It is recognised that the Council has good arrangements for financial planning and overall budget management and is increasing its senior management capacity. The Council has acknowledged that it needs to consider fundamental changes in the way it operates and delivers its services and that difficult decisions will need to be made to meet the funding gap. It is important that the MTFP is monitored closely and is clearly linked to corporate and directorate savings plans, service delivery plans etc with any slippage dealt with quickly and effectively if savings targets are to be achieved. These will be challenging times for Members and Officers.

I issued a certificate confirming that the audit of the accounts has been completed on 27 September 2013.

The financial audit fee for 2012-13 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely,



Anthony Barrett
Appointed Auditor

28 October 2013

Appendix 4 Cardiff Council's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year, it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives for 2013-14 in a report to Cabinet on 10 October 2013 which can be found on the Council's website at www.cardiff.gov.uk. They are:

Cardiff Council's improvement objectives 2012-13	Cardiff Council's improvement objectives 2013-14
People in Cardiff are safe and feel safe	Decrease the number of young people not in employment, education or training
Cardiff has a thriving and prosperous economy	Improve educational outcomes
People in Cardiff achieve their full potential	Increase school attendance
Cardiff is a great place to live, work and play	Increase independence by providing aids and adaptations to houses
People in Cardiff have a clean, attractive and sustainable environment	Help people to make positive choices about the affordability of their accommodation
People in Cardiff are healthy	Establish Cardiff as a digital city
Cardiff is a fair, just and inclusive society	Increase the number and quality of jobs in the city economy
The Council delivers improved outcomes for the city and its citizens through strong partnerships and innovative new ways of working	

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2012-13 called *Cardiff Council Improvement Report 2012/13* can be found on the Council's website at www.cardiff.gov.uk.

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Cardiff Council

Data protection audit report

Executive summary
June 2014

1. Background

The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 1998 (the DPA). Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller. This is done through a consensual audit.

The Information Commissioner's Office (ICO) sees auditing as a constructive process with real benefits for data controllers and so aims to establish a participative approach.

The ICO issued Cardiff Council with an Undertaking in August 2013 and consequently the Council agreed to implement processes to ensure it processed personal data in accordance with principle 7 of the DPA. Following this, the ICO asked the Council to consider a consensual data protection audit.

Cardiff Council has agreed to a consensual audit by the ICO of its processing of personal data.

An introductory teleconference was held on 4 March 2014 with representatives of Cardiff Council to identify and discuss the scope of the audit and after that on 1 April 2014 to agree the schedule of interviews.

2. Scope of the audit

Following pre-audit discussions with Cardiff Council it was agreed that the audit would focus on the following areas:

- a. Data protection governance – The extent to which data protection responsibility, policies and procedures, performance measurement controls, and reporting mechanisms to monitor DPA compliance are in place and in operation throughout the organisation.
- b. Training and awareness – The provision and monitoring of staff data protection training and the awareness of data protection requirements relating to their roles and responsibilities.
- c. Security of personal data – The technical and organisational measures in place to ensure that there is adequate security over personal data held in manual or electronic form.

3. Audit opinion

The purpose of the audit is to provide the Information Commissioner and Cardiff Council with an independent assurance of the extent to which Cardiff Council within the scope of this agreed audit is complying with the DPA.

The recommendations made are primarily around enhancing existing processes to facilitate compliance with the DPA.

Overall Conclusion	
Reasonable assurance	<p>There is a reasonable level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non compliance with the DPA.</p> <p>We have made three reasonable assurance assessments where controls could be enhanced to address the issues which are summarised below.</p>

4. Summary of audit findings

Areas of good practice

The Council have a robust management structure in place to coordinate Data Protection and Information Governance across the Council. This comprises of a Senior Information Risk Officer (SIRO), a Data Protection Officer, Information Governance (IG) Manager and an IT Security Officer (ITSO), who report in to an established Information Security Board.

A series of e-learning modules covering data protection and IT security have been rolled out to staff. Completion of these is monitored by the Improvement and Information Management Team (I&IM Team) and reminders sent to managers if staff fail to complete them. Additional modules have also been developed for staff with specialist roles, for example staff who deal with Subject Access Requests.

There is a clear reporting mechanism within directorates for both data protection and IT breaches. The IG Manager is responsible for oversight of the directorate breach logs and will work with directorates to identify trends, record lessons learnt and formulate good practice. Regular breach reports are provided to the Information Security Board.

The ITSO is a member of the local WARP (Warning, Advice, and Reporting Points) programme. This is part of the Information Sharing Strategy of the Centre for the Protection of National Infrastructure (CPNI) and provides IT security advice at a local level.

The Council is compliant with PSN's robust Code of Connection requirements, which allows them to connect to the PSN network. They also align their IT infrastructure to comply with other industry standards including ISO 27001 and the Information Technology Infrastructure Library (ITIL). These frameworks ensure information security management is an integral function of the Council's IT service delivery.

Privacy Impact Assessments (PIAs) are mandatory for every new project, or any significant change to, systems which process personal data. These requirements are documented in the Project Quality Assurance process and guidance on how to complete PIAs is available to project management staff. PIAs are recorded in a log and the progress of the PIA is regularly monitored.

Areas for improvement

Information Asset Owners (IAOs) are not systematically assessing risk to information held in their business areas, which may result in the SIRO not having an accurate overview of information risk across the Council. IAOs

should regularly review the electronic and manual data they 'own' to ensure they are clear about the nature of the information held, how it is used and transferred and who has access to it and why.

There is no corporate Information Asset Register to ensure the Council has a mechanism for understanding and managing risks to their information. It should link information assets to dependencies including risk assessments, retention schedules and owners. The register should be maintained and regularly updated, with a named owner responsible for overseeing this.

Several of the Council's IT related policies were overdue for review at the time of audit. It is good practice to review policies on an annual basis in order to ensure that policy information for staff is relevant and kept up-to-date.

The Council is rolling out refresher data protection refresher training for managers but do not have plans to update all Council staff with regular data protection refresher training once the current series of e-learning modules have been completed.

Physical security can be enhanced by implementing a single Council-wide process for storage and disposal of confidential waste. This will help provide assurance that waste is being managed securely and should include a review of the type of containers being used to store confidential waste before disposal.

The matters arising in this report are only those that came to our attention during the course of the audit and are not necessarily a comprehensive statement of all the areas requiring improvement.

The responsibility for ensuring that there are adequate risk management, governance and internal control arrangements in place rest with the management of Cardiff Council.

We take all reasonable care to ensure that our audit report is fair and accurate but cannot accept any liability to any person or organisation, including any third party, for any loss or damage suffered or costs incurred by it arising out of, or in connection with, the use of this report, however such loss or damage is caused. We cannot accept liability for loss occasioned to any person or organisation, including any third party, acting or refraining from acting as a result of any information contained in this report.

Appendix A

Detailed findings and action plan for Cardiff Council.

Action plan and progress

Recommendation	Agreed action, date and owner	Progress at 6 months
Data Protection Governance		
<p>A1. Ensure the cover sheet of the Information Governance Strategy is updated to reflect that has been approved by Cabinet.</p>	<p>Accept – Strategy cover sheet updated to reflect approval</p> <p>Implementation Date: Immediate</p> <p>Owner: Information Governance Manager</p>	
<p>A2. Ensure the Information Management Strategy is ratified and approved as soon as possible and this is communicated to relevant staff.</p>	<p>Accept - IMS to be approved by Information Security Board on 2nd July and put onto Forward Plan for Cabinet Approval</p> <p>Implementation Date: July 2014</p> <p>Owner: OM, Improvement & Information</p>	
<p>A4. Ensure that all</p>	<p>Accept –</p>	

<p>IG/DP policies remain up-to-date and fit for purpose by reviewing them at least annually. Also ensure they have a standardised cover sheet that shows their accountable owner, approval body and the date for review.</p>	<p>RM Policy and IT Security Policies to be reviewed in September 2014 both will be reviewed and owned by Information Security Board.</p> <p>Implementation Date: September 2014</p> <p>Owner: Information Governance Manager & ICT Security & Compliance Manager</p>	
<p>A9. Ensure suitable IAO training is provided to IAOs ensure they are fully conversant with their role and what it entails.</p>	<p>Accept – Gradual training to be introduced as part of the introduction of the Information Security Service Risk Register. Formal training to be provided October 2014</p> <p>Implementation Date: October 2014</p> <p>Owner: Information Governance Manager</p>	
<p>A13. Ensure all outstanding recommendations contained in the Welsh Audit Office reports are implemented within the required timescales.</p>	<p>Accept – Outstanding recommendations will be actioned as required in line with the AGW's Reports</p> <p>Implementation Date:</p>	

	<p>Immediate</p> <p>Owner: OM, Improvement & Information</p>	
<p>A16. The IG risk register should be submitted to the Information Security Board for sign-off and incorporated into Council procedure to inform the Corporate Risk Register process.</p>	<p>Accept – The IG Service Risk Register will be submitted to ISB for sign off and fully operational by each IAO by beginning of Quarter 3 2014/15.</p> <p>Implementation Date: October 2014</p> <p>Owner: Information Governance Manager & Data Protection Officer</p>	
<p>A17. Implement local IARs, maintained by IAO's, that feed into a Corporate IAR. A Corporate IAR could then be used to help inform risks on the Information risk register.</p>	<p>Accept – Following successful implementation of IG Service Risk Registers the Council will conduct an assessment in line with the National Archives IAR template to ascertain if any additional assets are required to be captured and maintained as part of each IAO's Risk Register</p> <p>Implementation Date: October 2014</p>	

	Owner: Information Governance Manager & Data Protection Officer	
A18. Consider the inclusion of a data protection compliance audit within the Council's 2014-2015 internal audit plan.	<p>Accept – Internal Audit will investigate conducting elements of DPA compliance as part of planned audits and providing this information to ISB. In addition to this compliance audits as already operational in line with any data protection incident/breach and in line with ongoing ISB work plans (i.e audit of CCTV devices, PCI usage)</p> <p>Implementation Date: September 2014</p> <p>Owner: OM, Improvement & Information & OM, Audit & Risk Manager</p>	
A19. Set challenging but realistic and achievable incremental compliance targets for training completion and reduction of data security breaches.	<p>Accept – The Council's training compliance target with e-learning completion is 100% as set out within quarterly Information Security Performance Reports. An incremental compliance</p>	

	<p>target for the periods July, August, September of 90%, 95% and 100% will be set following approval by ISF on 17th June 2014, and monthly reports provided to each IAO. Targets for the reduction of data security breaches are already in place, and were in place and operational prior to the ICO Audit.</p> <p>Implementation Date: Immediate</p> <p>Owner: Information Governance Manager</p>	
Training and Awareness		
<p>B3. Ensure the Training Strategy for 2014-2016 is finalised and signed-off as soon as possible.</p>	<p>Accept – A draft Information Governance Training Strategy 2014-2018 is currently in consultation phase. Intended for to be finalised and operational by September 2014.</p> <p>Implementation Date: September 2014</p> <p>Owner: OM, Improvement & Information & Information</p>	

	Governance Manager	
<p>B7. Ensure robust compliance monitoring of DP training to ensure the deadline of December 2014 is met. If necessary, prioritise training completion for new starters to ensure 'need to know' modules are completed as soon as possible after starting.</p>	<p>Accept – As outlined in a.19, the Council will continue to monitor training compliance and introduce incremental compliance targets. As part of this monitor modules of higher priority in terms of relaying significant Council Policy or statutory information will be prioritised to ensure compliance by December 2014.</p> <p>Implementation Date: Immediate</p> <p>Owner: Information Governance Manager</p>	
<p>B8. The Council should find a means of providing good quality data protection training to non - computer users. Providing reading material by itself is not sufficient to ensure that staff have an understanding of their obligations to comply with the</p>	<p>Reject</p>	

<p>Council's data Protection related policies and procedures. Consider supplementing the reading material with a classroom session and including a test element to ensure staff understanding.</p>		
<p>B9. Ensure that all staff with access to personal data, including non computer users, receive data protection related training before being given access to IT systems and/or manual documents containing personal information.</p>	<p>Partially Accept – The Council will investigate options as per b.9 to introduce a e-learning module covering the Council's core IG and Security policies prior to creation of an email account being set up.</p> <p>Implementation Date: October 2014</p> <p>Owner: ICT Security & Compliance Manager & Information Governance Manager</p>	
<p>B10. Ensure all new starters complete all DP e-learning modules within a reasonable timescale of starting work.</p>	<p>Partially Accept – The Information Governance Training Strategy 2012-14 sets out employees requirements to complete e-learning training modules in</p>	

	<p>line with the Council's roll out of modules. The Council will investigate options as per b.9 to introduce an e-learning module covering the Council's core IG and Security policies prior to creation of an email account being set up. New starters including non computer users are required to attend Corporate Induction and a slot on this will be conducted by the OM Improvement & Information or IGM detailing the Council's IG responsibilities.</p> <p>Implementation Date: October 2014</p> <p>Owner: OM Improvement & Information, Information Governance Manager & ICT Security & Compliance Manager</p>	
<p>B11. Develop mandatory data protection refresher training for all staff that can be monitored for take-up. The current training approach could</p>	<p>Accept – The Council will be implementing an Information Governance Training Strategy 2014-18 which will set out how refresher training will be</p>	

<p>be adapted for this purpose, for example, an e-learning module could be released periodically to remind staff of their obligations under the Data Protection Act.</p>	<p>provided. This Strategy will be operational from September 2014.</p> <p>Implementation Date: September 2014</p> <p>Owner: OM Improvement & Information & Information Governance Manager</p>	
<p>B15. The Council should define a challenging but realistic target for training completion rates across all service areas, and state this within the reports to the ISF and ISB, so that reporting is measured against the target.</p>	<p>Accept – Training completion rates is already provided to ISB as part of quarterly performance reports. These reports will be altered to reflect new incremental completion target rates as set out in a.19</p> <p>Implementation Date: Immediate</p> <p>Owner: Information Governance Manager</p>	
Security of Personal Data		
<p>C4. The IT Security Officer (ITSO) should be working towards a CESG certified professional certificate of competence. (see Local Public Services</p>	<p>Accept – This will be reviewed in line with process of directorate delivery planning and availability of budgets. ICT Service Manager has a Masters Degree in this area</p>	

Data Handling Guidelines, v2 – Aug 2012).	of work. Implementation Date: January-March 2015 Owner: ICT Service Manager	
C11. Ensure the ISP is made available, in a suitable format, to staff and contractors who do not have access to a computer. The council should be able to provide a record that this has been done.	Accept – This will be reviewed as set out in A4. Implementation Date: October 2014 Owner: ICT Service Manager	
C12. Consider developing a policy review process that will ensure ISB has oversight of all existing IG and IT policy reviews and will be involved in new policy development at an early stage. All IG policies should be logged by the I&IM Team and be subject to periodic review.	Accept – A Policy Review Process will be developed to ensure all IG and IT policies are annually reviewed by ISB Implementation Date: August 2014 Owner: Information Governance Manager	
C13. Ensure all existing IG and IT policies are reviewed to ensure they are up-to-	Accept – As per action set out in c12 Implementation Date:	

<p>date, suitable and accurate. Each policy must have an appropriate cover sheet showing version control, author, owner and who has approved and signed the policy off.</p>	<p>August 2014</p> <p>Owner: ICT Service Manager, OM, Improvement & Information & Information Governance Manager</p>	
<p>C26. Ensure all existing IT contracts held with third parties who have access to Council held personal data are reviewed to ensure they contain appropriate data protection and confidentiality clauses. These should be periodically reviewed to ensure clauses are still relevant and up-to-date.</p>	<p>Accept – Changes to be made to the Council’s Contract Award Procurement process to highlight need to complete PIA’s and ensure appropriate protocols or agreements are in place with third parties processing data. Existing contracts will be reviewed in line with review periods of such contracts and appropriate agreements put in place if not already identified. IAO will be tasked with reviewing contracts with third parties as part of Service Area Risk Register return</p> <p>Implementation Date: Immediate and ongoing</p> <p>Owner: Information Security</p>	

	Board Members (IAO's), OM Improvement & Information & ICT Service Manager	
C27. Conduct a risk assessment of the security arrangements at the secondary staff entrance to ensure building security is not comprised by inappropriate tailgating.	<p>Accept – Risk Assessment to be conducted by the Facilities Management Team, alongside IG & IT colleagues.</p> <p>Implementation Date: August 2014</p> <p>Owner: OM, Facilities Management</p>	
C28. Ensure Facilities management are provided with a weekly HR leavers list to ensure access cards that have not been returned can be deactivated as soon as possible.	<p>Accept – The Council will set up a group consisting of IG, ICT, HR and Internal Audit, to investigate and implement an effective starters, leavers and movers list which for services requiring such information.</p> <p>Implementation Date: October 2014</p> <p>Owner: OM, Improvement & Information, ICT Service Manager, Corporate Chief HR Officer</p>	
C31. Ensure the new	Accept –	

<p>confidential waste contract contains a more secure method of storing waste than open bags, for example locked containers.</p>	<p>New contract due to go live July 2014. This will replace current system of confidential waste collection in core buildings and replace with lockable bins.</p> <p>Implementation Date: July 2014</p> <p>Owner: OM, Facilities Management & OM, Improvement & Information</p>	
<p>C34. Consider developing an official 'clear desk' policy to ensure staff are clear about their responsibility for securing personal data when they vacate their desk.</p>	<p>Partially Accept – The Council has adopted and provided staff with guidance on keeping their workplace clear. This has also been made available through specific e-learning training. The Council will consider developing local policies in line with office accommodation moves.</p> <p>Implementation Date: October 2014</p> <p>Owner: OM, Improvement & Information</p>	
<p>C35. Review storage of keys for units containing personal</p>	<p>Accept – The Council will be setting each service IAO an action</p>	

<p>data and assess if digital key safes will provide a more secure access to storage solution.</p>	<p>to review storage of keys and safes within their services and introduce formal guidance for all staff</p> <p>Implementation Date: August 2014</p> <p>Owner: Information Security Board</p>	
<p>C39. : Develop and implement a procedure to ensure HR provide regular staff lists of movers and leavers to both the IT service desk and the CareFirst and DigiGov system administration teams to ensure staff can be cross-referenced against Active Directory, CareFirst and DigiGov applications. Spot checks should be performed to ensure the procedure is working satisfactorily.</p>	<p>Accept – The Council will set up a group consisting of IG, ICT, HR and Internal Audit, to investigate and implement an effective starters, leavers and movers list which for services requiring such information.</p> <p>Implementation Date: October 2014</p> <p>Owner: OM, Improvement & Information, ICT Service Manager, Corporate Chief HR Officer</p>	
<p>C40. See C39.</p>	<p>As recommendation 39</p>	
<p>C43. Ensure all VPN access to CareFirst is authorised through the ICT service desk to</p>	<p>Accept – Access is currently logged but the Council will review the authorisation processes</p>	

enable an access log to be recorded and comply with the Council's ICT Security policy.	Implementation Date: October 2014 Owner: ICT Service Manager	
C44. Staff ability to save data to a CD/DVD writer is a risk that requires assessment and mitigation. A review of staff who have write access to CD/DVD drives is advisable to ensure this function is still required by those staff.	Partially Accept – The Council do not allow by default use of CD/DVD. Officers would have to specifically request and outline why this wish for such facilities. ICT can and do challenge this, and such devices are not authorised without Operational Manager approval. It is the responsibility of the Service Operational Manager to ensure that pc's with such devices are retained within the service area for the operational reason they were supplied and to review this use Implementation Date: Immediate Owner: ICT Service Manager	
C45. Vulnerabilities discovered in Windows XP will not be addressed by new	Partially Accept – An ongoing programme to upgrade all pc's onto Windows 7 is already	

<p>Microsoft security updates. Ensure that any security issues resulting from the Council running PCs using this software have been risk assessed and mitigated.</p>	<p>operational</p> <p>Implementation Date: Immediate</p> <p>Owner: ICT Service Manager</p>	
<p>C46. Ensure the security features of AppLocker are in force on all council desktops, especially ones which have not been upgraded to Windows 7.</p>	<p>Partially Accept - AppLocker is only available on Windows 7 and in line with c45 the Council has an operational programme in place at present to upgrade all pc's onto Windows 7</p> <p>Implementation Date: Immediate</p> <p>Owner: ICT Service Manager</p>	
<p>C48. A requirement of the PSN CoCo is to ensure Protective Markings are used on all documents being sent through PSN. Investigate measures to ensure adherence to this requirement.</p>	<p>Accept –</p> <p>A business case will be submitted to the SIRO investigating options for ensuring the Council complies with the Government Protective Marking Scheme, and a Protective Marking Policy to be developed and approved by Cabinet</p>	

	<p>Implementation Date: August 2014</p> <p>Owner: Information Governance Manager & ICT Security & Compliance Manager</p>	
<p>C49. Review the policy of allowing staff to keep email indefinitely to ensure that staff are not breaching the Council's records management retention and disposal schedules or Principle 5 of the DPA.</p>	<p>Partially Accept – The retention of email depends upon its content and is therefore not possible to set against specific retention periods. However this will be reviewed in line with the deployment of the EDRMS as emails of business value will be expected to be stored within the EDRMS and matched against content types, therefore ensuring they are retained for lawful purposes. As part of each service deployment onto the EDRMS reviews will be conducted into the storage of emails outside of the EDRMS to ensure the Council complies with Principle 5 of the Data Protection Act</p> <p>Implementation Date: ongoing in line with 3 ½</p>	

	<p>year Implementation Programme of the EDRMS</p> <p>Owner: OM, Improvement & Information & Information Governance Manager</p>	
<p>C51. Ensure there are strictly enforced guidelines and procedures in place to ensure staff are not using webmail to download and save personal data onto home computers.</p>	<p>Accept – Webmail facility to be switched off in line with PSN requirements</p> <p>Implementation Date: October 2014</p> <p>Owner: ICT Service Manager</p>	
<p>C52. Investigate why the password complexity rule is not enforced in CareFirst and remedy this if it is technically possible. The Care First application should adhere to the password policy requirements stated in the Council's ISP.</p>	<p>Accept – Password control within CareFirst to be reviewed</p> <p>Implementation Date: September 2014</p> <p>Owner: OM, Assessment & Care Management & ICT Security & Compliance Manager</p>	
<p>C67. Ensure the I&IM Team has an overview of all current and future web applications and cloud computing storage where personal</p>	<p>Accept – This will be addressed through process changes identified within c.26</p> <p>Implementation Date:</p>	

data is involved.	Immediate and ongoing Owner: OM, Improvement & Information & Information Governance Manager	
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I can confirm that this management response is a true representation of the current situation regarding progress made against our Action Plan outlined in the ICO Data Protection Audit Report dated 16 June 2014.

Signature.....

Print name.....

Position.....

Organisation.....

Date.....

Information Governance in the City of Cardiff Council

City of Cardiff Council

Audit Committee September 2014



Legislative background

- Data Protection Act 1998
- Freedom of Information Act 2000
- Environmental Information Regulations 2004
- Human Rights Act 2010
- Privacy and Electronic Communications Regulations 2003
- Protection of Freedoms Act 2012
- Local Government (Wales) Measure 2009

Key elements

- Legislative framework
- Information requests
- Information security
- Information as an asset
- Information sharing



Information Requests

- Freedom of Information
- Subject Access Requests and requests under the non disclosure provisions of the Data Protection Act

Key Risks

- Enforcement action by Information Commissioner
- Financial penalties of up to £500k issued by Information Commissioner (Data Protection Act)
- Damage to the Council's reputation

Information Security

- Management of information in line with Data Protection requirements
- Covers both paper and electronic information
- Records Management and classification

Key Risks

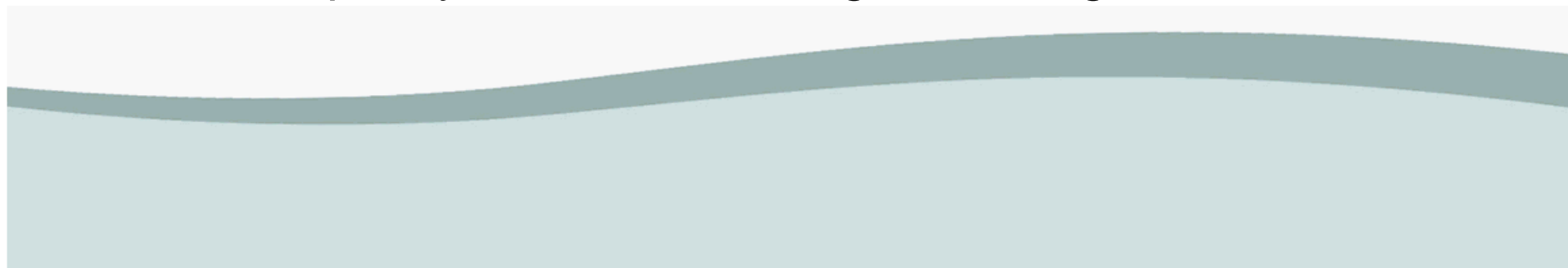
- Financial penalties of up to £500k issued by the Information Commission (DPA)
- Damage to the Council's reputation

Information as an asset

- Proactive management of information
- Maximise the use of information held
- Working towards evidence based decision making

Key Risks

- Culture of the organisation and ability to change
- Staff capacity to deliver this significant agenda



Information sharing

- Signed up to the Wales Accord for the Sharing of Personal Information (WASPI)
- Ensure that where we share or need others to process data we do so legally and appropriately

Key Risks

- Enforcement action by Information Commissioner
- Financial penalties of up to £500k issued by Information Commissioner (DPA)
- Damage to the Council's reputation

What are the external views?

- The ICO Consensual Audit in April 2014 assessed the Council has having a reasonable level of assurance but with opportunities to improve
- WAO recognition that there has been a significant improvement around key aspects of the Information Management Agenda



What do we need to improve?

- Governance of information as an asset
- Update relevant IT policies
- Roll out refresher training for staff across the Council
- The arrangements for dealing with confidential waste
- Increase the range of pre-published information
- Maximise the use of an EDRMS

Information Governance in the City of Cardiff Council

Page 81

City of Cardiff Council

Audit Committee December 2014

Legislative background

- Data Protection Act 1998
- Freedom of Information Act 2000
- Environmental Information Regulations 2004
- Human Rights Act 2010
- Privacy and Electronic Communications Regulations 2003
- Protection of Freedoms Act 2012
- Local Government (Wales) Measure 2009

Key elements

- Legislative framework
- Information requests
- Information security
- Information as an asset
- Information sharing

Information Requests

- Freedom of Information
- Subject Access Requests and requests under the non disclosure provisions of the Data Protection Act

Page 84

Key Risks

- Enforcement action by Information Commissioner
- Financial penalties of up to £500k issued by Information Commissioner (Data Protection Act)
- Damage to the Council's reputation

Information Security

- Management of information in line with Data Protection requirements
- Covers both paper and electronic information
- Records Management and classification

Page 85

Key Risks

- Financial penalties of up to £500k issued by the Information Commission (DPA)
- Damage to the Council's reputation

Information as an asset

- Proactive management of information
- Maximise the use of information held
- Working towards evidence based decision making

Page 86

Key Risks

- Culture of the organisation and ability to change
- Staff capacity to deliver this significant agenda

Information sharing

- Signed up to the Wales Accord for the Sharing of Personal Information (WASPI)
- Ensure that where we share or need others to process data we do so legally and appropriately

Page 87

Key Risks

- Enforcement action by Information Commissioner
- Financial penalties of up to £500k issued by Information Commissioner (DPA)
- Damage to the Council's reputation

What are the external views?

- The ICO Consensual Audit in April 2014 assessed the Council has having a reasonable level of assurance but with opportunities to improve
- WAO recognition that there has been a significant improvement around key aspects of the Information Management Agenda

What do we need to improve?

- Governance of information as an asset
- Update relevant IT policies
- Roll out refresher training for staff across the Council
- Increase the range of pre-published information
- Maximise the use of an EDRMS

Progress against ICO findings

Of the 36 Recommendations:

- 23 are completed
- 12 are partially completed
- 1 is not yet started

Page 90

This recommendation is in respect of a review of staff who have 'write' access to CD/DVD drives. This work will be undertaken by ICT in January 2015

Progress against ICO findings

Data Protection Governance (9)

- 6 Completed
- 3 Partially Completed

Training & Awareness (7)

- 7 Completed

Security of Personal Data (20)

- 10 Completed
- 9 Partially Completed
- 1 Not Yet Started

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Corporate Risk Register – Mid Year Position 2014/15

AGENDA ITEM: 7.2

Reason for this Report

1. To bring the Corporate Risk Register (CRR) to the attention of the Audit Committee, in order to consider the strategic risks facing the Council.

Background

2. To support the arrangements for good corporate governance it is necessary for the Council to have a clear statement of its overall position in relation to corporate risks and to review them on a regular basis.
3. Sections 81 to 87 of the Local Government (Wales) Measure 2011 sets out provisions for Audit Committees. One of the key roles of the Committee is to review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements.
4. The CRR should identify the main risks facing the Council so that elected Members and senior management can make informed decisions and prioritise actions, with these high level risks in mind. The process followed is to identify the risk and then to address it through the control environment and mitigations in place or planned within the Council. This exercise results in a residual risk score which should demonstrate the effectiveness of the controls in place to manage the risk.
5. The Audit Committee last sighted the CRR on 25 June 2014 which reflected the year end position 2013/14. The register continues to be updated quarterly and presented to the Senior Management Team to ensure their collective ownership of the strategic risks facing the Council. On this occasion the register has been updated to reflect the mid year position 2014/15.

Issues

6. The CRR is currently made up of twenty four risks all of which are assigned to members of the Senior Management Team to ensure the most senior level of ownership and accountability by officers.
7. The mid year review of the register reflects the collective view of the Senior Management Team who considered the matter at their meeting on 28 October 2014.

Risk owners updated their risks in advance of the meeting in order for the group to collectively approve the corporate risks. The updates have strengthened the mitigating actions against the risks currently identified. The review resulted in a number of changes which are outlined below.

8. The Audit Committee last sighted the register in June 2014 which reflected the year end position 2013/14, at that time twenty seven risks formed the CRR. The current review has resulted in the 'Food Safety Management' risk closing. Senior Management Team agreed that sufficient action has been taken to address the risk, which reduced the residual risk score. The risk will continue to be managed and monitored through the Environment Directorate Risk Register.
9. The Risk Management Steering Group met in July and considered the Council's Corporate Risk Register themes in comparison to the registers of the English Core Cities group. There were many similarities in the risks identified but also some differences which lead the Steering Group to challenge Cardiff's corporate risks. Following discussion with risk owners it was agreed that four of the corporate risks be amalgamated to two. Firstly, the 'Climate Change' and 'Energy Security' risks were merged given the synergies between the two risks. Secondly, the 'Education Consortium' and 'Educational Attainment' risks were combined given the dependencies and linkages of the two risks.
10. Previously the Education Directorate had four corporate risks, which following review has reduced to three given the above mentioned amalgamation. The Directorate acknowledged that given the efforts that have taken place within Education over the past twelve months it was considered timely to reflect on these efforts by reducing the residual risks scores from high priority (red) risks to medium priority (red / amber) risks. Efforts will remain in place to continue to mitigate the corporate risks and provide updates through the quarterly review process.
11. Overall the risk scores in some instances indicate that the risk priority may have remained constant, but the efforts of the mitigating actions have had some affect i.e. A1 to A2 which remains a high priority risk e.g. Information Governance.
12. It is important to note that risks are liable to change as circumstances alter and the CRR presents the position at a point in time; the appendices to this report reflect the mid year position 2014/15. The register will continue to be refreshed quarterly and the identified risk owners have a responsibility to ensure the register remains focused and relevant.
13. There are some areas, such as Health & Social Care, Children's Services and Health & Safety, where there will always be an element of unpredictability which merits a high priority score irrespective of how well the service is managed. For these, the important aspect is to continue to be able to demonstrate sound management, a proactive approach to mitigating the risks and a robust monitoring process.
14. Since the Committee last considered the register Councillor Graham Hinchey has taken on the role of Member Risk Champion. The Audit & Risk Manager has met with Councillor Hinchey to provide information on the role of the Member Risk Champion which includes; raising the profile of risk management and promoting the benefits to Members, as well as promoting the accountability and responsibility of all staff within the Council as set out in Cardiff Council's Risk Strategy. The Member

Champion will bring forward ideas from the Members to the Risk Management Steering Group which they consider relevant for the Corporate Risk Register.

15. In order to recognise the fundamental importance of the CRR, in the governance of the Council, the Audit Committee will continue to consider reports on a biannual basis prior to Cabinet. On this occasion the register will be presented to Cabinet on 11 December 2014.
16. It is appreciated that there is considerable detail in the full register and therefore two appendices are attached; Appendix A is a summarised version of the CRR, while the complete register is included at Appendix B.

Legal Implications

17. There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be taken if appropriate and consequently successful claims against the Council may be avoided altogether or reduced.

Financial Implications

18. There are no direct financial implications arising from this report. The Corporate Risk register will be used to guide the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council.

RECOMMENDATION

19. The Audit Committee is recommended to note the content of the Corporate Risk Register and to have regard to its content when considering its Work Programme.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES

The following Appendices are attached:

Appendix A – Corporate Risk Register – Mid Year Review 2014/15 (Summarised)
Appendix B – Corporate Risk Register – Mid Year Review 2014/15 (Detailed)

Risk Description	Inherent Risk	Residual Risk	Risk Owner	Cabinet Member
EVENT DRIVEN RISKS				
Social Services and Wellbeing (Wales) Act The implementation of the Social Services and Wellbeing (Wales) Act will place new duties and responsibilities upon already pressured services.	High Priority B1	High Priority B1	Tony Young & Siân Walker	Councillor Sue Lent, Deputy Leader - Early Years, Children & Families & Councillor Susan Elsmore Health, Housing & Wellbeing
Hostile Vehicle Mitigation in Cardiff Vehicle Borne Improvised Explosive Device (VBIED) detonating in an area identified as a high risk crowded place, as a result of the inappropriate boundary treatments and access control processes protecting and managing it.	High Priority B1	High Priority B1	Andrew Gregory	Councillor Ramesh Patel Transport, Planning & Sustainability
Welfare Reform That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform Bill 2011, Universal Tax Credit, localisation of Council Tax Benefits, Social Fund reform, Introduction of the Benefit Cap and size restrictions for social tenants. Lack of information, short timescales for implementation and the large number of citizens affected makes this a significant risk.	High Priority A2	High Priority B2	Sarah McGill (Jane Thomas)	Councillor Susan Elsmore Health, Housing & Wellbeing
Waste Management Failure to achieve targets for Landfill allowance, specifically for Biodegradable Municipal Waste and WG statutory Recycling Targets. Ineffective delivery of recycling targets and residual waste treatment.	High Priority B1	High Priority B2	Jane Forshaw	Councillor Bob Derbyshire Environment
Preparation of Local Development Plan Preparing a plan that is considered 'sound' by the Inspector, within the proposed timetable.	High Priority B1	Medium Priority (Red/Amber) C1	Andrew Gregory	Councillor Ramesh Patel Transport, Planning & Sustainability
Education – Schools - SOP Very ambitious timescales for project delivery, by a lean team, with restricted capital allocations to support reorganisation, improvement and expansion of school provision to meet growing pupil population.	High Priority B1	Medium Priority (Red / Amber) C2	Nick Batchelar (Janine Nightingale)	Councillor Julia Magill Education & Skills
Education Consortium & Attainment The current inconsistency in the quality, intelligence, data and related actions by CSC Challenge Advisers hinders the rate of improvement in educational attainment	High Priority B1	Medium Priority (Red / Amber) C2	Nick Batchelar (Angela Kent)	Councillor Julia Magill Education & Skills
ICT Platforms Unsuitable/ Outdated The ICT platforms (desktop, software, network, servers, and telephones) will not be able to support the technologies required by the corporate change programme and deliver effective service to the council, or will not provide a reliable service due to age and condition of equipment and systems.	High Priority A2	Medium Priority (Red/Amber) C2	Christine Salter (Phil Bear)	Councillor Graham Hinchey Corporate Services & Performance
ONGOING RISKS				
Budget prioritisation The delivery of a balanced budget in February 2015 for 2015/16 remains a key concern alongside the deliverability of further significant savings over the life of the Medium Term Financial Plan.	High Priority A1	High Priority A1	Christine Salter (Marcia Sinfield)	Councillor Graham Hinchey Corporate Services & Performance
Budget Monitoring 2014/15 At the time the budget was set the achievability risk ratings for the directorate savings identified that of the £43.8 million only £12.5 million was rated green with a further £20.9 million rated amber green. The balance of £10.4 million was rated red amber or red. In addition, the planning status of the savings indicated that whilst £35.2 million were in the detailed planning stage or already realised, £8.6 million had a higher degree of risk as only general planning had been undertaken at that date.	High Priority A1	High Priority B1	Christine Salter (Allan Evans)	Councillor Graham Hinchey Corporate Services & Performance
Health and Safety Ineffective compliance of health and safety through poor application and embedding of the 'Framework for Managing Health and Safety in Cardiff Council.	High Priority A1	High Priority B1	Christine Salter (Christina Lloyd)	Councillor Graham Hinchey Corporate Services & Performance
Climate Change & Energy Security Un-preparedness to the effects of climate change due to lack of future proofing for key (social and civil) infrastructure and business development, and inability to secure consistent energy supply due to rising energy costs and insecurity of energy supply.	High Priority B1	High Priority B1	Jane Forshaw	Councillor Bob Derbyshire Environment
Information Governance Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools	High Priority A1	High Priority A2	Christine Salter (Vivienne Pearson)	Councillor Graham Hinchey Corporate Services & Performance
Children's Potential for mismatch between children's needs and capacity to meet them if current trends continue, for example in children needing to be safeguarded, looked after and/or receive other services to support families and carers to care for them.	High Priority B1	High Priority B2	Tony Young	Councillor Sue Lent, Deputy Leader - Early Years, Children & Families
Health & Social Care Changing demographics and increasing expectations of vulnerable people put more pressure on services, increasing risk of budget overspend.	High Priority B1	High Priority B2	Siân Walker	Councillor Susan Elsmore Health, Housing & Wellbeing
Safeguarding - Health & Social Care Failure to safeguard vulnerable people.	High Priority B1	High Priority B2	Siân Walker	Councillor Susan Elsmore Health, Housing & Wellbeing
Performance Management A performance management culture is not embedded within the Council leaving the Council exposed to intervention by Welsh Government in line with the Local Government (Wales) Measure 2009 and associated requirements	High Priority B2	High Priority B2	Christine Salter (Martin Hamilton)	Councillor Graham Hinchey Corporate Services & Performance
Organisation Development OD projects fail to deliver the radical change required to deliver efficiency savings and service changes, due to service and resource pressures.	High Priority B1	High Priority B2	Christine Salter (Martin Hamilton)	Councillor Graham Hinchey Corporate Services & Performance
Business Continuity Large scale incident/loss affecting the delivery of services.	High Priority B1	Medium Priority (Red/Amber) C1	Martin Hamilton	Councillor Phil Bale, Leader – Economic Development & Partnerships
Education – Schools Delegated Budgets Secondary Schools with deficit budgets do not deliver agreed deficit recovery plans, impacting on the overall budgets for all schools.	High Priority A2	Medium Priority (Red/Amber) C2	Nick Batchelar (Neil Hardee)	Councillor Julia Magill Education & Skills
Legal Compliance Changes in services and staff roles across the Council resulting in: 1) Gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate; 2) Inability to deliver the services in accordance with all duties and responsibilities due to lack of resource in each case leading to increased risk of challenges. Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.	High Priority B2	Medium Priority (Red/Amber) C2	Christine Salter (Shaun Jamieson)	Councillor Graham Hinchey Corporate Services & Performance
Fraud Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.	High Priority B2	Medium Priority (Red/Amber) B3	Christine Salter	Councillor Graham Hinchey Corporate Services & Performance
Asset Management Ineffective management and use of Council assets and lack of corporate recognition.	High Priority B2	Medium Priority (Red/Amber) C2	Neil Hanratty	Councillor Phil Bale, Leader – Economic Development & Partnerships
Workforce Planning Importance of forecasting and planning to building capability and capacity is not recognised and is not fully embedded.	Medium Priority (Red/Amber) B3	Medium Priority (Red/Amber) B3	Christine Salter (Philip Lenz)	Councillor Graham Hinchey Corporate Services & Performance

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
EVENT DRIVEN RISKS										
<p>Social Services and Wellbeing (Wales) Act</p> <p>The implementation of the Social Services and Wellbeing (Wales) Act will place new duties and responsibilities upon already pressured services.</p>	<p>Reputational / Financial / Stakeholder / Service delivery / Legal /Partnership/ Community</p> <p>Consequences arising from Bill are well documented and the subject of updates and progress reports from the WLGA and elsewhere</p> <p>The Directors of CS and H&SC and Cabinet members continue to contribute to the national debate through various forums at each stage of the Bill's progress.</p> <p>WG has presented the Bill as a nil cost policy intervention that is designed to transform adult and children's social care to include:-</p> <ul style="list-style-type: none"> Adults safeguarding to be put on a statutory footing. All safeguarding governance to be based on a new National Safeguarding Board and regional Safeguarding Boards based on Health Board footprints Enhanced equity of eligibility and access to services across Wales to end postcode provision. Web based citizen portal to enhance direct self-service access Individuals to have the right to an assessment of need New holistic concept of services for 'people' (not children and adults separately) Refocus of services on early intervention To extend the right of access to carers an assessment of their need Increase take up of direct payments across an extended range of services A duty to understand the needs of the local population To promote new models of service delivery with a particular emphasis on social enterprises - councils expected to initiate and facilitate Collaborative working with Health and other partners Enhanced focus on Directors as leaders and innovators A strong professional workforce A single national specification for a social services client database capable of linking to community health New National Adoption Service supported by regionalised delivery functions Stronger collaboration Stronger emphasis on social work as a profession Simpler systems and reduced bureaucracy 	B	1	High Priority	<p>The Health and Social Care and Children's Services Directorates have made progress on responding to key areas of the Bill as follows:-</p> <ul style="list-style-type: none"> Successful implementation of new service models such as reablement and delivery of joint Community Resource Teams, which maximises people's independence and reduces the level of need for on-going care. The establishment of a single council safeguarding function combining adult and child protection and education safeguarding. Safeguarding OM appointment imminent. The Cardiff & VoG Local Safeguarding Adults' Board is constituted and meeting regularly with a developing work plan In CS, Regional working group established to deliver regional adoption service. Integrated Health and Social Care work streams are being delivered through shared C&V funding from the RCF, ICF and Transformation grants from Welsh Government Proposals to introduce a Social Impact Bond in CS to enable reinvestment in prevention well advanced and pioneer in Wales. The Cardiff Social Care Development Workforce Partnership is undertaking strategic review in partnership with the VoG 	B	1	High Priority	<ul style="list-style-type: none"> The Director of Social Services Annual Report for 2013/14 has been prepared by the Directors of CS and H&SC has been completed and sent to CSSIW and reviewed by the Joint CASSC and CS Scrutiny Committees. This has taken account of the outcomes recommendations of the ACRF Report and CSSIW annual letter from 2012/13 ACRF. CSSIW have prepared the draft report and we await the final report to place before Members in December 2014 Reference to delivery of the Act and continuing consultation programmes will be delivered within the 2014/15 Directorate Business/ Service Delivery Plans Joint approaches to developing opportunities across Cardiff, the Vale of Glamorgan and UHB are closely monitored through the H&SC Service Development Programme Board and the IHSC Strategic Implementation Group, Leadership Group & Governance Group involving senior Directors, Chief Executives, Cabinet Members and Leaders of both Council's and the UHB Continued strong engagement with Welsh Government on all aspects of new service delivery being proposed as the Act develops its pathway Strategic review of Social Care Development Workforce Partnership initiated Strong engagement of Directors through ADSS Cymru /SSIA work streams to ensure effective implementation of the Act, within set timeframes. Cabinet approved proposed arrangements for regionalising the delivery arm of the National Adoption Service and Cardiff awarded hosting role for the central elements of the National Adoption Service 	<p>Tony Young</p> <p>Councillor Sue Lent, Deputy Leader - Early Years, Children & Families</p> <p>&</p> <p>Siân Walker</p> <p>Councillor Susan Elsmore – Health, Housing & Wellbeing</p>
<p>Hostile Vehicle Mitigation in Cardiff</p> <p>Vehicle Borne Improvised Explosive Device (VBIED) detonating in an area identified as a high risk crowded place, as a result of the inappropriate boundary treatments and access control processes protecting and managing it.</p>	<p>Service Delivery / Reputation / Legal / Financial / Health & Safety / Financial / Partnership / Community & Environment / Stakeholders</p> <p>Potential for:-</p> <ul style="list-style-type: none"> Large no's of fatalities, injuries to public in crowded place. Extensive structural damage and/or collapse of surrounding buildings. Major fire. Damage/disruption to utilities (gas, electricity, water etc.) Immediate impact to businesses in the Cardiff area. Media coverage affecting public perception, leading to a loss of public confidence directly resulting in reduced business, retail and tourism revenues generated in the city. Area to be viewed as a risk for potential future business investment. Inability to attract major future national and international events (political, sporting etc.) Increase in demand for council services/support for all affected. Current economic climate to reduce the effectiveness of any recovery/regeneration of the area 	B	1	High Priority	<ul style="list-style-type: none"> All existing identified high risk; crowded places have been formally assessed. Most crowded places have an extremely limited an in some cases 'third party managed' access control process to operate them; providing little/no challenge. Most crowded places have varying standards of boundary treatments protecting them; providing a limited/cursory visual deterrent but little/no protection from a hostile vehicle. CONTEST Protect/Prepare Task & Finish Group has developed a City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'. 20 (40%) of the identified 'gateways' into the crowded places already benefit from PAS 68/69 mitigation in place, implemented as a direct result of Home Office (Crowded Places) and Olympic Legacy funding. Wales Extremism and Counter Terrorism Unit (WECTU) Counter Terrorist Security Advisor's (CTSA's), the Emergency Services & Cardiff Council provide Project Argus and EVAC/Griffin training across the city to raise awareness for likely impacts associated with major incidents and in particular, terrorist attacks. The sessions also cover the support likely to be immediately available from the emergency services and Cardiff Council, the practical and simple preparations people/organisations can make prior to incident occurring to help themselves manage and recover from its impacts. 	B	1	High Priority	<ul style="list-style-type: none"> WECTU CTSA's, the Emergency Services & Cardiff Council continue to promote and provide Project Argus and EVAC/Griffin training across the city. Revised products will be launched nationally on 24th November and rolled out in South Wales shortly afterwards. The CONTEST Protect/Prepare Group will continue to maintain the City Gateways Public Realm Enhancement Scheme to ensure that the proposed PAS 68/69 mitigation for the remaining gateways remains appropriate. This work also includes the estimated costs for the procurement and installation of the PAS 68/69 mitigation and ancillary services. The CONTEST Protect/Prepare Group will continue to monitor and review the scheme to ensure it is fit for purpose until it is fully installed. Additional funding must be secured to procure and install the PAS 68/69 mitigation at the remaining 30 gateways. The Cardiff City Centre Access Control Protocol which was developed by the CONTEST Protect/Prepare Group has now been introduced. It reflects the commitment from the South Wales Police and Cardiff Council to jointly managing the safe operation of the Access Control System permitting vehicles onto the pedestrianised areas within Cardiff City Centre, using strict parameters that link to the current threat levels. Two training events were held on 17th April and 1st May 2014 for UTC staff. Following the raising of the National Threat 	<p>Andrew Gregory</p> <p>Councillor Ramesh Patel – Transport, Planning & Sustainability</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
									Level at the beginning of September; the protocol is now operating at the 'Heightened Level' as described, providing enhanced surveillance across the city centre. Strategic, Planning, Highways, Traffic & Transportation (SPHTT) have also recently upgraded the access and egress detection equipment to improve reliability of the operation at key locations. • The CONTEST Protect/Prepare Group will continue to support SPHTT in the delivery of UTC staff training associated with the implementation of the protocol.	
<p>Welfare Reform</p> <p>That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform Bill 2011, Universal Tax Credit, localisation of Council Tax Benefits, Social Fund reform, Introduction of the Benefit Cap and size restrictions for social tenants. Lack of information, short timescales for implementation and the large number of citizens affected makes this a significant risk.</p>	<ul style="list-style-type: none"> Private landlords stop renting to benefit claimants Increased homelessness and demand for temporary accommodation Increased rent arrears Redeployment / Severance for 140 staff Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties. Funding issues with Council Tax Reduction Scheme Emergency help not available to those in need if Discretionary Assistance Fund (replacement for Social fund does not operate effectively. 	A	2	High Priority	<ul style="list-style-type: none"> Communities staff continue to work closely with private landlords and advice agencies to mitigate wherever possible the reduction in benefit. To date this private landlords have not withdrawn from the benefits market but changes in the economy could influence this in the future so this will continue to be monitored closely. Discretionary Housing payments are being used to top up the benefit claims of those most affected by the changes and to pay rent in advance and bonds to help private tenants to move accommodation where necessary. Timely information is being given to claimants to help them respond to the changes. Council Tax Reduction scheme has been adopted for 2014/15 and the new scheme is working well. Currently the reduction is based on 100% of liability so there has been no across the board cut to benefit. However funding issues could prevent this in the future. Officers continue to work closely with the Welsh Government over this issue. A streamlined process is in place for re-housing tenants who need to downsize as a result of the social housing size restrictions. DHP is being used to pay removal costs and to cover shortfall while tenants are waiting to move. While arrears have increased this increase was much lower than anticipated at below £100,000 which is significantly less than previously expected due to effective management of the DHP fund and close monitoring of arrears. Many tenants remain affected and concern remains that arrears could rise further in the future <p>The number of properties becoming vacant has increased as a result of Welfare reform and this combined with other issues has resulted in a significant increase in void rent loss. Work will be done to encourage exchanges rather than transfers as this will prevent properties becoming vacant as a result of the changes.</p> <p>The number of tenants in temporary accommodation has increased, however there are a number of factors contributing to this, this is being monitored carefully and is expected to improve in the coming year.</p> <p>The benefit cap is now fully in place. The impact on rent arrears of this change is being monitored. Schemes have been put in place to protect those in Temporary accommodation and to encourage other tenants affected to return to work.</p> <ul style="list-style-type: none"> The communication plan is working well Factsheets have been developed and are constantly being updated as more is understood about the changes. Briefings are sent to external stakeholders updating them of any changes. The Welfare Reform Group is working well in coordinating multi-agency activity and developing appropriate interventions during a difficult transition period for many people affected. Briefings continue to be provided to Members on Welfare Reform and further information is sent as appropriate. There is still no certainty about the date of the transition plan to Universal Credit, roll out of this is not expected in 2014/15, making planning for staff reductions impossible. However more is known about the scheme and its impact on citizens. Detailed action plans to mitigate the impact have been developed, tenant profiling to identify needs is ongoing and a digital inclusion and banking project is providing training across the city. The Advice Hub in Marland House is working well, providing comprehensive advice services for those affected by Welfare Reform. 	B	2	High Priority	<ul style="list-style-type: none"> Workforce plans will be developed once the exact details of the Universal Credit changes become available, at present there is still no migration plan. Officers are working with the DWP on the Local Services Support Framework which may result in an ongoing role for local authorities under Universal Credit. Cardiff was not selected to be part of the pilot projects but continues to work closely with the DWP by providing information and case studies . Digital inclusion training and banking support is ongoing and the success of this will be monitored during the year <p>A tenant profiling project has started as a pilot to identify tenants' needs ahead of Universal Credit. Tenant responses to the requests for information have been disappointing.</p> <p>Work has been undertaken to cost the potential risks of Universal Credit and this will continue to be updated as the more information is known.</p> <ul style="list-style-type: none"> Size restriction for social tenants and the Benefit Cap remains a significant risk with potential increased arrears and homelessness, procedures are being kept under review to identify any further action that can be taken, including more support for those wishing to exchange. Regular meetings are held with social housing providers to monitor and improve processes. The DHP fund is being used proactively to mitigate risk, while lower than in 2013/14 the level of DHP grant in 2014/15 remains adequate for the key schemes to continue. Additional funding bids are being made when available 	<p>Sarah McGill (Jane Thomas)</p> <p>Councillor Susan Elsmore – Health, Housing & Wellbeing</p>
<p>Waste Management</p> <p>Failure to achieve targets for Landfill allowance, specifically for Biodegradable Municipal Waste and WG statutory Recycling Targets. Ineffective delivery of recycling targets and residual waste treatment.</p>	<p>Reputational / Financial / Stakeholder / Service delivery / Legal / Environmental / Community</p> <ul style="list-style-type: none"> Significant financial penalties for failure at up to £200/tonne. Procure landfill elsewhere with additional costs. Reputation damage Increased costs of landfill and alternative treatment markets Risk to grant funding currently £7.25m 2013/14 No MTFP for future grant funds or capital confirmed by WG 	B	1	High Priority	<p>Policies / Strategy</p> <ul style="list-style-type: none"> Previous updates contain the policy position improvements between 2008-2013. Waste Management Strategy 2011-2016 was approved on 13th Jan 2011 and remains current however is due for review. Several progress reports have been made to Cabinet and Environmental Scrutiny in that period. Monthly performance tracking of recycling has been established to help predict the end of year position. Steps taken to improve MRF processing rates in Qtr 3 means less waste to landfill. Commercial recycling centre opened march 2014. Focus on pre-sort on the HWRCs is showing improvements in site recycling. 	B	2	High Priority	<p>Policy / Strategy</p> <ul style="list-style-type: none"> The outline waste strategy has been approved by Cabinet and work continues on the detailed planning. A future waste strategy options consultation was undertaken in 2013 and the next wave of consultation will be in Qtr 3. Future collection option modelling has begun and is being supported by WRAP. Flats Strategy to improve waste and recycling collections from flats is designed to enable greater recycling and food waste form hard to capture areas Stockpiling of sweepings until a suitable recycling contract can be procured. Exploring reuse partners Working with other Local Authorities to explore TEEP business cases and/or exploring joint working options 	<p>Jane Forshaw</p> <p>Councillor Bob Derbyshire - Environment</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
					<p>Contracts / Projects</p> <ul style="list-style-type: none"> Several Contracts have been put in place for additional materials to be recycled from the HWRC's. Interim contract in place for disposal of biodegradable green/food waste A flexible Interim Disposal Contract in place with Biffa for 2-10 years; commenced April 2009. Aggregate recycling is now in place. Recycling litter bins are in place in the city centre. New initiatives such a charging for bulky waste, commercial recycling centre, sweepings, mattress and carpet recycling schemes are all underway. New HWRC delivery model has been implemented from November 13. <p>This year, placing the focus on pre sort high quality recycling and removing the reliance on post sorting of waste.</p> <p>Prosiect Gwyrdd</p> <p>Financial Close occurred December 2013 Viridor are the appointed contractor which commences Sept 2015.</p> <p>Organic procurement</p> <p>IAA drafted and reports have been completed to both Cardiff and the Vale of Glamorgan Cabinets who took a decision in October to continue with the current procurement process and governance arrangements, delegate to officers all aspects of the procurement up to preferred bidder stage, the decision to appoint will be a full Council decision and approved that the Council enters in to a Inter Authority Agreement with the Vale of Glamorgan Council.</p> <p>Household & Commercial Waste Collections</p> <p>Household Waste collections were changed further towards the WG recycling blueprint in 2011 by changing to: fortnightly black (with accompanying hygiene services and weekly food and dry recycling and fortnightly green. National government discussions on comingled recycling remains an issue.</p> <p>Collaboration work</p> <p>Working and engaging with Welsh Government on legal and policy changes.</p>				<p>Contracts / Projects</p> <ul style="list-style-type: none"> Progress the Organic procurement is to timescale to SCD of 01/04/16. Interim contracts remain valid. An interim Contract for residual treatment is in place for when the landfill closes and to ensure LAS targets are met and tax avoided wherever possible. <p>Project Gwyrdd - Financial Close occurred December 2013 Viridor are the appointed contractor which commenced Sept 2015. Planning transitional management & contractual commencement arrangements</p> <p>Collections</p> <ul style="list-style-type: none"> Commercial waste operations have refined the marketing package for recycling in the commercial sector to increase recycling from commercial waste collected by the Waste Collection Authority that is included in the total MSW (and therefore relevant to statutory targets). Set and achieve new commercial recycling opportunities for new materials and new income opportunities – targeting food collections and schools. Risk remains high that recycling performance and weather impacts on green waste could lead to a status quo in recycling performance or at worse a drop in performance form below 52%. 	
<p>Preparation of Local Development Plan</p> <p>Preparing a plan that is considered 'sound' by the Inspector, within the proposed timetable.</p>	<p>Service delivery / Reputation / Legal / Financial / Partnership / Community & Environment & Stakeholder</p> <p>Preparing a plan which the independent Inspector considers 'unsound' and therefore cannot be adopted.</p> <ul style="list-style-type: none"> Reputational issues for the Council. No adopted plan in place would mean the Council would not be in a position to effectively manage and control development- its ability would be significantly reduced. Failure to achieve corporate priorities which the LDP would help deliver relating to economic, social and environmental objectives. Possible breakdown of key strategic partnerships and with stakeholder groups. <p>Delays in preparation.</p> <ul style="list-style-type: none"> Possibility of planning applications being submitted in advance of plan adoption. Possible negative publicity on delay. Stakeholder concern at delay to timetable. Potentially significant objections raised by objectors and / or legal challenge submitted against Council impacting on timetable and plan content. Infraction proceedings against the Council resulting in significant financial penalties. <p>Insufficient resources.</p> <ul style="list-style-type: none"> Staff resource and monies required to undertake technical studies and other specialist advice considered necessary. 	B	1	High Priority	<ul style="list-style-type: none"> Use of project management techniques to effectively manage process and regular update meetings between Senior Officers and Members. Monitor emerging legislation/guidance/evidence and respond early to changes. Monitor budget spend and consider additional resources when required. A medium term financial bid has been agreed for 2013/14. Undertake Scrutiny process together with wider Member Briefing to raise awareness. Build in effective consultation and engagement into process to ensure stakeholders are informed at all stages. Close liaison with the Welsh Government Planning Division and Planning Inspectorate to: Ensure early warning of any problems (e.g. Consultation on LDP) Ensure LDP is sound, founded on a robust evidence base with sustainability appraisal and well audited community and stakeholder engagement. Undertake tests of soundness 'self assessment' at all stages of LDP preparation as recommended in national guidance Ensure procedures, Act, Regulations etc, are complied with and no undue risks taken LDP Corporate Officers Working Group A revised timetable for preparation of the LDP has been agreed by Executive and Council in November 2011. The revised timetable for the Delivery Agreement was agreed by WG in December 2011 Initiated schedule of meetings with Authorities within South East Wales and other stakeholders to discuss cross border and consistency issues to meet the tests of soundness Meetings held with Authorities within South East Wales and other stakeholders to discuss cross border and consistency issues to meet the tests of soundness. Report of Findings agreed and forms a background paper to the Preferred Strategy. A Flood Study Report to investigate fluvial food risk from reens in the Wentloog Levels has been completed and evidence presented in the report has informed the assessed candidate sites and inclusion of an additional strategic site. The LDP Preferred Strategy was approved by Cabinet on 18th October 2012 and Council on 25th October 2012. A consultation on the Preferred Strategy was completed on 14th December and over 1000 responses have been received. Final report has been completed on population and household projections as part of the evidence base to support the Deposit Plan. Report recommends reducing the overall level of housing growth in the Plan by approximately 4,000 dwellings. Final draft Gypsy and Traveller study investigating potential new sites has been completed and circulated for Member agreement. Report on Masterplanning general principles was approved by Cabinet on 16th May. These principles inform the preparation of the schematic Masterplans. Workshops held with officers to help inform the development of the 	C	1	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> To ensure effective partnership with service areas across the Council and seek to agree statements of common ground with stakeholders on key issues to support the LDP at examination. Additional funding over the financial year 2015/16 will be needed to meet statutory requirements and support the examination of the LDP and commitments made in the LDP Delivery Agreement, which sets out a timetable agreed with Welsh Government for preparation of the LDP. Main expenditure headings over this year include examination / planning Inspectorate costs, legal / other independent advice costs and publicity / printing costs. Key dates are examination hearing sessions in January/February 2015, Inspectors Report in August 2015 and adoption in October 2015. 	<p>Andrew Gregory</p> <p>Councillor Ramesh Patel - Transport, Planning & Sustainability</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
					<p>strategic sites specific frameworks.</p> <ul style="list-style-type: none"> A Masterplanning Framework Document has been prepared as a background paper to the Deposit Plan. The Deposit Plan was approved by Cabinet on 12th September 2013 and Council on 26th September 2013 for consultation purposes. Consultation on the Deposit Plan was completed on 26th November 2013 and over 400 responses have been received. Consultation on the Alternative Sites was undertaken between 11th February and 4th April 2014. Following approval by Council on 26th June, 2014 the Deposit Plan and supporting information was submitted to the Welsh Government and Planning Inspectorate for examination on 14th August 2014. 					
<p>Education – Schools - SOP</p> <p>Very ambitious timescales for project delivery, by a lean team, with restricted capital allocations to support reorganisation, improvement and expansion of school provision to meet growing pupil population.</p>	<p>Reputational / Legal / Financial / Social / Stakeholder / Health & safety.</p> <ul style="list-style-type: none"> Insufficient primary places in some areas of the City. Further degeneration of school buildings. Reducing educational standards. Project cost and time overruns. Risk that Welsh Government withhold funding if not satisfied with Business Cases. 	B	1	High Priority	<p>Proposals approved –</p> <ul style="list-style-type: none"> Rumney High School officially closed in August 14. The new Eastern High will remain on the site until the new school building is ready. The CAVC site in Trowbridge has been selected as the site for the new school. Key risks are consultation with the community and challenging target completion date of September 2016. Work is ongoing with regards to 21st century programme and changing priorities. A re-profiling exercise is being undertaken and a report is expected to be considered by the Council Cabinet in January 2015. This means that some projects will be delayed as they cannot be consulted upon until after this time. The Welsh Government notified officers of the Minister's approval of the proposal to expand Adamsdown Primary School to 2FE. The proposal is to be implemented with effect from September 2015. The decision is on the condition that the local authority obtains planning permission by 31 December 2014 and on condition that a business case for funding under the 21st Century Schools Programme receives final approval by that date or the local authority confirms, by the same date, that it will fully fund the works needed to the school in the absence of such approval. Due to a delay in planning (project was removed from the last committee and improvements have been asked for) Nursery provision cannot be increased until September 2016. Pontpreannau Primary completion dates is very challenging due to issues evaluating tenders. The contractor is not willing to accelerate the programme as said programme is very challenging as it is. Proposals on the provision of additional Welsh-medium and English-medium primary school places in and around the Butetown, Canton, Grangetown and Riverside areas and the provision of additional primary school places in the Willows area have been delayed due to the need to re-profile the 21st Century Programme.. Statutory notices to increase English-medium and Welsh-medium primary school places in the Llanishen area have been published and are due to be determined by the Council Cabinet at their December meeting. 21st Century re-profile to determine funding gap for new build high school to replace Glyn Derw High and Michaelston Community College. Capital bid submitted to meet suitability and sufficiency issues. Review of SEN provision being undertaken / finalised. Consultation on the provision of additional English-medium primary school provision in Cyncoed, Penylan and parts of Plasnewydd being undertaken with a report on the outcome of the consultation due to be considered at the January 15 Cabinet meeting. Delayed completion date for Millbank Primary and planning move logistics for two options. 	C	2	Medium Priority (Red / Amber)	<ul style="list-style-type: none"> Establish consistent monitoring and reporting of all risks to Schools Programme Board Refresh 21st Century School Plan Turn Key solution i.e. one contract, single point of management and responsibility 	<p>Nick Batchelar</p> <p>(Janine Nightingale)</p> <p>Councillor Julia Magill - Education & Skills</p>
<p>Education Consortium & Attainment</p> <p>The current inconsistency in the quality, intelligence, data and related actions by CSC Challenge Advisers hinders the rate of improvement in educational attainment</p>	<p>Reputational / Legal / Financial.</p> <ul style="list-style-type: none"> Budget implications. Reducing educational standards. Intervention from WG 	B	1	High Priority	<ul style="list-style-type: none"> The Education Development Plan sets out a strategy for improvement in outcomes, provision and leadership to secure improvement in all schools. The Consortium arrangements, including structure, have now been changed and comply with the WG National Model for School Improvement Services. These include revised governance and commissioning arrangements. The Lead elected member is now the Cardiff Cabinet Member for Education and the Lead Chief Executive is the Cardiff Chief Executive. Along with the Director of Education these now provide a stronger link to the Central South Consortium. At an operational level the Head of School Improvement and Inclusion (HoSII) monitors the agreed commissioning arrangements between Cardiff and the Consortium which are now laid down in an Annex to the Consortium Business Plan. The HoSII meets with the CSC Challenge Advisers on a regular basis to identify those schools causing concern and the Council makes full use, if necessary, of formal warnings and powers of intervention. 	C	2	Medium Priority (Red / Amber)	<ul style="list-style-type: none"> Ensure the delivery of the Education Development Plan underpins the necessary systems and processes for both the Education Department and Central South Consortium. Ensure the agreed commissioning arrangements are delivered and make a positive impact on the performance of schools 	<p>Nick Batchelar</p> <p>(Angela Kent)</p> <p>Councillor Julia Magill - Education & Skills</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner
<p>ICT Platforms Unsuitable/Outdated</p> <p>The ICT platforms (desktop, software, network, servers, and telephones) will not be able to support the technologies required by the corporate change programme and deliver effective service to the council, or will not provide a reliable service due to age and condition of equipment and systems.</p>	<ul style="list-style-type: none"> Reputational / Financial / Stakeholder / Service delivery. Loss of PSN services. Service delivery impacts from unreliable/unavailable ICT systems. Cardiff seen as unable to deliver on aspirations. Poor morale from frustrations with inability to deliver services. Potential for income losses from revenue collection impacts. Unable to meet delivery deadlines on both business as usual and transformation projects. 	A	2	High Priority	<ul style="list-style-type: none"> Measurements put in place to track impact. Existing ICT budget spend focused on dealing with critical issues, capital and revenue budget resource provided in 2012-15 to address major issues, medium term financial plan investment programme in place for subsequent years. Spending complete for renewal/upgrade of highest risk items, in particular firewalls, core servers/switches and external bandwidth. New system down analysis process in place to ensure that key pressure points are rapidly identified and fixed at minimum cost until full programme can be initiated. Recent issues with telephony have resulted in retargeting of some resources to focus on weak points now identified. New deliveries are all being designed for a 99.99% minimum uptime, with critical systems targeted at 99.999% (equating to less than 6 minutes per year). Active projects underway and the current aged file storage solution have been replaced and cloud based storage for additional resilience and flexibility is being assessed. Other projects underway to replace many of the core older back end servers. Corporate file storage systems replaced and new disk to disk backup option installed to improve performance and resilience. Due to mitigation actions so far to reduce the risk, the risk of critical service downtime has been reduced to medium. Additional load balancers to be purchased for application resilience in key systems. 	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Full renewal programme for all desktop, software, network, servers, and telephones, appropriate to Cardiff's ambitions and resources. Continued assessment of priorities for replacement – applications infrastructure and servers are the next priority. Refresh of existing SAP, thin client and virtual server farms. Assessment of equipment required replacing to maintain PSN compliance. Further revenue and capital investment in 2014-16. Development of lifecycle monitoring. Pilot leasing scheme within schools to be considered for corporate desktop estate. 	<p>Christine Salter (Phil Bear)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>
ONGOING RISKS										
<p>Budget prioritisation</p> <p>The delivery of a balanced budget in February 2015 for 2015/16 remains a key concern alongside the deliverability of further significant savings over the life of the Medium Term Financial Plan.</p>	<p>Reputational / Financial / Legal / Service delivery / Stakeholder</p> <ul style="list-style-type: none"> Risk of failing to meet statutory budget setting deadlines Risk that service delivery impacted due to decreasing resources or failure to effectively prioritise spend inline with Corporate Plan Objectives Risk that savings identified as part of business as usual and efficiencies are not achieved as planned Risk that financial constraints lead to increased instances of non compliance and financial impropriety Risk that annual budget settlement frustrates medium / longer-term planning and that the cycle does not integrate with other business cycles and vice versa Risk of unbalanced budget as savings required over the medium term become harder to achieve and their impact on service delivery more difficult to manage. Failure of financial organisations with whom the Council has invested money. Risk that organisational development does not align to the financial strategy in relation to budget reduction requirements. 	A	1	High Priority	<p>2014/15 Budget Setting</p> <ul style="list-style-type: none"> Following the setting of the 2014/15 budget the monitoring of the achievement of the savings is identified in the budget monitoring risk below. <p>2015/16 Budget Setting</p> <ul style="list-style-type: none"> The 2014/15 Budget Report contained an indication of the Council's MTFP which included an indication of the Budget Reduction Requirement for 2015/16. The Budget Scrutiny Process for 2014/15 highlighted improvements required in the budget consultation process and associated timescale and these will be considered as part of the 2015/16 Budget Strategy Report. Budget Strategy Report went to Cabinet and Council in July and identified a Budget Reduction Requirement of £45 million in relation to 2015/16 and £124 million over the life of the Medium Term Financial Plan. This was predicated on known financial pressures at a point in time and also a 4.5% reduction in Welsh Government funding. 	A	1	High Priority	<p>2015/16 Budget Setting</p> <ul style="list-style-type: none"> Given the ongoing significant financial challenge resources are being deployed to develop further the Budget Strategy for the Council in the medium term. The July Budget Strategy Report included the updated Budget Reduction Requirement and a profile of savings targets over a 3 year period. Directorates submitted savings, pressures and capital proposals by the end of August which are in the process of being reviewed. The Provisional Settlement for 2015/16 is due in early October. 	<p>Christine Salter (Marcia Sinfield)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>
<p>Budget Monitoring 2014/15</p> <p>The Council's 2014/15 Budget included budget savings of £48.6 million of which £43.8 million were identified by directorates with a further £4.8 million to be achieved via the imposition of a workforce package and other corporate savings. This level of in-year savings is significantly higher than in previous years and poses a significant risk to the budget monitoring and the achievement of a balanced spending position for the financial year.</p> <p>At the time the budget was set the achievability risk ratings for the directorate savings identified that of the £43.8 million only £12.5 million was rated green with a further £20.9 million rated amber green. The balance of £10.4 million was</p>	<ul style="list-style-type: none"> Inability to balance spend against budget for the financial year. Requirement to implement emergency measures to reduce spending during the financial year. Requirement to drawdown from General Reserves at the year end. Impact on the 2015/16 Budget where issues remain with achieving 2014/15 budget savings. 	A	1	High Priority	<ul style="list-style-type: none"> Clear financial procedure rules setting out roles and responsibilities for budget management are in place. In recognition of the quantum of savings and the risks posed a £4 million General Contingency was allocated in the Budget. Full financial monitoring processes are in place for month 3 to 11 of the financial year including achievement of budget savings. Monthly meetings are held between service accountants, directors and Cabinet Members. An initial review of the budget savings took place in month 2 with full directorate / portfolio monitoring meetings having been undertaken for months 3 to 6. Further reporting will take place for months 7 to 11. Availability of General Reserve should this be required. A full Council monitoring report was presented to Cabinet in September. This was based on month 4 and showed a potential overspend of £1.0. Within the overall position however, directorate budgets reported a projected overspend of £7.1 million including a projected shortfall against savings targets of £4.963 million. Further reports will be presented to Cabinet in November (Month 6), February (Month 9) and June (Final Outturn). The Chief Executive has implemented a range of management actions to reduce the level of spend across the Council with a view to improving the overall position as the year progresses. The Cabinet Member for Corporate Services & Performance and the Corporate Director Resources have held challenge meetings with cabinet 	B	1	High Priority	<ul style="list-style-type: none"> Monthly meetings will continue to be held with service accountants, directors and Cabinet Members. Further reporting will take place for months 7 to 11. Further reports will be presented to Cabinet in November (Month 6), February (Month 9) and June (Final Outturn). The management actions implemented by the Chief Executive to reduce the level of spend across the Council will remain in place as necessary during the remainder of the year. The Cabinet Member for Corporate Services & Performance and the Corporate Director Resources will continue to hold regular challenge meetings with cabinet members and directors in those areas where significant overspends are reported. 	<p>Christine Salter (Allan Evans)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner
rated red amber or red. In addition, the planning status of the savings indicated that whilst £35.2 million were in the detailed planning stage or already realised, £8.6 million had a higher degree of risk as only general planning had been undertaken at that date.					members and directors in those areas where significant overspends are reported.					
<p>Health and Safety</p> <p>Ineffective compliance of health and safety through poor application and embedding of the 'Framework for Managing Health and Safety in Cardiff Council.</p>	<p>Reputational / Legal / Financial / Service delivery</p> <ul style="list-style-type: none"> Fatalities Serious injuries Prosecution – fines for body corporate and/ or fines/imprisonment for individual Claims 	A	1	High Priority	<ul style="list-style-type: none"> Dedicated team of competent Health and Safety Advisers providing specialist advice and guidance (Christina Lloyd). Implementation of the 'Framework for Managing Health and Safety' based on the HSE model for successful health and safety management as detailed in the Council's Health and Safety Policy (revised 2014). The five key elements of the management system model for occupational health and safety are:- <ul style="list-style-type: none"> 1. Policy 2. Organising - Control, Co-operation, Communication, Competence 3. Planning 4. Measuring Performance and 5. Audit and Review. (These elements encompass a wide range of actions including development and implementation of relevant policies and procedures, risk assessing, Annual Directorate Health and Safety Action Plans, corporate health and safety objectives, Directorate and Council Annual Health and Safety Reports, monitoring by Directorates, training, consultation with trade unions through corporate and Directorate meetings, accident reporting and investigation and auditing.) Directorates / Service Areas carry out suitable and sufficient risk assessments as appropriate and ensure any necessary control measures are implemented and monitored. Health and Safety Advisers carry out a programme of health and safety audits, focussing on high risk activities, and undertake other inspections / investigations as necessary. Annual Business Objectives for Health and Safety Advisers. Code of Guidance on Leading Health and Safety for Senior Managers and Headteachers included on CIS – Spring 2012. Health and Safety Leadership Action Plan 2012/13 for all senior managers OM and above. 	B	1	High Priority	<ul style="list-style-type: none"> Update Directorate Health and Safety Policies using 2014 Policy template ensuring more detail and cross referencing of operational documentation (All Directors / Chief Officers / Heads of Service). H&S awareness sessions to Members (Christina Lloyd – ongoing). Address corporate H&S objectives for 2014/15 (Christina Lloyd and All Directors / Chief Officers - to be completed by April 2015). Business objectives in Team Plan for H&S Advisers for 2014/15. Implementation of Directorate H&S Action Plans by Directorates (All Directors / Chief Officers). Operational Manager – Health and Safety met all new senior managers except the Chief Executive - this will be arranged in 2014. New senior managers to complete revised Senior Leadership Action Plan in 2014. 	Christine Salter (Christina Lloyd) Councillor Graham Hinchey - Corporate Services & Performance
<p>Climate Change & Energy Security</p> <p>Unpreparedness to the effects of climate change due to lack of future proofing for key (social and civil) infrastructure and business development, and inability to secure consistent energy supply due to rising energy costs and insecurity of energy supply.</p>	<p>Reputational / Financial / Stakeholder / Service delivery / Legal / Partnership / Community / Health & Safety</p> <p>Flooding & increased frequency and severity of storm events:</p> <ul style="list-style-type: none"> Loss of life and personal injury Direct damage to property, infrastructure and utilities Contamination and disease from flood and sewer water and flood on contaminated land Increased costs of insurance Break up of community and social cohesion Blight of land and development <p>Increased summer temperatures:</p> <ul style="list-style-type: none"> An increase in heat related discomfort, illness and death, increasing pressure on health and emergency services An increase in demand for limited water supplies Damage to temperature sensitive infrastructure (transport systems, electrical systems). Migration of biodiversity. <p>Inconsistent energy supply and cost:</p> <ul style="list-style-type: none"> Inability to deliver public services Decrease in economic output Disruption to the supply of utilities Increased transport costs Increased costs for heating / providing services to buildings Increased fuel poverty 	B	1	High Priority	<p>Emergency Management Unit</p> <ul style="list-style-type: none"> Cardiff Council Emergency Management Unit is working with Utility (including Dwr Cymru) and Telecom companies to ensure planning is carried out with consideration of flood risk. Cardiff Area Community Risk Register is developed by the Cardiff Area Risk Group (ongoing with added impetus of Olympics preparation). Cardiff Area flood group meet regularly to exchange information, this group consists of EAW, Met Office, Emergency Services and Council Departments with a response to flooding. Cardiff Council Emergency Management Unit are carrying out a large and long term communication strategy in Cardiff in conjunction with partner agencies, mainly the Environment Agency, highlighting flood awareness alongside other emergency eventualities and how residents, businesses and communities can be aware of the risks in their area and hence better prepare for them should that risk materialise. Emergency Management Unit maintain up to date flood warning information from the Environment Agency Wales on the Council C Maps and Map Info system. Climate change related issues are addressed in corporate and service area business plans. <p>Energy Management Unit</p> <ul style="list-style-type: none"> The Energy Management Team, in conjunction with Service Areas continues to promote initiatives to reduce energy consumption and carbon emissions, with the establishment of various loan funds, coupled with capital bids and allocations. The Council procures competitive energy contracts through the Welsh Purchasing Consortium. Key sites are fitted with back up generators for short term issues. Council Carbon Management Programme Renewables – October 2011 EBM considered Wind and Solar PV Opportunities in the Council Estate and approved the recommendations. <p>Local Flood Risk Management Strategy</p> <p>A Local Flood Risk Management Strategy was produced by the end of 2012 based on WG's Flood & Coastal Risk Strategy guidance. Which integrates; the PFRA, a coastal protection strategy, stakeholder communications and set a clear corporate approach to flood management and risk was presented to the Environmental Scrutiny on 2 Oct 2012. Public consultation was undertaken on the full strategy between January and March.</p> <p>Planning</p> <ul style="list-style-type: none"> Flood Consequence Assessment to inform LDP process (ongoing). A Flood Study Report to investigate fluvial food risk from reens in the 	B	1	High Priority	<ul style="list-style-type: none"> A public and key stakeholder consultation exercise has been completed, and the Local Flood Risk Management Strategy drafted for cabinet approval. An officers flood working group has been establish to improve internal and key stakeholder communications on flooding issues. The proposal to further progress Surface Water modelling further in line with national guidance and deadlines to inform the Cardiff Area Flood Plan awaits the next guidance from the Welsh Government Identify where flood risk information is in place for key social and civil infrastructure and identify where there are gaps (i.e. contaminated land).The Flood Regulations 2009 require Flood Hazard & Risk Maps to be produced showing impact and extent of future significant flood events (City Services by June 2015) To consider flood risks recognised in the Community Risk Register in the Community Planning/Integrated Partnership process. Community resilience workshops continue in high risk areas Strategic climate change resilience action plan approved by Cabinet on 11th July as part of a wider One Planet Cardiff Cabinet Report. Actions and recommendations in the plan cover heat planning and flooding issues. Corporate PI on climate change resilience developed to ensure that the authority and its services are prepared for a changing climate, and to enable robust reporting to WG on this work (in line with the potential reporting requirements of the Climate Change Act and Well-being of Future Generations Bill). To focus on different aspects of climate change resilience annually - to enable Directorates to consider impacts from climate change to their assets, infrastructure, service delivery, strategy and partnerships, and to identify actions for improvement from this process. Meetings held with Performance to embed within corporate processes. Guidance and training for directorates developed and briefed to Sustainability Advocates and Improvement Officers. PI came into force 2014/15. Issue of compliance from Directorates. To consider the long term planning implications for coastal protection owned/managed by the Council (will be considered under the Local Flood Risk Management Strategy). An initial coastline survey has been completed and added to the strategy report, which indicates high levels of coastal erosion in south east Cardiff, further study is required into the high 	Jane Forshaw Councillor Bob Derbyshire - Environment

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner
				High	<p>Wentlog Levels completed to inform the assessed candidate sites.</p> <ul style="list-style-type: none"> Compliance with WAG TAN 15 (Development & Flood Risk - 2004) is already part of the planning process. <p>Sustainable Development Unit</p> <ul style="list-style-type: none"> Carbon Lite Cardiff Vision Forum project - Carbon Lite Cardiff Action Plan Changing Climate, Changing Places pilot project. Further guidance to be disseminated to service areas on climate change issues as and when new information becomes available. Share learning experiences of climate change related risks with Integrated Strategy partners as and when information becomes available. 			High	<p>priority sites identified consideration of strategic defences is required alongside Welsh Government.</p> <ul style="list-style-type: none"> A new energy policy and carbon reduction map has been developed which focuses on electricity and gas. This will be implemented from 2015/16 and run through until 2022 and will set an overall carbon target as well as site specific including a project programme. Progress has been made to establish up to date energy budgets. These budgets are currently paid centrally which provided little incentive for Directorates to reduce their consumption. These budgets are scheduled to be disaggregated to Directorate level by 2015/16 in order to put the onus of energy reduction on the energy consumer. Deliver development of local power generation within city boundaries and with neighbouring LAs by securing heat networks, deliver the fuel Poverty strategy through measures such as Cyd Cymru, ECO and Green Deal opportunities, provide supplementary planning guidance on passive and renewal heating systems to new build and retrofit schemes. Energy security related issues to inform corporate financial systems revised buying and power consumption monitoring arrangements to save money and reduce demand and provide corporate & community planning for Energy City Wide to Business and public sector. Further guidance to be disseminated to service areas on energy security and energy savings opportunities such as implementation of Carbon Culture, delivering extensive energy invest to save programmes on the Council Estate. Delivering renewables within larger properties to lower dependency to grid supply. Energy Performance certificates undertaken to Council owned stock to improve understanding along with a variety of energy efficiency measures (cavity / loft / external wall insulation and boiler upgrades) funded via ARBED, ECO and Green Deal. 	
<p>Information Governance</p> <p>Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools</p>	<p>Reputational / Financial / Legal / Service delivery / Stakeholder</p> <p>Leads to the Information Commissioner issuing notices of non compliance and implementing financial penalties</p>	A	1	High Priority	<ul style="list-style-type: none"> Information Security Forum held monthly, and Information Security Board chaired by the SIRO held quarterly. Suite of Information Governance Policies in place. Processes for Information Requests, Data Loss in place. The Information Governance Training Strategy in place. Information Requests and Training compliance monitoring reports provided and reported to Information Security Forum/Board, SIRO, SMT and Cabinet. The processing of CCTV requests (section 35 requests) has been centralised to ensure that these are dealt with appropriately ICO Consensual Audit has determined that the Council is considered to have a 'reasonable level of assurance' in place Education Directorate Delivery Plan includes an action to investigate delivery of an Information Governance Service by the Council's Improvement and Information Team via a Service Level Agreement Procurement contracts to include a clause regarding 3rd Parties processing personal data 	A	2	High Priority	<ul style="list-style-type: none"> Roll out of the SharePoint technology platform firstly to pilot areas and then an Implementation Plan for the remainder of the Council Complete a CCTV inventory to establish the location, ownership and reason for deployment of each CCTV camera via Privacy Impact Assessments An improvement plan is in place to ensure that the accepted recommendations in the ICO Consensual Audit are delivered Finalise the deployment model of staff dealing with Information Requests Service Level Agreement with Schools to be discussed with Schools Services as part of a wider support mechanism to schools 	<p>Christine Salter <i>(Vivienne Pearson)</i></p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>
<p>Children's</p> <p>Potential for mismatch between children's needs and capacity to meet them if current trends continue, for example in children needing to be safeguarded, looked after and/or receive other services to support families and carers to care for them.</p>	<p>Reputational / Social / Legal / Financial / Stakeholders / Service delivery</p> <ul style="list-style-type: none"> Timeliness and quality of assessments and interventions to safeguard and promote children's welfare is compromised. Achievement of good outcomes for children is compromised. Shortage of appropriate services including placements. Inability to meet key objective and targets. Budget pressures. Increase in legal proceedings to safeguard children resulting in increased pressure on legal services. Statutory requirements not met (in relation to young people remanded to custody). Representations from carers in receipt of Special Guardianship Order and Residence Order allowances. 	B	1	High Priority	<ul style="list-style-type: none"> Introduction of weekly reporting of activity levels for intake and assessment and case management teams. Weekly meetings with legal services. Interagency out of area placement panel. Development Plan to improve timeliness of Adoption. Timely reviews of care plans for looked after children and children included on CPR. Engagement in new approaches to commissioning through collaborative work with other services / agencies / authorities, to ensure availability of services to meet needs and achieve value for money. Increased social worker capacity. Regular tracking of looked after children. Monitoring numbers of young people becoming looked after due to remands to custody. Integrated Family Support Services. Annual Council Reporting Framework self assessment and critical challenge process. 	B	2	High Priority	<ul style="list-style-type: none"> Prepare a Children's Services Improvement Plan and programme together with effective corporate governance arrangements in Q1. In collaboration with the WLGA, explore options for a development partnership with another city. Implementation of the new Recruitment and Retention Strategy (developed using Results Based Accountability methodology) which focuses on securing a stable workforce, choking off the growth in agency spend and minimising use of agency staff over the longer term. External expert review of the effectiveness of the current multi agency Strategy for Disabled Children and Young People commissioned and draft report produced. Next steps for implementation of revised Strategy to be considered with partners. Audit of supervision arrangements. Independent research commissioned to ascertain the factors driving the growth in the LAC population. New Placement Strategy to be developed in light of research evidence. Leeds City Council identified as a partner and initial work to design new front door arrangements on a multi agency basis will commence with partnership city colleagues early in Quarter 3. Improving quality and range of family support interventions in collaboration with partners. Development / implementation of inter-agency strategies for delivery of services for disabled children and children with autism. 	<p>Tony Young</p> <p>Councillor Sue Lent, Deputy Leader - Early Years, Children & Families</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner
<p>Health & Social Care</p> <p>Changing demographics and increasing expectations of vulnerable people put more pressure on services, increasing risk of budget overspend.</p>	<p>Reputational / Legal /Financial / Social / Stakeholder / Service delivery</p> <ul style="list-style-type: none"> - Increased pressures from partners, especially Health – to reduce DToC - Increased demand on future services including POVA referrals - Increase in number of adults waiting for an assessment & risk of individuals deteriorating whilst they are waiting. 	B	1	High Priority	<ul style="list-style-type: none"> • Close scrutiny of budgetary information for all aspects of the service to ensure effective budgetary control and take mitigating actions. • Proactive weekly and monthly monitoring of service performance key indicators. • Continued progression on integration with Health, Partnership / Governance arrangements for Mental Health, Learning Disabilities and frail older people. Development of integrated complex hospital discharge team across Cardiff, The VOG and the UHB. • Commissioning Strategies in place for Physical Disabilities and Sensory Impairment and Strategy for Older People in draft. Progression of integrated delivery of MH Commissioning Plan. Market position statements across the service areas being drafted. • Joint work with UHB and Housing/ Communities to improve the gateway access to services and expand reablement/ rehabilitation service to improve outcomes for citizens. • Planned improvements in offer of Direct Payments to service users • Brokerage support to reablement and Dom Care Providers to ensure that on-going packages of care are transferred efficiently. • Regular review meetings instituted with CSSIW to ensure open and robust framework for demonstrating service improvements within H&SC. 	B	2	High Priority	<ul style="list-style-type: none"> • Continued proactive engagement with Health for stronger collaborative working in relation to performance on DToC with weekly monitoring and reporting to the Director H&SC on DToC. • Creation of combined Health & Social Care Locality Community Resource Teams to increase efficiency and effectiveness. • Current case management system is being reviewed and case quality audit advanced. • Internal Review team within Assessment & Care management continues to focus on delivery of targeted reviews and “right-sizing” packages of domiciliary care for individuals tracking and achieving savings on a weekly basis • Strategic feasibility exercise and report completed to assess the potential for a VoG, Cardiff Council and UHB integrated service for disabled children 0-25 years. Next steps include consideration of report by partners and decision-makers; identification of capacity to lead and manage programme of change; and development of implementation plan. • Changes to Care First (social care records database) and business solution procured and to be implemented by December 2014 which will impact on ability to track demand and performance • Assessment & Case Management Business Process Review has commenced with corporate resources to deliver • On-line procurement systems implemented for residential and nursing home placements and being implemented by November 2014 for Domiciliary care 	<p>Siân Walker</p> <p>Councillor Susan Elsmore - Health, Housing & Wellbeing</p>
<p>Safeguarding - Health & Social Care</p> <p>Failure to safeguard vulnerable people.</p>	<p>Reputational / Legal /Financial / Social / Stakeholder / Service delivery</p> <ul style="list-style-type: none"> • Increased pressures from partners, especially Health – to reduce DToC • Increased demand on future services • Risk of external intervention 	B	1	High Priority	<ul style="list-style-type: none"> • POVA reviews are carried out to ensure compliance with national standards • Senior management involvement at OM level in governance and quality audit as well as management involvement throughout the operational structure • Good working relationships across other partners e.g. Health, Police • Good system of sharing learning across the department from safeguarding case management outcomes in partnership with Learning & Development service (Training) 	B	2	High Priority	<ul style="list-style-type: none"> • Plans are in place to consolidate safeguarding arrangements across Cardiff & the Vale of Glamorgan and eventually with Children’s Services to form council wide safeguarding responsibility • Current case management system is being reviewed and case quality audit advanced. • Current revision of operational processes and procedures to ensure robust attention to detail throughout the safeguarding process • Implementation of different levels of POVA training for different staff grades (appropriate to their responsibility within the process • Escalating Concerns Policy has been implemented across H&SC to manage quality and Provider performance concerns in H&SC. 	<p>Siân Walker</p> <p>Councillor Susan Elsmore - Health, Housing & Wellbeing</p>
<p>Performance Management</p> <p>A performance management culture is not embedded within the Council leaving the Council exposed to intervention by Welsh Government in line with the Local Government (Wales) Measure 2009 and associated requirements</p>	<p>Reputational / Service delivery / Stakeholder</p> <ul style="list-style-type: none"> • The strategic and corporate level changes do not have the intended impact because they are not fully embedded in operational practices. • Council unable to accelerate performance improvement as planned/desired. <p><u>Outcome Agreement 2013/16</u> Financial</p> <ul style="list-style-type: none"> • The WG guidance for the Outcome Agreement for 2013/16 means that there is a risk of not securing all or part of the £3.2m funding for 2013/14 and subsequent years 	B	2	High Priority	<p>The Council’s Corporate Plan sets the priorities of the Council and was approved alongside the budget in February 2014</p> <p>The content of the Outcome Agreement with the Welsh Government agreed which provides a number of priorities that the Council is required to deliver and monitor</p> <p>The Performance Management framework for the Council has been revitalised, involving much greater corporate challenge and member engagement than was previously the case, with service and financial performance being discussed together on a monthly basis. In addition, specific arrangements have been developed for areas targeted for specific improvement, involving peer challenge and support.</p>	B	2	High Priority	<ul style="list-style-type: none"> • A commissioned external review of the Performance Culture is underway and is aligned to the preparation and reporting cycle for the Quarter 2 Performance Report. The findings of this review will help to identify a programme of improvements and feed into the Organisational Development Programme. • Further develop the element of financial monitoring and reporting in the quarterly Performance and Delivery Reports. • A restructure of the Improvement Team based in the Improvement and Information Section is underway with a planned implementation of the new service by 1st January 2015. • A regular programme of meetings of the Performance Leads is in place to ensure that these key staff across the Council work to deliver what is required at the right time and in line with the Council’s requirements. • A new Corporate Plan is being drafted which will be focused on the priorities of the Council and the delivery of objectives. As part of the Plan’s development Balanced Scorecards will be put in place. • Directorate Delivery Planning (second year) process will improve the connection with benchmarking and measurement • Improve the alignment of objectives from the Corporate Plan / Service Plan into PPDRs of staff. 	<p>Christine Salter (Martin Hamilton)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>
<p>Organisation Development</p> <p>OD projects fail to deliver the radical change required to deliver efficiency savings and service changes, due to service and resource pressures.</p>	<ul style="list-style-type: none"> • The Council’s budget constraints are so severe that the consequence of not delivering large-scale change could have a major impact on customer services. • Radical changes to service delivery models may impact on the Council’s reputation if not planned, co-ordinated and governed effectively. • If change is not delivered, there could be unplanned reduction in staffing to achieve savings, which would result in loss of business knowledge and resources to implement change. • Reputational impact if services do not meet increasing customer expectations. • If change is not effectively planned, managed and 	B	1	High Priority	<ul style="list-style-type: none"> • Governance arrangements established, led by the Chief Executive and Programme Boards, chaired by Directors to ensure change is delivered • Disciplined approach, where risk assessment forms an integral part of the approach to change • Programmes initiated with dedicated resources • Experienced gained by managing programmes and projects over a number of years, building on lessons learned • Building capacity and capability across the organisation through development opportunities and skills transfer • Appropriate engagement and stakeholder management, including Business Change Trade Union meetings and updates for PRAP, Scrutiny and Internal Audit • Improving compliance to project and programme management governance 	B	2	High Priority	<ul style="list-style-type: none"> • Investment Review Board initiated in April 2014 to provide additional challenge of Business Cases and prioritisation of resources • Standardised approval process for Business Cases being implemented, • Business change responsibilities to be written into the Job Description and PP&DRs of senior managers • New Programmes & projects being initiated as part of Organisational Development – driving change from within Directorates, but Corporately governed. • Organisational Development Board approved in October 14 the prioritisation of infrastructure Services, Children’s Services and Health & Social Care with appropriate resources. 	<p>Christine Salter (Martin Hamilton)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>

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	implemented it may be delayed and subsequently impact on the Council's ability to achieve necessary savings and service improvements. • With the increased budget pressures, the Council may not have sufficient capital and revenue to invest in technology which would achieve medium and long-term improvements and savings.				standards by streamlining core processes and enhancing reporting, increasing transparency across change initiatives. • Implementation of Programme & Project Management Database to enhance management information and reporting. The database has replaced spreadsheets and double-handling of information and will support the enforcement of a standardised approach to corporate policies; improving governance and ensuring that PQA Programme & Project management processes are being used across the Council. • Audit of BCM Decision Making has determined a list of actions to improve information and support rapid decision making and issue resolution.				• Enabling technologies to be realigned as appropriate to the priority areas. • Implementation of the LERC approved Lean Competency System to develop in-house change capabilities. • People & Organisational Development Programme being initiated to improve the Council's capacity to manage risk within a change environment. This programme will include workforce planning & engagement; performance management and stakeholder engagement & communication.	
Business Continuity Large scale incident/loss affecting the delivery of services.	Reputational / Legal / Financial / Stakeholder / Service delivery / Health & safety • Inability to operate in a timely and efficient manner. • Potential impact on health and safety. • Impact on key services to the public. • Inability to meet business obligations e.g. partnership arrangements.	B	1	High Priority	<ul style="list-style-type: none"> The Council has a BCM Champion who sponsors BCM at a strategic level and is actively supporting the BCM Programme. We have an approved Business Continuity Policy, available on CIS. BCM Intranet web page. BCM toolkit is now available on CIS allowing all service managers to develop an appropriate BCM response for their services allowing future effective maintenance and audit. BCM workshops are available from the BC Officer on request. The Council has employed a Business Continuity Officer (appointed October 2010). The officer is a qualified BS25999 and ISO22301 lead auditor. The Council worked with Marsh to complete a corporate exercise to identify and prioritise all activities. Marsh conducted a follow up BCM session at CMB on the 24th May 2011 which concluded the work on prioritising and classifying all of the Councils activities. This work to prioritise activities continues to be reviewed annually by the senior leadership team to keep the work live. The Red and Amber activities were last reviewed in July 2014. The BCM Champion presented a report to the SLT on the position on all the Red and Amber activities. Directors, Assistant Directors and Chief Officers were tasked with ensuring that their Red and Amber activities had business continuity plans produced and audited by the end of 2014/2015. The Business Continuity Officer sits on the Office Rationalisation project team to help the council manage the risk associated with the reduction in work space which will be the result of the project. A partnership approach between the Emergency Management Unit and the Corporate Risk Steering Group is helping to raise awareness and drive forward the BCM programme. 64.5 % of our most time critical activities (Reds) now have Business Continuity plans which have met, or are going through, audit. Work on the remaining plans is ongoing to close gaps and bring them up to date and in line with the corporate audit requirement 16.1 % of our Amber activities now have business continuity plans which meet the business continuity audit requirement. The Council now has a 24 hour Incident Management structure for Gold and Silver Officers. This structure was exercised in a corporate exercise OTAN run by the Emergency Management Unit in 6th and 9th of June 2014. This exercise also gave BC plan owners the opportunity to exercise their own BC arrangements. The existing and well tested corporate emergency management structure was successfully and extensively used in the preparation for and over the NATO summit period. This structure was ready to manage a corporate response to any incident. Cardiff Council is a member of the Core Cities Business Continuity Group and has been for the last 4 years. This membership allows the sharing of best practice and joint initiatives between group members. 	C	1	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> It was agreed by SLT in July 2014 that a target date for completion of effective up to date Red and Amber business continuity plans would be put in place and this would have a target date of the end of 2014/2015, individual Directorates are responsible for progressing this work. The BC Officer has started working with Directorates to start building business continuity plans for the Councils 62 Amber activities (activities that need to be recovered between 1 hour and 24 hours following business disruption) The Emergency Management Unit has developed an Incident Management Plan (Cardiff Councils Emergency Management Plan) to ensure alignment with ISO22301 this has been distributed to all Directorates. The BC Officer is working closely with Facilities Management to ensure they have effective plans in place to help manage possible business disruptions to our four core buildings. Continue to promote the need for the Office Rationalisation Project to incorporate a solution to manage the risk and impact of loss of work space effectively, to limit impact on the provision of council services should there be a business continuity incident. This would probably be best achieved through roll out of an effective mobile working solution. A solution has been identified and is available to staff. Internal services have been working to improve the resilience and capability of infrastructure to support the use of this solution. Work with ICT to ensure our core infrastructure is as resilient as practical to support a resilient and effective delivery of essential ICT services and the effective planning for recovery of critical IT services after an incident that affects our IT. Work with the teams involved with looking at the potential of using alternative delivery models for council services. Identifying risks associated with alternative delivery models for specific services and recommend potential risk management solutions for implementation, to protect the delivery of our most critical services. The BC Officer, with ICT, has identified a single point of failure to the power supply protecting the Councils main server room. The main server room is connected to the emergency generator but the system used to keep the servers from over heating isn't on the emergency generator. This has been highlighted to Facilities Management who has agreed they will commission work to address this vulnerability and add the system to the emergency generator. A short corporate Training module is being developed with the improvement and information section using the well established "Bobs Business" model this should be rolled out by quarter 3 of 2014/2015. 	Martin Hamilton Councillor Phil Bale, Leader – Economic Development & Partnerships
Education – Schools Delegated Budgets Secondary Schools with deficit budgets do not deliver agreed deficit recovery plans, impacting on the overall budgets for all schools.	Reputational / Legal / Financial. • Budget implications. • Reducing educational standards. • Intervention from WG	A	2	High Priority	<ul style="list-style-type: none"> 2014/15 Budget allocations have been issued to schools in early March 2014 and it is clear that there are significant challenges facing some schools particularly in respect of Secondary phase. Officers from Education and Financial Services continue to work with individual schools through Headteachers and Governing Bodies to formulate Medium Term Financial Plans (MTFP) to seek to balance individual school deficits within four financial years. It is clear that certain schools will require a longer period than four years in respect of achieving a balanced medium term plan. Officers from Education and Financial Services considering the financial implications of a significant number of redundancies planned for 2014/15. Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure. Officers from Education and Financial Services continue to work with colleagues from Legal Services to prepare potential intervention strategies should any individual schools not work with the Council through a MTFP. Officers continue to report the position on individual schools through to the School Budget Forum. Officers considering their response to any school that holds balances in excess of £50,000 on 31 March 2014 in light of budget challenge facing individual schools for 2014/15. 	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Review the match of pupil numbers to school places as part of the 21 Century plan refresh Protocol for responding to schools in deficit has been revised, including exercising statutory powers of intervention Finance Officers now link with Challenge Advisers to discuss schools Each school in deficit now has a monitoring officer (additional to the LFM) to provide independent challenge 	Nick Batchelar (Neil Hardee) Councillor Julia Magill - Education & Skills

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					<ul style="list-style-type: none"> Provisional Settlement for 2015/16 has now been received and early notice of Grant reductions albeit there remains detail missing. 					
<p>Legal Compliance</p> <p>Changes in services and staff roles across the Council resulting in:</p> <ul style="list-style-type: none"> - gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate; - inability to deliver the services in accordance with all duties and responsibilities due to lack of resource: <p>in each case leading to increased risk of challenges.</p> <p>Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.</p>	<ul style="list-style-type: none"> Reputational / Legal / Financial / Service delivery Increase in number of challenges with consequences in terms of already stretched resources and impact of adverse decisions Implementation of decisions delayed due to challenges and potentially fatally disrupted. Impact on projects if reputation for sound management and implementation of projects is damaged Major incident. Adverse press/media reaction Involvement from Welsh Government in terms of performance standards or measures. Increased costs on external legal support 	B	2	High Priority	<ul style="list-style-type: none"> Professional internal legal and financial advice provided to a high standard. Legal Services repositioned in the senior management structure. Maintaining robust decision making process with legal implications on all reports. Appropriate use of South Wales Legal Consortium external legal services and external barristers through separate framework to increase resilience. Dedicated teams in specialist areas e.g. equalities, FOI / DPA. Sharing training/publications received 	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Prioritisation of work to make best use of internal expertise (including programme of projects in accordance with SMT decision) Continue efforts with exploration of collaboration with other legal services to see if there is the potential to increase resilience and / or efficiencies. Development of toolkits (led by Corporate resources) for major projects to reduce repetitive work and standard precedents with guidance for use in case of low value/low risk matters Increase training programme Council wide to cover legal, financial and regulatory matters but with sharing to develop knowledge within Directorates of specific statutory functions. Ensuring reports are discussed at preliminary stage in development to ensure all legal, financial and regulatory issues are addressed early 	<p>Christine Salter (Shaun Jamieson)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>
<p>Fraud</p> <p>Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.</p>	<p>Reputational / Financial / Legal / Service delivery / Stakeholder</p> <ul style="list-style-type: none"> Increase in frauds and losses to the Council. Reputational risk as more frauds are reported. Increased time investigating suspected fraud cases. Reduction in resources to combat fraud following transfer of 4 experienced, professionally trained investigators and 1 admin assistant to the Department for Work & Pensions as part of the 'Single Fraud Investigation Service' (SFIS). 	B	2	High Priority	<ul style="list-style-type: none"> Financial Procedure Rules, Contract Procedure Rules for staff to follow. Proactive work of the Internal Audit team Professionally trained and experienced investigators to prevent, deter and detect fraud against the Council. Following the transfer of staff to the Single Fraud Investigation Service a small investigation team was retained dedicated to combat fraud and financial impropriety. Audit Committee review and assess the risk management, internal control and corporate governance arrangements of the authority. Wales Audit Office Procurement team monitor spend and compliance with procedure rules Management awareness as voluntary severance business cases are constructed and restructures considered. Regular reports to the Audit Committee Regular review of Anti-Fraud, Anti Corruption and Bribery Policy and the Anti-Money Laundering Policy. Ongoing training sessions provided for Officers, Head Teachers and Governing Bodies on Financial Procedure Rules and Contract Standing Orders and Procurement Rules. Senior Management Assurance Statements. Briefing report to Senior Leadership Team (Dec 2012) on Internal Audit reports requiring a timely response from management and an assurance that recommendations will be implemented. Increased role and awareness now that the Discipline module is live in DigiGov. Compliance with Treasury Management practices and segregation of duties. 	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Continued vigilance Continue to provide the Chief Executive with regular briefing notes Continue to produce regular reports for Audit Committee Continual assessment of training needs for 'Rules'. Considering forum for sharing investigation outcomes, raising profile of fraud work. Anti-Fraud, Anti-Corruption and Bribery Policy being updated to reflect 'zero tolerance' culture. Formalise a policy for Monitoring Employees at work to provide Managers with the tools to undertake effective investigations. Development of training programme for Senior Management regarding Fraud Awareness targeting disciplinary chairs and HR to help with (employee) fraud prevention. Review of induction material relating to Fraud. An e-learning tool for fraud and money laundering to be developed. Audit Committee have set up a sub Group to look at the robustness of the investigation process and seeking assurances on how investigations have followed proper processes. 	<p>Christine Salter (Bob Jones / Derek King)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>
<p>Asset Management</p> <p>Ineffective management and use of Council assets and lack of corporate recognition.</p>	<p>Reputational / Legal / Financial / Health & Safety / Stakeholders</p> <ul style="list-style-type: none"> Poor use of assets / VFM. Lost opportunity for capital receipts. Increased maintenance. Prosecutions / fines. 	B	2	High Priority	<ul style="list-style-type: none"> Asset management working methodology developed and Asset Management Board and Working Group now working to raise property profile and introduce more structured, disciplined approach to management of property. Property Condition Surveys – replaced by rolling programme of 'Fitness for Purpose' reviews of all council properties providing high level assessment of the current performance and value of buildings Carbon Management / Energy Efficiency - Certificates / General Awareness / Introduction of Energy Renewables Strategy. Work on the review of Strategic Property Management has been completed. Strategic Estates has, as from 1 June 2013 been transferred to the Economic Development Directorate. Asset / Infrastructure Programme Board will exercise an overview of the Office Accommodation Rationalisation Programme (formerly known as Our Space). 	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Review of future County Hall HQ requirements in hand. Now into implementation which will be spread over the next three financial years, the plan is currently being refreshed and developed. Review of Non Operational Property – this report, completed in April 2012, has yet to be considered by Cabinet. A more detailed review of the Workshop Estate has commenced. High level Property Strategy Reports drafted for consideration in Spring 2014. A new Property Strategy will be presented to Cabinet in November. 	<p>Neil Hanratty</p> <p>Councillor Phil Bale, Leader – Economic Development & Partnerships</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner
<p>Workforce Planning</p> <p>Importance of forecasting and planning to building capability and capacity is not recognised and is not fully embedded.</p>	<p>Reputational / Financial / Stakeholder / Service delivery</p> <ul style="list-style-type: none"> • Poor service delivery due to ineffective use of resources. • Loss of resources and recruitment problems. • Poor morale • Loss of experienced staff members including managers • Reduce the likelihood of attracting high calibre managers to Cardiff Council • Risk of not meeting statutory and legislative requirements in relation to specific workforce requirement e.g. social care. 	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> • Flexible retirement policy agreed and implemented • A Workforce Planning Project (PL04) forms one of the projects within the People and Leadership Programme: • Arrival of external expertise in mid-Feb 2011 to work with key stakeholders in the Authority to review, develop and implement the workforce planning project • Workforce planning Stage 1 Design is completed producing a number of key reports outlining required next steps for workforce planning in Cardiff • A number of required enablers have been outlined • Workforce planning Stage 2 Development and Implementation project brief and project plans have been developed to deliver the identified enablers • Spec• HRPS provided the Workforce Planning data (within the Resources/Staff section of Directorate Delivery Plan) and commenced work with Directorates/Service Areas on the Workforce Planning agenda in March • ific work packages have been identified outlining the key enablers for effective workforce planning and developments of some are underway. After consultation the Workforce Planning Project has implemented a Behavioural Competence Framework. The framework has 12 behavioural competencies set out in 4 levels. All roles within the Council will be described using the framework. This will be the first step in gaining consistency in the way in which the Council describes its people and jobs. • The Workforce Planning project continues to introduce consistent ways of describing people and jobs in the Council. All new and redesigned jobs are being described and advertised through role profiles. • A Competency Assessment Toolkit is being used to develop individual profiles which can then be mapped against role profiles. • Work is being carried out on linking processes that can be used for the identification and development of potential e.g. Recruitment & Selection, PPDR and Cardiff Academy and underpinning these with the Competency Frameworks. These processes will be used to determine the current knowledge and skills held within the Council and identify any areas where there are gaps. This will enable development opportunities to be prioritised in line with Corporate Objectives and the vision for the Council. • Development Opportunities within Cardiff Council Academy have been aligned with the Behavioural Competency Framework. • The Workforce Planning approach for 2014/15 commenced with the roll out of the new tool and managers guide in March 2014. Whilst awaiting an IT solution, a new tool has been developed to enable the organisation to take a snapshot of where they are currently and to start to consider the 'skills' requirements piece • Managers' guide to WFP developed and disseminated to Directorates March 2014. • The Behavioural Competency Framework has been piloted. Stakeholder feedback is being collated to inform the revised approach. Anticipated roll out – May / June 2014. • Additional research and benchmarking undertaken to help inform WFP approach going forward; including – attendance at WLGA – Work Force Planning Wales event. LGA/ Skills for Local Government hosted COP event. • HR working with Directorates where required, to help identify appropriate strategies to support their WFP agenda. • Options around the roll out of role profiles and other process efficiencies are also being considered and will be taken forward as part of the HR Delivery Plan for 2014/15. 	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> • Draft workforce strategy developed and consultation commenced which will have workforce planning as a key component. • Research and benchmarking planned with core cities during Q3 to review the effectiveness of current workforce planning approach and toolkit • Developing a rationale for and resulting options appraisal to deliver a workforce planning IT solution this work to be done with HRPS/EA. • Support planned for directorates during Q4 to scenario plan and profile workforce requirements following confirmation of budget decisions. 	<p>Christine Salter (Philip Lenz)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p>

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Audit Committee Self Assessment 2014/15

AGENDA ITEM: 7.3

Reason for Report

1. To provide the Audit Committee with an update on the Committee's first effectiveness review, in preparation for the next annual assessment exercise, scheduled for January 2015.

Background

2. In January 2014, Members received a report on the first effectiveness review of the Audit Committee. The report was the outcome of a workshop which had taken place in December 2013.
3. The Self Assessment Framework used was based on best practice guidance from CIPFA, the requirements of the Local Government Measure and local knowledge of the Council. The workshop was facilitated by the Wales Audit Office and the Audit & Risk Manager.
4. The December 2013 workshop enabled Members of the Committee to undertake an assessment. The Self Assessment Questionnaire was made up of forty four questions and Members were given the option of answering yes, no or partly to each question. All questions were answered and thirty seven questions were answered as yes and seven as partly. All findings were supported by evidence thought appropriate to support the score for each question, a copy of the assessment can be found at Appendix A.
5. Following completion of the assessment questionnaire an Action Plan was produced. The outcome represented eight 'Proposed Improvement Actions' and six 'Future Considerations' for the Committee to consider. These actions and considerations looked to address the questions within the assessment which could only be answered in part.

Issues

6. The Action Plan highlighted in Appendix B provides an update based on the position at December 2014. The Committee has the opportunity to consider the Action Plan in advance of the second assessment exercise to be undertaken in January 2015.

7. Since January 2014 the Committee has seen some changes to the Membership of the Committee; both to elected members and lay members. The views of the revised membership may be different to the position as at December 2013.
8. The Committee has the opportunity to review the 'Proposed Improvement Actions' and 'Future Considerations' to determine whether they are relevant and if so which to prioritise going forward.
9. The January 2015 workshop will provide an opportunity for Members to consider and challenge its role against best practice evaluation criteria in a closed environment. Overall the aim of the exercise is to provide a level of assurance around the role of the Audit Committee and evidence to support this view, highlighting some opportunities where improvements can be considered going forward.

Legal Implications

10. There are no direct legal implications arising from this report.

Financial Implications

11. There are no direct financial implications arising from this report.

Recommendations

12. The results of the December 2013 exercise are revisited to ensure the responses are consistent with the Committee's position in 2014/15.
13. The Audit Committee agrees to use the questionnaire found in Appendix A to form the basis of the Committee's Self Assessment Exercise in January 2015.
14. The Committee agrees to determine at the January workshop which of the proposed improvement actions and future considerations identified are prioritised and addressed.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES

The following Appendix is attached:

Appendix A – Audit Committee Self Assessment Questionnaire (2 December 2013)

Appendix B – Audit Committee Proposed Improvement Actions & Future Considerations
(position as at December 2014)

Audit Committee Self-Assessment Workshop – 2 December 2013

Measuring the Effectiveness of the Audit Committee

Issue		Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
Roles and Responsibilities						
1	Have the Committee's Terms of Reference been approved by Full Council?	✓			Approved at Council 27th September 2012.	
2	Do the Terms of Reference follow best practice, as set out in the CIPFA model and the Local Government Measure 2011?	✓			The TOR was based on the CIPFA model and the Local Government Measure covering all key requirements.	
Page 111	Is the Terms of Reference reviewed periodically to ensure it remains fit for purpose?			✓	A review is undertaken annually when Committee Membership is set at Full Council. Most recently determined at 23rd May 2013 Council.	<p>Audit Committee to review their Terms of Reference at their meeting prior to Annual Council (i.e. usually March) when Committees and Terms of Reference are set.</p> <p>Does the Constitution Committee have a role in reviewing the Terms of Reference?</p> <p>(Improvement Action 1 & Future Consideration 1)</p>
	4	Does the agenda for meetings and work programme support the role and responsibilities of the Committee?	✓			<p>The Audit Committee Agenda has standard headings e.g. Internal Audit, Risk & Governance. Members of the Committee have opportunity to raise issues.</p> <p>Members are aware of their ability to call a Task and Finish Group which would allow a matter to be dealt with out side of the full Committee.</p>

Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
				The Peer Review noted that the Audit Committee should focus on strategic matters and not to be concerned with overly detailed information.	Possible consideration of summary overviews. (Improvement Action 2)
5 Does the Committee take a role in reviewing and scrutinising: <ul style="list-style-type: none"> • Annual Governance matters • Risk Management Strategies • Internal Control Statements • Anti-Fraud arrangements • Corporate Policies and Strategies • Financial Affairs and Statements • External & Internal Audit Reports 	✓			<p><u>Annual Governance Statement</u> The Audit Committee have opportunity to scrutinise the statement e.g. the 2012/13 statement was presented to March and July meetings. Members challenged the content and provided an opinion for inclusion in the statement.</p> <p><u>Risk Management</u> The Corporate Risk Register is considered biannually by the Committee with opportunity to scrutinise and comment upon.</p> <p>The Audit Committee have opportunity to scrutinise the Risk Management Strategy when reviewed by Officers – currently under review, to be presented to December Committee meeting.</p> <p><u>Internal Control Statements</u> The Committee receive updates on the Senior Management Assurance Statements completed biannually by Senior Management. External and Internal Audit Reports provide information on internal controls.</p> <p><u>Anti Fraud Arrangements</u> Audit Committee scrutinise and approve any Fraud related documents e.g. Anti-Money Laundering Policy.</p> <p><u>Corporate Policies and Strategies</u> Audit Committee receive reports on new corporate policies e.g. The Attendance & Wellbeing Policy. Policy Review and Performance Scrutiny will have</p>	

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
					<p>greater involvement in this area.</p> <p><u>Financial Affairs and Statements</u> The Committee receive a Budget update at every meeting. Financial Statements are scrutinised and challenged by Committee.</p> <p><u>External & Internal Audit Reports</u> Regular reports from both Internal and External Audit update the Committee on a range of matters i.e. Value for Money.</p>	
6 Page 113	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work.			✓	<p>Wales Audit Office provides informal feedback at Committee meetings. The Committee's Annual Report is presented to Council to provide an update on the work of the Committee. The Chair attends to present the report and answer questions.</p> <p>There is little engagement with Members regarding the work of the Audit Committee except for the Annual Report to Council once a year.</p>	<p>The profile of the Committee with other Members could be strengthened.</p> <p>(Future Consideration 6)</p>
Monitoring and Oversight						
7	<p>Does the Committee consider that it receives adequate and timely information in relation to:</p> <ul style="list-style-type: none"> • Corporate Governance • Risk Management • Internal Control • Treasury Management • Financial Affairs and Statements 	✓			<p>In advance of each meeting the Committee receive information 5 working days in advance of the meeting.</p> <p>As above the Committee receive regular reports with opportunity to scrutinise and challenge and refer on to other Committees or Bodies.</p>	

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
8	Does the Committee consider that it received appropriate support from: <ul style="list-style-type: none"> • Statutory Officers • Senior management • External Audit • Internal Audit • Secretariat services 	✓			Section 151 Officer and Monitoring Officer attends every meeting. Senior Management attend on request. There are many examples of this with wide ranging subject matters covered. The Wales Audit Office (WAO) are represented at every meeting. The Audit Manager attends every meeting. Democratic Services administer and attend Committee providing secretariat support.	
9	Does the Committee consider it has the opportunity to invite officers and members to attend and be held accountable for their actions?	✓			Criteria relating to officer attendance was approved at 27 March 2013 Committee. With a wide ranging agenda a number of varying officers attend Committee meetings e.g. to report on operational issues.	
10	Has the Committee agreed set criteria when an officer may be invited to attend Committee?	✓			As noted above.	
11	Does the Committee consider they have the mechanisms to ensure that officers are acting on and monitoring action taken to implement recommendations?			✓	Members are updated through External and Internal Audit progress reports. The Committee have the ability to invite officers to attend to provide further information if required.	The Committee would like further detail on recommendations implemented and assurance that the process of monitoring implemented recommendations is sound. (Improvement Action 3)
12	Does the Committee consider that they have the opportunity to refer matters on to other bodies (internal & external) as they consider appropriate?	✓			This requirement is covered in the Committee's Terms of Reference and has happened previously e.g. the Chair has sent letters to Policy Review and Performance Scrutiny and the Chief Executive. The Chair welcomes suggestions from Members of the Committee on where to refer matters of	Members questioned external bodies – is this part of their remit?

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
					concern (local knowledge of elected members) i.e. Scrutiny. The Section 151 Officer and Monitoring Officer attend all Audit Committee meetings and advises the Chair where he can refer matters of concern.	
Page 115	13 Does the Committee have appropriate interaction with other Committees e.g. Scrutiny?			✓	Some Members of the Committee serve on both Committees. Each Committee shares their minutes. Respective Chairs have met in the past. It is understood Wales Audit Office are undertaking a national study into the respective roles of Audit and Scrutiny Committees.	Review and seek greater opportunity to interface with Scrutiny, particularly Policy Review and Performance Scrutiny. Members suggested that the Committee would benefit from having Scrutiny Chairs serving as Audit Committee Members; potentially avoiding overlap and duplication in matters being referred to more than one Committee. (Future Considerations 2 & 6)
14	Does the Committee prepare an Annual Report outlining its findings and provide an opinion in relation to its role, which helps to inform the Annual Governance Statement?	✓			Annually presented to Council e.g. latest report 26 th September 2013.	
15	Does the Committee undertake an annual Self Assessment of its own effectiveness?	✓			First review currently being undertaken. Intention to undertake a Self Assessment annually.	Self Assessment to be undertaken annually in future. Members thought the Self Assessment exercise should feed into the process of forming the Committee's Annual Report and should be mindful of this when timings are considered

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
						for the next self assessment exercise. (Improvement Action 4)
Page 116	16 Are there arrangements to hold the committee to account for its performance.			✓	The Committee's Annual Report is presented to Council; last presented September 2013. Members did not think there were arrangements to hold the Audit Committee to account aside from the Annual Report to Council. The Audit Committee is a deterrent which helps to ensure timely responses and actioning of audit recommendations.	Consideration to be given to Cabinet receiving a copy of the minutes of each Audit Committee meeting. Cabinet members now receive copies of Internal Audit Executive Summary Reports with opinions of Limited or No Assurance. (Future Consideration 6)
Internal Audit Process						
17	Does the Committee approve the strategic audit approach and the annual programme?	✓			Presented annually, latest report 27th March 2013	
18	Is the work of Internal Audit reviewed regularly?	✓			A Quarterly Progress Report is presented to Committee with an opportunity for questions to be answered by the Audit Manager.	
19	Is the level of detail provided in Audit progress summaries adequate to meet Member's needs?	✓			Information provided includes a list of all Audits, Executive Summary Reports for those with opinions of Limited or No Assurance and Key Performance Statistics. Members found the Executive Summary Reports helpful and were encouraged that these were being shared with Cabinet Members.	

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
20	Does the Committee receive regular information on client perceptions of the Internal Audit service and other performance management information?	✓			Quarterly Progress Reports contain information on completed Quality Assurance Questionnaires and Key Performance Statistics.	
21	Is the Annual Report from the Audit Manager presented to the Committee?	✓			Annually, last reported 20th May 2013	
22	Is there the opportunity to hold private meetings with the Audit Manager?	✓			<p>There have been occasions where the Chair and Audit Manager have met and do converse relating to future Agendas.</p> <p>Financial Procedure Rules provide opportunity for the Audit Manager to meet with the Chief Executive, Senior Managers or Members as considered appropriate.</p>	
Page 117	External Audit Process					
23	Are reports on the work of external audit and other inspection agencies presented to the Committee?	✓			<p>WAO provide regular updates to the Committee through standing agenda items.</p> <p>Reports from other inspection agencies will be sighted if applicable however the Committee focuses on work areas within their remit and not the scope of other committees such as Scrutiny who will receive the majority of other inspection agency reports i.e. Estyn, CCSIW.</p>	<p>Looking ahead Members thought they needed to consider and develop ideas around their input to areas of collaboration.</p> <p>Members questioned whether this was their role or Scrutiny?</p> <p>(Future Consideration 3)</p>
24	Does the Committee consider that they have the opportunity to input into the external audit programme?			✓	<p>WAO is represented at each meeting and consider any comments of the Committee relating to their programme of work.</p> <p>An element of the Wales Audit Office work programme refers to 'All Wales Studies' which can</p>	The Audit Committee's ability to have the opportunity to input into the external audit programme, particularly 'All Wales' studies has already been raised at previous

Issue		Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
					pose a problem when the Committee wish to influence the work undertaken.	meetings. Members asked WAO to consider how they could add more value to the Audit Committee in future. (Future Consideration 4)
25	Is there the opportunity to hold private meetings with the External Auditor?	✓			The opportunity exists but has not been required.	
Membership						
26	Has the membership of the Committee been formally agreed and a quorum set?	✓			Yes, annually, last agreed at Council meeting 23 May 2013.	
27	Is the make up of the Committee consistent with the requirements of the Local Government Measure 2011?	✓			Yes, annually, last agreed at Council meeting 23 May 2013.	
28	Is the Chair free of Executive or Scrutiny functions?	✓			Currently Independent / Lay Member elected as Chair.	
29	Does the Chair have strong level of leadership skills?	✓			Extensive experience.	
30	Are Members sufficiently independent of the other key Committees of the Council?	✓			The Committee has 4 lay Member seats; one has been elected by the Committee as Chair. Some Elected Members serve on Scrutiny Committees and Democratic Services Committee.	

Issue		Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
31	Is the Committee politically balanced in accordance with the Local Government (Democracy) (Wales) Act 2013?	✓			Yes, annually, last agreed at Council meeting 23 May 2013	
Meetings						
32	Does the Committee meet regularly?	✓			The Committee meet 5 times a year.	
33	Is the frequency of meetings adequate to support the role and responsibly of the Committee?	✓			Committee meetings have busy agendas. Key information is circulated in between meetings.	
34	Are agenda papers circulated in advance of meetings to allow adequate preparation by Members?	✓			5 working days in advance of the meetings	
35	Are meetings free and open without political influences being displayed?	✓			The Chair is an independent member, with experience to lead the questioning of the Committee without political influence.	
36	Are meetings public and records relating to the Committee open, transparent and easily available?	✓			All meetings are open to the public, some information will be exempt from the public as defined in the Local Government Act 1972. Agendas and Minutes are available on the Council's website.	
37	Do Members feel they can actively contribute to discussion at meetings and are encouraged to do so?	✓			Chair encourages discussion. Standing item on the agenda for urgent issues to be raised by Members.	
38	Are decisions reached promptly and recorded?	✓			The Chair will sum up discussions and decisions made which will be incorporated into the minutes.	

Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions	
Skills and training						
39	Has the membership of the committee been assessed against a knowledge and skills framework and found to be satisfactory.			✓	<p>A recruitment process is followed for independent / lay members taking account of knowledge and skills.</p> <p>There is a proposal for an all Wales group to be set up for Local Authority Audit Committee Chairs to meet once or twice a year.</p>	<p>The Committee may benefit from undertaking a skills audit which could be anonymous, identifying potential gaps in knowledge and areas where training can be arranged.</p> <p>Audit Manager to work with other Heads of Internal Audit to ensure an all Wales Audit Committee Chairs group is progressed and for the Chair to attend.</p> <p>It was suggested that Members may benefit from observing other Local Authority Audit Committees.</p> <p><i>(Improvement Action 5 & 6 Future Consideration 5)</i></p>
40	Do Committee Members have the knowledge, experience and understanding of the key risks and issues facing the Council?	✓			<p>Serving Councillors have a vast knowledge of Council business.</p> <p>Regular briefings at meetings provide information to inform Members on key governance and risk matters i.e. Corporate Risk Register & Annual Governance Statement.</p>	
41	Is induction training provided to Members?	✓			<p>Induction training provided to all Members on Audit, Risk Management, Governance and specialist areas such as Treasury Management.</p>	

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
42	Is more advanced training available if required?	✓			<p>Officers will arrange further advanced training for Members on request.</p> <p>Key updates on treasury management reported to the Committee.</p>	<p>Members thought there may be a need for training on collaborative working and what this will mean for the Audit Committee in the future i.e. joint arrangements.</p> <p>(Future Consideration 3)</p>
43	In specialised areas such as treasury management do Members feel they have the appropriate skills to fulfil the role expected of them?	✓			<p>Professional training provided by Council Officers and External Sector Advisors (Treasury Management). There is the intention to provide further advanced training in this area.</p> <p>Elected Members considered it important that there are a small number of Members on the Committee with the knowledge to deal with these agenda items, particularly the expertise of the independent Members.</p>	<p>Further training to be provided on Treasury Management – Officers to arrange.</p> <p>The Committee stressed the importance of having sufficient opportunity to consider and challenge the Financial Statements of the Authority. Arrangements are in place to schedule meetings to facilitate the challenge of the Financial Statements 2013/14.</p> <p>(Improvement Action 7 & 8)</p>
44	Do Members feel they can request training if they consider this would help them fulfil their role?	✓			<p>Members are able to request training as and when they wish. Officers are willing to arrange varying forms of training e.g. in groups or one to one sessions.</p>	

Self Assessment: Proposed Improvement Actions

Ref.	Proposed Improvement Actions	Self Assessment Reference
1	<u>Audit Committee Terms of Reference</u> Audit Committee to review their Terms of Reference at their meeting prior to Annual Council (i.e. usually March) when Committees and Terms of Reference are set.	3
2	<u>Detailed Information</u> Members noted that there are often large volumes of paper associated with each agenda item. Consideration of summary overviews or condensed information for each agenda item (these would need to be different to covering reports which should highlight key messages).	4
3	<u>Progress on Recommendations Implemented</u> The Committee would like further detail on recommendations implemented and assurance that the process of monitoring implemented recommendations is sound.	11
4	<u>Audit Committee - Self Assessment</u> Members thought the Self Assessment exercise should feed into the process of forming the Committee's Annual Report and should be mindful of this when timings are considered for the next self assessment exercise.	15
5	<u>Knowledge and Skills Audit - Training</u> The Audit Committee may benefit from undertaking a knowledge and skills audit which would identify potential gaps in knowledge and areas where training is needed (this could be anonymous).	39
6	<u>All Wales Local Authority Audit Committee Chairs</u> An all Wales group to be set up for Local Authority Audit Committee Chairs to meet once or twice a year to share and develop ideas.	39
7	<u>Specialist Areas</u> Elected Members considered it important that there are a small number of Members on the Committee with the knowledge to deal with specific agenda items, particularly the expertise of the independent Members i.e. Treasury Management Further training to be provided on Treasury Management – Officers to arrange.	43
8	<u>Financial Statements</u> The Committee stressed the importance of having sufficient opportunity to consider and challenge the Financial Statements of the Authority. Arrangements are in place to schedule meetings to facilitate the challenge of the Financial Statements 2013/14.	43

Self Assessment: Future Considerations

Ref.	Future Considerations	Self Assessment Reference
1	<p><u>Audit Committee Terms of Reference</u> Does the Constitution Committee have a role in reviewing the Terms of Reference.</p>	3
2	<p><u>Scrutiny Chairs</u> Members had suggested that the Committee would benefit from having Scrutiny Chairs serving as Audit Committee Members; potentially avoiding overlap and duplication on matters being referred to more than one Committee.</p> <p>The outcomes of the Wales Audit Office review into Audit and Scrutiny Committees to be relayed to the Committee once finalised.</p>	13
3	<p><u>Audit Committee input to areas of Collaboration</u> Looking ahead Members thought they needed to consider and develop ideas around their input to areas of collaboration. Training regarding collaborative working and joint arrangements to be considered.</p>	23 & 42
4	<p><u>Wales Audit Office</u> Members asked WAO to consider how they could add more value to the Audit Committee in future.</p>	24
5	<p><u>Member Development</u> It was suggested that Members may benefit from observing other Local Authority Audit Committees.</p>	39
6	<p><u>Profile of the Audit Committee / Engagement with Scrutiny</u> The profile of the Committee with other Members could be strengthened. There is little engagement with Members regarding the work of the Audit Committee except for the Annual Report to Council once a year.</p> <p>Members did not think there were arrangements to hold the Audit Committee to account aside from the Annual Report to Council.</p> <p>Consideration to be given to Cabinet receiving a copy of the minutes of each Audit Committee meeting. Cabinet members now receive copies of Internal Audit Executive Summary Reports with opinions of Limited or No Assurance.</p>	6, 13 & 16

Self Assessment: Proposed Improvement Actions

Ref.	Proposed Improvement Actions	Target Date	Action Owner	Status	Position as at December 2014
1	<u>Audit Committee Terms of Reference</u> Audit Committee to review their Terms of Reference at their meeting prior to Annual Council (i.e. usually March) when Committees and Terms of Reference are set.	January 2015	Audit Committee	Open	To be reviewed by the Committee on 19 January 2015, coinciding with the January session to undertake the annual Self Assessment.
2	<u>Detailed Information</u> Members noted that there are often large volumes of paper associated with each agenda item. Consideration of summary overviews or condensed information for each agenda item (these would need to be different to covering reports which should highlight key messages).	Ongoing	Chairperson, Secretariat, Corporate Director Resources & Audit Manager	Ongoing	Officers have been reminded to only provide information that is relevant and focused.
3	<u>Progress on Recommendations Implemented</u> The Committee would like further detail on recommendations implemented and assurance that the process of monitoring implemented recommendations is sound.	2013/14	Audit Manager	Closed	The Audit Manager through the Internal Audit Annual Report 2013/14 and regular progress reports highlights further detail on the status of recommendations.
4	<u>Audit Committee - Self Assessment</u> Members thought the Self Assessment exercise should feed into the process of forming the Committee's Annual Report and should be mindful of this when timings are considered for the next self assessment exercise.	January 2015	Chairperson	Closed	This is scheduled in the Committee's Work Programme for January 2015. A pre meeting to the Committee's January meeting will facilitate the exercise.
5	<u>Knowledge and Skills Audit - Training</u> The Audit Committee may benefit from undertaking a knowledge and skills audit which would identify potential gaps in knowledge and areas where training is needed (this could be anonymous).	-	Chairperson, Secretariat, Corporate Director Resources & Audit Manager	Open	The Committee to determine if this action is required.

Ref.	Proposed Improvement Actions	Target Date	Action Owner	Status	Position as at December 2014
6	<p><u>All Wales Local Authority Audit Committee Chairs</u> An all Wales group to be set up for Local Authority Audit Committee Chairs to meet once or twice a year to share and develop ideas.</p>	Ongoing	Chairperson, Corporate Director Resources & Audit Manager	Open	The Welsh Chief Audit Group met on 07.11.14. It was agreed that the Welsh Local Government Association are contacted for support in this matter.
7	<p><u>Specialist Areas</u> Elected Members considered it important that there are a small number of Members on the Committee with the knowledge to deal with specific agenda items, particularly the expertise of the independent Members i.e. Treasury Management</p> <p>Further training to be provided on Treasury Management – Officers to arrange.</p>	-	Secretariat, Corporate Director Resources & Audit Manager	Closed	All new members receive induction training relating to Treasury Management and Internal Audit (Audit, Investigations, Risk, Governance and Programme & Project Assurance). When induction sessions are held all Members are offered the opportunity to attend the treasury management session.
8	<p><u>Financial Statements</u> The Committee stressed the importance of having sufficient opportunity to consider and challenge the Financial Statements of the Authority. Arrangements are in place to schedule meetings to facilitate the challenge of the Financial Statements 2013/14.</p>	June & September 2014	Chairperson & Corporate Director Resources	Closed	Challenge of the Financial Statements 2013/14 took place.

Self Assessment: Future Considerations

Ref.	Future Considerations	Action Owner	Status	Position as at December 2014
1	<p><u>Audit Committee Terms of Reference</u> Does the Constitution Committee have a role in reviewing the Terms of Reference.</p>	-	Closed	Reviewed in preparation for Annual Council (May)
2	<p><u>Scrutiny Chairs</u> Members had suggested that the Committee would benefit from having Scrutiny Chairs serving as Audit Committee Members; potentially avoiding overlap and duplication on matters being referred to more than one Committee.</p> <p>The outcomes of the Wales Audit Office review into Audit and Scrutiny Committees to be relayed to the Committee once finalised.</p>	Audit Committee	Closed	<p>The majority of Audit Committee Members sit on Scrutiny Committees, two of which are Scrutiny Chairs:</p> <ul style="list-style-type: none"> - Environmental Scrutiny: Councillor Mitchell - Policy Review & Performance Scrutiny: Councillor Howells
3	<p><u>Audit Committee input to areas of Collaboration</u> Looking ahead Members thought they needed to consider and develop ideas around their input to areas of collaboration. Training regarding collaborative working and joint arrangements to be considered.</p>			
4	<p><u>Wales Audit Office</u> Members asked WAO to consider how they could add more value to the Audit Committee in future.</p>			
5	<p><u>Member Development</u> It was suggested that Members may benefit from observing other Local Authority Audit Committees.</p>			
6	<p><u>Profile of the Audit Committee / Engagement with Scrutiny</u> The profile of the Committee with other Members could be strengthened. There is little engagement with Members regarding the work of the Audit Committee except for the Annual Report to Council once a year.</p> <p>Members did not think there were arrangements to hold the Audit Committee to account aside from the Annual Report to Council.</p> <p>Consideration to be given to Cabinet receiving a copy of the minutes of each Audit Committee meeting. Cabinet members now receive copies of Internal Audit Executive Summary Reports with opinions of Limited or No Assurance.</p>			

**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**

AUDIT COMMITTEE:

8 DECEMBER 2014

TREASURY PERFORMANCE REPORT AS AT 31 OCTOBER 2014

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 9.1

Appendix 1 and Annexes A & B of Appendix 2 of this report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

PORTFOLIO: CORPORATE AFFAIRS

Reason for this Report

1. To provide Audit Committee Members with performance information and a position statement on Treasury Management as at 31 October 2014 and highlight key changes from the previous report received as at 31 July 2014.

Background

2. The report attached at Appendix 1 provides the Committee with a snapshot of treasury performance, position statements on investments and borrowing.

Performance

3. The report updates for the latest forecast for interest income on investments and external interest payable at Month 6 budget monitoring. Whilst uncertain, assumptions around external interest payable reflect an underspend due to deferral of the timing of borrowing in the current financial year. Since the last performance report, the projected level of internal borrowing is forecast to be lower, primarily as a result of schools organisational plan schemes and requirement of WG to utilise grant as match funding in 2014/15 instead of Local Government Borrowing Initiative approval. Based on the forecast level of external borrowing, without any further borrowing, the level of internal borrowing at 31 March 2015 is projected to be £26 million.

Investments

4. Pages 2 and 3 of the Performance Report consider the position on investments. The charts on the Performance Report show the position at a point in time and investments continue to be closely monitored.

5. The current investments list details each investment, the interest rate, the start date and maturity date. It also links this back to the credit criteria by a colour coding which indicates the perceived strength of the organisation.
6. The balance of investments is at a point in time and will fluctuate depending on the timing of income and expenditure e.g. payments to suppliers, receipt of grants, capital receipts etc.
7. The charts that surround this table provide additional information and the key areas to highlight are shown below.
 - **Counterparty Exposure** displays actual investment against the maximum permitted directly with an organisation – This demonstrates that we are not exceeding any exposure limits.
 - **Remaining Maturity Profile of Investments.** Maturities of investments have been spread to achieve a balanced profile.
 - **Investments by Institution.** This expresses the investments held with different institutions as a percentage of the total. It can be seen that investments remain diversified over a number of organisations.
 - **Geographic Spread of Investments** as determined by the country of origin of relevant organisations. All countries are rated AA and above as per our approved criteria.
 - **Investments by Financial Sector.** The majority of investments are with banks.
8. The probability of default of the investments held (excluding LAMS) at 31 October 2014 was 0.019%. This equates to £12,540.

Borrowing

9. The last performance report to Committee indicated that up to £15m of external borrowing could be taken by 31 March 2015 to ensure the internal borrowing position is manageable. This was subject to a number of variables including progress on delivering capital schemes.
10. Borrowing of £5 million was taken during October at the rate and period set out in the report. Accordingly, at 31 October 2014, the total level of borrowing is £476 million. With loans to the value of circa £6 million to be repaid in the last quarter of the year, without any further borrowing, the forecast level of external borrowing at 31 March 2015 is £470 million. The timing and quantum of further borrowing will continue to be reviewed in conjunction with the Council's treasury advisors.

Other

11. Due to the timing of Audit Committee and Cabinet dates and lead in times for submission of reports, the Mid Year Treasury Management Report for 2014/15 was circulated electronically for comment to Committee. These reports, which provide an update on the Treasury Management position as well as on the latest position in respect of the 'buy out' from the Housing Revenue Account subsidy system have been the subject of both Cabinet and Council meetings in November 2014. The Mid Year Treasury Management Report for 2014/15 is attached at Appendix 2 for information.

Reason for Report

12. To provide Audit Committee Members with an update on the treasury management position as at 31 October 2014.

Legal Implications

13. No direct legal implications arise from this report.

The Committee is reminded of its statutory functions, which are to:

- (a) review and scrutinise the authority's financial affairs,
- (b) make reports and recommendations in relation to the authority's financial affairs,
- (c) review and assess the risk management, internal control and corporate governance arrangements of the authority,
- (d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
- (e) oversee the authority's internal and external audit arrangements, and
- (f) review the financial statements prepared by the authority.
- (g) to seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Financial Implications

14. Treasury management activities undertaken by the Council are governed by a range of policies, codes of practice and legislation. This report indicates the treasury management position at one point in time and makes a number of assumptions in forecasts which will be updated in future reports. The report provides a tool for indicating to Members the treasury position. Future reports will highlight main changes since this report.

RECOMMENDATIONS

15. That the Treasury Performance Report for 31 October 2014 be noted.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
25 November 2014

The following appendix is attached

Appendix 1 – Cardiff Council Treasury Management Performance Report

Appendix 2 – Mid-Year Treasury Management Report for 2014/15

**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**



CABINET: 20 NOVEMBER 2014

TREASURY MANAGEMENT MID-YEAR REPORT 2014-15

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 7

**PORTFOLIO: CORPORATE SERVICES AND PERFORMANCE
(COUNCILLOR GRAHAM HINCHEY)**

Annexes A&B to Appendix 1 to this report are not for publication as they contain exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

Reason for this Report

1. To inform Members of the Council's treasury management activities since 1 April 2014 and the position as at 30 September 2014.
2. The Report also recommends that the Council enters into a voluntary agreement to exit the current Finance Housing Subsidy system and recommends the approval of a delegation to the Director of Communities, Housing and Customer Services in consultation with the Corporate Director Resources and the Cabinet Member for Health, Housing and Social Care and the Cabinet Member for Corporate Services and Performance to conclude the appropriate detail within the voluntary agreement and sign on behalf of the Council.

Background

3. The Council's treasury management activities are governed by legislation and a Code of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) updated in 2011.

Issues

4. In the budget report of February 2010, Council adopted CIPFA's revised Treasury Management Code by formal acceptance of the Four Clauses of Treasury Management and Treasury Management Policy Statement as Council policy. In accordance with these policies, this report provides members with a mid year update of Treasury Management activities as at 30 September 2014. Council requires the scrutiny of the accounting,

audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Committee. The mid-year monitoring report is attached as Appendix 1 and is to be referred to Council on the 27 November 2014 after consideration by the Cabinet.

5. The report also provides an update to members on Housing Finance Reform and a move to self financing taken forward by the 11 stock retaining Welsh Local authorities, Welsh Government and Welsh Local Government Association (WLGA). A draft introductory guide to this reform is attached at Annexe D to Appendix 1 and explains the requirement to undertake additional borrowing to ensure we can exit the current subsidy system.
6. The recommendations to this report is that Council approve a delegation to the Director of Communities, Housing and Customer Services in consultation with the Corporate Director Resources and the Cabinet Member for Health, Housing and Social Care and the Cabinet Member for Corporate Services and Performance to enter into the voluntary agreement to exit the current Finance Housing Subsidy system . Attached for information is the Cabinet report of July 2014 which provides further detail in respect of the background, financial benefits and technical detail in respect of the new Local Housing Authority Self Financing Scheme and the voluntary agreement that all housing councils will need to enter into.

Reasons for Recommendations

7. Council policy requires the Treasury Management Mid Year Report 2014-15 update to be submitted to Council.
8. A delegation is required to enable the Council enter into the voluntary agreement to exit the subsidy system.

Legal Implications

9. No direct legal implications arise from this report.

Financial Implications

10. The Council's treasury management activities are undertaken in accordance with the policies adopted by Council and under professional codes of conduct established by CIPFA, the Welsh Government and the Interim Section 151 Officer as part of treasury management practices. This report is part of a suite of reports that members receive on the Council's treasury management activities during the course of a year. Whilst there are no direct financial implications arising from this report, the risks involved with treasury management are continuously reviewed in conjunction with the Council's treasury management advisors.
11. The Report also provides an update in respect of the current position on Housing Finance reform and recommends a delegation to allow the Council as a stock retaining authorities to exit the subsidy system. It

should be noted that the value of loans entered into to enable the Council to exit the subsidy system will be dependent upon the interest rates in being at the 31 March 2015.

RECOMMENDATION

Cabinet is recommend to agree that Council be recommended to

1. note the Treasury Management Mid Year Report 2014-15 (Appendix 1)
2. note the current position on Housing Finance reform to allow all 11 stock retaining authorities to exit the Subsidy system following acceptance of a voluntary agreement
3. enter into a voluntary agreement to exit the subsidy system and delegate authority to the Director of Communities, Housing and Customer Services in consultation with the Director Corporate Resources and the Cabinet Members for Health, Housing and Wellbeing and for Corporate Services and Performance to conclude the appropriate detail within the voluntary agreement and sign on behalf of the City of Cardiff Council.

CHRISTINE SALTER

Corporate Director
14 November 2014

The following Appendices are attached:-

- Appendix 1: Treasury Management Mid Year Report 2014-15:
Annexe A – Investments at 30 September 2014
Annexe B – Investment Charts at 30 September 2014
Annexe C – Maturity Analysis of borrowing as at 30 September 2014
Annexe D – Glossary of Treasury Management terms
Annexe E – Housing Revenue Account Reform – Self Financing in Wales – An Introductory Guide for Councillors

Appendix 2: 17 July 2014 Cabinet Housing Subsidy Reform Report

Annexes A&B to this Appendix are not for publication as they contain exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

Treasury Management Mid-Year Report 2014-15

The City of Cardiff Council



Introduction

- 1.1. Treasury management activities are the management of an organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.2. The Council carries out its treasury management activities in accordance with a code developed for public services in 2011 by the Chartered Institute of Public Finance and Accountancy (CIPFA) as well as Council approved policies and clauses adopted by Council in February 2010.
- 1.3. In accordance with these policies, this report provides members with a mid year update of Treasury Management activities as at 30 September 2014 and covers:-
 - the economic background to treasury activities
 - investments
 - borrowing
 - debt rescheduling
 - compliance with treasury limits and prudential indicators
 - other treasury management issues for 2014/15 primarily the additional borrowing to exit the Housing Subsidy System.
- 1.4. Annexe E includes a glossary which defines key terms used in this report. During 2014/15, Audit Committee has received a periodic update on the position and performance of Treasury Management. In addition Council received in September 2014 a report on the outturn position for Treasury Management for 2013/14.

Economic Background and Treasury Strategy Update

- 2.1 Economic forecasting remains difficult with so many external influences weighing on the UK. Growth is likely to continue through 2014 and into 2015 with forward surveys for the services and construction sectors encouraging and business investment also strongly recovering. However, for any recovery to become more balanced and sustainable in the longer term, the view is that there needs to be a move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods. Strong growth has resulted in unemployment falling much faster than expected and the Bank of England has therefore broadened its forward guidance by looking at a much wider range of economic indicators in determining interest rate decisions. Inflation has fallen sharply with the Consumer Prices Index (CPI) reaching 1.5% in May, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly near to 1%. The return to strong growth has also helped lower forecasts for the increase in Government debt however, monthly public sector deficit figures so far in 2014/15 have been higher than expected.

- 2.2 The following table gives the Council's treasury management advisors, latest forecast of bank rate and Public Works Loan Board (PWLB) borrowing rates: Overall, markets are expecting that the Bank of England will be cautious in raising Bank Rate as it will want to protect heavily indebted consumers at a time when inflationary pressures are also weak. A first increase in Bank Rate is therefore expected in the first or second quarter of 2015 with increases after that to be at a slow pace to lower levels that prevailed before 2008.

	Sep-14	Mar-15	Mar-16	Mar-17
Bank Rate	0.50%	0.75%	1.25%	2.00%
5yr PWLB rate	2.70%	2.80%	3.10%	3.50%
10yr PWLB rate	3.40%	3.60%	4.00%	4.30%
25yr PWLB rate	4.00%	4.20%	4.60%	4.90%
50yr PWLB rate	4.00%	4.20%	4.60%	4.90%

- 2.3 It can be seen from the table that the cost of borrowing is significantly in excess of the rates that are available from investments. Since the Treasury Strategy was approved in February, PWLB rates have moved in a narrow band, but with rates recently affected by geo-political events. Whilst such issues can have short term impacts on rates, the long term trend is for PWLB rates to rise due to the high volume of debt issuance in the UK.
- 2.4 Increased confidence in UK growth and higher inflation expectations and reversal of quantitative easing measures could result in increases in borrowing rates. Conversely re-emergence of problems in heavily indebted European economies, geopolitical risks such as in the Middle East and Eastern Europe, could result in safe haven flows back to the UK, reducing borrowing rates.

Investment

- 3.1 The management of the Council's cash flows may involve temporary lending of surplus funds to low risk counterparties or temporary borrowing pending receipt of income.
- 3.2 The Council's investment priorities are the security and then liquidity of its investments. The Council also aims to achieve the optimum return on its investments appropriate to these priorities.
- 3.3 The Council invests with financial institutions in accordance with criteria approved in the Treasury Strategy. The categories, names, periods and size limits on this list can be extended, varied or restricted at any time by the Corporate Director Resources under delegated powers. Based primarily on Fitch credit criteria and a number of other factors which the Council takes into account, lending to these institutions is subject to time and size limits and credit worthiness continues to be carefully monitored.

- 3.4 Given that bank rates are historically low, and the damping effect on interest rates that the Government's Funding for Lending Scheme has had on availability of cash to banks, rates of investment return remain low.
- 3.5 At the 30 September 2014, investments stood at £70.1 million. These temporary funds fluctuate daily and arise for a number of reasons, including the timing differences between the receipt of grant and other income and the utilisation of these funds on salaries and other operating costs. It includes the level of reserves, provisions, and other balances. It is also affected by the timing of borrowing and capital expenditure transactions. **Annexe A** shows with whom these investments were held as at 30 September 2014. These were all deemed recoverable.
- 3.6 A selection of performance indicators and benchmarking charts, is included in **Annexe B** as follows:-
- **Counterparty Exposure** displays actual investment against the maximum permitted directly with an organisation – This demonstrates that we are not exceeding any exposure limits.
 - **Remaining Maturity Profile of Investments.** This shows the duration of investments is spread and taking advantage of slightly higher rates for longer term investment up to one year where reasonable to do so.
 - **Investments by Institution.** This expresses the investments held with different institutions as a percentage of the total and shows diversification is achieved where possible.
 - **Geographic Spread of Investments** as determined by the country of origin of relevant organisations. All countries are rated AA and above as per our approved criteria, are licensed to take UK deposits and investments are in sterling only.
 - **Investments by Financial Sector.** The majority of investments continue to be with banks.
- 3.7 Whilst a difficult figure to forecast due to the uncertainty of the markets, cash flows and the number of variables that impact on the figure, the forecast level of interest receivable from treasury investments for 2014/15 is £340,000 as included in our current projections for capital financing in the Month 6 Budget Monitoring Report. The return achieved since the start of the year is 0.57% compared to the benchmark 7 day London Interbank Bid Rate (LIBID) of 0.35%.
- 3.8 The Council currently uses the Debt Management and Deposit Facility (DMADF) as a last resort if no alternative investment opportunities are available. The maximum rates available from the facility are 0.25%

Borrowing

- 4.1. Long term borrowing is undertaken to finance the Council's Capital Programme and the main sources of borrowing currently are the PWLB and the Money Markets.
- 4.2. At 30 September 2014, the Council had £471 million of external borrowing predominantly made up of fixed interest rate borrowing from the PWLB payable on maturity.

31-Mar-14			30-Sept-14	
£m	Rate (%)		£m	Rate (%)
420.7		Debt from : PWLB	418.7	
52.0		Market	52.0	
0.6		Other	0.6	
473.3	5.22	Total External Debt	471.3	5.23

- 4.3 PWLB loans of £6 million are scheduled to be repaid by the end of the financial year, accordingly if no further borrowing is undertaken, the value of external loans at 31 March 2015 will be £465 million. At the 31 March 2015, the Council's need to borrow for capital expenditure purposes, its Capital Financing Requirement (CFR) is currently forecast to be circa £507 million. As the Council borrows for capital expenditure, its CFR rises and as it sets aside money for the eventual repayment of such expenditure (Minimum Revenue Provision), the CFR falls. The level of CFR is dependant on a range of factors including progress in implementing the Capital Programme. The Council last took external borrowing in March 2014 and without any further borrowing this financial year internal borrowing could be £42 million.

- 4.4 The borrowing strategy outlined in the February 2014 budget report indicated that:-

Whilst investment rates remain lower than long term borrowing rates internal borrowing will be used to minimise short-term costs where possible. The forecast level of internal borrowing at 31 March 2014 as a percentage of the CFR is deemed manageable. However, based on the forecasts of future capital expenditure plans and high level analysis of the Council's balance sheet position for future years, internal temporary cash balances will be insufficient to meet the totality of cash requirements, thus external borrowing will be required to be undertaken in 2014/15 or towards the end of 2013/14.

- 4.5 Long term borrowing rates are significantly higher than investment income rates, which means that the cost of undertaking any new borrowing would have a negative impact on the revenue budget, accordingly no new borrowing has been undertaken to date. External borrowing may be deferred in order to minimise short term costs by using temporary cash balances to pay for capital expenditure however deferring borrowing is only a short term

measure and could expose the Council to higher borrowing rates and costs in the future.

- 4.6 Accordingly, it is proposed to take an element of the Council's borrowing requirement (up to £15 million) during the remainder of the financial year with timing of such determined by the Corporate Director Resources in conjunction with the Council's treasury advisors. This approach has been factored into the Month 6 revenue budget monitoring position, which shows a projected underspend due to deferring the timing of borrowing.
- 4.7 The Council sets aside money each year as a prudent provision for the repayment of historic capital expenditure incurred. This is in accordance with guidance issued by Welsh Government and the Policy approved by Council during the start of the year. An extract of the policy is shown below for information.
- *Historic expenditure prior to 1 April 2004 as well as subsequent supported borrowing approved by the WG is to be provided for at 4.5% on a reducing balance basis, rather than on a 25 year straight line basis. This is in excess of the WG requirement of 4%, but will continue to be reviewed for ongoing affordability.*
 - *Additional borrowing for a general increase in investment to balance the Capital Programme in a year is to be provided for on a straight line basis over the estimated average life of the assets created.*
 - *Any additional expenditure linked to specific schemes e.g. Invest to Save, SOP etc. is to be provided for on a straight line basis, or over the estimated useful life of assets being created or a shorter period as determined by the Section 151 Officer or suggested periods determined by WG as is the case with LGBI.*
 - *Additional borrowing undertaken within the HRA will be provided for on a straight line basis over the estimated useful life of assets being created or a shorter period as determined by the Section 151 Officer. Historic expenditure prior to 1 April 2004 is provided for at 2% in line with current regulations.*

Any change in the level, timing and method of provision in year is delegated to the Section 151 Officer after consideration of affordability and prudence.

Debt Rescheduling

- 5.1 No debt rescheduling or early repayment of debt has been undertaken during the year to date.
- 5.2 Annexe C shows the maturity profile of the Council's borrowing as at 31 October 2014. None of the Council's Market Loans, which are Lender Option Borrower Option Loans (LOBO's) had to be repaid during the first half of the year. However £24 million of the LOBO's are subject to the lender potentially requesting a change in the rate of interest payable every six months, which could trigger early repayment. These are shown in the table below.

£m	Potential Repayment Date	Option Frequency	Full Term Maturity
6	01/03/2015	6 months	23/05/2067
6	21/11/2014	6 months	21/11/2041
6	21/11/2014	6 months	21/11/2041
6	21/11/2014	6 months	23/05/2067
22	21/11/2015	5 years	23/11/2065
5	05/01/2018	5 years	17/01/2078

- 5.4 Unless the Council's LOBO's are required to be repaid early, very little debt matures within the next 10 years. While the maturity structure of borrowing remains within the Council's limits, the maturity profile chart highlights a potentially substantial refinancing risk in 2056/2057.
- 5.5 While interest rates remain relatively low, and the PWLB continue to charge penalty rates for early repayment of loans, restructuring of this debt would incur large premiums. A review of options during the year identified that in order to remove the spike, it would result in an initial premium payment of circa £53 million and does not represent financial value based on current interest rates. Opportunities to review are likely to be limited in the short to medium term. The Council has also considered opportunities to repay LOBO's early to reduce financing risk, however, again the premiums payable do not make this a financially viable option.

Compliance with treasury limits and prudential indicators

- 6.1 During the financial year to date, the Council has operated within the treasury limits and prudential indicators set out in the annual Treasury Management Strategy in February 2014.

Treasury Management issues for the Remainder of 2014/15

- 7.1 Various issues continue to be monitored closely including the credit worthiness of counterparties and the timing of new borrowing. In conjunction with the 11 other Welsh Stock retaining Local Authorities, the Welsh Local Government Association and Welsh Government, the Council continues to develop the strategy to allow Wales to exit from the Subsidy system from 1 April 2015
- 7.2 The new self-financing arrangements which will be in place from April 2015 will increase revenue year on year within the HRA for the eleven landlord authorities. In Cardiff's case, this is because the annual negative subsidy payment of c£15 million to the UK Treasury will be replaced from April 2015 by a payment of c £8million of interest charges on circa £190 million of loans from the Public Works Loan Board (PWLB) on a basket of loans.

- 7.3 The move to self financing offers the opportunity for Authorities to retain all income from the HRA and use their role as a landlord to help achieve their wider priorities and ambitions. These could include economic regeneration, improving health and well being, improving community safety and helping vulnerable people to live independently in the community.
- 7.4 Attached at Annexe D is an Introductory Guide prepared by the WLGA for Councillors on Housing Finance Reform.
- 7.5 Cabinet received a report in July 2014, which provided delegated authority to enter into the voluntary Housing Revenue Account self-financing agreement for the City of Cardiff Council to the Director of Communities, Housing and Customer Services in consultation with the Director of Resources and the Cabinet Member for Health, Housing and Social Care and the Cabinet Member for Corporate Services & Performance.
- 7.6 The treasury management implications of this will be factored into the Treasury Management Strategy for 2015/16 and Housing Business Plan to be reviewed by WG, however the paragraphs below update members on the proposals of Housing Finance reform and treasury management implications, by inclusion of a timeline.

July 2014

Report to Cabinet on response to WG consultation and financial implications. Delegated authority to enter into voluntary agreement

August 2014

WG Minister approves consultation outcome in line with approach recommended by all 11 authorities and WLGA

September 2014

Council to submit draft 30 year HRA business plan to WG confirming affordability of additional borrowing over a thirty year period and forming the basis of a bid for continuing receipt of Major Repair Allowance Grant

December 2014

WG to allocate share of £40 million interest payments to local authorities and a borrowing cap, based on their audited subsidy claims for 2013/14.

January 2015

To allow all authorities to exist from Subsidy system, City of Cardiff Council to sign Voluntary Agreement under delegated authority as outlined above and submit to WG

March 2015

Determine and take PWLB loans to meet settlement figure based on interest rates at 31 March 2015.

April 2015

Undertake all transactions to receive borrowed funds and transfer settlement funds to Welsh Government in accordance with the Voluntary Agreement.

Annexe A – Investments at 30 September 2014

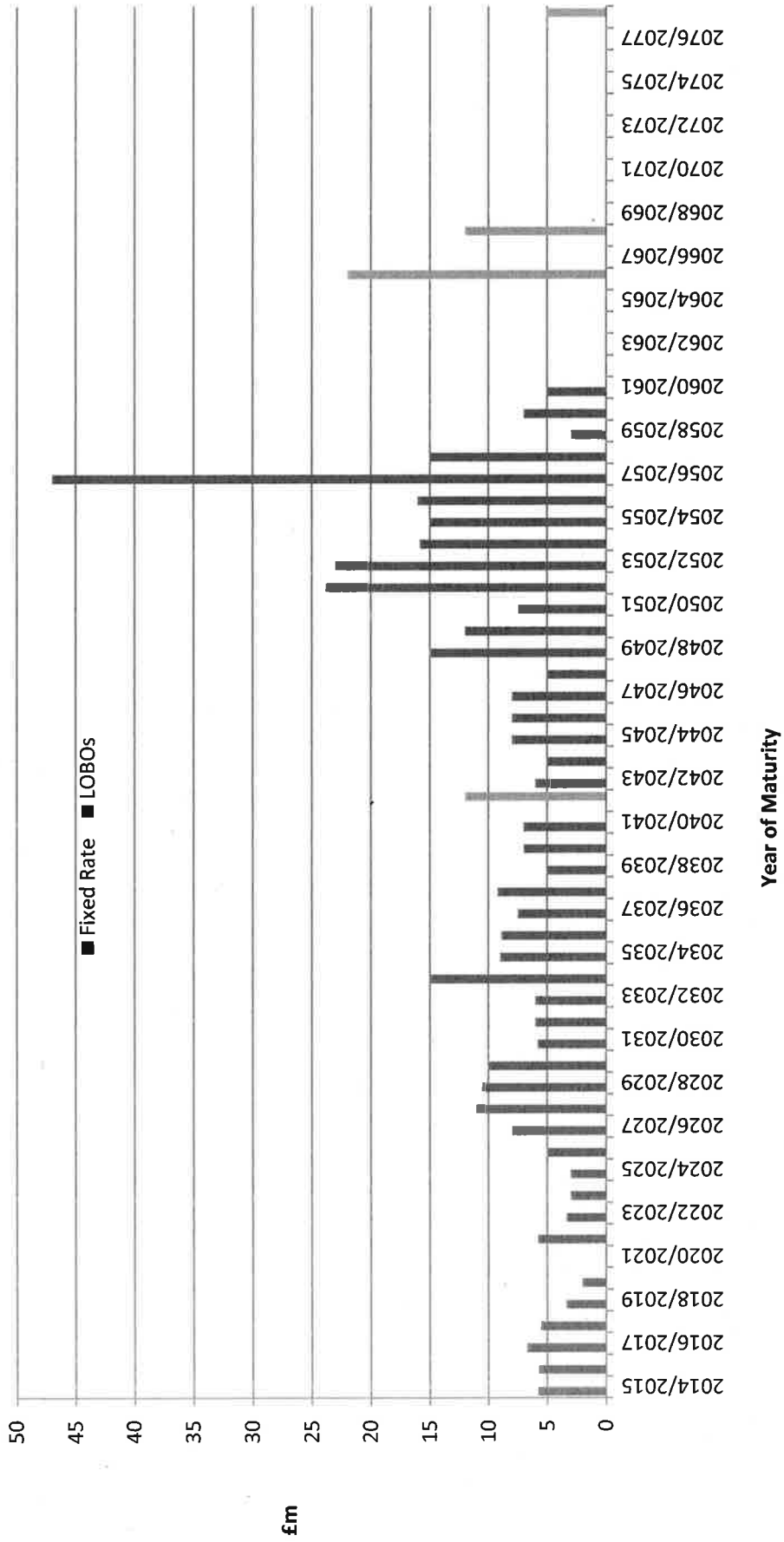
Annexe B – Investment Charts at 30 September 2014

Annexe C – Maturity Analysis of borrowing as at 30 September 2014

Annexe D – Glossary of Treasury Management terms

Annexe E – Housing Revenue Account Reform – Self Financing in Wales – An Introductory Guide for Councillors

Maturity Profile of Debt at 30 September 2014



Glossary of Terms - Treasury

Bank Rate

The rate of interest set by the Bank of England as a benchmark rate for British banks.

Borrowing

Loans taken out by the authority to pay for capital expenditure or for the prudent management of the Council's financial affairs, which are repayable with interest.

Counterparty

One of the parties involved in a financial transaction.

Credit Criteria

The parameters used as a starting point in considering with whom the council may place investments, aimed at ensuring the security of the sums invested.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation, or even a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan. Ratings usually consist of a long term, short term, viability and support indicators. The Fitch credit rating of F1 used by the Council is designated as "Highest Credit quality" and indicates the strongest capacity for timely payment of financial commitments.

Debt Management Account Deposit Facility (DMADF)

The Debt Management Office provides this service as part of its cash management operations and of a wider series of measures designed to improve local and central government's investment framework and cash management. The key objective of the DMADF is to provide users with a flexible and secure facility to supplement their existing range of investment options while saving interest costs for central government.

Debt Restructuring

Debt restructuring is a process that allows an organisation to reduce, renegotiate and undertake replacement debt.

Diversification of Investments

The process of creating a portfolio of different types of financial instruments with regard to type, price, risk issuer, maturity, etc. in order to reduce the overall risk of the portfolio as a whole.

Duration (Maturity)

The length of time between the issue of a security and the date on which it becomes payable.

External Borrowing

Money borrowed from outside of the Council.

Fitch Credit Ratings

A commercial organisation providing an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The opinion is usually provided in the form of a credit rating.

Fixed Rate

An interest rate that does not change over the life of a loan or other form of credit.

Internal Borrowing

Money borrowed from within the Council, sourced from temporary internal cash balances.

Investments

The purchase of financial assets in order to receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

Lender Option Borrower Option Loans (LOBOs)

Loans to the Council where the lender can request a change in the rate of interest payable by the Council at pre-defined dates and intervals. The Council at this point has the option to repay the loan.

Liquidity

The ability of the Council to meet its financial obligations as they fall due.

Market Loans

Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

Minimum Revenue Provision

This is the amount which must be charged to the authority's revenue account each year and set aside as provision for repaying external loans and meeting other credit liabilities. The prudent amount is determined in accordance with guidance issued by WG. This has the effect of reducing the Capital Financing Requirement (CFR).

Money Market Funds

An investment fund which pools the investments of numerous depositors, spreading those investments over a number of different products and counterparties.

Prudential Code for Capital Finance

The system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003 which allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and

that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

Public Works Loans Board (PWLB)

The Public Works Loans Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Security

Protecting investments from the risk of significant loss, either from a fall in value or from default of a counterparty.

Sovereign Credit Ratings

The credit rating of a country. It indicates the risk level of the investing environment of a country, taking into account political risk and other factors.

Specified Investments

A term defined in WG investment regulations, referring to any investments for less than one year, in sterling, and where the principal sum to be repaid at maturity is the same as the principal sum invested. An investment not meeting the above criteria would be termed a Non-specified investment

Sterling

The monetary unit of the United Kingdom (the British pound).

Term Deposits

A term deposit is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time.

UK Government Gilts

Fixed-interest debt securities issued or secured by the British Government. Gilts are always denominated in sterling though the Government occasionally also issues instruments in other currencies in the Eurobond market or elsewhere.

Variable Rate

An interest rate that changes periodically in line with market rates.

Yield

The annual rate of return paid out on an investment in securities, expressed as a percentage of the current market price of the relevant securities.



WLGA • CLILC



Llywodraeth Cymru
Welsh Government

Housing Revenue Account Reform: Self-Financing in Wales

Introductory Guide for Councillors

November 2014

Contact

Welsh Local Government Association

The WLGA's primary purposes are to promote a better local government, its reputation and to support authorities in the development of policies and priorities which will improve public service and democracy.

It represents the 22 local authorities in Wales with the 3 fire and rescue authorities and 3 national park authorities as associate members.

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Table of Contents		Page
1.	Introduction	5
2.	Outline of the HRA Subsidy System	7
3.	Overview of the HRA Reform in Wales	8
3.1	The settlement	8
3.2	Distribution of the settlement figure	9
3.3	The borrowing cap	9
3.4	Distribution of the borrowing cap	10
3.5	Legislative Changes	12
4.	Introduction of the new self-financing arrangements	14
4.1	The HRAS Reform Project	14
4.2	Timetable for the introduction of the new arrangements 2014-15	14
5.	Preparing for the introduction of self-financing in your authority	16
5.1	Putting the self-financing project team and action plan in place	16
5.2	Resources for the introduction of self-financing	17
5.3	The self-financing housing business plan	18
5.4	Governance Arrangements	19
5.5	The Treasury Management strategy	20
5.6	The HRA Asset Management strategy	21
5.7	The HRA Risk Management Strategy	22
5.8	Investment priorities	23
5.9	Housing services efficiencies	25
5.10	The New Rent Policy	25
5.11	Service Charges	26
5.12	Tenant Engagement Strategy	26

6.	Checklist of Key Decisions	27
7.	Overview of the Experience of Self-Financing in England	29
	Appendix 1: Illustrative figures for distribution of the settlement	30
	Appendix 2: Illustrative figures for the preferred option for distribution of the borrowing Headroom	31
	Appendix 3: Welsh Government consultation paper on the distribution options May 2014	32
	Appendix 4: Minister's decision on distribution of the settlement and borrowing cap, and flexibility arrangements	50
	Appendix 5: The latest available Draft figures for Limit on Indebtedness	51
	References	52

Introduction

Bringing the HRA subsidy system to an end in Wales, particularly the annual payment from Wales to HM Treasury of over £70 million, has been a goal of the WLGA, the Welsh Government and landlord Local Authorities for many years, and something that the WLGA has consistently lobbied for.

After lengthy negotiations the Welsh Government and HM Treasury have reached an agreement that will allow the eleven Authorities in Wales with council housing stock to exit from the Housing Revenue Account (HRA) subsidy system and become self-financing from April 2015.

The agreement has two parts; firstly authorities will be required to buy their way out of the current HRA subsidy system with payment of a one off settlement figure to HM Treasury, and secondly Authorities will be subject to a cap on HRA borrowing.

The introduction of self financing from April 2015 will give authorities the

resources, incentives and opportunity to provide good quality, well managed council homes and plan for the long term with certainty.

Authorities will be able to:

- accelerate Welsh Housing Quality Standard (WHQS) work, to ensure achievement by 2020, and sustain it into the future
- increase investment in existing homes and in regenerating neighbourhoods over the short, medium and longer term
- ensure tenants benefit from more efficient and effective housing services
- increase the supply of new affordable homes
- increase investment in a range of other local priorities which could include increasing the energy efficiency of council homes, estate regeneration, remodelling general needs or sheltered housing, and purchase of existing homes to increase supply

- take a much longer term and business - like view of the housing stock and associated assets such as garages, commercial properties and land
- create jobs and training opportunities, and increase investment in the local economy

This short guide is intended to help councillors and others understand the main principles of the reform of the HRA Subsidy system, the opportunities that self financing offers and the preparations needed to ensure the Authority is ready for self financing in April 2015.

The new self-financing arrangements which will be in place from April 2015 will increase revenue year on year for the eleven landlord authorities. This is because the annual negative subsidy payment of £73m from the eleven landlord Authorities in Wales to the HM UK Treasury will be replaced from April 2015 by an payment of £40million of interest charges on loans from the Public Works Loan Board (PWLB).

The move to self financing offers the opportunity for Authorities to use their role as a landlord to help achieve their wider priorities and ambitions within the context of the ring-fenced HRA. These could include economic regeneration, improving health and well being, improving community safety and helping vulnerable people to live independently in the community.

2. A Brief Outline of the Housing Revenue Account subsidy system

The Housing Revenue Account (HRA) subsidy system which will come to an end in Wales on 31st March 2015 2015 was originally designed as a national pooling system for council rents in England and Wales.

Allowances for management and maintenance to council homes were originally set by national Government and if rents exceeded allowances, authorities paid into the 'pool' (called negative subsidy), and vice versa where allowances were greater than rents.

The subsidy system has resulted in every Welsh landlord Authority paying 'negative subsidy' each year to the UK Treasury which totals £73m. This has diverted rental income away from investment in homes and has under funded council housing over many years. The subsidy system also offers no incentives to landlord Authorities to make services more efficient or to ensure that rents and service charges fully cover costs,

as any increase in revenue merely increases the negative subsidy payments to the UK Treasury.

The annually determined allowances of the HRA subsidy system are also unpredictable and volatile and have prevented authorities from being able to plan for the long term with any certainty.

3. Overview of HRA Reform in Wales

In July 2013 the UK Government and the Welsh Government reached agreement on the terms under which Authorities with housing stock in Wales could exit from the HRA subsidy system and become self financing. The agreement requires authorities to buy their way out of the HRA Subsidy system through a one off payment that is referred to as the 'settlement figure'. The agreement also imposes a limit on HRA borrowing.

The move to self-financing in April 2015 will mean that Authorities for the first time be in a position where they can support their landlord activities from their own income. In addition Authorities can to continue to apply for Major Repairs Allowance (MRA). This is an annual capital grant from the Welsh Government to Authorities with housing stock. Only authorities that submit an 'acceptable' business plan to Welsh Government which demonstrates that WHQS will be achieved by 2020 can receive MRA. There are no current proposals to change the MRA arrangements.

Self-financing Authorities must continue to maintain a statutory, ring fenced Housing Revenue Account and to account for income and expenditure on council housing separately from Council Fund income and expenditure.

3.1 The Settlement figure

The eleven landlord Authorities currently make annual HRA negative subsidy payments to the HM Treasury. The settlement will effectively buy Authorities out of the requirement to make these payments from April 2015.

HM Treasury requires that the settlement is 'fiscally neutral over the long term'. This will require the eleven Authorities to take out loans from the Public Works Loans Board (PWLB) to fund their share of the settlement figure. Under the terms of the agreement with the Treasury the agreed £40million interest will be converted to a total settlement value using the PWLB 30 year maturity rate.

The settlement figure has been estimated to be £920 million, but the precise figure will depend on the interest rate for PWLB loans on 31 March 2015 when the loans are requested.

These new arrangements will increase HRA resources for every Authority as the annual negative subsidy payments which currently total £73 million for the eleven Authorities will be replaced with £40 million of interest payments on PWLB loans. After Minimum Revenue Provision (MRP) payments (estimated to be 2%) are taken into account, the eleven Authorities are expected to be better off each year.

3.2 Distribution of the settlement figure between Authorities

HM Treasury has agreed that the distribution of the aggregate settlement figure of approximately £920 million between the eleven authorities is a decision for Welsh Ministers. There is broad consensus that the distribution of the settlement should not result in any Authority being worse off and following consultation with the eleven authorities on distribution of the settlement figure the former Minister for Housing and Regeneration agreed that it will be distributed between the eleven authorities so all benefit by an equal percentage of their current negative subsidy payment. At a WLGA HRA Reform seminar and a subsequent meeting of the

WLGA Co-ordinating Committee in May 2014, all eleven authorities supported this approach. A table of illustrative figures is included in Appendix 1.

3.3 Borrowing Cap

The HRA exit agreement with HM Treasury will impose an aggregate HRA borrowing cap of £1.85 billion on the eleven Authorities in Wales. This figure is based on the planned borrowing that Authorities included in the housing business plans submitted to Welsh Government with their applications for Major Repairs Allowance (MRA) in December 2012-13.

The HRA borrowing limit of £1.85 billion includes existing borrowing, investment to bring council owned homes up to WHQS by 2020 and the cost of the settlement figure. Some Authorities also included plans to build new homes.

The remaining borrowing headroom of approximately £112 million will be available to fund local investment priorities, for example new build, regeneration, remodelling of existing homes or improvement of housing services.

HM Treasury has agreed that the settlement value is a component part of the borrowing cap calculation. Therefore the £1.85 billion will change to reflect the final settlement value.

The illustrative figures below indicate the borrowing that, at the point in times of the consultation, would be included within the borrowing cap of £1.85 billion.

- Existing HRA borrowing by authorities **£460 m**
 - Estimated borrowing required to bring all council owned homes up to WHQS by 2020 **£358 m**
 - Estimated borrowing for the cost of the settlement with HM Treasury **£920 m**
 - Borrowing capacity remaining for other HRA priorities for example New build, regeneration and re modelling **£112 m**
- TOTAL £1.85 Billion**

The figures above are illustrative and relate to the time of the consultation. These will be revised to reflect the PWLB interest on 31 March 2015 which is the

day that the final settlement value will be known.

Appendix 5 provides the latest draft figures for the breakdown of the Limit on Indebtedness (usually referred to within this document as the "borrowing cap").

3.4 Distribution of the Borrowing Cap

HM Treasury has also agreed that Welsh Ministers can decide how the borrowing cap is distributed between Authorities in Wales. The UK Government is in the process of passing the necessary legislation to make this possible.

As the figures above illustrate, most of the borrowing capacity will be taken up by existing borrowing, borrowing required to bring all stock up to WHQS by 2020 and the settlement figure. This leaves approximately £112 million of borrowing headroom to be distributed to Authorities for other HRA investment priorities.

The WLGA and representatives from the eleven authorities have worked with the Welsh Government to identify credible distribution options for the borrowing capacity and three options were included

in the Welsh Government consultation paper (Appendix 3).

The three distribution options for the £112 million of borrowing capacity were considered at a WLGA HRA Reform seminar in May 2014, and subsequently at the WLGA co-ordinating committee. The WLGA agreed to support option 3, (see Appendix 2), as this is the distribution option that all eleven authorities could 'live with', although not necessarily the preferred option for some.

This option distributes some borrowing capacity to every authority, with a greater amount being allocated to those authorities that indicated a need for borrowing for new build in their housing 2012-13 business plans.

The WLGA co-ordinating committee also endorsed the prioritisation of borrowing required to achieve WHQS, but rejected the Welsh Government proposal to hold back £5million of borrowing capacity as a contingency. This was on the basis that the maximum level of borrowing capacity should be distributed to authorities to achieve the shared objectives of improving the quality of council housing and increasing supply.

In August 2014 the former Minister confirmed that the borrowing headroom would be distributed to the eleven authorities using the approach that all eleven authorities could 'live with' (Illustrative figures are included in Appendix 2), and no contingency sum would be held by the Welsh Government.

As part of the Welsh Government consultation on the new arrangements, all eleven Authorities supported the need for flexibility in the distribution of the borrowing capacity. The eleven authorities proposed that Authorities which do not wish to use all their borrowing capacity in the short or medium term are able to trade their capacity to borrow for a fixed period of time with another Authority that has reached its borrowing cap for a fixed period of time, to allow the borrowing cap to be used most effectively. Authorities did not support a 'use it or lose it' approach to redistribution of borrowing capacity by Welsh Government.

The former Minister agreed that the Welsh Government will not impose any sanctions or put in place any 'use it or

lose it' arrangements in relation to the borrowing headroom, with a review of arrangements in 2018/19. The former Minister also asked the Project Steering Group to consider the details of how the Welsh Government could facilitate the trading or swapping of borrowing headroom. A letter from the former Minister for Housing and Regeneration announcing his decision on the distribution of the settlement value and borrowing cap, and flexibility arrangements is attached at Appendix 4.

The borrowing capacity distributed to each stock retaining authority represents a limit to the Authority's HRA borrowing over the coming 30 years. The extent to which Authorities wish to use some or all of their borrowing capacity will depend on whether it is affordable (i.e. whether revenue is able to support interest payments), and on local priorities.

Over the medium to long term it is expected that authorities will be in a position to create their own additional borrowing headroom by paying off existing debt.

Imposition of an HRA borrowing cap on Welsh Authorities requires UK Government legislation and this is being put in place via the Wales Bill which is progressing through the UK Parliamentary process. However it is uncertain whether the legislation and necessary arrangements will be in place before April 2015. This will make it necessary for the eleven authorities to sign individual voluntary agreements with Welsh Government, agreeing to their individual borrowing cap.

The voluntary agreements must be signed by all eleven authorities otherwise HM Treasury will not allow authorities to exit and the duty for each authority to pay negative HRAS will remain until the Wales Act comes into force.

3.5 Legislative Changes in the UK and Wales

Exit from the HRA subsidy system requires changes to both UK and Welsh legislation.

Changes to Welsh legislation are included in part 4 of the Housing (Wales) Act 2014. The Act also places a statutory duty on landlord Local Authorities to bring their stock up to the Welsh Housing

Quality Standard by 2020. It also includes new powers of entry, inspection and intervention if Authorities fail to meet the standard. The Act also includes new powers for Welsh Ministers to set standards for rents and service charges which relate to homes provided by the authority. Local Authorities will be required to comply with the standards.

Part 5 of the Housing (Wales) Act 2014 makes the legislative changes needed to introduce self financing in Wales and gives powers to Welsh Ministers to decide on the distribution of the settlement figure between Authorities.

Ministers also have new powers to set the timescales and processes that Authorities will need to follow in order to exit from the HRAS system and to require Authorities to respond to requests for information in relation to the HRA.

Changes to UK legislation are required to impose the borrowing cap on authorities in Wales. The Wales Bill was introduced in March 2014 and includes provision for UK Ministers to set the maximum amount of housing debt that can be held in aggregate by authorities with housing stock in Wales. It also allows Welsh

Ministers to determine the amount of housing debt to be held by individual housing authorities.

terms of the exit from the HRA subsidy system.

The purpose of the project is to develop the new self-financing arrangements in Wales and support implementation of the changes at a local level.

A steering group and four work-streams have been formed with the involvement of officials from all eleven authorities with housing stock, along with Welsh Government, WLGA, Welsh Tenants, Wales Audit Office and CIPFA.

4. Introduction of the new self-financing arrangements

4.1 The HRAS Reform Project

The Welsh Government established an HRAS Reform Project in February 2014 following the agreement between Welsh Government and the UK Treasury on the

4.2 Timetable for the introduction of new national arrangements

The HRAS Reform project has identified a number of key milestones for the introduction of the new national arrangements. These are included in the table below along with approximate dates

HRAS Reform Milestones	Estimated Dates
The Welsh Government Consultation on the distribution of the settlement value and borrowing cap ended	10 th July 2014
Welsh Government issued interim business planning guidance which includes agreed way forward on key accounting matters of interest charges, minimum revenue provision (MRP) & capital receipts	15 th August 2014
Welsh Minister confirms his decision on the distribution of the	15 th August 2014

settlement and the borrowing cap, as well as the flexibility arrangements	
Housing (Wales) Act gains royal assent, and introduces powers for Welsh Ministers to introduce the new self-financing arrangements and a new Local Government duty to comply with standards for Rents, Service Charges and Quality of Accommodation.	17 th September 2014
Authorities develop first draft of their self financing business plans for submission by 29th September 2014	July – September 2014
Welsh Government engages with Authorities on the draft voluntary agreement	October 2014
Welsh Government issues the new policy for social housing rents and tables, including target rent bands for implementation by authorities in 2015/16	End October 2014
Welsh Government issues final Housing Revenue Account (HRA) Business Planning Guidance for self financing	end November 2014
Authorities to ensure that the Audited Final HRAS Claim for 2013/14 is agreed and signed off by Wales Audit Office, or their contracted Auditor, and submitted to Welsh Government by the absolute deadline of 28 November 2014.	November 2014
Welsh Government issues final version of the voluntary agreement	December 2014
Welsh Government issues the draft settlement determination for consultation	December 2014
Authorities apply for MRA and submit final version of their HRA business plan	7 January 2015
Authorities consider the impact of borrowing for self financing on the HRA budget and Treasury Management strategy and obtain delegated approval to sign voluntary agreement	October 2014 – mid January 2015
Authorities to sign the voluntary agreement	19 January 2015
Welsh Government converts the £40m of interest payments	31st March 2015

into the settlement figure and issues the Settlement Determination to authorities.	
Authorities to request loans from PWLB	31 st March 2015
New national rent policy is introduced	1 st April 2015
Authorities pay their proportion of the settlement figure to Welsh Government.	2 nd April 2015
If all eleven Authorities have made their settlement payment, self financing is introduced	2 nd April 2015

5. Preparing for the introduction of Self-Financing in your Authority

The move to self-financing in April 2015 will bring a fundamental change to the funding regime for council housing in Wales. The new arrangements will offer opportunities to improve council owned homes and landlord services if the Authority actively manages the risks and use the freedoms and opportunities self financing offers.

From the start Authorities will have an increase in retained revenue to invest in housing services and in improving homes and neighbourhoods. There will also be opportunities and incentives to increase revenue from efficiencies and increase investment in local priorities such as regeneration. Preparing for self-financing

and putting the right policies and processes in place for April 2015 is therefore extremely important.

It will be necessary to make some changes to the way in which the Authority undertakes the landlord role. Some current strategies, policies and processes will need to be reviewed and adjusted, and some will need to be developed for the first time.

Many of the new self-financing arrangements in Wales such as new accounting practices are being put in place, but it is inevitable that some minor uncertainties will remain up until the end of March 2015. There is a great deal to do and it is important that these uncertainties do not unnecessarily delay preparations.

5.1 Putting the Self-Financing Project team in place

Every landlord Authority will need to co-ordinate a significant programme of work in order to put the new arrangements in place by April 2015.

The most effective way of doing this is to establish a project team that includes key authority officers responsible for housing services, housing strategy, accounting, treasury management and asset management. Leadership from a senior officer, your Chief Executive or portfolio leader is important. This may already be in place in your Authority.

A project work plan will be needed which identifies tasks, responsibility and timescales, and ensures that the necessary key political decisions are made at the appropriate time. There is a significant level of interdependency in many of the necessary changes and although some activities can be undertaken by individual departments, many will need the involvement of the whole project team.

The work plan will need to consider the key areas listed in this section (Section 5). Some policies and procedures may only need a change in emphasis, while others may need more fundamental revision. A detailed checklist of all of actions Authorities need to take to be ready for self financing is available on the WLGA website [HERE](#).

5.2 Resources needed for Self-Financing

In the past the HRA subsidy system has limited the freedom of the authority to proactively plan and undertake the landlord role. It has also limited the risks to the Authority. Making full use of the opportunities and managing the risks will require capacity and resources.

While the HRA subsidy system will be coming to an end, the Housing Revenue Account which is the landlord account and ring fenced under primary legislation will remain in place.

After April 2015 self-financed council housing will need to operate much more like a housing association and be more

integrated with the wider corporate strategic planning. The HRA will remain ring fenced, but there will be opportunities for council housing and landlord services to address wider corporate priorities including jobs growth, economic regeneration and increasing the supply of affordable housing within the legislative framework.

It is important that the preparations for self-financing and the Authority's future landlord activities have the expertise and staffing resources to ensure that opportunities are fully exploited and any risks mitigated.

The settlement will result in an increase in retained HRA resources for every landlord Authority from April 2015. This will allow authorities to improve the quality of homes and housing services, and increasing staffing resources will play an important role in achieving these improvements and efficiencies.

5.3 The Self-Financing HRA Business Plan

In essence the business plan is a financial model of income, expenditure and debt for the next 30 years, with more detailed

modelling for the first 5 years. It provides a strategic planning framework and will be much more central to financial and service planning, monitoring progress and managing risk when self-financing is introduced.

The self-financing HRA business plan will need to be much more actively managed by the authority, rather than passively reported as might have been the case under the HRA subsidy system.

It has a key role as:

- A management tool to financially manage landlord services
- A source of financial advice to assist with planning
- A key aspect of the Authority's strategic housing role
- A tool to inform, and be informed by the asset management strategy
- A management tool for performance and accountability to tenants, the authority and other key stakeholders
- Incorporates HRA investment priorities and the balance between them

Whatever the format of the document, the housing business plan should focus

on the next five year period, within a wider 30 year context. Members will need to be able to approve plans for the next five years, in the context of costs being covered over 30 years. The benefits of a detailed five year plan will be in delivering predictable resources over the medium term, enabling better planning and procurement and more certainty for tenants and residents on what investment is going where and when.

Self-financing will provide a much more stable financial environment for council housing and the business plan will be able to provide much better reassurance about the long term financial viability of the authority's landlord activities. Generally, there will also be more revenue available for investment from three sources:

- negative subsidies of £73m will end and be exchanged for £40m of interest payments on PWLB loans
- authorities will keep all future rental income, rather than a proportion going to HM Treasury in negative subsidy

- Authorities will be able to retain the benefit of more efficient services

5.4 Governance arrangements

Authorities will need to consider whether the current governance arrangements for the HRA will need to be strengthened to respond to the significant changes that self-financing will bring.

For example authorities may wish to consider whether it is appropriate to designate a small group of members to sit as a Strategic Panel or 'Board' to oversee the HRA business plan and recommend it for approval to cabinet/executive and the council.

Tenants are key stakeholders of the authority's self financing housing activities as they will provide the primary source of revenue. It is important that they are involved in some way in scrutinising the business plan.

There are a number of options including the involvement of tenant representatives as members of a HRA Strategic Board, as members of an expert tenant panel or as members of the authority's scrutiny

committee. Tenants can make a valuable contribution to effective scrutiny, and support will be needed to help to build the necessary knowledge, skills and capacity.

The move to self-financing in April 2015 will not mean that the HRA is less accountable to the Authority and Elected Members. The council will continue to be responsible for ensuring that:

- the HRA remains viable and is able to service and repay HRA debt
- all council homes are brought up to WHQS by 2020 and are maintained at that standard. This will be a statutory duty from April 2015
- services are provided to tenants and leaseholders in an appropriate way and to an agreed standard
- complying with legislation including the new rent and service charge standards
- the statutory ring fencing of the HRA is maintained thus ensuring that tenant's rents are not used to support activities that should be

funded by the Council Fund and vice versa

Authorities may wish to review the effectiveness of current scrutiny arrangements, particularly in the early years of self-financing. Many authorities are currently expanding the remit of their scrutiny panels and consideration may need to be given to setting up specific scrutiny arrangements which focus on the HRA.

The monitoring arrangements for the HRA will also need to be reviewed in recognition of the potential for higher levels of risk involved in self-financing. For example monitoring might need to taken place on a quarterly or monthly basis in the early years.

The process of developing and reviewing the business plan may also need to be reviewed and consideration given to a more formal approach to engaging with tenants, leaseholders, council services and Elected Members.

5.5 The Treasury Management Strategy

The Authority will already have a treasury management strategy which is agreed

annually by full council as part of the budget setting processes. The move to self-financing will require some changes to be incorporated within the strategy, including borrowing to fund the Authority's share of the settlement figure and any additional borrowing for WHQS and other priorities. Authorities are required by the HRA exit agreement with HM Treasury to take out PWLB loans to fund the settlement figure, but will have freedom to decide where to source any additional HRA borrowing.

An aggregate cap of £1.85 billion on HRA borrowing has been imposed on authorities by HM Treasury. Following consultation with the eleven Authorities and the WLGA the Welsh Government has agreed how to distribute the borrowing capacity between the eleven Authorities. The cap includes existing borrowing, the borrowing required for any future WHQS work, the settlement figure and for local priorities such as new build and regeneration.

Decisions on HRA debt including how it is funded and investments are the responsibility of the Authority. It is very important that the debt is affordable and the debt portfolio actively managed. The

HRAS reform steering group is currently considering options for how Authorities should deal with debt (whether Authorities should pool or separate HRA debt and Council Fund debt) under the new self-financing arrangements. Welsh Government guidance will be made available on de-pooling options.

A central theme of all self-financing business plans is the way in which the debt profile moves over time. For a majority of authorities, income exceeds the need to spend over the long term and if desired, debt can be brought down to zero within 30 years. Self-financing debt requires management but does not necessarily require repayment because income rises over time, and will continue to rise if the housing stock is maintained.

Often business plan models are set to reduce debt when possible so as to indicate the viability of the plan. If debt can be reduced to zero within 30 years, this makes a plan viable. Practically however, the business plan will be continually refreshed and several versions developed during the 30 years. In reality therefore, the approach to debt management needs to be flexible enough

to cope with changes to the plan over time.

5.6 HRA Asset Management Strategy

The HRA asset management strategy is the foundation of the self-financing business plan. Authorities will already have a corporate asset management strategy and an asset based investment programme for achieving WHQS. It is important that the self-financing HRA asset management strategy is proactive and includes a focus on land and commercial assets of the HRA, as well as the housing stock.

Reasonably good information is available in every authority on the condition of the housing stock which is based on stock condition surveys. This provides a useful basis for a self-financing asset management strategy.

Information on commercial properties, garages and land may not be so comprehensive and may need to be added. The HRA asset management strategy for self financing must be based on a good understanding of all of the assets (land, homes and other buildings)

and support a comprehensive, strategic, long term approach to investing in and fully utilising all the HRA assets.

The strategy will need to set out the long term plans for investing in and renewing the asset base, analysed into the different categories of assets and the Authority's long term strategy. For example:

- these homes will be refurbished to x standard and maintained over 30 years
- these homes will result in a net cost over the longer term and will be redeveloped when major improvements are due
- these homes have a very significant backlog of disrepair and improvement is not economically viable
- these are sheltered housing schemes which require remodelling to extra care schemes
- this HRA land is not in an area of housing demand and could be appropriated from the HRA to the

Council Fund and vice versa (subject to legal consent) for land in areas where there is high housing demand

- this HRA land is in an area of high housing demand and can be used to develop new homes

The strategy will also need to link closely with a wide range of other policies and strategies including property and service standards, investment priorities and treasury management.

5.7 Risk Management Strategy

Self-financing will lead to many changes including the transfer of risk from the national subsidy system to the Authority.

In future the housing business will more closely resemble the finances of a housing association with very similar associated risks. The Authority will therefore need to have similar risk management strategies in place. These will need to be robust enough to ensure the HRA business plan can be delivered without any unforeseen costs to the General Fund.

Key areas of risk will be interest rates, inflation, performance and income recovery. A very high proportion of these risks can be managed and mitigated through effective monitoring and basic good management of services and agreed policies and procedures.

Some UK Government policies will also present some potential for risk, particularly the welfare reforms. Authorities are already undertaking work to support tenants who are adversely affected by welfare reforms and further work may be needed in preparation for the introduction of Universal Credit to mitigate the risks to the income stream of the Authority.

In relation to the impact of the right to buy, Authorities have the power to suspend the right to buy for 5 years, subject to consent of Welsh Ministers, and this may be an area for consideration in the new context of self financing and council building.

It is important to recognise that operating a self-financing business plan can never be risk free and innovation will sometimes require risks to be taken. The

key is to ensure that the risks are understood and mitigating action taken.

are likely to be different in different authorities:

5.8 Investment priorities

The first priority for investment should be bringing existing council homes up to Welsh Housing Quality Standard (WHQS) and maintaining the standard. This will require authorities to make assumptions, based on good information about the housing stock, about the long term renewal needs of the existing housing stock and other assets.

A growing number of Authorities will achieve WHQS in the lead up to 2020 and there will opportunities to use revenue or borrowing to invest in other HRA priorities. Decisions will therefore need to be taken on what the Authorities' future investment priorities will be. It will be important that council tenants are involved in discussions about future priorities.

If it is well managed the self-financing HRA will generate a steady increase in revenue over time. Broadly, there are four ways councils can target additional investment and the balance of priorities

- ***Accelerating or increasing levels of refurbishment***

If the council's houses have not yet been brought up to WHQS, the Authority could decide to accelerate the refurbishment programme so the standard is reached sooner. Consideration could also be given to bringing properties up to a higher standard, for example with higher levels of energy efficiency.

- ***Investing in Services***

Authorities could decide to improve or enhance housing services for their tenants. This could involve enhancing current service standards, for example repair response times. It could also include providing additional services to address the impact of welfare reform and cut backs or closure of public services, for example providing debt and benefits advice or assisting to tenants who are downsizing.

The Authority will need to consider where to strike the balance between improving service standards for existing tenants on one hand, and on investing in additional

housing supply or regeneration to meet housing need in the wider community. Both types of investment are legitimate investments for the ring fenced HRA

- ***Regenerating estates***

The term regeneration is used here to describe any investment to address difficult or challenging stock or estates and replace or redevelop it with new or different housing. For example this might include demolition and redevelopment of obsolete stock or remodelling general needs housing or sheltered housing.

The Authority may also wish to consider environmental improvements that enhance council owned estates.

Self financing will offer opportunities to bring forward schemes that would have been difficult to fund under the HRA subsidy system but Authorities still need to be mindful of the ring fenced HRA.

- ***Increasing the supply of affordable homes***

A significant number of the eleven landlord authorities have indicated an interest in building new homes in the future, be that on small infill sites or more extensive developments.

Development could take place on HRA owned land or on land appropriated from the Council Fund.

There may also be opportunities to acquire existing properties in poor condition (for example Right to Buy properties) and improve them to provide affordable homes.

5.9 Housing Service Efficiencies

Self-financing from April 2015 will ensure that Authorities can invest all their HRA revenue in landlord activities. This will mean that any revenue from service efficiencies, for example in reduced void periods, reductions in rent arrears or more efficient procurement can be retained and used to increase investment in homes and services.

Service standards may already be in place, but the Authority may wish to review these in the context of self financing. An important aspect of operating a successful and accountable self financing HRA will be to set and monitor performance standards across a wide range of the landlord's services. This

will support service improvement and help to improve efficiency.

5.10 The New Rent Policy

The Housing (Wales) Act 2014 introduces new powers for Welsh Ministers to set a rent standard and to issue guidance which amplifies the standard. The Welsh Government will work collaboratively with the Local Authorities and Housing Associations to develop the rent standard and guidance.

The Welsh Government issued a new policy for social housing rents which was introduced for Housing Associations in April 2014 and will apply to Local Authorities from April 2015. It is expected that this rent policy will become the guidance on the rent standard. The policy will set a target rent band for each Authority and if the **average** weekly rent (excluding service charges) is below the target rent, the authority will have to increase **average** rents, and if the **average** is above the target rent, **average** rents will increase at a lower rate. Authorities will be responsible for setting the rents of individual properties.

If an Authority needs to increase their average weekly rent so that it falls within

the target rent band, transitional protection for tenants will apply so the rent for an individual tenant cannot be increased by more than £2 per week, in addition to the agreed annual rate of rent increases for the sector as a whole.

Between 2015-16 and 2018-19 the maximum increase for any individual tenant is limited to CPI + 1.5% plus £2 per week.

When authorities become self-financing, rental income and the local rent setting policy will be a major factor in the viability of the business plan. As from April 2015 all rental income will be retained by the Authority and used to fund expenditure, service debt and create borrowing headroom for investment in homes and services. Limiting rent increases will restrict the improvements that can be made to homes and services.

A decision on rent increases in any one year will not only affect financial viability of the business for that year, it will continue to affect viability in the long term as well.

5.11 Service Charges

The Housing (Wales) Act 2014 introduces new powers for Welsh Ministers to set a service charge standard and to issue

guidance which amplifies the standard. The Welsh Government will work collaboratively with the Local Authorities and Housing Associations to develop the service charge standard and guidance.

Every landlord authority provides some additional services for their tenants and leaseholders, whether this is grass cutting, CCTV or lighting to communal areas. Until recently most Local Authorities have pooled service charges and often paid for services out of rental income. This has resulted in many authorities losing revenue on the services they provide or unfair charging for services in that some tenants have been paying for services they do not receive.

The Welsh Government has not yet set a date when de-pooling has to be completed, but the expectation is that the process should be well underway in April 2015, with completion over the following 18 months – 2 years.

5.12 Tenant Engagement

Ending the HRA subsidy system will mean that rental income will become the primary source of income for the HRA. Engagement with tenants on the use of

rental income, the standard of housing services and the priorities for investment will become much more important than in the past.

The Authority will need to review current approaches to engaging with tenants and consider every opportunity to inform tenants about the changes that self-financing will bring and consult on the self-financing business plan.

6. Preparing for Self-Financing: Checklist

We hope this introduction to the new self-financing HRA arrangements has highlighted some of the technical and financial issues involved as well as some of the options, opportunities and risks of the new world of HRA self-financing.

The move to self-financing offers significant opportunities, with scope to increase investment in housing services, regeneration and housing supply at a time when other parts of the public sector are under severe pressure. Ensuring that the transition to the new arrangements is well planned and comprehensive these is absolutely central to making a success of the new self-financing arrangements.

Below is a checklist of the main 'key decisions' to be taken prior to implementation of self-financing:

- **Resources and expertise** – Is a self-financing project team in place to plan for the transition, has a work plan been developed?
- **Are the right levels of staffing resources and expertise in place to ensure the Authority will be prepared for self-financing in April 2015?**
- **What staffing resources will an effective and efficient self-financed housing business need in future?**
- **Self financing Business plan** – what progress is being made in developing the self-financing business plan?
- **Governance** – what structures need to be in place to ensure good governance? Are these being developed?
- **Efficiency strategy for services** – What are the Authority's plans to improve service efficiencies?
- **Depreciation/refurbishment policy** – what is the formal policy for renewal and replacement?
- **Does the Authority wish to separate HRA debt from the**

Council Fund debt? – are the options being considered?

- **Treasury Management strategy** – are plans in place to fund the settlement figure and any borrowing for WHQS or other investments incorporated within the strategy? What is the balance between long and short term funding?
- **Is work underway to introduce the new national rent policy?**
- **Is work underway to de-pool service charges?**
- **Is an active HRA asset management strategy being developed?**
- **Has the Authority started to consider self-financing investment priorities?** – a well managed self-financing HRA will generate an increase in revenue from April 2015. This offers opportunities to invest in new ways including housing services, regeneration and increasing the supply of affordable homes. What are the priorities of the authority and tenants for future investment?

- **Tenant Engagement Strategy** - how will you let tenants know about the changes to the funding of council housing, how will you engage with tenants in the future?

7. Experience of Self-Financing in England

Authorities in Wales will become self-financing in April 2015, but the 164 Local Authorities with housing stock in England exited from the HRA subsidy system three years earlier in April 2012. The LGA undertook a survey (1) of English Authorities a little less than 2 years after the introduction of self-financing and their findings included the following key messages:

- Reaching and sustaining the Decent Homes Standard (the English Equivalent of WHQS) is the highest investment priority for all Authorities
- 88% of councils are planning to directly fund new housing through the HRA over the next 5 years
- Council investment priorities include the following:

- Investment in energy efficiency
- Environmental improvements
- Estate regeneration
- Remodelling general needs housing
- Spot purchase of property
- Remodelling sheltered housing

- The key economic benefits are considered to be support for local businesses and contractors, apprenticeships and training opportunities for local young people and increased inward investment into the local economy
- 98% of councils will be using their own land to bring forward housing development over the next 5 years

Appendix 1:

Distribution of the Settlement Figure: Illustrative Figures from the July consultation document

Local Housing Authority	HRAS settlement amounts (1)	Share of annual interest (2)	Reduction	Reduction	Share of estimated settlement value (3)
	£	£	£	%	£
Isle of Anglesey	1,695,873	930,779	765,094	45.12	21,396,292
Caerphilly	5,978,361	3,281,222	2,697,139	45.12	75,427,087
Cardiff	15,095,807	8,285,330	6,810,477	45.12	190,459,015
Carmarthenshire	6,234,522	3,421,816	2,812,706	45.12	78,658,989
Denbighshire	3,105,081	1,704,223	1,400,858	45.12	39,175,823
Flintshire	6,324,826	3,471,379	2,853,447	45.12	79,798,326
Pembrokeshire	6,373,758	3,498,235	2,875,523	45.12	80,415,686
Powys	5,660,823	3,106,941	2,553,882	45.12	71,420,811
Swansea	5,789,100	3,177,346	2,611,754	45.12	73,039,241
The Vale Of Glamorgan	5,011,706	2,750,673	2,261,033	45.12	63,231,107
Wrexham	11,609,836	6,372,055	5,237,781	45.12	146,477,623
	72,879,693	40,000,000	32,879,693		919,500,000

Notes:

- (1) HRAS settlement amounts obtained from 2013/14 HRAS 2nd estimate claims HRAS 13-02(W)
- (2) Interest payments of circa. £40m required as part of the agreement with Treasury
- (3) Estimated settlement value based on PWLB 30 year Maturity rate at 12 March 2013 of 4.35%

Appendix 2:

Illustrative figures for the distribution of the borrowing cap from the July consultation document

Distribution of the borrowing headroom on prioritising WHQS, 4 LHAs receiving 50% of their new build request with balance allocated to 11 LHAs on an indicative basis using the modified SHG formula.

The illustrative figures are broken down into borrowing required to meet WHQS and borrowing available for new build based on 50% of the figures 4 LHAs requested for new build with the balance being distributed across all 11 LHAs. The latter distribution uses official Welsh Government statistics and utilises the most recent data for median incomes and median house prices to create an affordability ratio and combines it with household projections. This data is used to calculate the housing need element of the formula that is used by Welsh Government to distribute SHG to Local Authorities.

	Borrowing Cap Allocation				
	WHQS	50% of new build requested	Allocation based on modified SHG ¹	Total borrowing allocation	% share of Borrowing
Authority	£	£		£	
Anglesey	0	10,700,000	2,360,856	13,060,856	2.8
Caerphilly	55,000,000		4,308,047	59,308,047	12.6
Cardiff	0	20,000,000	11,183,046	31,183,046	6.6
Carmarthenshire	14,400,000		4,989,158	19,389,158	4.1
Denbighshire	19,600,000		2,871,128	22,471,128	4.8
Flintshire	25,000,000	10,000,000	4,328,108	39,328,108	8.3
Pembrokeshire	0	13,000,000	4,198,028	17,198,028	3.7
Powys	18,200,000		5,356,877	23,556,877	5.
Swansea	74,000,000		6,793,913	80,793,913	17.2
Vale Of Glamorgan	33,900,000		4,129,355	38,029,355	8.1
Wrexham	118,000,000		3,766,746	121,766,746	25.8
Total	358,100,000	53,700,000	54,285,263	466,085,263	
Contingency to be retained by Welsh Government	5,000,000			5,000,000	1.1
All Wales	358,100,000	107,985,263		471,085,263	100.0

¹ Based on:

2011 Household Projections published by the Welsh Government
 Median Gross Weekly Pay 2013 Resident Analysis published by ONS and
 Median House Prices 2011 published by HM Land Registry

Appendix 3:

Welsh Government Consultation on the Distribution of the Settlement and the Borrowing Cap

Consultation Paper

New Local Housing Authority Self-Financing System (HRAS Reform)

The distribution of the Settlement Value of HRAS buy-out and the Housing Related Borrowing Cap for individual Stock Retaining Local Housing Authorities

Background

The Welsh Government has been in discussions with HM Treasury since 2010 with a view to agreeing a financial settlement that would enable the eleven stock retaining local housing authorities (LHAs) to exit from the Housing Revenue Account Subsidy (HRAS) system.

The Welsh Ministers were pleased to announce in June 2013 that an agreement had been reached with HM Treasury, which together with the introduction of new self-financing arrangements is expected to generate revenue savings for the eleven LHAs each year. This will allow LHAs to increase their investment in their existing stock and, where possible, support the delivery of additional housing supply. Some LHAs could bring forward improvement works to their properties to meet the Welsh Housing Quality Standard (WHQS) which will bring real and tangible benefits to their tenants.

Key elements of the agreement are that:

- LHAs are required to buy themselves out of the HRAS;
- The £73m of annual negative subsidy payments will be replaced by interest payments of approximately £40m. This will satisfy HM Treasury's requirement that the agreement is fiscally neutral over the longer term;
- The £40m annual interest payments will be converted to a lump sum settlement value a short period before the agreed implementation date. This will enable LHAs to consider their borrowing requirements in accordance with their local Treasury Management Strategy, to meet current business plan commitments and provide flexibility for LHAs to determine the type and period of loan.
- In order to fund the buy-out, Treasury require LHAs to borrow from the Public Works Loans Board (PWLB). Failure to comply with this will result in sanctions by Treasury. This will mean the Welsh Budget will be reduced and the reduction passed on to each LHA as appropriate. Interest payments made to the PWLB are effectively received by the exchequer;
- HM Treasury requires a housing related borrowing cap to be imposed on each LHA in order to control public sector borrowing.

The Welsh Government has worked closely with HM Treasury to identify timescales for implementation and the appropriate legislative mechanism for the setting of housing

related borrowing cap. HM Treasury has advised that the borrowing cap requires UK legislation and is bringing forward provisions within an appropriate UK Bill. If provisions within the UK primary legislation is not in place HM, Treasury have agreed that Wales can exit from the HRAS system in March 2015 on condition that Welsh Government secures and manages the borrowing cap as part of a voluntary agreement with all eleven LHAs.

Legislative Background

Housing (Wales) Bill

The Minister for Housing and Regeneration introduced the Housing (Wales) Bill to the National Assembly for Wales in November 2013. The Bill is currently at Stage 2 of the scrutiny process during which the Communities, Equality and Local Government (CELG) Committee will consider, and vote upon, both Government and non-Government amendments to the Bill.

The provisions in Part 5, Housing Finance will, subject to scrutiny, provide:

- for the Welsh Ministers to make a determination providing for the calculation of the settlement payment that each LHA will be required to pay in order to exit HRAS.
- for the determination to be revised only in the event that there has been an error or change in any matter that was taken into account in the original calculation or determination.
- for the Welsh Ministers to determine the timescales and processes that LHAs will need to follow in order to exit HRAS;
- for LHAs to be required to respond to requests for information; and
- for the existing legislation which supports HRAS system to be repealed.

The provisions in Part 5 may be amended

The provisions in Part 4, Standards for Social Housing will, subject to scrutiny, provide for the Welsh Ministers to:

- set standards to be met by LHAs in connection with the quality of accommodation provided by LHAs and the rent and service charges for such accommodation.
- to issue guidance that relates to, and amplifies, the standard.
- consult with bodies representing the interests of LHAs, tenants and other persons Welsh Ministers consider appropriate when setting, revising, or withdrawing standards and related guidance; and
- have powers of intervention where a LHA has failed, or is likely to fail, to meet the quality of accommodation standard.

The provisions in Part 4 may be amended

The Housing (Wales) Bill, explanatory memorandum and the record of passage through the National Assembly for Wales can be found at:

<http://www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?Ild=8220>

Wales Bill

The draft Bill was subject to pre introduction scrutiny by the Welsh Affairs Committee. The Committee reported in March 2014. The UK Government introduced the Wales Bill (along with explanatory notes and the Financial Empowerment and Accountability Command Paper) on 20 March 2014. The provisions in clause 23, provide:

- for UK Ministers to set the maximum amount of housing debt that can be held, in aggregate, by LHAs in Wales;
- for Welsh Ministers to determine the amount of housing debt that is to be treated as held by each LHA, and the maximum amount of housing debt that each LHA may hold;
- powers for Welsh Ministers to obtain such information as Welsh Ministers may specify either generally, or in a particular case, from LHAs to enable them to exercise their functions above.

The Wales Bill, explanatory notes and details of progress of the Bill through Parliament can be found at:

<http://services.parliament.uk/bills/2013-14/wales.html>

Voluntary Agreement

As the timescales for UK Legislation were unclear, HM Treasury agreed that the 11 Welsh LHAs could exit the HRAS system in March 2015, subject to the Welsh Government securing and managing a borrowing cap through a voluntary agreement between each of the eleven LHAs and Welsh Ministers.

The powers for Welsh Ministers and a LHA to enter into a voluntary agreement are provided in section 80B of the Local Government and Housing Act 1989.

It is essential that all eleven LHAs agree and sign the voluntary agreement. Failure to do so will result in the HRAS remaining in place in Wales until appropriate UK legislation is passed.. This means that at least £73 million will continue to be paid back to HM Treasury each year.

The voluntary agreement will act as an interim arrangement until the Wales Bill comes into force and as a fall-back position should the Wales Bill fall for whatever reason. Once the Wales Bill receives Royal Assent and the appropriate provisions are commenced Treasury will need to issue a determination to the Welsh Ministers which will set the macro borrowing cap for Wales. This will enable the Welsh Ministers, subject to consultation, to issue a determination to LHAs which will set the borrowing cap for each LA. There is the potential for the legislative process to replace the need for a voluntary agreement.

Welsh Government Priorities

The Welsh Government believes that everyone in Wales should have the opportunity to live in a good quality home within a safe and secure community.

The Welsh Government is committed to ensuring that all LHAs meet the WHQS by 2020 and has worked closely with LHAs to ensure that their business plans demonstrate that they will meet this target date. LHAs must be able to have access to sufficient borrowing to enable them to meet WHQS by 2020.

The Housing (Wales) Bill will, subject to scrutiny, will enable the existing WHQS guidance to be issued as guidance to the quality of accommodation standard for existing properties. Therefore the Bill will place the requirement for LHAs to meet and maintain the WHQS on a statutory basis for the first time.

The Welsh Government is also committed to increasing housing supply and supporting LHAs that wish to undertake new council house building. However, this should not be to the detriment of meeting WHQS

Governance Arrangements

The Welsh Government has put in place robust governance arrangements to manage and oversee the reforms. This comprises a steering group and four technical work-streams. One of the key responsibilities of the steering group is to make recommendations to the Minister for Housing and Regeneration on the methodology to be used for the distribution of the settlement value and the borrowing cap. The steering group includes representatives from LHAs, WLGA, Welsh Tenants, Wales Audit Office and Welsh Government.

The WLGA and LHA representatives on the steering group support and agree the inclusion of all the options within this consultation paper but have differing views on whether a preferred option should be identified.

In the interests of both landlords and tenants it is essential that agreement is reached on the distribution methodologies. This is necessary as the finally agreed methodologies will form the basis of the voluntary agreement that will need to be signed by all 11 LHAs. In light of this, the Welsh Government considers that Borrowing Cap Option 3 provides a compromise between those LHAs that have firm plans for new build while enabling the remaining LHAs the opportunity to consider their capacity for new build.

The Welsh Government therefore considers that the Settlement Value Option 1 and the Borrowing Cap Option 3 are the preferred options. The final distribution methodologies will be subject to consultation and agreement by the Minister for Housing and Regeneration.

Background

Welsh Government officials have worked closely with appropriate officials from LHA's since June to consider the principles that might underpin the distribution of a settlement figure and a borrowing cap.

There was clear consensus that "**every stock retaining authority should be better off than the current position**". This includes not only the financial benefits from exiting HRAS but also the benefits of becoming self-financing. The Welsh Government and the steering group are committed to maintaining this as a key principle in the distribution arrangements.

The Directors of Housing and Chief Treasurers of the eleven stock retention authorities met and considered options for the distribution of both the settlement value and borrowing limits. They agreed that, although not perfect, the distribution of the settlement value based on negative subsidy values appeared to be the most pragmatic and transparent way forward.

Members of the steering group have worked closely together to model and consider a wide range of options for distribution of the borrowing cap. The group identified those options which were most suitable for further consideration and narrowed these down to those that should be subject to consultation.

When considering the options which are set out in the following part of this consultation paper, it should be noted that the accounting work-stream, the transaction and debt work-stream and the capacity building work-stream will jointly be considering a range of financial and accounting matters and related guidance which will inform the development of financially sustainable business plans following the buy-out and implementation of the new self-financing arrangements. These matters include, but are not limited to, depreciation, minimum revenue provision, treatment of capital receipts and loan pooling arrangements. The work-streams will also be developing new business plan guidance and parameters and these will be made available to LHAs in due course.

It should be noted that all figures contained within the options and the statistics within this consultation paper are illustrative and remain subject to change for a number of reasons before the final settlement date.

The final figures and methodology will be subject to agreement by the Minister for Housing and Regeneration.

Exiting from the HRAS system: The Agreement with HM Treasury

The agreement with HM Treasury, which will allow authorities to exit from the HRAS system and become self financing from April 2015 consists of two parts.

Firstly, the eleven stock retaining authorities are required to buy themselves out of the existing HRAS. The agreement is based on £40m interest payments which will replace the existing negative subsidy payment of £73m. The £40m interest will be converted to a buy-out lump-sum (settlement value) a short period before an agreed settlement date and authorities will be required to take out loans with the PWLB to fund the buy-out. This will result in all authorities being better off under self financing.

The second part of the agreement is that HM Treasury require a housing borrowing cap to be set for each of the eleven authorities.

A borrowing cap of £1.85 billion was agreed with HM Treasury in June 2013. The cap includes the estimated Housing Revenue Account capital finance requirement (HRA CFR) and the estimated settlement value. This leaves potential borrowing headroom of £471 million for authorities to meet their business plan commitments. All estimated figures are subject to change as the HRA CFR will need to be updated² and the settlement value will be based on prevailing interest rates when the £40 million is converted to a settlement buy-out value.

Should the figures change significantly it is possible that the headroom will be reduced below £471 million. In the event that the borrowing required by LHAs exceeds the headroom, in order to protect investment in WHQS, the first call will be to reduce the borrowing available for new build.

This consultation considers how the settlement value and the potential borrowing headroom should be distributed given that LHAs need to be able to access sufficient borrowing to enable them to meet WHQS by 2020.

Key Information

The information in Table 1 below has been obtained from each LHA as part of their application for Major Repairs Allowance for 2014/15 and from their Housing Revenue Account (HRA) Business Plan which was submitted to Welsh Government in December 2013. The Welsh Government carried out a further exercise to obtain confirmation from each LHA on the accuracy of the figures below.

Table 1: Stock numbers, WHQS status and estimated borrowing requirement:

Local Housing Authority	Stock at Dec ³ 2013	Met WHQS	Expected to achieve WHQS		Estimated Borrowing Requirement			
			Month	Year	To meet WHQS	For New Build	Total	
					£m	£m	£m	
Cardiff	13,730	Yes				40.0	40.0	
Anglesey	3,802	Yes				21.4	21.4	
Pembrokeshire	5,663	Yes				26.0	26.0	
Denbighshire	3,454		December	2014	19.6		19.6	
Carmarthenshire	9,009		March	2015	14.4		14.4	
Vale of Glamorgan	3,940		March	2017	33.9		33.9	
Powys	5,419		March	2018	18.2		18.2	
Caerphilly	10,900		March	2020	55.0		55.0	
Wrexham	11,292		December	2020	118.0		118.0	
Swansea	13,590		December	2020	74.0		74.0	
Flintshire	7,236		December	2020	25.0	20.0	45.0	
All Wales Borrowing Requirement						358.1	107.4	465.5

The Settlement Value and its Distribution

² The proposed date of the HRA CFR will be considered by the accounting work-stream, be subject to discussion with Wales Audit Office and approved by the Minister for Housing and Regeneration.

³ Stock numbers for tenanted properties obtained from HRA Business Plan submitted December 2013

In order to allow Wales to exit the HRAS system, HM Treasury required LHAs to “buy-out” of the system at a settlement figure that is fiscally neutral to the UK Government. The agreement is based on £40m interest payments which will be converted to a lump-sum (settlement value) a short period before an agreed settlement date. The estimated settlement value is considered to be in the region of £919.5 million, which has been used for modelling purposes. HM Treasury requires local authorities to fund the “buy-out” by borrowing from the Public Works Loans Board (PWLB).

Options for distribution of the Settlement Value

Settlement Value Option 1 - To distribute the settlement value based on negative HRA subsidy amounts

Local Housing Authority	HRAS settlement amounts (1)	Share of annual interest (2)	Reduction £	Reduction %	Share of estimated settlement value (3) £
	£	£	£	%	£
Isle of Anglesey	1,695,873	930,779	765,094	45.12	21,396,292
Caerphilly	5,978,361	3,281,222	2,697,139	45.12	75,427,087
Cardiff	15,095,807	8,285,330	6,810,477	45.12	190,459,015
Carmarthenshire	6,234,522	3,421,816	2,812,706	45.12	78,658,989
Denbighshire	3,105,081	1,704,223	1,400,858	45.12	39,175,823
Flintshire	6,324,826	3,471,379	2,853,447	45.12	79,798,326
Pembrokeshire	6,373,758	3,498,235	2,875,523	45.12	80,415,686
Powys	5,660,823	3,106,941	2,553,882	45.12	71,420,811
Swansea	5,789,100	3,177,346	2,611,754	45.12	73,039,241
The Vale Of Glamorgan	5,011,706	2,750,673	2,261,033	45.12	63,231,107
Wrexham	11,609,836	6,372,055	5,237,781	45.12	146,477,623
	72,879,693	40,000,000	32,879,693		919,500,000

Notes:

(1) HRAS settlement amounts obtained from 2013/14 HRAS 2nd estimate claims HRAS 13-02(W)

(2) Interest payments of circa. £40m required as part of the agreement with Treasury

(3) Estimated settlement value based on PWLB 30 year Maturity rate at 12 March 2013 of 4.35%

Advantages

- Every LHA would be better off in revenue terms when compared to the existing HRAS subsidy payments
- The method is as transparent and simple as possible given the inherent complexities of the existing HRAS system
- Each LHA has the same percentage reduction when comparing their existing HRAS amount to their share of the £40m
- Would be relatively straightforward to explain to tenants and members

- Would not replace one complex formula with another

Disadvantages

- Reflects the current and complex HRA subsidy system but some might argue that the current system is not fair
- There is no link to the current condition of the housing stock
- There is no link to the resources required to meet and maintain WHQS
- There is no link to housing supply or demand

Other Options Considered

The other option considered for the distribution of the settlement value was to base it on the stock numbers for each LHA. While this appeared to be a simple and transparent methodology, the results of the modelling showed that two authorities would be expected to pay more in annual interest payments than they currently pay in negative subsidy payments. This option was therefore disregarded on the basis it did not result in every stock retaining authority being better off than within the subsidy system.

Summary

The Welsh Government considers that Settlement Value Option 1 is the preferred option. The final decision will be subject to consultation and agreement by the Minister for Housing and Regeneration.

Options for distributing the Borrowing Cap

Borrowing Cap Option 1 - To distribute the borrowing headroom based on information submitted by each LHA to the Welsh Government in support of their HRA Business Plan for their 2014/15 application for MRA

	Borrowing Cap Allocation			% share of Borrowing
	WHQS	New Build	Total borrowing allocation	
	£	£	£	%
Anglesey	0	21,400,000	21,400,000	4.5
Caerphilly	55,000,000	0	55,000,000	11.7
Cardiff	0	40,000,000	40,000,000	8.5
Carmarthenshire	14,400,000	0	14,400,000	3.1
Denbighshire	19,600,000	0	19,600,000	4.2
Flintshire	25,000,000	20,000,000	45,000,000	9.6
Pembrokeshire	0	26,000,000	26,000,000	5.5
Powys	18,200,000	0	18,200,000	3.9
Swansea	74,000,000	0	74,000,000	15.7
Vale Of Glamorgan	33,900,000	0	33,900,000	7.2
Wrexham	118,000,000	0	118,000,000	25.0
	358,100,000	107,400,000	465,500,000	
Contingency to be retained by Welsh Government	5,585,263		5,585,263	1.2
All Wales	363,685,263	107,400,000	471,085,263	100.0

It is assumed that the information submitted by each LHA reflects what each can "afford" to borrow.

It is further proposed that any balance, between the borrowing requirement identified by authorities and the total borrowing cap, should be retained by the Welsh Government as a contingency (see section on Flexibility below).

Advantages

- Prioritises WHQS by ensuring that LHAs have access to sufficient borrowing to enable them to meet WHQS by 2020.
- Provides access to sufficient borrowing to those LHAs that have included proposals for new build within their existing business plans.

Disadvantages

- Does not reflect housing need or demand.
- Does not allocate any borrowing headroom to the 7 authorities who have not included new build proposals in their latest business plan.

Borrowing Cap Option 2 - To base the distribution of the borrowing headroom on prioritising WHQS and applying a modified Social Housing Grant (SHG) formula using household projections and affordability index

The illustrative figures are broken down into borrowing required to meet WHQS and borrowing available for new build. This approach uses official Welsh Government statistics and utilises the most recent data for median incomes and median house prices to create an affordability ratio and combines it with household projections. This data is used to calculate the housing need element of the formula that is used by Welsh Government to distribute SHG to Local Authorities.

	Borrowing Cap Allocation			% share of Borrowing
	WHQS	Allocation based on modified SHG ⁴	Total borrowing allocation	
Authority	£	£	£	
Anglesey	0	4,696,259	4,696,259	1.0
Caerphilly	55,000,000	8,569,648	63,569,648	13.5
Cardiff	0	22,245,524	22,245,524	4.7
Carmarthenshire	14,400,000	9,924,527	24,324,527	5.2
Denbighshire	19,600,000	5,711,302	25,311,302	5.4
Flintshire	25,000,000	8,609,555	33,609,555	7.1
Pembrokeshire	0	8,350,797	8,350,797	1.8
Powys	18,200,000	10,655,999	28,855,999	6.1
Swansea	74,000,000	13,514,579	87,514,579	18.6
Vale Of Glamorgan	33,900,000	8,214,191	42,114,191	8.9
Wrexham	118,000,000	7,492,881	125,492,881	26.6
Total	358,100,000	107,985,263	466,085,263	
Contingency to be retained by Welsh Government	5,000,000		5,000,000	1.1
All Wales	363,100,000	107,985,263	471,085,263	100.0

Advantages

⁴ Based on:

2011 Household Projections published by the Welsh Government
 Median Gross Weekly Pay 2013 Resident Analysis published by ONS and
 Median House Prices 2011 published by HM Land Registry

- Prioritises WHQS by ensuring that LHAs have access to sufficient borrowing to enable them to meet WHQS by 2020.
- Provides all LHAs with “notional borrowing headroom” to enable them to consider proposals for new build, if affordable within their business plans.
- Distributes borrowing cap headroom after WHQS by an objective measure that is a reasonable proxy for housing need.
- This formula could be applied as and when Treasury agree an uplift to the macro borrowing cap for Wales.

Disadvantages

- Does not provide for the level of new build that is currently included within the business plans for four LHAs.
- Could be perceived to disadvantage those that have met WHQS.
- LHA may not be able to use full borrowing capacity to build by 2018.

Borrowing Cap Option 3 - To base the distribution of the borrowing headroom on prioritising WHQS, 4 LHAs receiving 50% of their new build request with balance allocated to 11 LHAs on an indicative basis using the modified SHG formula.

The illustrative figures are broken down into borrowing required to meet WHQS and borrowing available for new build based on 50% of the figures 4 LHAs requested for new build with the balance being distributed across all 11 LHAs. The latter distribution uses official Welsh Government statistics and utilises the most recent data for median incomes and median house prices to create an affordability ratio and combines it with household projections. This data is used to calculate the housing need element of the formula that is used by Welsh Government to distribute SHG to Local Authorities.

	Borrowing Cap Allocation				% share of Borrowing
	WHQS	50% of new build requested	Allocation based on modified SHG ⁵	Total borrowing allocation	
Authority	£	£		£	
Anglesey	0	10,700,000	2,360,856	13,060,856	2.8
Caerphilly	55,000,000		4,308,047	59,308,047	12.6
Cardiff	0	20,000,000	11,183,046	31,183,046	6.6
Carmarthenshire	14,400,000		4,989,158	19,389,158	4.1
Denbighshire	19,600,000		2,871,128	22,471,128	4.8
Flintshire	25,000,000	10,000,000	4,328,108	39,328,108	8.3
Pembrokeshire	0	13,000,000	4,198,028	17,198,028	3.7
Powys	18,200,000		5,356,877	23,556,877	5.
Swansea	74,000,000		6,793,913	80,793,913	17.2
Vale Of Glamorgan	33,900,000		4,129,355	38,029,355	8.1
Wrexham	118,000,000		3,766,746	121,766,746	25.8
Total	358,100,000	53,700,000	54,285,263	466,085,263	
Contingency to be retained by Welsh Government	5,000,000			5,000,000	1.1
All Wales	358,100,000	107,985,263		471,085,263	100.0

Advantages

- Prioritises WHQS by ensuring that LHAs have access to sufficient borrowing to enable them to meet WHQS by 2020.
- Provides those LHAs with a percentage share of the borrowing capacity they requested for new build to ensure part of their new build plans are deliverable.
- Provides all LHAs with an “indicative allocation” of borrowing headroom for new build, if affordable within their business plans.
- Distributes remaining borrowing cap headroom after WHQS and initial proportion for new build by an objective measure that is a reasonable proxy for housing need.
- This latter formula could be applied as and when Treasury agree to uplift to the macro borrowing cap for Wales.

Disadvantages

- Does not provide for the level of new build that is currently included within the business plans for four LHAs.
- Could be perceived to disadvantage those that have met WHQS.

⁵ Based on:

2011 Household Projections published by the Welsh Government
 Median Gross Weekly Pay 2013 Resident Analysis published by ONS and
 Median House Prices 2011 published by HM Land Registry

- LHA may not be able to use full borrowing capacity to build by 2018.

Summary

A summary of the borrowing capacity that each LHA would obtain from each of the options and the difference between the borrowing capacity each LHA requested and the outcome of options 2 and 3 are shown below:

	Outcome Option 1	Outcome Option 2	Difference between Options 1 and 2	Outcome Option 3	Difference between Options 1 and 3
Authority	£	£	£	£	£
Anglesey	21,400,000	4,696,259	-16,703,741	13,060,856	-8,339,144
Caerphilly	55,000,000	63,569,648	8,569,648	59,308,047	4,308,047
Cardiff	40,000,000	22,245,524	-17,754,476	31,183,046	-8,816,954
Carmarthenshire	14,400,000	24,324,527	9,924,527	19,389,158	4,989,158
Denbighshire	19,600,000	25,311,302	5,711,302	22,471,128	2,871,128
Flintshire	45,000,000	33,609,555	-11,390,445	39,328,108	-5,671,892
Pembrokeshire	26,000,000	8,350,797	-17,649,203	17,198,028	-8,801,972
Powys	18,200,000	28,855,999	10,655,999	23,556,877	5,356,877
Swansea	74,000,000	87,514,579	13,514,579	80,793,913	6,793,913
Vale Of Glamorgan	33,900,000	42,114,191	8,214,191	38,029,355	4,129,355
Wrexham	118,000,000	125,492,881	7,492,881	121,766,746	3,766,746
Total	465,500,000	466,085,263		466,085,263	
Held by WG for future distribution	5,585,263	5,000,000		5,000,000	
All Wales	471,085,263	471,085,263		471,085,263	

Option 1 should be regarded as the baseline as this is what each LHA identified as the borrowing capacity they each required to meet their business plan commitments at a certain point in time. Earlier versions of this data were used to form the basis for the calculation of the borrowing cap and for agreement with Treasury.

Steering group members noted that, for a range of reasons, not all LHAs had included plans for new build in the data submitted to Welsh Government and there were also concerns about whether the data was based on consistent assumptions. Therefore some members of the steering group felt that option 1 would not be considered fair and equitable to all LHAs.

Option 2 prioritises the borrowing each LHA requires to meet WHQS in the first instance. The balance of the borrowing capacity is then distributed using the modified SHG statistical formula and provides borrowing capacity to all 11 LHAs. As can be seen, this creates significant differences, particularly for the 4 LHAs that have consistently requested capacity for new build and have developed firm plans for new homes to be built or to demolish and re-develop some of their existing stock. Steering group members recognise that developing plans for new build is a lengthy process and will depend on for example housing need, the availability of land, planning consents and appointment of contractors etc.

It is also possible that some LHAs may not wish to consider new build within the next few years. Alternatively the borrowing capacity under this option may not be “affordable” within the business plan for a LHA.

Some members of the steering group felt that there was a need to match the distribution of the borrowing cap with outcomes and deliverability. Option 2 would not provide 4 LHAs with sufficient borrowing capacity to meet their existing plans for development. It was also noted that the borrowing capacity may not be maximised as some LHAs may not wish or be able to utilise their allocated borrowing cap.

It was therefore considered necessary to develop an option that would provide a compromise that could be supported by all 11 LHAs which appear to fall within two groups, those with firm plans for new build and those that only submitted figures for WHQS for various reasons.

The steering group members were keen to strike a balance between ensuring that the distribution methodology for the borrowing cap could be regarded as fair and equitable to all LHAs whilst ensuring the deliverability of new build plans.

Option 3 again prioritises borrowing for WHQS. It then provides a percentage share of the borrowing 4 LHAs identified as required for new build and distributes the balance to all 11 LHAs on an indicative basis using the modified SHG statistical formula which was used for option 2. The modelling for this option is based on the 4 LHAs receiving a 50% share of the new build capacity they require.

There has been significant discussion as to the potential for future flexibility in the distribution of the borrowing cap as it is considered important that borrowing capability should be fully utilised where possible. However it is also recognised that this should not negate the enormous benefit of self-financing and moving away from annual announcements which will provide LHAs the ability to plan over the medium to longer term and deliver and measure key outcomes and outputs. It is expected that any change to a LHA’s borrowing cap, whether temporary or permanent, would need to be accounted for within “a Limit on Indebtedness Determination”, subject to the Wales Bill coming into force.

The steering group noted that the flexible approach would need to be taken during both the initial setting of the borrowing cap and during any future reviews and recommended that a review of the borrowing cap should be undertaken every 3 years, starting in 2018. This periodic review would apply regardless of what option is taken forward.

The Welsh Government are seeking to ensure that the methodology to be applied to the borrowing cap will distribute borrowing capacity to where it can be fully utilised by achieving WHQS and maximising the delivery of new housing supply. It is therefore important that each LHA is realistic about its ability to use their “indicative allocation” by 2018 which will be reflected in its submission to the Welsh Government in October 2014.

One of the consultation questions is seeking views on what sanctions could be used by Welsh Government in the event that there is a significant difference between the LHA’s borrowing capacity and what it has utilised. However, if sanctions were to be applied then provision will need to allow for further flexibility during the period prior to the 2018/19 review. This should be on an “exceptional basis” but would enable a LHA to advise the Welsh Government where it is unable to use their borrowing capacity for whatever reason. This surplus borrowing capacity could then be re-distributed to a LHA e.g. those

with shovel ready schemes. It is expected that this type of flexibility which would result in the transfer of borrowing capacity from one LHA to another would require a revised "Limit on Indebtedness Determination" to be issued.

The Welsh Government considers that Borrowing Cap Option 3 is the preferred option. The final decision will be subject to consultation and agreement by the Minister for Housing and Regeneration. Option 3 is supported by the following process:

- Each LHA will be allocated an "indicative allocation" of the borrowing headroom" under the methodology set out in option 3.
- Each LHA will need to advise the Welsh Government by end of October 2014 on whether they will take up their "indicative allocation" for new build up until March 2018.
- If a LHA wishes to take up their "indicative allocation", the LHA will need to submit proposals to the Welsh Government by end of October 2014 which sets out how and when they could utilise this for new build and whether this together with their allocation for WHQS and % share for new build was "affordable" within the business plan.
- The LHA's submission will need to set out whether land has been identified, an assessment of housing need, the number and type of properties to be developed, timescales for development (up to 2018) and any potential barriers to deliverability.
- As part of the submission, each LHA to advise if they could afford to, and wish to, take on any further borrowing capacity over and above their "indicative allocation" and, if agreed, what additional units could be delivered and whether these would be shovel ready.
- Where a LHA is not able, or does not wish, to utilise their "indicative allocation" for new build, this could be re-distributed to those LHAs that wished to take on further borrowing capacity. This could either be re-distributed to those LHAs that have indicated they could deliver more units or to all remaining LHAs using the modified SHG formula.
- Exceptional arrangements will be introduced to enable a LHA that is not able to fully utilise its "actual allocation" of the borrowing cap before March 2018 to notify the Welsh Government and the surplus borrowing capacity will be re-allocated to LHAs.
- New systems and processes need to be developed to allow for the annual monitoring of compliance with the borrowing cap. This work will be undertaken by one of the work-streams and will consider the data that will need to be gathered by, and collected from, LHAs on what has been delivered in terms of all key outcomes and outputs. This is expected to cover all aspects including achievement and ongoing maintenance of WHQS, re-modelling of existing schemes, regeneration and the development of new properties etc. The work-stream will also be looking at ways of collecting data on the community benefits that are achieved and can be evidenced by LHAs in respect of tackling poverty, jobs and growth, apprenticeships, workless households (LIFT project) etc.
- The borrowing cap will be subject to review every three years with the first review

being undertaken during 2018/19. Where a LHA makes a decision not to take up their “indicative allocation of the borrowing cap” for new build under this first distribution, this period of review will enable them to develop new build proposals to feed into the 2018/19 review. LHAs may also be able to develop new build from existing resources or any revenue savings arising from exiting the HRAS system.

Other options considered and reasons for being disregarded

Members of the steering group carried out extensive modelling, and considered the outputs, for the distribution of the borrowing cap which reflected both prioritising and not prioritising the borrowing each LHA requires enabling them to meet WHQS. Where borrowing for WHQS was not prioritised within the modelling, in each case, there were between 3 and 6 LHAs that would not receive enough borrowing capacity to enable them to achieve WHQS by 2020. Since this is a shared Welsh Government and Local Government priority and is to be made a statutory obligation, all options where the borrowing required for WHQS was not prioritised were disregarded.

The options that were considered and which prioritised borrowing capacity for WHQS together with the reason why each option was disregarded are set out in the table below:

Modelled by:	Reason for being disregarded
Data provided by LHAs in response to the Welsh Government's request in July 2013	This data was no longer current as LHAs recently submitted updated data to the Welsh Government (see Option 1)
Existing housing stock /dwelling numbers	Since the borrowing capacity required to achieve WHQS has been prioritised then the existing stock numbers has no bearing on the borrowing capacity required for future new build plans.
Housing projection figures for 2020 (published 2011)	The outputs were very similar to the outputs from the modified SHG formula which the steering group considered was a more objective measure and a reasonable proxy for housing need and affordability (see Option 2)
Housing projection figures by the change in housing projections from 2013 to 2020	While this was based on the change in household projections over time, the time period involved was considered too small to be a robust measure of the typical change over a 30 year business planning period.
Each LHA receiving the same percentage headroom over and above the sum of their existing debt plus the settlement figure	This did not reflect future housing need and may also amplify any issues with the distribution of the settlement amount
Each LA receiving the same value headroom (an equal share)	This does not reflect the differences between authorities in terms of size and housing need
Distributing based on current negative subsidy settlement value	This does not reflect future housing need and may also continue any inequalities inherent within the current subsidy system.
Allocating a percentage share to those LHAs that identified a requirement for new build with the balance being distributed to the 7 remaining LHAs using the modified SHG formula	The further modification of the SHG formula to only allocate borrowing capacity to 7 out of the 11 LHAs could impact upon weighting and was not considered to be equitable and fair to all. The setting aside of a percentage for the 4 LHAs for new build and distributing the balance to all 11 LHAs was considered an appropriate compromise option which could be supported by all LHAs (see Option 3)

Contingency and Future Distribution of the Borrowing Cap

The setting of a housing related borrowing cap for each LHA is a Treasury requirement and is new to Wales. As part of the agreement for LHAs to exit the HRAS system Treasury has advised that any breach of the borrowing cap would be supported by sanctions. This means that, in the event that the borrowing cap is breached, Treasury would make a compensatory reduction to the Welsh Government Budget which would be passed on to LHA(s) accordingly. Therefore it is in all of our interest to ensure that the borrowing cap is maintained.

The Welsh Government propose the setting aside of a small part of the borrowing cap as a contingency in the first instance. The amount included in the options is approximately £5 million. This contingency will help to safeguard Welsh Budgets whilst the Welsh Government and LHAs adjust to the new borrowing cap arrangements. Whilst this contingency could provide LHAs with access to additional borrowing in the event of an emergency or a change in circumstances it is expected that LHAs will have prudent plans in place to enable them to act in the event of an emergency

The Welsh Government are currently in discussion with Treasury to ensure that there is equity between LHAs in England and Wales in that any increase to the borrowing cap in England should be replicated in Wales.

This consultation is aiming to identify the methodology that will be used in the setting of the initial borrowing cap for each LHA. Subject to the analysis of consultation responses, and Ministerial agreement, it is the expectation that a defined methodology will be identified.

In the event that Treasury does agree to uplift the borrowing cap, it may be possible for such an amount to be distributed using the defined methodology that arises from this consultation process.

Appendix 4:

Minister's decision on Distribution of the Settlement and Borrowing Cap, and Flexibility Arrangements

Carl Sargeant AC / AM
Y Gweinidog Tai ac Adfywio
Minister for Housing and Regeneration



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref SF/CS/2217/14

Dyfed Edwards Leader
Gwynedd Council
Council Offices Shirehall Street Caernarfon Gwynedd
LL55 1SH

13 August 2014

Dear Dyfed.

The purpose of this letter is to advise you that I have noted the responses to the consultation paper on the distribution of the settlement value of HRAS buy-out and the housing related borrowing cap for individual stock retaining local housing authorities. I have also considered the recommendations made by the Steering Group in relation to the consultation responses and have made the following decisions:

- **Settlement Value-** The settlement value will be distributed based on negative subsidy amounts in line with "Settlement Value Option 1". The 2013/14 Audited Final HRAS claim will be used for this calculation which will be finalised by authorities and the Wales Audit Office by end of November.
- **Borrowing Cap -**The distribution of the borrowing cap will be based on "Borrowing Cap Option 3". I note from the responses that this is a compromise option which every local authority has accepted.
- **Contingency Sum -** The Welsh Government will not be retaining a proportion of the £1.85bn borrowing cap as a contingency sum.
- **Unallocated borrowing -** I have asked that the Steering Group gives further consideration to how any unallocated borrowing headroom now or in the future is used and distributed. They will be reporting back me in the Autumn.
- **Review-** A review will be undertaken in 2018/19 to consider the broader aspects of moving to the new self-financing system. This will mean that the new self-financing arrangements will have been in place for a period of three financial years.

- **Sanctions relating to ability to utilise the borrowing cap-** The Welsh Government will not impose any sanctions or put in place any arrangements that would require authorities to either "use their borrowing headroom or lose it". This will be considered again as part of the borrowing cap review in 2018/19. I have asked the Steering Group to consider the details of how the Welsh Government should undertake a co-ordinating role and facilitate the trading or swapping of borrowing headroom. I have asked that that Steering Group provide me with recommendations on this aspect by Summer 2015.

I would like to thank the WLGA and each local authority for responding to this consultation in such a positive and supportive manner and for your very helpful and constructive feedback. I am also very pleased with the collaborative working between the Welsh Government, the WLGA, local authorities and all the other organisations that are directly involved in the steering group and work streams.

Yours sincerely,

Carl Sargeant AC / AM
Y Gweinidog Tai ac Adfywio
Minister for Housing and Regeneration

Appendix 5

DRAFT FIGURES							
Breakdown of the Estimated Limit on Indebtedness at October 2014							
Authority	LHA's estimated existing borrowing (1) £	Borrowing to meet WHQS (2) £	Borrowing for new build (3) £	Modified SHG (4) £	Sub Total £	Settlement Value (5) £	Estimated Limit on Indebtedness £
Caerphilly	44,359,608	55,000,000		5,398,136	104,757,744	75,427,087	180,184,831
Cardiff	96,360,476		20,000,000	14,012,754	130,373,230	190,459,015	320,832,245
Carmarthenshire	125,470,702	14,400,000		6,251,593	146,122,295	78,658,989	224,781,284
Denbighshire	29,507,731	19,600,000		3,597,626	52,705,357	39,175,823	91,881,180
Flintshire	24,929,168	25,000,000	10,000,000	5,423,274	65,352,442	79,798,326	145,150,768
Isle of Anglesey	16,557,736		10,700,000	2,958,237	30,215,973	21,396,292	51,612,265
Pembrokeshire	4,214,860		13,000,000	5,260,279	22,475,139	80,415,686	102,890,824
Powys	14,734,526	18,200,000		6,712,357	39,646,883	71,420,811	111,067,693
Swansea	66,378,044	74,000,000		8,513,014	148,891,058	73,039,241	221,930,299
Vale Of Glamorgan	2,079,670	33,900,000		5,174,229	41,153,899	63,231,107	104,385,006
Wrexham	26,086,114	118,000,000		4,719,866	148,805,980	146,477,623	295,283,604
Total of 11	450,678,635	358,100,000	53,700,000	68,021,365	930,500,000 930,500,000	919,500,000	1,850,000,000 1,850,000,000
Notes:							
(1) LHA's "estimated" existing borrowing has been obtained from the 2013/14 Advance Final HRAS claims. LHA's "actual" existing borrowing will be obtained from 2013/14 Audited Final which will be available December 2014							
(2) The borrowing required to meet WHQS as identified in the Consultation in the distribution methodologies.							
(3) The borrowing required for New Build will provide four LAs with 50% of the amount requested and identified in the Consultation.							
(4) Modified SHG amount is the amount that will be allocated across the 11 LAs using this agreed formula. This will be used as the balancing figure to ensure that the total of existing borrowing, WHQS, new build & SHG adds to £930,500,000							
(5) The estimated settlement is as set out in the Consultation. The Actual Settlement Value will be known on 31 March 2015 using the 30 yr maturity rate.							

References:

1. LGA (2014) LGA Housing Self financing survey 2014

**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**



CABINET MEETING: 17 JULY 2014

HOUSING SUBSIDY FINANCE REFORM

**REPORT OF DIRECTOR OF COMMUNITIES, HOUSING AND
CUSTOMER SERVICES.**

AGENDA ITEM: 16

**PORTFOLIO: HEALTH, HOUSING & WELLBEING (COUNCILLOR SUSAN
ELSMORE)**

Reason for this Report

1. To approve the City of Cardiff Council's response to the terms of the Welsh Government / Local Housing Authority voluntary agreement to establish a new Local Housing Authority Self-Financing Scheme for Wales.
2. To delegate authority to enter into the voluntary Housing Revenue Account self-financing agreement for the City of Cardiff Council to the Director of Communities, Housing and Customer Services in consultation with the Director of Resources and the Cabinet Member for Health, Housing and Social Care and the Cabinet Member for Corporate Services & Performance.

Background

3. The Housing Revenue Account (HRA) is a separate account required by legislation to be kept by councils to record income and expenditure relating to the management and maintenance of the housing stock. The HRA must be ring-fenced and funds kept separate so that council house rents are not used to subsidise the General Fund and vice versa. Since 1989 the UK Housing finance system operated within a subsidy system based on notional parameters determined by central and devolved government.
4. English Authorities exited the subsidy system in 2012/13 via individual agreements entered into with the Treasury and moved to a system of what is often termed 'self financing' by buying themselves out of the subsidy system if they were net contributors, or receiving payments where they were net recipients of subsidy. Welsh authorities still remain within the subsidy system. All 11 Welsh Authorities that retain their housing stock make net payments to the treasury via Welsh Government. Appendix 1 provides background to what the HRA is and the subsidy system.

5. The Welsh Government has been in discussions with HM Treasury since 2010 with a view to agreeing a financial settlement that would enable the 11 Local Authorities in Wales that have retained their Housing Stock to exit from the Housing Revenue Account Subsidy (HRAS) system. The discussions have focussed on the opportunity to end the HRAS system through a voluntary agreement rather than waiting for an unspecified period of time for UK Legislation to be enacted.
6. The current HRAS system is a complex, formula based system that has operated to the financial detriment of council Housing in Wales since 1989. Currently £73m in total is paid annually from the 11 Local Authorities to HM Treasury via Welsh Government. In Cardiff the subsidy amount paid for 2013/14 was £15.1m.
7. The ending of the subsidy system would introduce self-financing for landlord authorities with each authority retaining its full rental income and taking responsibility for the repayment of the debt incurred in "buying out" from HM Treasury
8. In July 2013 the Welsh Government and the UK Treasury reached an agreement on a "buy out" figure that will allow landlord authorities to exit from HRAS in March 2015.
9. The terms of the agreement require all 11 authorities to agree the distribution of the "buy-out" figure and also to agree to the allocation of the HM Treasury imposed borrowing cap for Wales.
10. The borrowing cap sets the limit for HRA borrowing across Wales. The figure of £1.85 billion was agreed between HM Treasury and Welsh Government in June 2013. Once the increase in debt related to the "buy-out" has been added to existing housing debt, borrowing "headroom" of £471m remains available for LHAs to meet their business plan commitments.
11. If Authorities are unable to agree on the distribution of the "buy-out" figure and the debt cap then the HRAS system will remain in place with £73m continuing to be paid annually to the Treasury until legislation can be enacted through the UK Government Wales Bill.

Welsh Government Consultation

12. A Welsh Government consultation paper (Appendix 2) on HRAS reform has been issued in order to obtain the views and agreement of all 11 landlord Authorities with responses required by 10 July 2014. A response based on Appendix 3 was sent to Welsh Government on the 10 July, subject to Cabinet Approval on the 17 July.
13. The Welsh Local Government Association held a seminar on 16 May 2014 to provide an opportunity for the 11 stock retaining Authorities to discuss the options proposed in the Welsh Government consultation document. The objective of the seminar was to arrive at a consensus to enable a voluntary agreement to proceed.

14. The seminar informally concluded that, although Authorities differed on their first option of choice, that consensus could be reached on the basis of a compromise option that was acceptable across all 11 authorities.
15. The Consultation document asks 7 key questions to the 11 Landlord Authorities in Wales and the recommended responses are attached (Appendix 3)

Financial and Treasury Management Implications

16. Ultimately the Council is responsible for any deficit made by the HRA which cannot be met from retained Housing reserves including any borrowing. The sections below highlight the key financial issues in the consultation, in particular the method for distributing the settlement i.e how much we need to borrow and also how any excess borrowing capacity within the overall £1.850billion Cap set by Treasury can initially be distributed.

Settlement Value Distribution (Indicative values)

17. The agreement between the Treasury and Welsh Government allows exit from the subsidy system if Local Authorities agree to take on additional borrowing from the PWLB that will generate circa £40 million per annum for HM Treasury. Based on estimated returns for 2013/14, the WG preferred option is to distribute any share of the £40 million on the basis of how much net rental income each local authority pays over to the WG as part of the subsidy system. Whilst precise terms from the treasury are still being finalised, this is the WG and Council preferred option for a number of reasons, primarily the aim of every local authority being better off in revenue terms than current position and on an equal basis.

Local Housing Authority	HRAS settlement amounts (1)	Share of annual interest (2)	Reduction	Reduction	Share of estimated settlement value (3)
	£	£	£	%	£
Isle of Anglesey	1,695,873	930,779	765,094	45.12	21,396,292
Caerphilly	5,978,361	3,281,222	2,697,139	45.12	75,427,087
Cardiff	15,095,807	8,285,330	6,810,477	45.12	190,459,015
Carmarthenshire	6,234,522	3,421,816	2,812,706	45.12	78,658,989
Denbighshire	3,105,081	1,704,223	1,400,858	45.12	39,175,823
Flintshire	6,324,826	3,471,379	2,853,447	45.12	79,798,326
Pembrokeshire	6,373,758	3,498,235	2,875,523	45.12	80,415,686
Powys	5,660,823	3,106,941	2,553,882	45.12	71,420,811
Swansea	5,789,100	3,177,346	2,611,754	45.12	73,039,241
The Vale Of Glamorgan	5,011,706	2,750,673	2,261,033	45.12	63,231,107
Wrexham	11,609,836	6,372,055	5,237,781	45.12	146,477,623
	72,879,693	40,000,000	32,879,693		919,500,000

What could the impact be for Cardiff Council HRA in 2015/16?

18. The Council will be required to fund its share of the settlement by taking a 'basket of loans' totalling £190 million from the Public Works Loans Board. New borrowing would need to be included in and be consistent with the Council's revised treasury management strategy to be determined at the time following advice from the Council's Treasury Management advisors. Cardiff HRA debt will increase from £94 million to £284 million. To put the settlement into context, the actual level of external borrowing for the Council as a whole is £473 million at 31 March 2014. Whilst the £190 million is a significant figure, it is deemed affordable as shown by summary indicative revenue budget impact below.

	£
Net Subsidy Income Retained (2013/14 est)	(15,095,807)
Additional Interest Cost per annum	8,285,330
Assumed Prudent Repayment (MRP) circa 40 Years (£190,459,015 / 40 years) – Rounded to £5 million per annum	5,000,000
Retained to support business plan inc HPP	(2,010,477)

19. The Council will under the new system, retain all income, but will be required to pay interest costs on new borrowing of £8.3 million per annum. After making a prudent provision for the eventual repayment of new borrowing, the rate of which is to be determined by WG and Local Authorities, this results in a financial benefit of circa £2 million per annum. It should be noted that the Council's HRA business plan assumes that the Major Repair Allowance Capital Grant of £9.6 million per annum continues to be received for the next thirty years. Given the nature and risks of public sector funding, this has not been committed to by WG.

Borrowing Cap Distribution (Indicative values)

20. This was deemed to be the key issue for local authorities in order to ensure that any borrowing cap allowed them to meet Welsh Housing Quality Standards as well as supporting those authorities who had firm plans for new build. Whilst a number of options were considered, only those options for distribution that prioritised allocations to those authorities who needed to meet the Welsh Housing Quality Standards by the revised 2020 target date were considered.

	Option 1 Business Plan 2014/15	Option 2 Meet WHQS – Modified Social Housing Grant & Projections	Option 3 Meet WHQS - 50% of initial new build request and balance split equally
Authority	£	£	£
Anglesey	21,400,000	4,696,259	13,060,856
Caerphilly	55,000,000	63,569,648	59,308,047
Cardiff	40,000,000	22,245,524	31,183,046
Carmarthenshire	14,400,000	24,324,527	19,389,158
Denbighshire	19,600,000	25,311,302	22,471,128
Flintshire	45,000,000	33,609,555	39,328,108
Pembrokeshire	26,000,000	8,350,797	17,198,028
Powys	18,200,000	28,855,999	23,556,877
Swansea	74,000,000	87,514,579	80,793,913
Vale Of Glamorgan	33,900,000	42,114,191	38,029,355
Wrexham	118,000,000	125,492,881	121,766,746
Total	465,500,000	466,085,263	466,085,263
Held by WG for future distribution	5,585,263	5,000,000	5,000,000
All Wales	471,085,263	471,085,263	471,085,263

21. Of the circa £465 million for potential distribution by WG, Option 3 is an acceptable option for all councils to be able to enter into a voluntary agreement whilst recognising that this is not necessarily the preferred option for an individual council. Welsh Government has also proposed that a small element of Cap is retained for contingency.
22. The consultation indicates that the indicative distribution of the Cap is to be reviewed every three years by WG starting in 2018/19, with any requested headroom over existing debt to be demonstrated for achievability, deliverability and affordability as part of the Annual Business Plan Process. This is to ensure any borrowing cap initially set can be amended to take account of property condition as well as demand for housing need and supply, not only in Cardiff but across Wales.

What could the impact be for Cardiff Council HRA in 2015/16?

23. Entering into a voluntary agreement will set a maximum limit for indebtedness measured by what is termed the Capital Financing Requirement (CFR) for the HRA which must not be breached. This represents Capital expenditure incurred, but not yet financed by charges to the revenue account. via a prudent minimum revenue provision. Additional expenditure funded by borrowing increases the CFR, prudent minimum revenue provision and use of capital receipts to repay debt, reduces the CFR.
24. The WG preferred option would create an initial level of HRA Limit to Indebtedness for Cardiff of £315 million (£94 million (original CFR) +

£190 million (settlement) + £31 million (Headroom)). Whilst the Council would be entering into additional debt of £190 million it should be noted that this is replacing and is less than the current payment of HRA subsidy to WG which would no longer be paid.

25. Based on the business plan for 2014/15 approved in December 2013 and which assumes the continuity of the £9.6 million annual Major Repair Allowance grant to Cardiff, this level of Cap does not cause the Council a short term issue. The Council would however be keen to ensure that a review process is included to ensure that any unutilised borrowing amounts within the cap across Wales can be redistributed.
26. Appropriations of land from the General Fund to the HRA will no longer be as financially beneficial to the Council as a whole compared to the existing housing subsidy system.

Consultation

27. The Council's Audit Committee received a paper entitled 'Housing Finance Reform' on the 25 June 2014. This report outlined the provided members with the proposals and their potential implication and asked for their input into this Cabinet report. No adverse comments were received and Audit Committee requested for further updates on progress and for the borrowing implications, benefits and risks to be included in the future treasury management strategy reports that would be submitted to Audit Committee for review prior to the budget being set in February 2015.
28. The report was also presented to the Community and Adult Services Scrutiny Committee on the 2 July 2014, the views of that committee (attached in Appendix 4) have been taken into account when deciding on the authorities response to the WG Consultation.

Reasons for Recommendations

29. To respond to the Welsh Government Consultation and allow the Council to enter in to a voluntary agreement required by Welsh Government and Treasury to allow all eleven Local Housing Authorities to exit from the Housing Revenue Account Subsidy System

Legal Implications

30. The HRAS is a financial mechanism and does not directly impact on the HRA and legal framework for the HRA. The report therefore highlights under other sections the relevant legal implications such as the need for the voluntary agreement.

Financial Implications

31. The Housing Revenue Account requires income and expenditure on landlord functions to be ring-fenced and kept separate so that council house rents are not used to subsidise the General Fund and the general council taxpayer does not subsidise council housing. Welsh Government

has issued guidance on what should and should not be paid for by rent payers.

32. Ultimately the Council is responsible for any deficit made by the HRA which cannot be met from retained Housing reserves including any borrowing.
33. Should the Council enter into an acceptable voluntary agreement, there are a number of treasury management and financial issues that need to be considered. These are included in the main body of the report. Whilst the consultation is based on indicative figures, it is essential that the most up to date figures are included as a basis for the settlement, those being the final audited 2013/14 subsidy return at least.
34. Based on indicative figures, the settlement will require the Council to take on additional borrowing of £190m. Whilst precise details are the subject of ongoing discussions with WG and HM Treasury, this will require the council to ensure it takes a prudent approach to the basket of loans it takes in accordance with a revised Treasury Management Strategy and prudential indicators to be considered by Council in February 2015 as part of the budget proposals. New borrowing undertaken will need to consider the maturity profile of existing Council borrowing, the views of treasury advisors and be consistent with the HRA business plan.
35. In terms of the HRA revenue budget impact, based on indicative figures and assumptions about the prudent repayment of any additional debt undertaken, the table in the report indicates a potential surplus of £2million p.a. Whilst the additional borrowing will increase the gearing of the HRA the proposal contained in the consultation is deemed affordable. This can be used to support the HRA business plan objectives, including investment in stock as well as acting as a contingency particularly in the early years of the new system.
36. Accepting a voluntary agreement will require the Council to adhere to a 'Limit to Indebtedness' or debt cap. Based on indicative figures this is £315million. In accordance with the Prudential code for capital finance in local authorities, Councils already have established procedures to monitor and report position against such limits. Whilst the debt cap initially allocated to Cardiff may be acceptable in the short term, the need for a periodic review of the debt cap is essential in order to ensure that the Council is not stuck with a limit which hinders its ability to invest in its housing responsibilities in the medium to longer term as both Welsh Government and Council priorities change.
37. Each year the Council must update and revise a 30 year HRA Business Plan, with the 2014/15 plan submitted to Cabinet in January 2014. This will need to be updated for 2015/16 and the next thirty years to demonstrate performance measures that demonstrate it is providing value for money to rent payers. In addition it will need to demonstrate, affordability and sustainability of housing objectives under the new finance system over the thirty years. In determining the Capital or investment programme, this will require a clear understanding of the

condition of the existing stock, planned stock changes and including investment required to sustain Welsh Housing Quality Standards. Key assumptions such as realisable income, risks and mitigations with associated individual and cluster sensitivity analysis will need to be included and where new build plans are included in the strategy the Council will need to demonstrate availability of land as well as deliverability of proposals to justify to Welsh Government any additional headroom requested.

38. The HRA business plan and the Council's assessment that the settlement is affordable is based on the continued receipt of Major Repair Allowance grant from WG of £9.6million p.a for the next thirty years. Given the nature and risks of public sector funding, this has not been committed to by WG and would remain a significant financial risk.

RECOMMENDATIONS

Cabinet is recommended to:

- 1) approve Cardiff Council's response to the terms of the Welsh Government/Local Housing Authority voluntary agreement to establish a new Local Housing Authority Self-Financing Scheme for Wales.
- 2) delegate authority to the Director of Communities , Housing and Customer Services in consultation with the Director of Resources and the Cabinet Members for Health, Housing & Wellbeing and for Corporate Services & Performance, to enter into the voluntary agreement for Cardiff Council.

SARAH McGILL

Director

11 July 2014

The following Appendices are attached

- Appendix 1 Housing Revenue Account – Background
- Appendix 2 New Local Housing Authority Self-Financing System (HRAS Reform) Consultation Paper
- Appendix 3 Proposed Cabinet Response
- Appendix 4 Community and Adult Services Scrutiny Committee Letter

HOUSING REVENUE ACCOUNT – Background and Key Issues

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) is a separate landlord account that any council with more than 50 council dwellings must keep. It includes income and expenditure relating to the management and maintenance of the housing stock, including major repairs and any associated debt charges, and the provision of services to tenants.

The HRA must be ring-fenced and funds kept separate so that council house rents are not used to subsidise the General Fund and the general council taxpayer does not subsidise council housing. Welsh Government has issued guidance on what should and should not be paid for by rent payers.

INCOME AND EXPENDITURE

Expenditure principally includes

- Employees - Direct and indirect costs of staff employed within the HRA providing services to the rent payer.
- Council House Repairs - In Cardiff, this budget is managed by CMS which provides all related services and any surplus achieved within either the operations of CMS and/or the Housing Repairs Account is transferred back to the HRA generally.
- Other Premises - This will include non council housing premises related spend, e.g. office accommodation costs at Wilcox House, hostels and the remaining housing offices, insurance premiums and claims, Council Tax on vacant properties etc.
- Transport, Supplies and Services, Third Party
- Support Services - This relates to the controllable recharges for central support and also includes. £1.5m staff recharges from H&NR for those staff working part to the HRA and part to the Housing General Fund.
- Capital Financing - This will include all borrowing and capital financing charges relating to capital expenditure
- Contributions to Funds/Doubtful Debts - Bad debts provision movement mainly relating to rents and service charges.
- Housing Subsidy Payable - A payment to WG based on a set formula calculation.

Income principally includes

- Rents
- Service charges which are now required to identified separately to tenants in order to ensure they are only paying for services they receive.
- Other items include fees and charges,
- Support Services - Recharges will include staff recharges for those staff supporting the General Fund and eligible capital schemes.

Any surplus in the year must be retained within the HRA and any deficit met from the HRA, subject to availability of reserves.

HRA SUBSIDY SYSTEM

The HRA subsidy system in Wales collects assumed housing surpluses from authorities based on a series of complex notional calculations which takes into account a number of factors including:

- A. Notional Dwelling Rent Income
- B. Less: Management and Maintenance Allowance
- C. Less: Eligible Capital Financing costs

A. Notional Dwelling Rent Income

This calculation takes into account the average number of dwellings in any year and multiplies this by a guideline rent determined by WG to give a notional total rental income.

B. Management and Maintenance Allowance

The WG calculates an estimated level of funding requirement for management and maintenance per property

C. Less: Eligible Capital Financing costs

The subsidy calculation makes provision for a level of capital financing costs arising from previous capital expenditure approved by WG. The subsidy is based on annual determinations / formula issued by WG

BUSINESS PLANNING

Local Housing Authorities are required to submit to WG an annually updated HRA 30 year Business Plan. As well as setting out the mission statement and the objectives for the Housing service, the Plan should include detailed financial forecasts identifying resources required and sources of funding for the chosen strategies.

The long term nature of the plan necessitates many assumptions including inflation and interest rates, stock and rent levels, voids and bad debt levels, and an overall analysis and forecast of fixed and variable revenue costs.

In line with this, it is necessary to determine future levels of planned capital investment in new and existing stock, cyclical and responsive repairs across the various types of dwellings. Accordingly it is important that there is an excellent understanding of housing stock and their condition in order to know

investment priorities. The plan includes risks and sensitivities and its primary purpose is to demonstrate the operational and financial sustainability of the Housing Revenue Account.

The business plan is used as a bidding document for an annual Major Repair Allowance grant of £9.6m from WG for investment in the Housing Stock.

OTHER ISSUES

New Social Rent Policy

To determine

Consultation Paper

New Local Housing Authority Self-Financing System (HRAS Reform)

The distribution of the Settlement Value of HRAS buy-out and the Housing Related Borrowing Cap for individual Stock Retaining Local Housing Authorities

Background

The Welsh Government has been in discussions with HM Treasury since 2010 with a view to agreeing a financial settlement that would enable the eleven stock retaining local housing authorities (LHAs) to exit from the Housing Revenue Account Subsidy (HRAS) system.

The Welsh Ministers were pleased to announce in June 2013 that an agreement had been reached with HM Treasury, which together with the introduction of new self-financing arrangements is expected to generate revenue savings for the eleven LHAs each year. This will allow LHAs to increase their investment in their existing stock and, where possible, support the delivery of additional housing supply. Some LHAs could bring forward improvement works to their properties to meet the Welsh Housing Quality Standard (WHQS) which will bring real and tangible benefits to their tenants.

Key elements of the agreement are that:

- LHAs are required to buy themselves out of the HRAS;
- The £73m of annual negative subsidy payments will be replaced by interest payments of approximately £40m. This will satisfy HM Treasury's requirement that the agreement is fiscally neutral over the longer term;
- The £40m annual interest payments will be converted to a lump sum settlement value a short period before the agreed implementation date. This will enable LHAs to consider their borrowing requirements in accordance with their local Treasury Management Strategy, to meet current business plan commitments and provide flexibility for LHAs to determine the type and period of loan.
- In order to fund the buy-out, Treasury require LHAs to borrow from the Public Works Loans Board (PWLB). Failure to comply with this will result in sanctions by Treasury. This will mean the Welsh Budget will be reduced and the reduction passed on to each LHA as appropriate. Interest payments made to the PWLB are effectively received by the exchequer;
- HM Treasury requires a housing related borrowing cap to be imposed on each LHA in order to control public sector borrowing.

The Welsh Government has worked closely with HM Treasury to identify timescales for implementation and the appropriate legislative mechanism for the setting of housing related borrowing cap. HM Treasury has advised that the borrowing cap requires UK legislation and is bringing forward provisions within an appropriate UK

Bill. If provisions within the UK primary legislation is not in place HM, Treasury have agreed that Wales can exit from the HRAS system in March 2015 on condition that Welsh Government secures and manages the borrowing cap as part of a voluntary agreement with all eleven LHAs.

Legislative Background

Housing (Wales) Bill

The Minister for Housing and Regeneration introduced the Housing (Wales) Bill to the National Assembly for Wales in November 2013. The Bill is currently at Stage 2 of the scrutiny process during which the Communities, Equality and Local Government (CELG) Committee will consider, and vote upon, both Government and non-Government amendments to the Bill.

The provisions in Part 5, Housing Finance will, subject to scrutiny, provide:

- for the Welsh Ministers to make a determination providing for the calculation of the settlement payment that each LHA will be required to pay in order to exit HRAS.
- for the determination to be revised only in the event that there has been an error or change in any matter that was taken into account in the original calculation or determination.
- for the Welsh Ministers to determine the timescales and processes that LHAs will need to follow in order to exit HRAS;
- for LHAs to be required to respond to requests for information; and
- for the existing legislation which supports HRAS system to be repealed.

The provisions in Part 5 may be amended

The provisions in Part 4, Standards for Social Housing will, subject to scrutiny, provide for the Welsh Ministers to:

- set standards to be met by LHAs in connection with the quality of accommodation provided by LHAs and the rent and service charges for such accommodation.
- to issue guidance that relates to, and amplifies, the standard.
- consult with bodies representing the interests of LHAs, tenants and other persons Welsh Ministers consider appropriate when setting, revising, or withdrawing standards and related guidance; and
- have powers of intervention where a LHA has failed, or is likely to fail, to meet the quality of accommodation standard.

The provisions in Part 4 may be amended

The Housing (Wales) Bill, explanatory memorandum and the record of passage through the National Assembly for Wales can be found at:

<http://www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?lId=8220>

Wales Bill

The Secretary of State for Wales published a draft Wales Bill in December 2013. The draft Bill was subject to pre introduction scrutiny by the Welsh Affairs Committee. The Committee reported in March 2014. The UK Government introduced the Wales Bill (along with explanatory notes and the Financial Empowerment and Accountability Command Paper) on 20 March 2014. The provisions in clause 23, provide:

- for UK Ministers to set the maximum amount of housing debt that can be held, in aggregate, by LHAs in Wales;
- for Welsh Ministers to determine the amount of housing debt that is to be treated as held by each LHA, and the maximum amount of housing debt that each LHA may hold;
- powers for Welsh Ministers to obtain such information as Welsh Ministers may specify either generally, or in a particular case, from LHAs to enable them to exercise their functions above.

The Wales Bill, explanatory notes and details of progress of the Bill through Parliament can be found at:

<http://services.parliament.uk/bills/2013-14/wales.html>

Voluntary Agreement

As the timescales for UK Legislation were unclear, HM Treasury agreed that the 11 Welsh LHAs could exit the HRAS system in March 2015, subject to the Welsh Government securing and managing a borrowing cap through a voluntary agreement between each of the eleven LHAs and Welsh Ministers.

The powers for Welsh Ministers and a LHA to enter into a voluntary agreement are provided in section 80B of the Local Government and Housing Act 1989.

It is essential that all eleven LHAs agree and sign the voluntary agreement. Failure to do so will result in the HRAS remaining in place in Wales until appropriate UK legislation is passed.. This means that at least £73 million will continue to be paid back to HM Treasury each year.

The voluntary agreement will act as an interim arrangement until the Wales Bill comes into force and as a fall-back position should the Wales Bill fall for whatever reason. Once the Wales Bill receives Royal Assent and the appropriate provisions are commenced Treasury will need to issue a determination to the Welsh Ministers which will set the macro borrowing cap for Wales. This will enable the Welsh Ministers, subject to consultation, to issue a determination to LHAs which will set the borrowing cap for each LA. There is the potential for the legislative process to replace the need for a voluntary agreement.

Welsh Government Priorities

The Welsh Government believes that everyone in Wales should have the opportunity to live in a good quality home within a safe and secure community.

The Welsh Government is committed to ensuring that all LHAs meet the WHQS by 2020 and has worked closely with LHAs to ensure that their business plans demonstrate that they will meet this target date. LHAs must be able to have access to sufficient borrowing to enable them to meet WHQS by 2020.

The Housing (Wales) Bill will, subject to scrutiny, will enable the existing WHQS guidance to be issued as guidance to the quality of accommodation standard for existing properties. Therefore the Bill will place the requirement for LHAs to meet and maintain the WHQS on a statutory basis for the first time.

The Welsh Government is also committed to increasing housing supply and supporting LHAs that wish to undertake new council house building. However, this should not be to the detriment of meeting WHQS

Governance Arrangements

The Welsh Government has put in place robust governance arrangements to manage and oversee the reforms. This comprises a steering group and four technical work-streams. One of the key responsibilities of the steering group is to make recommendations to the Minister for Housing and Regeneration on the methodology to be used for the distribution of the settlement value and the borrowing cap. The steering group includes representatives from LHAs, WLGA, Welsh Tenants, Wales Audit Office and Welsh Government.

The WLGA and LHA representatives on the steering group support and agree the inclusion of all the options within this consultation paper but have differing views on whether a preferred option should be identified.

In the interests of both landlords and tenants it is essential that agreement is reached on the distribution methodologies. This is necessary as the finally agreed methodologies will form the basis of the voluntary agreement that will need to be signed by all 11 LHAs. In light of this, the Welsh Government considers that Borrowing Cap Option 3 provides a compromise between those LHAs that have firm plans for new build while enabling the remaining LHAs the opportunity to consider their capacity for new build.

The Welsh Government therefore considers that the Settlement Value Option 1 and the Borrowing Cap Option 3 are the preferred options. The final distribution methodologies will be subject to consultation and agreement by the Minister for Housing and Regeneration.

Background

Welsh Government officials have worked closely with appropriate officials from LHA's since June to consider the principles that might underpin the distribution of a settlement figure and a borrowing cap.

There was clear consensus that “**every stock retaining authority should be better off than the current position**”. This includes not only the financial benefits from exiting HRAS but also the benefits of becoming self-financing. The Welsh Government and the steering group are committed to maintaining this as a key principle in the distribution arrangements.

The Directors of Housing and Chief Treasurers of the eleven stock retention authorities met and considered options for the distribution of both the settlement value and borrowing limits. They agreed that, although not perfect, the distribution of the settlement value based on negative subsidy values appeared to be the most pragmatic and transparent way forward.

Members of the steering group have worked closely together to model and consider a wide range of options for distribution of the borrowing cap. The group identified those options which were most suitable for further consideration and narrowed these down to those that should be subject to consultation.

When considering the options which are set out in the following part of this consultation paper, it should be noted that the accounting work-stream, the transaction and debt work-stream and the capacity building work-stream will jointly be considering a range of financial and accounting matters and related guidance which will inform the development of financially sustainable business plans following the buy-out and implementation of the new self-financing arrangements. These matters include, but are not limited to, depreciation, minimum revenue provision, treatment of capital receipts and loan pooling arrangements. The work-streams will also be developing new business plan guidance and parameters and these will be made available to LHAs in due course.

It should be noted that all figures contained within the options and the statistics within this consultation paper are illustrative and remain subject to change for a number of reasons before the final settlement date.

The final figures and methodology will be subject to agreement by the Minister for Housing and Regeneration.

Exiting from the HRAS system: The Agreement with HM Treasury

The agreement with HM Treasury, which will allow authorities to exit from the HRAS system and become self financing from April 2015 consists of two parts.

Firstly, the eleven stock retaining authorities are required to buy themselves out of the existing HRAS. The agreement is based on £40m interest payments which will replace the existing negative subsidy payment of £73m. The £40m interest will be converted to a buy-out lump-sum (settlement value) a short period before an agreed settlement date and authorities will be required to take out loans with the PWLB to fund the buy-out. This will result in all authorities being better off under self financing.

The second part of the agreement is that HM Treasury require a housing borrowing cap to be set for each of the eleven authorities.

A borrowing cap of £1.85 billion was agreed with HM Treasury in June 2013. The cap includes the estimated Housing Revenue Account capital finance requirement (HRA CFR) and the estimated settlement value. This leaves potential borrowing headroom of £471 million for authorities to meet their business plan commitments. All estimated figures are subject to change as the HRA CFR will need to be updated¹ and the settlement value will be based on prevailing interest rates when the £40 million is converted to a settlement buy-out value.

Should the figures change significantly it is possible that the headroom will be reduced below £471 million. In the event that the borrowing required by LHAs exceeds the headroom, in order to protect investment in WHQS, the first call will be to reduce the borrowing available for new build.

This consultation considers how the settlement value and the potential borrowing headroom should be distributed given that LHAs need to be able to access sufficient borrowing to enable them to meet WHQS by 2020.

Key Information

The information in Table 1 below has been obtained from each LHA as part of their application for Major Repairs Allowance for 2014/15 and from their Housing Revenue Account (HRA) Business Plan which was submitted to Welsh Government in December 2013. The Welsh Government carried out a further exercise to obtain confirmation from each LHA on the accuracy of the figures below.

Table 1: Stock numbers, WHQS status and estimated borrowing requirement:

Local Housing Authority	Stock at Dec ² 2013	Met WHQS	Expected to achieve WHQS		Estimated Borrowing Requirement			
			Month	Year	To meet WHQS	For New Build	Total	
					£m	£m	£m	
Cardiff	13,730	Yes				40.0	40.0	
Anglesey	3,802	Yes				21.4	21.4	
Pembrokeshire	5,663	Yes				26.0	26.0	
Denbighshire	3,454		December	2014	19.6		19.6	
Carmarthenshire	9,009		March	2015	14.4		14.4	
Vale of Glamorgan	3,940		March	2017	33.9		33.9	
Powys	5,419		March	2018	18.2		18.2	
Caerphilly	10,900		March	2020	55.0		55.0	
Wrexham	11,292		December	2020	118.0		118.0	
Swansea	13,590		December	2020	74.0		74.0	
Flintshire	7,236		December	2020	25.0	20.0	45.0	
All Wales Borrowing Requirement						358.1	107.4	465.5

¹ The proposed date of the HRA CFR will be considered by the accounting work-stream, be subject to discussion with Wales Audit Office and approved by the Minister for Housing and Regeneration.

² Stock numbers for tenanted properties obtained from HRA Business Plan submitted December 2013

The Settlement Value and its Distribution

In order to allow Wales to exit the HRAS system, HM Treasury required LHAs to “buy-out” of the system at a settlement figure that is fiscally neutral to the UK Government. The agreement is based on £40m interest payments which will be converted to a lump-sum (settlement value) a short period before an agreed settlement date. The estimated settlement value is considered to be in the region of £919.5 million, which has been used for modelling purposes. HM Treasury requires local authorities to fund the “buy-out” by borrowing from the Public Works Loans Board (PWLB).

Options for distribution of the Settlement Value

Settlement Value Option 1 - To distribute the settlement value based on negative HRA subsidy amounts

Local Housing Authority	HRAS settlement amounts (1)	Share of annual interest (2)	Reduction	Reduction	Share of estimated settlement value (3)
	£	£	£	%	£
Isle of Anglesey	1,695,873	930,779	765,094	45.12	21,396,292
Caerphilly	5,978,361	3,281,222	2,697,139	45.12	75,427,087
Cardiff	15,095,807	8,285,330	6,810,477	45.12	190,459,015
Carmarthenshire	6,234,522	3,421,816	2,812,706	45.12	78,658,989
Denbighshire	3,105,081	1,704,223	1,400,858	45.12	39,175,823
Flintshire	6,324,826	3,471,379	2,853,447	45.12	79,798,326
Pembrokeshire	6,373,758	3,498,235	2,875,523	45.12	80,415,686
Powys	5,660,823	3,106,941	2,553,882	45.12	71,420,811
Swansea	5,789,100	3,177,346	2,611,754	45.12	73,039,241
The Vale Of Glamorgan	5,011,706	2,750,673	2,261,033	45.12	63,231,107
Wrexham	11,609,836	6,372,055	5,237,781	45.12	146,477,623
	72,879,693	40,000,000	32,879,693		919,500,000

Notes:

- (1) HRAS settlement amounts obtained from 2013/14 HRAS 2nd estimate claims HRAS 13-02(W)
- (2) Interest payments of circa. £40m required as part of the agreement with Treasury
- (3) Estimated settlement value based on PWLB 30 year Maturity rate at 12 March 2013 of 4.35%

Advantages

- Every LHA would be better off in revenue terms when compared to the existing HRAS subsidy payments
- The method is as transparent and simple as possible given the inherent complexities of the existing HRAS system
- Each LHA has the same percentage reduction when comparing their existing HRAS amount to their share of the £40m
- Would be relatively straightforward to explain to tenants and members
- Would not replace one complex formula with another

Disadvantages

- Reflects the current and complex HRA subsidy system but some might argue that the current system is not fair
- There is no link to the current condition of the housing stock
- There is no link to the resources required to meet and maintain WHQS
- There is no link to housing supply or demand

Other Options Considered

The other option considered for the distribution of the settlement value was to base it on the stock numbers for each LHA. While this appeared to be a simple and transparent methodology, the results of the modelling showed that two authorities would be expected to pay more in annual interest payments than they currently pay in negative subsidy payments. This option was therefore disregarded on the basis it did not result in every stock retaining authority being better off than within the subsidy system.

Summary

The Welsh Government considers that Settlement Value Option 1 is the preferred option. The final decision will be subject to consultation and agreement by the Minister for Housing and Regeneration.

Options for distributing the Borrowing Cap

Borrowing Cap Option 1 - To distribute the borrowing headroom based on information submitted by each LHA to the Welsh Government in support of their HRA Business Plan for their 2014/15 application for MRA

	Borrowing Cap Allocation			% share of Borrowing
	WHQS	New Build	Total borrowing allocation	
Authority	£	£	£	%
Anglesey	0	21,400,000	21,400,000	4.5
Caerphilly	55,000,000	0	55,000,000	11.7
Cardiff	0	40,000,000	40,000,000	8.5
Carmarthenshire	14,400,000	0	14,400,000	3.1
Denbighshire	19,600,000	0	19,600,000	4.2
Flintshire	25,000,000	20,000,000	45,000,000	9.6
Pembrokeshire	0	26,000,000	26,000,000	5.5
Powys	18,200,000	0	18,200,000	3.9
Swansea	74,000,000	0	74,000,000	15.7
Vale Of Glamorgan	33,900,000	0	33,900,000	7.2
Wrexham	118,000,000	0	118,000,000	25.0
	358,100,000	107,400,000	465,500,000	
Contingency to be retained by Welsh Government	5,585,263		5,585,263	1.2
All Wales	363,685,263	107,400,000	471,085,263	100.0

It is assumed that the information submitted by each LHA reflects what each can “afford” to borrow.

It is further proposed that any balance, between the borrowing requirement identified by authorities and the total borrowing cap, should be retained by the Welsh Government as a contingency (see section on Flexibility below).

Advantages

- Prioritises WHQS by ensuring that LHAs have access to sufficient borrowing to enable them to meet WHQS by 2020.
- Provides access to sufficient borrowing to those LHAs that have included proposals for new build within their existing business plans.

Disadvantages

- Does not reflect housing need or demand.
- Does not allocate any borrowing headroom to the 7 authorities who have not included new build proposals in their latest business plan.

Borrowing Cap Option 2 - To base the distribution of the borrowing headroom on prioritising WHQS and applying a modified Social Housing Grant (SHG) formula using household projections and affordability index

The illustrative figures are broken down into borrowing required to meet WHQS and borrowing available for new build. This approach uses official Welsh Government statistics and utilises the most recent data for median incomes and median house prices to create an affordability ratio and combines it with household projections. This data is used to calculate the housing need element of the formula that is used by Welsh Government to distribute SHG to Local Authorities.

	Borrowing Cap Allocation			% share of Borrowing
	WHQS	Allocation based on modified SHG ³	Total borrowing allocation	
Authority	£	£	£	
Anglesey	0	4,696,259	4,696,259	1.0
Caerphilly	55,000,000	8,569,648	63,569,648	13.5
Cardiff	0	22,245,524	22,245,524	4.7
Carmarthenshire	14,400,000	9,924,527	24,324,527	5.2
Denbighshire	19,600,000	5,711,302	25,311,302	5.4
Flintshire	25,000,000	8,609,555	33,609,555	7.1
Pembrokeshire	0	8,350,797	8,350,797	1.8
Powys	18,200,000	10,655,999	28,855,999	6.1
Swansea	74,000,000	13,514,579	87,514,579	18.6
Vale Of Glamorgan	33,900,000	8,214,191	42,114,191	8.9
Wrexham	118,000,000	7,492,881	125,492,881	26.6
Total	358,100,000	107,985,263	466,085,263	
Contingency to be retained by Welsh Government	5,000,000		5,000,000	1.1
All Wales	363,100,000	107,985,263	471,085,263	100.0

³ Based on:
 2011 Household Projections published by the Welsh Government
 Median Gross Weekly Pay 2013 Resident Analysis published by ONS and
 Median House Prices 2011 published by HM Land Registry

Advantages

- Prioritises WHQS by ensuring that LHAs have access to sufficient borrowing to enable them to meet WHQS by 2020.
- Provides all LHAs with “notional borrowing headroom” to enable them to consider proposals for new build, if affordable within their business plans.
- Distributes borrowing cap headroom after WHQS by an objective measure that is a reasonable proxy for housing need.
- This formula could be applied as and when Treasury agree an uplift to the macro borrowing cap for Wales.

Disadvantages

- Does not provide for the level of new build that is currently included within the business plans for four LHAs.
- Could be perceived to disadvantage those that have met WHQS.
- LHA may not be able to use full borrowing capacity to build by 2018.

Borrowing Cap Option 3 - To base the distribution of the borrowing headroom on prioritising WHQS, 4 LHAs receiving 50% of their new build request with balance allocated to 11 LHAs on an indicative basis using the modified SHG formula.

The illustrative figures are broken down into borrowing required to meet WHQS and borrowing available for new build based on 50% of the figures 4 LHAs requested for new build with the balance being distributed across all 11 LHAs. The latter distribution uses official Welsh Government statistics and utilises the most recent data for median incomes and median house prices to create an affordability ratio and combines it with household projections. This data is used to calculate the housing need element of the formula that is used by Welsh Government to distribute SHG to Local Authorities.

	Borrowing Cap Allocation				
	WHQS	50% of new build requested	Allocation based on modified SHG ⁴	Total borrowing allocation	% share of Borrowing
Authority	£	£		£	
Anglesey	0	10,700,000	2,360,856	13,060,856	2.8
Caerphilly	55,000,000		4,308,047	59,308,047	12.6
Cardiff	0	20,000,000	11,183,046	31,183,046	6.6
Carmarthenshire	14,400,000		4,989,158	19,389,158	4.1
Denbighshire	19,600,000		2,871,128	22,471,128	4.8
Flintshire	25,000,000	10,000,000	4,328,108	39,328,108	8.3
Pembrokeshire	0	13,000,000	4,198,028	17,198,028	3.7
Powys	18,200,000		5,356,877	23,556,877	5.
Swansea	74,000,000		6,793,913	80,793,913	17.2
Vale Of Glamorgan	33,900,000		4,129,355	38,029,355	8.1
Wrexham	118,000,000		3,766,746	121,766,746	25.8
Total	358,100,000	53,700,000	54,285,263	466,085,263	
Contingency to be retained by Welsh Government	5,000,000			5,000,000	1.1
All Wales	358,100,000	107,985,263		471,085,263	100.0

Advantages

- Prioritises WHQS by ensuring that LHAs have access to sufficient borrowing to enable them to meet WHQS by 2020.
- Provides those LHAs with a percentage share of the borrowing capacity they requested for new build to ensure part of their new build plans are deliverable.
- Provides all LHAs with an “indicative allocation” of borrowing headroom for new build, if affordable within their business plans.
- Distributes remaining borrowing cap headroom after WHQS and initial proportion for new build by an objective measure that is a reasonable proxy for housing need.
- This latter formula could be applied as and when Treasury agree to uplift to the macro borrowing cap for Wales.

⁴ Based on:
2011 Household Projections published by the Welsh Government
Median Gross Weekly Pay 2013 Resident Analysis published by ONS and
Median House Prices 2011 published by HM Land Registry

Disadvantages

- Does not provide for the level of new build that is currently included within the business plans for four LHAs.
- Could be perceived to disadvantage those that have met WHQS.
- LHA may not be able to use full borrowing capacity to build by 2018.

Summary

A summary of the borrowing capacity that each LHA would obtain from each of the options and the difference between the borrowing capacity each LHA requested and the outcome of options 2 and 3 are shown below:

	Outcome Option 1	Outcome Option 2	Difference between Options 1 and 2	Outcome Option 3	Difference between Options 1 and 3
Authority	£	£	£	£	£
Anglesey	21,400,000	4,696,259	-16,703,741	13,060,856	-8,339,144
Caerphilly	55,000,000	63,569,648	8,569,648	59,308,047	4,308,047
Cardiff	40,000,000	22,245,524	-17,754,476	31,183,046	-8,816,954
Carmarthenshire	14,400,000	24,324,527	9,924,527	19,389,158	4,989,158
Denbighshire	19,600,000	25,311,302	5,711,302	22,471,128	2,871,128
Flintshire	45,000,000	33,609,555	-11,390,445	39,328,108	-5,671,892
Pembrokeshire	26,000,000	8,350,797	-17,649,203	17,198,028	-8,801,972
Powys	18,200,000	28,855,999	10,655,999	23,556,877	5,356,877
Swansea	74,000,000	87,514,579	13,514,579	80,793,913	6,793,913
Vale Of Glamorgan	33,900,000	42,114,191	8,214,191	38,029,355	4,129,355
Wrexham	118,000,000	125,492,881	7,492,881	121,766,746	3,766,746
Total	465,500,000	466,085,263		466,085,263	
Held by WG for future distribution	5,585,263	5,000,000		5,000,000	
All Wales	471,085,263	471,085,263		471,085,263	

Option 1 should be regarded as the baseline as this is what each LHA identified as the borrowing capacity they each required to meet their business plan commitments at a certain point in time. Earlier versions of this data were used to form the basis for the calculation of the borrowing cap and for agreement with Treasury.

Steering group members noted that, for a range of reasons, not all LHAs had included plans for new build in the data submitted to Welsh Government and there were also concerns about whether the data was based on consistent assumptions.

Therefore some members of the steering group felt that option 1 would not be considered fair and equitable to all LHAs.

Option 2 prioritises the borrowing each LHA requires to meet WHQS in the first instance. The balance of the borrowing capacity is then distributed using the modified SHG statistical formula and provides borrowing capacity to all 11 LHAs. As can be seen, this creates significant differences, particularly for the 4 LHAs that have consistently requested capacity for new build and have developed firm plans for new homes to be built or to demolish and re-develop some of their existing stock. Steering group members recognise that developing plans for new build is a lengthy process and will depend on for example housing need, the availability of land, planning consents and appointment of contractors etc.

It is also possible that some LHAs may not wish to consider new build within the next few years. Alternatively the borrowing capacity under this option may not be "affordable" within the business plan for a LHA.

Some members of the steering group felt that there was a need to match the distribution of the borrowing cap with outcomes and deliverability. Option 2 would not provide 4 LHAs with sufficient borrowing capacity to meet their existing plans for development. It was also noted that the borrowing capacity may not be maximised as some LHAs may not wish or be able to utilise their allocated borrowing cap.

It was therefore considered necessary to develop an option that would provide a compromise that could be supported by all 11 LHAs which appear to fall within two groups, those with firm plans for new build and those that only submitted figures for WHQS for various reasons.

The steering group members were keen to strike a balance between ensuring that the distribution methodology for the borrowing cap could be regarded as fair and equitable to all LHAs whilst ensuring the deliverability of new build plans.

Option 3 again prioritises borrowing for WHQS. It then provides a percentage share of the borrowing 4 LHAs identified as required for new build and distributes the balance to all 11 LHAs on an indicative basis using the modified SHG statistical formula which was used for option 2. The modelling for this option is based on the 4 LHAs receiving a 50% share of the new build capacity they require.

There has been significant discussion as to the potential for future flexibility in the distribution of the borrowing cap as it is considered important that borrowing capability should be fully utilised where possible. However it is also recognised that this should not negate the enormous benefit of self-financing and moving away from annual announcements which will provide LHAs the ability to plan over the medium to longer term and deliver and measure key outcomes and outputs. It is expected that any change to a LHA's borrowing cap, whether temporary or permanent, would need to be accounted for within "a Limit on Indebtedness Determination", subject to the Wales Bill coming into force.

The steering group noted that the flexible approach would need to be taken during both the initial setting of the borrowing cap and during any future reviews and recommended that a review of the borrowing cap should be undertaken every 3

years, starting in 2018. This periodic review would apply regardless of what option is taken forward.

The Welsh Government are seeking to ensure that the methodology to be applied to the borrowing cap will distribute borrowing capacity to where it can be fully utilised by achieving WHQS and maximising the delivery of new housing supply. It is therefore important that each LHA is realistic about its ability to use their "indicative allocation" by 2018 which will be reflected in its submission to the Welsh Government in October 2014.

One of the consultation questions is seeking views on what sanctions could be used by Welsh Government in the event that there is a significant difference between the LHA's borrowing capacity and what it has utilised. However, if sanctions were to be applied then provision will need to allow for further flexibility during the period prior to the 2018/19 review. This should be on an "exceptional basis" but would enable a LHA to advise the Welsh Government where it is unable to use their borrowing capacity for whatever reason. This surplus borrowing capacity could then be re-distributed to a LHA e.g. those with shovel ready schemes. It is expected that this type of flexibility which would result in the transfer of borrowing capacity from one LHA to another would require a revised "Limit on Indebtedness Determination" to be issued.

The Welsh Government considers that Borrowing Cap Option 3 is the preferred option. The final decision will be subject to consultation and agreement by the Minister for Housing and Regeneration. Option 3 is supported by the following process:

- Each LHA will be allocated an "indicative allocation" of the borrowing headroom" under the methodology set out in option 3.
- Each LHA will need to advise the Welsh Government by end of October 2014 on whether they will take up their "indicative allocation" for new build up until March 2018.
- If a LHA wishes to take up their "indicative allocation", the LHA will need to submit proposals to the Welsh Government by end of October 2014 which sets out how and when they could utilise this for new build and whether this together with their allocation for WHQS and % share for new build was "affordable" within the business plan.
- The LHA's submission will need to set out whether land has been identified, an assessment of housing need, the number and type of properties to be developed, timescales for development (up to 2018) and any potential barriers to deliverability.
- As part of the submission, each LHA to advise if they could afford to, and wish to, take on any further borrowing capacity over and above their "indicative allocation" and, if agreed, what additional units could be delivered and whether these would be shovel ready.

- Where a LHA is not able, or does not wish, to utilise their “indicative allocation” for new build, this could be re-distributed to those LHAs that wished to take on further borrowing capacity. This could either be re-distributed to those LHAs that have indicated they could deliver more units or to all remaining LHAs using the modified SHG formula.
- Exceptional arrangements will be introduced to enable a LHA that is not able to fully utilise its “actual allocation” of the borrowing cap before March 2018 to notify the Welsh Government and the surplus borrowing capacity will be re-allocated to LHAs.
- New systems and processes need to be developed to allow for the annual monitoring of compliance with the borrowing cap. This work will be undertaken by one of the work-streams and will consider the data that will need to be gathered by, and collected from, LHAs on what has been delivered in terms of all key outcomes and outputs. This is expected to cover all aspects including achievement and ongoing maintenance of WHQS, re-modelling of existing schemes, regeneration and the development of new properties etc. The work-stream will also be looking at ways of collecting data on the community benefits that are achieved and can be evidenced by LHAs in respect of tackling poverty, jobs and growth, apprenticeships, workless households (LIFT project) etc.
- The borrowing cap will be subject to review every three years with the first review being undertaken during 2018/19. Where a LHA makes a decision not to take up their “indicative allocation of the borrowing cap” for new build under this first distribution, this period of review will enable them to develop new build proposals to feed into the 2018/19 review. LHAs may also be able to develop new build from existing resources or any revenue savings arising from exiting the HRAS system.

Other options considered and reasons for being disregarded

Members of the steering group carried out extensive modelling, and considered the outputs, for the distribution of the borrowing cap which reflected both prioritising and not prioritising the borrowing each LHA requires enabling them to meet WHQS. Where borrowing for WHQS was not prioritised within the modelling, in each case, there were between 3 and 6 LHAs that would not receive enough borrowing capacity to enable them to achieve WHQS by 2020. Since this is a shared Welsh Government and Local Government priority and is to be made a statutory obligation, all options where the borrowing required for WHQS was not prioritised were disregarded.

The options that were considered and which prioritised borrowing capacity for WHQS together with the reason why each option was disregarded are set out in the table below:

Modelled by:	Reason for being disregarded
Data provided by LHAs in response to the Welsh Government's request in July 2013	This data was no longer current as LHAs recently submitted updated data to the Welsh Government (see Option 1)
Existing housing stock /dwelling numbers	Since the borrowing capacity required to achieve WHQS has been prioritised then the existing stock numbers has no bearing on the borrowing capacity required for future new build plans
Housing projection figures for 2020 (published 2011)	The outputs were very similar to the outputs from the modified SHG formula which the steering group considered was a more objective measure and a reasonable proxy for housing need and affordability (see Option 2)
Housing projection figures by the change in housing projections from 2013 to 2020	While this was based on the change in household projections over time, the time period involved was considered too small to be a robust measure of the typical change over a 30 year business planning period.
Each LHA receiving the same percentage headroom over and above the sum of their existing debt plus the settlement figure	This did not reflect future housing need and may also amplify any issues with the distribution of the settlement amount
Each LA receiving the same value headroom (an equal share)	This does not reflect the differences between authorities in terms of size and housing need
Distributing based on current negative subsidy settlement value	This does not reflect future housing need and may also continue any inequalities inherent within the current subsidy system.
Allocating a percentage share to those LHAs that identified a requirement for new build with the balance being distributed to the 7 remaining LHAs using the modified SHG formula	The further modification of the SHG formula to only allocate borrowing capacity to 7 out of the 11 LHAs could impact upon weighting and was not considered to be equitable and fair to all. The setting aside of a percentage for the 4 LHAs for new build and distributing the balance to all 11 LHAs was considered an appropriate compromise option which could be supported by all LHAs (see Option 3)

Contingency and Future Distribution of the Borrowing Cap

The setting of a housing related borrowing cap for each LHA is a Treasury requirement and is new to Wales. As part of the agreement for LHAs to exit the HRAS system Treasury has advised that any breach of the borrowing cap would be supported by sanctions. This means that, in the event that the borrowing cap is breached, Treasury would make a compensatory reduction to the Welsh Government Budget which would be passed on to LHA(s) accordingly. Therefore it is in all of our interest to ensure that the borrowing cap is maintained.

The Welsh Government propose the setting aside of a small part of the borrowing cap as a contingency in the first instance. The amount included in the options is approximately £5 million. This contingency will help to safeguard Welsh Budgets whilst the Welsh Government and LHAs adjust to the new borrowing cap arrangements. Whilst this contingency could provide LHAs with access to additional borrowing in the event of an emergency or a change in circumstances it is expected that LHAs will have prudent plans in place to enable them to act in the event of an emergency

The Welsh Government are currently in discussion with Treasury to ensure that there is equity between LHAs in England and Wales in that any increase to the borrowing cap in England should be replicated in Wales.

This consultation is aiming to identify the methodology that will be used in the setting of the initial borrowing cap for each LHA. Subject to the analysis of consultation responses, and Ministerial agreement, it is the expectation that a defined methodology will be identified.

In the event that Treasury does agree to uplift the borrowing cap, it may be possible for such an amount to be distributed using the defined methodology that arises from this consultation process.

Consultation Questions:

- 1 Do you agree with the proposal to distribute the settlement value based on negative subsidy amounts?
- 2 Do you agree with the proposal to distribute the borrowing cap based upon option 3 to allow for new build commitments whilst also providing potential headroom for new build to every local authority?
- 3 Do you agree that the Welsh Government should retain a small proportion of the borrowing headroom as a contingency?
- 4 What are your views on how we allocate any unallocated borrowing headroom now or in the future?
- 5 Do you agree that the borrowing cap should be reviewed every three years with the 1st review in 2018/19?
- 6 What action should the Welsh Government take on a LHA who has not delivered on their ability to utilise their borrowing cap?
- 7 Do you have any further comments to make?

Consultation Responses

This consultation is only relevant to the eleven stock retaining local housing authorities in Wales who are currently part of the existing Housing Revenue Account Subsidy system.

It would be appreciated if these eleven LHAs could respond to the questions as set out above and email the response to:

Jen Welsby at: Jen.welsby@wales.gsi.gov.uk

Anshu Verma at: Anshumail.verma@wales.gsi.gov.uk and

Michelle Herneman at: Michelle.herneman@wales.gis.gov.uk

by close of business Thursday 10 July 2014

If you have any queries please contact Jen Welsby on 0300 062 8161 or

at jen.welsby@wales.gsi.gov.uk

Proposed Cabinet Response to the Welsh Governments Consultation on the Housing Revenue Account Subsidy Reform

Q1	<p>Do you agree with the proposal to distribute the settlement value based on negative subsidy amounts?</p>
R1	<p>Context: In order to distribute the share of the £40m interest payments to be borrowed from the Public Works Loan Board the Welsh Government is recommending that the settlement should be based on the negative subsidy amounts being paid by each local authority. Appendix 2 shows the impact for each authority of such a settlement agreement. In all cases the estimated reduction in annual payments is 45.12%.</p> <p>Recommended response: City of Cardiff Council agrees with the proposal to distribute the settlement value based on negative subsidy amounts. The final subsidy claim for the period 2013/14 should be used as the basis for the calculation as this provides the most accurate assessment of settlement amounts.</p>
Q2	<p>Do you agree with the proposal to distribute the borrowing cap based upon option 3 to allow for new build commitments whilst also providing potential headroom for new build to every local authority?</p>
R2	<p>Context: This issue has provided difficulties in terms of obtaining consensus across the 11 LHA's. The three options are :</p> <ol style="list-style-type: none"> 1. To distribute the borrowing headroom based on information submitted by each LHA to the Welsh Government in support of their HRA business plan for their 2014/15 application for MRA 2. To base the distribution of the borrowing headroom on prioritising WHQS and applying a modified Social Housing Grant (SHG) formula using household projections and affordability mix 3. To base the distribution of the borrowing headroom on prioritising WHQS, 4 LHA's receiving 50% of their new build request with balance allocated to 11 LHAs on an indicative basis using the modified SHG formula. <p>Appendix 2 shows the impact in terms of borrowing cap options across the 11 LHAs</p> <p>Option 1 reflects the position based on Cardiff's existing HRA business plan. The Plan reflects the fact that Cardiff achieved WHQS in 2012 as required by Welsh Government and included the delivery of new build Council Homes in the city.</p> <p>Option 1 would give Cardiff a total borrowing allocation of £40m in line with our current requirements and give significant opportunity for further new build housing. A number of LHAs including Cardiff preferred Option 1. However a significant number of LHAs strongly preferred option 2</p> <p>At a seminar hosted by the WLGA on 16th May 2014 it was clear that neither option 1 nor option 2 would achieve consensus. Consequently it became clear that option 3 remained the only viable acceptable option if a voluntary agreement was to be achieved.</p> <p>If Option 3 is to be the acceptable option, this will leave Cardiff with a funding shortfall (based on existing HRA Business Plan) of £8,816,954. I.E. option 1 £40,000,000 as opposed to option 3 £31,183,046. (see Appendix 2 – page 13 of consultation paper).</p> <p>Whilst Cardiff will still be able to deliver on much of it aspirations for new build, there will have to be a review and production of a new HRA Business Plan to reflect this shortfall and highlight the</p>

	<p>implications and options available in respect of the potential funding gap.</p> <p>Recommended response:</p> <p>Whilst the City of Cardiff Council would prefer to opt for Option 1, it is clear that option 3 is the only option that will succeed in all 11 LHA's obtaining the required voluntary agreement. In order to allow the voluntary agreement to succeed the City of Cardiff agrees to option 3.</p>
Q3	<p>Do you agree that the Welsh Government should retain a small proportion of the borrowing headroom as a contingency?</p>
R3	<p>Context: Should a Council's business plan in future years take its borrowing close to its Cap, there a risk there various external factors could cause a technical breach in any limit, e.g capital programme expenditure being more advanced than planned, the need to undertake urgent unplanned expenditure. Such risks are already carefully monitored by the Local authority during the business plan period and expenditure monitoring process. Whilst understandable that WG wish to ensure any risk to Welsh Government budgets as a result of any inadvertent breach is minimised, well established and audited systems are already in place within local authorities in the form of prudential indicators required to be set each year in the budget. This includes an affordable borrowing limit, where a worst case scenario approach is already adopted by local authorities when determining their affordable borrowing limit to ensure no inadvertent breach. To have both local authorities and WG holding a level of contingency is not deemed necessary</p> <p>Recommended response:</p> <p>City of Cardiff Council does not agree that WG should hold a £5 million contingency. Local authorities already have established procedures to ensure that can operate within any Cap set.</p>
Q4	<p>What are your views on how we allocate any unallocated borrowing headroom now or in the future?</p>
R4	<p>Context: The Welsh Government are currently in discussion with Treasury to ensure that there is equity between LHAs in England and Wales in that any increase to the borrowing cap in England should be replicated in Wales</p> <p>Recommended response:</p> <p>Should there be agreement on an increase in the Welsh Borrowing Cap prior to the finalisation of the settlement for the voluntary agreement to be entered into, then it would seem appropriate to split this on the basis of option 3, the preferred option, to allow a voluntary agreement to be reached.</p> <p>Should there be an agreement between the WG and Treasury following implementation of an approved voluntary agreement, it is suggested that consideration be given to distributing using alternative methods that consider housing need, such as Population and Household Growth and focuses on increasing housing supply only. This is particularly the case as the initial cap already prioritises and allocates headroom to allow local authorities to meet Welsh Housing Quality Standards.</p>
Q5	<p>Do you agree that the borrowing cap should be reviewed every three years with the 1st review in 2018/19?</p>
R5	<p>Context: As mentioned above, the distribution of any set borrowing cap was a difficult area in securing consensus between all 11 authorities. With securing a voluntary agreement being a priority, option 3 remained the only viable acceptable option if a voluntary agreement was to be</p>

	<p>achieved. This met the key priorities of WG to prioritise WHQS first for those who have not met this requirement in 2012 and then allowing headroom to increase housing supply.</p> <p>Given the above issued, to fix any such headroom allocated to an authority in perpetuity has a number of risks including:-</p> <ul style="list-style-type: none"> • Changes in business plan parameters including affordability over the 30 year plan period. There is uncertainty as to how a cap set now which will impact on authorities in the future • Changes in population and housing need over time • Authorities with a need not being able to achieve housing policy, given the restraint of a cap, especially where it may not be required in other authorities or not be required for a longer period • The overall all Wales borrowing cap not being fully utilised to improve housing policy objectives across Wales where deemed affordable <p>Authorities must by October 2014 be able to demonstrate that they can take up the indicative allocation of borrowing capacity for new build by 2018/19 and also for WHQS by 2020. This would need to consider deliverability, details of whether land is available, assessment of housing need, number and type of property and timescales. Unused borrowing capacity can then be redistributed to authorities that wish to take on further borrowing if their business plans allow.</p> <p>Recommended response:</p> <p>A periodic review and flexibility in individual council borrowing caps from those initially set is essential for the City of Cardiff Council to enter into a voluntary agreement. Accordingly we agree with the proposal that that any borrowing cap should be reviewed every three years starting 2018/19, with revised indebtedness determinations issued by WG accordingly following this review. This should be done centrally rather than on a voluntary basis between individual local authorities.</p>
Q6	<p>What action should the Welsh Government take on a LHA who has not delivered on their ability to utilise their borrowing cap?</p>
R6	<p>Context: A number of factors could have a significant impact on deliverability of plans, particularly in relation to capital expenditure. It should also be recognised that self financing will be new to both local authorities and Welsh Government. Accordingly sanctions for not being able to use any headroom where there are justifiable reasons would be unfair and unhelpful. This clearly is an area that can be considered when the initial distribution of the Cap is reviewed in 2018/19, including consideration of progress in meeting the revised deadline for achieving Welsh Housing Quality Standards.</p> <p>Recommended response:</p> <p>City of Cardiff Council does not agree that actions should be considered against local authorities who have not delivered on their ability to utilise their borrowing cap.</p>
Q7	<p>Do you have any further comments to make?</p>
R7	<p>Recommended response:</p> <p>It needs to be recognised that a number of key variable impact on the viability of the Housing Business plan. In particular the current annual £9.6 million allocation of Major Repair Allowance received from WG to support investment in the Council's Stock. Whilst this has been protected by WG for some years, its continued availability at similar levels is essential to ensure that local authorities do not have borrow more than they have initially assumed in their business plans and in agreeing to the voluntary settlement. Reductions could have a significant impact on the affordability of any agreed settlement and sustainability of borrowing required to be taken.</p>

My Ref: Scrutiny/Correspondence/Cllr Groves

7th July 2014

Councillor Susan Elsmore
Cabinet Member (Health, Housing and Wellbeing)
c/o Room 520
County Hall
Cardiff
CF10 4UW



Dear Susan

Community & Adult Services Scrutiny Committee Meeting – 2nd July 2014

Thank you for attending the above committee. This letter captures the agreed comments and observations of the Committee with regard to the items detailed below.

Housing Finance Subsidy Reform

Members thank you for the opportunity to undertake pre-decision scrutiny of this item. Having considered the evidence provided with regards to the various options and their implications, Members are content with the proposed consultation response and support its' submission to the Welsh Government.

With regards to whether new-build council housing will be within the HRA ring-fence or not, Members would like to receive further clarification on whether or not this is the case, bearing in mind the statement that was previously presented to committee, as detailed at point 12 of the cover report for this item – *'the building of significant levels of housing to be retained by the Council, will require consideration of maintaining such housing outside of the HRA Subsidy system'*.

Members note that there is a requirement to recast the HRA Business Plan 2015-16 by October 2014 to take into account the proposed changes, including the borrowing cap of £31 million. Members are holding a work programming forum on Monday 7th July 2014 and will consider whether to include this item in our work for the forthcoming year.

Cabinet Response to Welfare Reform Inquiry

Members wish to thank you for ensuring that our Inquiry into the Under Occupation of Social Housing Welfare Reform received a Cabinet Response. Members will discuss when to programme in a progress report on the implementation of the agreed recommendations at our work programming forum.

In relation to Recommendation Five, Members were pleased to hear Sarah McGill say that she will explore with colleagues the use of the existing reorientation teams

to ensure that tenants with sensory impairments who move to new properties are given assistance with external reorientation, as well as with any adaptations that are required.

Members are aiming to agree a draft work programme in July and I will ensure you receive a copy of the work programme once it has been approved by Committee.

This letter contains a request for further information and so requires a response.

Yours sincerely,



COUNTY COUNCILLOR DAVID GROVES
Chairperson - Community & Adult Services Scrutiny Committee

Cc: Sarah McGill
Claire Deguara Liz Patterson Nick Blake

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**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**

AUDIT COMMITTEE

8 December 2014

**INTERNAL AUDIT HALF YEAR PROGRESS REPORT
REPORT OF THE CORPORATE DIRECTOR RESOURCES**

Appendices B & E in Annex 1 of this report are not for publication

Reason for this Report

1. To provide the Audit Committee Members with an update on the work of Internal Audit up to September 2014.

Background

2. An Annual Audit Strategy/Plan is prepared each year which acts as a yardstick by which the work of Internal Audit can be measured. It is important that this allows for flexibility so that professional judgement can be applied to enable work to be prioritised over the life of the Plan in order to maximise the use of audit resources and add most value to the organisation in targeting changing risks.
3. The Audit & Risk Manager prepares quarterly briefings and a half yearly progress report outlining the work undertaken by the audit teams and key performance information.
4. Progress reports are discussed with the Corporate Director Resources, to provide her with a meaningful update of the work of the team and to give her the opportunity to discuss changing priorities. This is then presented to Audit Committee.

Issues

5. The half year progress report is attached at Annex 1 for information.

Legal Implications

6. There are no legal implications arising from this report.

Financial Implications

7. There are no financial implications arising from this report.

RECOMMENDATIONS

8. That the Committee note the report.

**CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES**

The following is attached:
Annex 1: Internal Audit Update

CORPORATE SERVICES INTERNAL AUDIT SECTION

Half Year Progress Report as at 30th September 2014

Content:

- Audit Page 2
- Investigations Page 3
- Risk Management & Governance Page 4
- Programme & Project Audit Page 4
- Client Interaction, Performance Management & Quality Assurance Page 6
 - Questionnaires
 - Report Recommendations
 - Objectives
 - Benchmarking
 - Service Review
- Conclusions and Summary Page 7
- Appendices A-F Page 9-19



Prepared by: Derek J King, Audit & Risk Manager
Bob Jones, Audit & Pensions Manager

INTERNAL AUDIT PROGRESS REPORT AS AT END OF SEPTEMBER 2014

Audit

The general approach to audit work has continued to be based on system based auditing and priority continues to be placed on high risk audits, assigned from the Audit Plan. The half year has seen a pressure on resources with a Senior Auditor seconded to assist with a Service Review, sickness higher than anticipated (one long term sickness) and some delay in finalising a restructure and appointing staff. The outcome is a reduction of days available to be assigned to audits of around 250 days (26%) which has highlighted the importance of continually assessing priorities. The Audit Plan for audit services is based on 11.6 FTE and with this number reducing every year, audit coverage is increasingly stretched and any absence, even by just one individual, can have a significant impact on what can be achieved.

Reports issued over the past 3 months have been added to [Appendix A](#) which now shows the position at the end of the 6 months. For the first time, an audit opinion has been included for draft reports, although these are yet to be discussed and signed off with directorate representatives and so the assessment may change.

This highlights 8 audits with Limited Assurance audit opinions where a final report has been issued and for 7 of these an Executive Summary has already been prepared and reported to Audit Committee. The Executive Summary for Rumney High School is attached at [Appendix B](#). There are a further 3 draft reports issued, where it is likely there will be Limited Assurance given.

Again extensive work has been undertaken in areas where an audit report is not being prepared and a list of this work is shown at [Appendix C](#).

[Appendix D](#) provides an update on follow up audits undertaken and planned where a Limited or No Assurance audit opinion was reported, to provide assurance all are being actively pursued. The Appendix does show a number of audits closed following another visit, where improvements had been noted and a satisfactory opinion given.

There are currently 40 "open" audits on the Corporate database (CIS) of which 32 (80%) relate to the current year and last year and 8 (20%) prior to that. These are being regularly monitored. It is sometimes the case that all but one or two of the recommendations have been actioned but the audit remains open until every action is closed and some can take time for an event to happen e.g. a new IT solution is being developed.

With regards the main areas of concern arising from audits over the past 6 months, schools audits continue to be highlighted with 4 of the 8 (50%) finalised reports having Limited Assurance. These have been discussed with the Director of Education & Lifelong Learning, who attended Committee in June to discuss audit findings and provide his views on how governance can be improved.

Contract audits remain a priority due to concerns over compliance in some areas in the past and some follow ups in this area are ongoing.

Also of concern is that, despite a commitment to enhance controls and implement audit recommendations, some follow up audits in Children's Services are still assessed as Limited Assurance. This is largely due to pressure on resources to bring about the changes required and the Director is fully aware of the risks.

The audits at Rumney High School and Highways Operations have also highlighted some fundamental weaknesses and, whilst still in draft, are likely to be Limited Assurance reports when issued as finals.

Investigations

The structure of the Investigation team drastically changed at the end of June with 5 staff (4.5 FTE) transferring to work for the DWP under the new Single Fraud Investigation arrangements. With effect from 1st July 2014 the City of Cardiff Council no longer conducts benefit fraud investigations and all benefit fraud referrals are sent directly to the DWP. Prior to the transfer the team continued to be busy handling benefit fraud referrals and issuing sanctions and raised £4,086 income from Administrative Penalties.

The team now consists of 4 staff (3.5 FTE) concentrating on a wide range of non benefit fraud work.

Over the past 6 months there have been 142 non-benefit referrals received by the team. These relate to Council Tax Reduction Scheme, Council Tax Liability, Housing, non-received cheques and Council Employees.

The 24 Council Employee referrals require urgent attention as there is often suspected fraud or financial impropriety ongoing, and they have a significant impact on planned work.

The Group Auditor (Investigations) leads a number of these investigations and he and his team supported others where an Investigation Officer was appointed from within a Directorate. There have been 32 employee investigations concluded over the past 6 months and an overview of the cases that resulted in an outcome, are shown at [Appendix E](#).

Whilst some of investigations resulted in no further action, all cases involve gathering evidence, advising on procedure and many will require attendance at Police Panels and disciplinary interviews, all of which is time consuming.

For all cases where suspected fraud has identified a potential system or control weakness the team have worked alongside colleagues within Audit to review the circumstances around the suspected fraud and Action Plans produced where appropriate, listing a number of recommendations suggesting improvements to control. These are monitored in the same way as audit reports to ensure the improved actions are implemented.

Following concerns expressed around inconsistent sanctions arising from employee investigations an Action Plan has been agreed and is being progressed. As part of this, opportunities are being looked at for providing eLearning on fraud, bribery & corruption which can be targeted to new starters and managers who may become involved in the investigation process. The team are also inputting to a review of the Council's Disciplinary Policy to ensure the newly drafted Fraud, Bribery & Corruption Policy has the necessary links. This latter policy has been circulated widely and a final draft will be available soon.

A new Fraud Plan has been developed for the next 6 months targeting fraud, primarily relating to the National Fraud Initiative, Tenancy Fraud and Employee Fraud. Discussions are underway regarding a member of the team leaving in a month or so as part of budget savings, which will impact on the coverage of work the team are able to deliver.

National Fraud Initiative (NFI)

Work on the Audit Commission's current data matching exercise – NFI 2014/15 is well under way. The key contact has been assigned, data has been extracted / uploaded and the reports of potential frauds are due to be issued in January.

Risk Management & Governance

Governance

Quarter 1 noted the completion of the Annual Governance Statement (AGS). Many sources were relied upon to inform the completion of the AGS, including the Audit Committee, who had greater involvement in the challenge of the AGS 2013/14 than in previous years, to provide greater scrutiny. The timetable for completing the AGS facilitated a period during April where the Audit & Risk Manager met with each Director in order to challenge their responses provided within their Senior Management Assurance Statement.

The Wales Audit Office's All Wales Governance Study was reported on in 2013/14 which placed three recommendations on the Council, all of which were resolved following completion of the AGS 2013/14.

Looking ahead, the Organisational Development Programme incorporates a Governance Programme which has set about improving the governance arrangements within the Council. As part of the programme the CIPFA / SOLACE Delivering Good Governance in Local Government Framework and the Council's Governance Framework will be considered. The Frameworks are fundamental to the completion of the Annual Governance Statement. The Principal Auditor (Governance & Risk) will attend the Governance Programme Board meetings.

Risk Management

A review of the Risk Management Policy, Strategy and Methodology concluded in March 2014 when Cabinet approved the revised document. The document was shared with staff via the intranet and uploaded to the Council's website in quarter 1.

The Corporate Risk Register (CRR) 2013/14 year end position was reported to Senior Management Team, thereafter June Audit Committee and July Cabinet. The CRR is currently out for review to reflect the 2014/15 mid year position which will be reported to Senior Management Team, Audit Committee and Cabinet later in the year.

A meeting of the Risk Management Steering Group was held in May and September; Councillor Hinchey joined the Steering Group as Member Risk Champion. The group consider the strategic direction of the management of risk within the Council. The September meeting focused on a comparison exercise of Cardiff's corporate risks to that of the core cities group. The exercise has provided focus for the mid year review of the register.

An internal audit of the Council's risk management arrangements concluded in quarter 2; the audit provided satisfactory assurance.

Programme and Project Audit

In the first half of 2014/15 the Programme & Project Assurance function has focused primarily on establishing a governance framework for the Organisational Development Programme, which will deliver new models of working and manage the delivery of strategic change.

In September an additional post of Senior Programme & Projects Auditor was recruited into the team, which will free up capacity to undertake more audits and health checks of programmes and projects across the Council.

Corporate Governance – Programme & Project Management

Internal Audit manages the Corporate Framework for Programme & Project Assurance (PQA) on behalf of the Section 151 Officer. Key successes in 2014/15 have been revising and republishing the PQA Project Management Handbook and a review of key project forms such as the Project Brief and Project Closure Report.

The team have developed a Corporate guide for project risk management to help standardise the categorisation of risks and provide information to project managers on what to take into account when assessing project risks. The Project Risk Guidance aligns to work being developed to standardise how project lessons learned are recorded and shared across all programmes and projects. It is hoped that these two pieces of work will improve project risk management, give opportunities to share best practice and highlight areas for improvement across the delivery of all change initiatives.

The team developed Terms of Reference for the Organisational Development Board and Investment Review Board, and established the reporting and monitoring framework for the OD Programme.

Internal Audit continues to act as Database Administrator for the Portfolio, Programme & Project Management (PPM) Database, developed by the Council's ICT team. The PPM Database is a Corporate system used by all project and programme delivery teams to record key information and generate consistent reports. Internal Audit is responsible for the PPM Database development and design, ensuring the system provides management information which supports good governance practices. This system is integral to the work across projects and within Internal Audit, as it provides reports on risks, issues, milestones, resources and decisions, as well as automating programme and project Highlight Reports, which are reviewed at programme and project boards.

Audits, Health Checks & Assurance

A range of assurance interventions have been undertaken, which has informed the Organisational Development Governance Framework.

Governance has been established for all OD programmes - Assets & Infrastructure, Customers & Community Focus, Engagement & Improvement, Governance and Strategic Commissioning.

During 2014/15, key programme and project documentation has been subject to independent assurance from Internal Audit. However, having carried out extensive training and development, this function has been handed over to Programme Managers and the Chief Officer of Performance, Change & Improvement.

Work has commenced on the quarter 3 audit plan, with terms of reference signed off for an audit of the Independent Living Project.

Skills Development in Project and Programme Management

Since April 2014, 25 Council staff have attended Corporate PQA Project Management training, delivered by Internal Audit on behalf of the Cardiff Academy, with 100% satisfaction from attendees.

Bespoke training and development is provided to programme and project teams across the Council. During 2014/15 development work has focused on Housing Partnership, Health & Social Care and OD Programme.

Advice and Guidance

A key role in the past 6 months has been providing advice, guidance and mentoring across the Organisational Development Programme and associated projects.

Advice, guidance and assurance continue to be delivered to the Health & Social Care and Category Management Programmes. Also, the team are now working with the Housing Partnership Programme to ensure this 15 year programme is established with a sound governance framework, and have commenced work in Major Projects.

Extensive engagement has taken place between Internal Audit and Directors, focusing on learning lessons from previous programmes and projects, so they can be integrated into the governance framework and delivery plan for 'Organisational Development', therefore reducing the Council's overall risk profile.

Client interaction, Performance Management & Quality Assurance

Quarterly meetings with Directors continue to be successful, since being introduced in March this year. These meetings allow for a wide range of shared interests to be discussed and help to ensure audit remains effective and adds value to the challenges directorates face. The opportunity is taken at these meetings to discuss any audits undertaken and matters arising from these and planned work for the next 3 months ahead. This has served to provide Audit with a better understanding of the pressures on individual directors, their risks and priorities, which all helps focus attention in the right areas when scoping future audits (subject to basic fundamental controls being covered).

Questionnaires

As a measure of client satisfaction, questionnaires are used with final audit reports / action plans. Improvements have been made as to how quality assurance is now obtained, using telephone conversations with the appropriate client Manager and completion of a questionnaire (over the phone), allowing much more interaction and discussion around the key elements of the audit.

The response has been good (87.5%) and the scores and comments continue to be encouraging with a very high satisfaction rating (100%).

Report Recommendations

Included in the reports issued over the past six months there have been 441 recommendations, of which 439 (99.5%) have been agreed. Of these there were 78 considered to be a Red risk and of these 77 were agreed. This % agreed reflects well on the quality of recommendations proposed for adding value to the control environment within directorates.

A further analysis of red risk recommendations has been undertaken to identify "common" themes to shape audit priorities going forward. It is still evident that previously agreed recommendations are not going on to be implemented and these are highlighted through follow up or subsequent audits.

Objectives

The Service Plan for 2014/15 for Internal Audit, based on a SWOT analysis and risk assessment, has been set in place and used as a basis for individual objectives to be set. Personal Development sessions were held for every member of the team (April / May), setting SMART objectives to meet targets in line with delivering an efficient and effective service. Targets for completion of half year reviews have been set and good progress made towards meeting these.

Benchmarking

During the half year we have received comparable data in respect of 2013/14 from the Welsh Chief Auditor Benchmarking Group (WCAG) and some key information is shown at [Appendix F](#). These are aimed at identifying meaningful comparisons around the performance, cost, quality and timeliness of audit functions.

Next year we intend to re-join the CIPFA Benchmarking exercise allowing comparison with other larger cities across the UK and where the Audit Manager can select 'like' authorities for comparison.

As with any benchmarking exercise, whilst we have worked hard to seek definitions to use for these exercises, we have no way of assuring the accuracy of other authority's figures and as such these should act as a guide only in terms of both providing assurance and identifying potential areas to seek improvement.

Also as part of the findings from the Service Review we have begun research into other "core" city audit functions and currently gathering information from them.

Service Review

Internal Audit has been part of the service review of Finance Services. This has been a detailed analysis of the different functions performed, including process mapping, key activities analysis and reviews of client engagement and benchmarking. This has required a vast amount of data gathering culminating in a report and Action Plan. Further details will become available once the final report has been produced.

Conclusions / Summary

A busy and challenging 6 months with a balance to be had between meeting expectations in delivering audit coverage, as set out in the Audit Plan, and requests for additional work, with pressures on resources and changing priorities.

Slippage on audit coverage and planned work is evident with priorities having to be regularly reviewed and a full assessment of the plan and priorities for the next 6 months is planned for October.

The outcomes from audits show that we continue to provide a satisfactory level of assurance in the majority of audits, although we do also identify potential improvements in internal control which have been incorporated into audit reports sent to Directors. Reports continue to be well received by management and it is encouraging that there has been a high level of agreement on the proposed enhancements to control for all of these. There are still a number of follow up audits required but recently we have recognised an improvement in this area and numbers of these are reducing. That said, we still identify some areas where reducing resources are having an impact which delays actioning improvements and with more savings to be made, this is something that requires careful monitoring.

Meetings with Directors have been encouraging as have been the satisfaction rating received from returned questionnaires – 100%.

A significant change within Investigations over the past 6 months, with benefit fraud and the associated staff moving to the DWP, giving us the opportunity to focus the remaining resource to target other types of fraud. We continue to target fraud in a committed and determined manner and utilise the latest data matching and intelligence gathering techniques to make best use of the resources available to us.

The assurance work around programmes and projects has now become more embedded within the Section and helps to supplement the work of the audit teams. Also important is that it is helping to shape and have a positive influence on governance arrangements in key areas.

Similarly the work on risk management and governance helps embed good practice across the Council and application of a consistent tried and tested methodology for assessing and recording risks and our engagement at a strategic level ensures a focused approach is taken in key areas i.e. Corporate risk monitoring.

Key priorities for the next 6 months are to continue to prioritise high risk audits and maximise the use of audit resources to provide a high standard of professional services. We need to maintain and build on our client relationship and undertake further work on benchmarking and comparisons with others to identify and introduce best practice where possible. We also intend, given the current financial position of the Council, to be more proactive with VFM studies and challenging more spend decisions within directorates.

Finally, we need to continue to raise awareness of the importance of sound risk management, good governance and financial control to protect the interests of the Council, at a time of significant change and financial pressures.

Audit Reports Issued

KEY:		Reports that have been considered by Audit Committee in Quarter 1		
Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
Fundamental / High				
Additional Salary Payments	Satisfactory	0	0	E-mails sent to Directors to action
Harbour Authority Stores	Satisfactory	1	1	
Brindley Road Stores	Limited assurance	2	2	20 recommendations overall
Education Catering Stores	Good	0	0	
Allocations, lettings and voids	Satisfactory	1	1	
Supporting People	Limited assurance	2	2	12 recommendations overall
Audit of risk management processes	Satisfactory	0	0	
Firewall and corporate internet content filtering	Satisfactory	1	1	
Children with Disabilities	Limited assurance			Draft report issued
Medium				
Ysgol Pen y Pil	Limited assurance	12	12	38 recommendations overall
Hubs – income review	Limited assurance	8	8	11 recommendations overall
Llanedeyrn High School	Satisfactory	0	0	
Ysgol Bro Eirwg	Limited Assurance	18	18	70 recommendations overall
Llanedeyrn Primary School	Satisfactory	1	1	
Cardiff White Water Rafting Centre – income review	Satisfactory	0	0	
Hubs (Libraries) – income review	Satisfactory	3	3	
KD146 Staffed Accommodation (T)	Satisfactory	0	0	
KD172 Staffed Accommodation (D)	Satisfactory	0	0	
Cardiff Bay Visitors Centre - income	Satisfactory	0	0	
Coed Glas Primary School	Satisfactory	2	2	
St. Cuthbert's R.C. Primary School	Satisfactory	0	0	
KD143 Staffed Accommodation (C)	Satisfactory	0	0	
KD174 Staffed Accommodation (M)	Satisfactory	0	0	
Glyn Derw / Michaelston Federation	Limited Assurance	2	2	24 recommendations overall
Herbert Thompson Primary School	Satisfactory	0	0	
Llanishen Leisure Centre – café	Satisfactory	1	1	
St. David's Hall Box Office	Satisfactory	2	2	
Storey Arms	Satisfactory	2	1	

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
Eastern Leisure Centre - income	<i>Satisfactory</i>			Draft report issued
Llanishen Leisure Centre - income	<i>Satisfactory</i>			Draft report issued
Western Leisure Centre - income	<i>Satisfactory</i>			Draft report issued
Caretaking and Cleaning	<i>Satisfactory</i>			Draft report issued
Student Awards	<i>Satisfactory</i>			Draft report issued
Grants / Accounts / External Bodies				
Cymorth	Limited assurance			
Cardiff Tenants and Residents Federation	<i>Satisfactory</i>	0	0	
IMLU	<i>Satisfactory</i>	0	0	
Glamorgan Archives	<i>Satisfactory</i>	4	4	
Follow-ups				
Domiciliary Care framework	<i>Satisfactory progress</i>	1	1	
Ysgol Glan Morfa	<i>Satisfactory progress</i>	1	1	
Pre-contract: Tenders and Quotes	<i>Satisfactory progress</i>	0	0	
St. Teilo's	<i>Satisfactory progress</i>	0	0	
Oakfield Primary School – 5 th follow up	<i>Satisfactory progress</i>	0	0	
Moorland Primary School	<i>Satisfactory progress</i>	1	1	
Corporate Appointeeships	<i>Satisfactory progress</i>	0	0	
Pentyrch Primary School – 2 nd follow up	<i>Satisfactory progress</i>	0	0	
IT Asset Management	<i>Satisfactory progress</i>	0	0	
East Moors Youth Centre	<i>Satisfactory progress</i>	0	0	
Rumney High School	Limited assurance	9	9	21 recommendations overall
Hubs – income review	<i>Satisfactory progress</i>	0	0	
Safeguarding & Review – Core Group process (2 nd follow up)	<i>Limited assurance</i>			Draft report issued
Direct Payments (CH&CS)	<i>Satisfactory progress</i>			Draft report issued
Highways Street Operations Payroll	<i>Limited assurance</i>			Draft report issued
St. Alban's RC Primary School	<i>Satisfactory progress</i>			Draft report issued
Commercial Catering	<i>Satisfactory progress</i>			Draft report issued
Housing Benefit – Self employed persons	<i>Satisfactory progress</i>			Draft report issued

Work Areas where a Standard Audit Report is not prepared

To appreciate other aspects of audit work undertaken, where a formal report is not considered appropriate, the following list is provided.

Work Area	Brief Details of Audit Involvement
Efficiency / Change and other projects	Work continues being a “critical friend” and providing advice and guidance to a number of programmes and projects. Audit Management, Group, Principal and Senior Auditors attend meetings and working groups to input to risk assessments and system developments, especially where financial processes are involved.
Alleged Fraud Investigations	The Investigation team are involved wherever there is any suspicion of fraud, corruption or malpractice of a financial nature. Where the task involves reviewing a financial system, an Auditor would also be assigned to provide assurance around controls to minimise any repeat. These are generally unplanned and can be time consuming. Given the nature of the referral and potential risks associated with any fraud continuing they require prioritisation, often to the detriment of other “planned” work.
Grants	There continues to be demand for Audit of grant claims, albeit this is decreasing as specific grants are subsumed into RSG. This provided an income stream but less so now. We also audit a number of European Grants which require 100% testing which is extremely time consuming and does not fit with our risk assessed approach.
Ad hoc Requests	Enquiries and assignments. Some VFM studies have been initiated following probity work in some areas.
Schools General	Advice and guidance, attending meetings (including governing body meetings) and providing training. Specific problems in schools have required audit attention.
Rules and Regulations	Advice and guidance and sharing of best practice in many areas. General work around governance.
External Clients	<p>Audit of clients’ risks, systems and procedures (as per Terms of Reference) (Income stream) Audit of Accounts e.g. Tenants Federation, Glamorgan Archives.</p> <p>Audit is often used for advice due to knowledge on risk management and controls.</p>
Imprest (Petty Cash) Accounts	Advice and guidance and helping reconciliation.
Audit Committee	Advice, reporting and support – including induction training, work planning.
Financial Stationery	Ordering, control and distribution.

Audit Report – Follow up Actions on Unsatisfactory Reports

All audits where Limited opinions are assessed are monitored closely and follow up prioritised. Every effort is made to revisit these after 6 months but it is important to recognise some recommendations may take time to implement so the review needs some flexibility. We have identified the following audits with unsatisfactory scores and all are at different stages of follow up. Those satisfactorily actioned are removed from the list. Some of the high risk and high profile audits are detailed below.

Audit	Audit Plan Risk Rating	Reported as Final	Comments
Not Yet Due			
Safeguarding & Review – Core Group process	High	15.11.10	Limited assurance
		21.10.13	Follow up undertaken but only limited assurance can be given.
		29.09.14	Follow up undertaken but only limited assurance can still be given.
Rumney High School	Medium	15.01.13	Discussions held with incoming Finance Manager (from September 2014). RR and SAP to meet with him 10.06.14 and visit to school booked for 25.06.14.
		26.08.14	The follow up audit showed that only 2 of the original 21 recommendations had been implemented. Limited assurance given and the Group Auditor attended a meeting of the temporary governing body on 24.09.14. A further follow up audit will be undertaken in Q4.
Glyn Derw Michaelston Federation	Medium	19.06.14	Executive summary presented to Audit Committee (September 2014).
Supporting People	High	11.06.14	Executive summary presented to Audit Committee (September 2014).
Ysgol Bro Eirwg	Medium	06.05.14	Executive summary presented to Audit Committee (June 2014 – deferred to Sept).
Brindley Road Stores	High	14.04.14	Executive summary presented to Audit Committee (June 2014 – deferred to Sept).
Ysgol Pen y Pil	Medium	08.04.14	Executive summary presented to Audit Committee (June 2014 – deferred to Sept).
St. Joseph's Primary School	Medium	11.05.12	Group Auditor met Chair of Governors and Acting Headteacher on 17.10.12. Visit to school postponed due to illness of Acting Headteacher and rearranged for May 2013. Meeting held with the Executive Headteacher and audit undertaken in October 2013. Draft report issued December 2013. Some improvements noted but further follow up required.
		06.02.14	Some improvements noted, but further follow up is required and is ongoing and will be finalise in Q3, 2014/15. See Executive Report (March 2014).
Housing Benefit – Self employed persons	Fundamental	06.01.14	Draft report issued October 2014. Satisfactory assurance proposed.

Audit	Audit Plan Risk Rating	Reported as Final	Comments
On-going			
Direct Payments	High	20.12.12	The original report was satisfactory. However, the final report for follow up issued in Q3 which indicated that improvement is needed on new issues.
		16.12.13	Follow up undertaken, but only limited assurance can be given. Executive summary presented to Audit Committee (January 2014). Scheduled for November 2014.
Payroll Overpayments	High	20.12.12	A further follow-up has been undertaken and there are still improvements needed. See Executive Report (March 2014). Fieldwork on-going at end of Q2.
		02.01.14	
Investigation into procurement and contract administration practices	High	20.05.13	Assigned for Q1, 2014/15. Meeting held with the Operational Manager for Facilities Management and all recommendations relating to that area have been either implemented or superseded by the introduction of the Category Management arrangements. Need consider position in Education and progress.
Variation Orders	High	31.03.12	Discussions ongoing. Delayed due to need to tie in with review of Rules. Follow up commenced.
Framework Agreements	High	19.03.12	Discussions ongoing. Delayed due to need to tie in with review of Rules. Follow up commenced.
Receipt, custody & opening of tenders	High	2.09.13	Delayed due to need to tie in with review of Rules. Fieldwork almost completed.
St. Alban's Primary School	Medium	20.12.11	Follow up audit undertaken and draft report issued in Q3.- likely to be satisfactory.
Community Maintenance Services	High	18.11.11	Further testing was postponed due to service delivery changes. Follow up ongoing.
Highways Street Operations Payroll	High	26.10.11	Follow up audit undertaken and draft report issued Q3 - likely to be Limited Assurance
On hold / under discussion (due to process / system changes)			
IT Business Continuity Planning	High	18.06.12	Discussions ongoing with ICT. Head of ICT attended Audit Committee in January 2014 and provided assurances, and audit is scheduled for later in the year (Q3).

To be closed following satisfactory audit opinion

Domiciliary Care Framework	Ysgol Glan Morfa	Pre-contract: tenders and quotations
St. Teilo's Church in Wales High School	Oakfield Primary School	Moorland Primary School
Corporate Appointeeships	East Moors Youth Centre	Pentyrch Primary School
IT Asset Management	Hubs – income review	Adult Services Direct Payments

Benchmarking – Key Indicators
WCAG Benchmarking Club – 2013/14

Indicator		Group Average	Cardiff	Comments
1.	% of planned audits completed	80	52	Well down in comparison but important that there is flexibility to adapt to a changing risk profile and assess priorities as the year progresses. Key all high risk areas are targeted. Sharper focus in 2014-15.
2.	% of clients responses at least "satisfied"	96	99	Very positive client feedback
3.	% of recommendations accepted versus made	99	100	Demonstrates audit recommendations are relevant and adding value.
4.	% of directly chargeable time versus total available	66	79	A good comparison outcome
5.	Average total cost per directly chargeable audit day	£230	£277	Includes central support costs e.g. accommodation. Staffing cost per chargeable day is £205.
6.	% no. of staff leaving during the financial year	22	18.75	Around average. Pressure shared with all audit teams.
7.	Staff costs per 1,000 population. Population ('000s)	£2,446 144	£1,390.91 349	Suggests a cost effective service

Note: Standard definitions have been designed to help comparisons but there is no means of confirming the accuracy of data provided from other authorities.

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CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD

AUDIT COMMITTEE: 8 December 2014

OUTSTANDING ACTIONS

AGENDA ITEM: 11.2

Reason for this Report

1. The agenda for this meeting contains five Outstanding Actions which will provide Members of the Audit Committee with an update on items that have been brought to previous meetings.

Background

2. (i) At its meeting on the 15th September, the Committee received an internal audit report which highlighted a limited assurance opinion in relation to the Glyn Derw Michaelston Federation. Members requested the Director of Education provide an explanatory note relating to the Committee's concerns around setting of the budget for 2013-14.
3. (ii) At its meeting on the 15th September, the Committee received Internal Audit's Annual Report 2013-14, and enquired whether audit work was being undertaken on tenants sub-letting Council properties. Members requested a report on the investigation of sub-letting. The attached report outlines the City of Cardiff Council's approach to Social Housing Fraud.
4. (iii) At its meeting on the 20th May 2013, the Committee received a briefing on the implementation of the Principal Bridge Inspection Programme for Highway Bridges and Structures, as it had been highlighted as a significant matter in the Annual Governance Statement for the previous financial year. Members received assurances that the risks were being managed but felt it appropriate to receive an update after 12 months.
5. (iv) At its meeting on the 25th June 2014, the Committee received a presentation from the Director Health & Social Care around their Risks and Challenges. The Committee requested an update on Delayed Transfer of Care at a future meeting.
6. (v) Also at the meeting on the 25th June, the Committee requested an update on the implications on the Corporate Risk relating to the Social Services and Well-being (Wales) Act 2014. This update provides Members with information on the approach being taken to implementation.

Issues

7. Updates for the five outstanding actions are included in the attached papers.

Legal Implications

8. There are no direct legal implications arising from this report.

Financial Implications

9. There are no direct financial implications arising from this report.

RECOMMENDATION

10. The Committee notes the content of this report.

CHRISTINE SALTER CORPORATE DIRECTOR RESOURCES

The following updates are attached:

11.2(i): Glyn Derw Michaelston Federation

11.2(ii): Social Housing Fraud

11.2(iii): Highway Bridges & Structures

11.2(iv): Delayed Transfer of Care (DToC)

11.2(v): Implementation of the Social Services Wellbeing Act 2014

BRIEFING REPORT FROM THE DIRECTOR EDUCATION & LIFELONG LEARNING

SUBJECT: GLYN DERW MICHAELSTON FEDERATION

AUDIT COMMITTEE: 8TH DECEMBER 2014

Reason for Report

At its meeting on the 15th September, the Committee received an internal audit report which highlighted a limited assurance opinion in relation to the above. Members requested the Director of Education provide an explanatory note relating to the Committee's concerns around setting of the budget for 2013-14.

Response

It is noted that the question related to 2013/14 budget.

At this time, the federation made no attempt to balance the financial position and instead accumulated an ever increasing deficit.

The projected deficit for the federation by the end of March 2014 was £1.3 million with future years projected to increase the deficit by a further £4 million in three years. This medium term plan was deemed to be unacceptable. In respect of the 2013/14 budget plan, there was an unwillingness from the Council to accept a budget plan which increased the deficit by £500,000 across the federation to the originally set cumulative deficit of £1.3 million.

The federation contained two Secondary Schools with each having pupil numbers in the region of 500. This number for a Secondary School is not a viable number and will lead to significant financial difficulties. Whilst conversations were ongoing in 2013/14 about further potential efficiencies, including operating on one site, they did not result in a quick resolution.

However, the federation did work closely with officers to look to reduce the collective deficit and it actually out turned at £1.05 million. The Federation has also worked closely with Finance in order to produce a 2014/15 budget which does not add to the increased deficit. However, the pupil numbers are reducing further and there are significant pressures on school budgets thus the position needs regular review. The 2014/15 budget has, therefore, been approved but the Medium term plan remains to be agreed. Work is continuing in respect of year groups being taught on the same site even if the two schools still operate separately.

There are significant financial challenges to this federation and there is a partnership in place to look to reduce the financial impact of these schools operating with the pupil numbers of approximately 500/550 each. There is no complacency and there is an acknowledgment by all that this deficit needs to be reduced at some point, whilst these schools continue to operate.

The attached letter shows that a warning notice was issued to the school. This set out the challenge of balancing budgets for the federation by 31 March 2017.

Nick Batchelar
Director Education and Lifelong Learning
October 2014

Attached: Warning Notice



My Ref: CS/AK/ia

17th June 2013

Private & Confidential

Dr N Evans
Chair of Governors,
Glyn Derw and Michaelston Federation
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Caerau
Cardiff CF5 5XP

Andrew Kerr
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Dear Dr Evans

Warning Notice – Deficit Budget Glyn Derw Michaelston Federation

We are writing to formally advise you that Cardiff Council is issuing a Warning Notice (as described in the *Code of Practice on LEA-School Relations* and within Section 15 of the School Standards and Framework Act 1998) to the Governing Body of the Glyn Derw and Michaelston Federation. This letter constitutes the Warning Notice.

Council officers have engaged with governors and the Executive Headteacher of the Glyn Derw and Michaelston Federation over the last two years about the financial situation in the two schools and the ongoing budget deficit. We believe that officers have engaged fully and constructively with the governors and Executive Headteacher to assist in resolving these issues. Unfortunately, we do not believe that sufficient progress is being made in ensuring that at some date in the near future, the school will be able to resolve the majority of the deficit already incurred within the funding provided by the formula funding mechanism.

Our only desire in issuing this warning notice is to further assist the Federation in resolving the difficulties as soon as possible. The specific circumstance that caused this Warning Notice is that:

- Both schools in the Federation are operating with substantial deficits which the governing body has no satisfactory plans to eliminate.

The Warning Notice is an instruction to the Governing Body that it cannot ignore. You should arrange to meet with the other members of the Governing Body to discuss this warning notice and respond to me by 5pm on Friday 5th July 2013. A failure to respond or a negative response may trigger the next action specified within the legislation, that is, the suspension of delegated powers. Failure to meet the deadlines specified below may also trigger such action.

The Warning Notice is that the Governing Body must:

- By 5th July 2013:

- Send to the Council an achievable medium term financial plan outlining how the Glyn Derw Michaelston Federation will balance the two budgets by 31st March 2017.

Yours sincerely,



Christine Salter

Corporate Director Resources / Cyfarwyddwr Corfforaethol Adnoddau



Andrew Kerr

Corporate Director Operations/ Cyfarwyddwr Corfforaethol Gweithrediadau

BRIEFING REPORT FROM THE AUDIT & RISK MANAGER

SUBJECT: SOCIAL HOUSING FRAUD

AUDIT COMMITTEE: 8TH DECEMBER 2014

Reason for Report

1. At its meeting on the 15th September, the Committee received Internal Audit's Annual Report 2013-14, and enquired whether audit work was being undertaken on tenants sub-letting Council properties. Members requested a report on the investigation of sub-letting.
2. This briefing report outlines the City of Cardiff Council's approach to Social Housing Fraud.

Introduction

3. Social Housing is a public asset and a precious resource which should be used appropriately. It provides affordable housing to low income households. Abuse of the system results in a loss to the public purse, denies those with a rightful housing need and increases waiting lists.
4. Social Housing Fraud involves obtaining properties by deception (for example, individuals claiming to be homeless when they already own a property or are already living at an address), or continuing to claim to be living at a property when they have moved out and sublet it. Detection and prevention of Social Housing Fraud means properties can be recovered and re-let, with individuals sanctioned where applicable.
5. The government introduced The Prevention of Social Housing Fraud Act 2013 to tackle this issue. This made Social Housing Fraud a criminal matter and gave local authorities the power to prosecute those who unlawfully sublet their social housing.
6. The Act came into force in Wales on 5th November 2013. It created new offences and makes provision for the investigation and prosecution of these offences. Regulations with provision for powers to require information for housing fraud investigation purposes came into force in Wales on 28th March 2014.
7. The new act outlines two criminal offences:–
 - Where the tenant sublets or parts with possession of a property without consent, ceases to occupy the property as their only or principal home, and knows that it is a breach of tenancy.
 - A more serious offence where a tenant dishonestly, in breach of tenancy, sublets or parts with possession of a property without consent, and ceases to occupy the property as their only or principal home.
8. The first offence only requires knowledge that the tenant sublet their home in breach of their tenancy agreement, the second requires proof this was done dishonestly.

9. There are various defences a tenant can use. For example:-

- If a tenant is not occupying the property due to actual or threatened violence towards them, or a family member residing with them for the same reason.
- If the landlord has consented to the subletting;
- Or, where the remaining occupier (not the tenant) can apply to court for a transfer of the tenancy (under family law legislation, for example).

Prevention and Detection

10. The Council's Social Housing stock is managed by the Communities, Housing and Customer Services Service Area with responsibility for allocations, lettings and tenancy management.

11. Allocation and lettings are prioritised according to need and the Council's duty to house certain vulnerable members of society. All applicants are assessed and processed by the Council. Tenancies are let on an introductory or secure basis. The Council's tenancy agreement outlines the following:-

- Tenants must use their property as their only or main home.
- Tenants must inform the Council if they intend to be away for more than 6 weeks.
- Tenants must not sublet the whole of their property.
- Secure Tenants have the right to take in lodgers and sublet part of their home.

12. The Communities, Housing and Customer Services Service Area have implemented various measures to help detect and prevent Social Housing Fraud, including:-

- Proof of residency, ID checks, photographic record checks, and verification at application, viewing and sign up stages.
- Induction for tenants at sign up regarding tenancy and breaches of agreement.
- New tenant follow up visits.
- Training for housing staff on Housing Fraud.
- Tenancy Audit Visits.
- Follow ups on access difficulties, denial, or nil responses - i.e. to gas checks.
- Participation in the National Fraud Initiative.
- Awareness campaigns.
- Articles in the Tenants Times Newsletters.
- Posters in communal areas.
- Information on www.cardifftenants.co.uk.
- The Council's Tenancy Cheats Report Hotline.

Investigating Housing Fraud

13. Social Housing Fraud can be reported by:-

- Telephoning the Council's 24 hour Tenancy Cheats Hotline Number
- Using the email address stoptenancycheats@cardiff.gov.uk
- Using the Online reporting facility on www.cardiff.gov.uk
- In person at any of the Council's Hubs

14. Social Housing Fraud Reports can come about through a variety of sources, for example - anonymously, by a neighbour or following anti-social behaviour issues. Wherever Social Housing Fraud is reported to the Council (or suspected by a member of staff) an enquiry is undertaken in conjunction with partner organisations where appropriate.

15. Initial appraisal and enquiries are undertaken by Tenancy Officers who will endeavour to carry out a thorough enquiry to verify if information is correct or malicious.
16. The Tenancy Officer enquiries involve checking systems and records, undertaking visits, gathering evidence (including details from Electoral Register, Land Registry, TV Licence, DVLA, Financial Institutions, Immigration Status, Employers and Schools), and taking statements as applicable.
17. Issues identified at the pre-tenancy stage (such as false information to gain a tenancy or identity fraud) can result in any of the following actions depending on the nature and severity of the activity:-
 - Amending the application
 - Withdrawal of offers made
 - Temporary suspension of the application
 - Removal from the waiting list
 - Referral to the Internal Audit Investigation Team
 - Prosecution
18. Where Housing Fraud is identified during a tenancy the actions taken can include any of the following depending on the nature and severity of the activity:-
 - Demotion
 - Notice seeking possession
 - Notice to quit
 - Eviction
 - Referral to the Internal Audit Investigation Team
 - Prosecution

Outcomes

19. During 2013/14 the Internal Audit Investigation Team received 23 Housing Fraud referrals. The majority of enquiries resulted in no further action, due mainly to tenants being found to be in occupation, or insufficient evidence to support the allegation. Legal advice was sought regarding 2 cases and the Housing Fraud issue in each case was deemed unsuitable to pursue.
20. Five properties were recovered as a result of tenants being found not to be in occupation, handing in their notice or handing in their keys.
21. The Communities, Housing and Customer Services Service Area have advised that the number of reports of Housing Fraud have reduced during 2014/15 (along with consequent referrals to the Investigation Team), and the majority of their Tenancy Officer Social Housing Fraud enquiries are associated with abandoned properties rather than sublet.
22. Whilst the Council has adopted measures to address and identify Social Housing Fraud within its own housing stock, the issues in Cardiff may not be comparable with the London Boroughs, where rents are significantly higher and the incentives to sublet greater.

Actions

23. The Communities, Housing and Customer Services Service Area have received presentations from 2 companies (LOCTA and Experian) who have both offered their services (at a cost) to undertake data matching to attempt to identify housing fraud – at present both have been unsuccessful.
24. The National Fraud Initiative (NFI) includes data matching for Social Housing Fraud. This is a biennial, nationwide data matching exercise run by the Audit Commission, which the Council participates in on a mandatory fee paying basis.
25. The next exercise is imminent and the Council will submit data during October 2014. Matching will take place between October and December 2014. The output is due to be released in January 2015 and will include reports to identify potential illegal sublets, ineligible tenants and multiple tenancies.
26. The Audit Commission is also running a pilot NFI 2014/15 Social Housing Waiting List data match - to identify ineligible applicants, or those who have misrepresented their circumstances, or made false applications pre-tenancy.
27. The aim of the new match is to remove ineligible applicants, reduce waiting lists and save temporary accommodation costs.
28. The pilot is currently available (at no additional cost) on an invitation only basis. The Audit Commission have extended the opportunity to the Council to participate, and preparations are currently ongoing.
29. Data for the pilot is due to be extracted between October and December 2014. Matching will take place between January and March 2015, and the output will be released in March/April 2015.

DEREK KING
AUDIT & RISK MANAGER
October 2014

BRIEFING REPORT FROM THE PRINCIPAL ENGINEER, BRIDGE MANAGEMENT

SUBJECT: HIGHWAY BRIDGES AND STRUCTURES

AUDIT COMMITTEE: 8TH DECEMBER 2014

Reason for Report

1. At its meeting on the 20th May 2013, the Committee received a briefing on the implementation of the Principal Bridge Inspection Programme for Highway Bridges and Structures, as it had been highlighted as a significant matter in the Annual Governance Statement for the previous financial year. Members received assurances that the risks were being managed but felt it appropriate to receive an update after 12 months.
2. This briefing aims to provide Members of the Audit Committee with an update of information regarding the implementation of the Principal Bridge Inspection Programme for Highway Bridges and Structures. The programme has this year commenced the third year of the six year programme.

Background

3. The code of practice for the "Management of Highway Structures", published in September 2005 provides guidance to highway authorities regarding how highway structures should be managed to ensure that they are "Safe for Use and Fit for Purpose".
4. The CoP confirms a best practice inspection regime which includes General Inspections 2 yearly and Principal Inspections 6 yearly.
5. This regime follows the requirements of the Highways Agency & Welsh Government on the Motorway and Trunk Road Network.
6. General Inspections are by definition and overview inspection without gaining special access to areas of the structure inaccessible from either ground level or entering confined spaces.
7. Principal Inspections are a detailed inspection of all elements of the structure and may involve the use of access platforms, or the use of specialist divers to enter confined areas in low bridges and culverts.
8. The Highway Authority is responsible for 493 structures in Cardiff. This comprises 1 Tunnel, 5 Viaducts, 231 Bridges, 62 Subways, 108 Culverts and 86 Retaining Walls.
9. Prior to the implementation of this rolling programme, the last programme of detailed inspections was as part of the Bridge Assessment Programme circa 1998 to 2000, following the introduction of 44 tonne vehicles on the highway network. However it should be noted that that programme did not include bridges constructed post 1975, hence many of the newer PDR structures were not included.

Issues

10. Prior to 2010 Principal Inspections were only undertaken on an ad hoc basis with no specific budget allocation to enable a programme to be put in place.
11. The non compliance with the Code of Practice was identified as a major risk to the Authority.

12. The practice of not undertaking Principal Inspections led to a reactive maintenance regime and is not aligned to the principals of Asset Management.
13. The programme is such that structures on the main routes (A48 & A4232) into Cardiff have been prioritised. One major Viaduct has been included each year in order of age since construction; other structures are divided such that a proportion of each group is undertaken each year.
14. Work is currently ongoing to develop in co-ordination with ADEPT Wales a methodology of prioritising Principal Inspections and varying their regularity depending on their current condition and network criticality. Programming of the next cycle of PI's utilising this approach will commence 2018/19.
15. The first two years of the inspection programme has inspected approximately one third of the council's highway structures asset. These inspections have identified £1,065,000 of remedial works that need to be prioritised and undertaken to maintain the structures asset in a steady state condition.
16. The works identified in the inspections have been incorporated in the evaluation of the Capital Works bids for 2015/16.

Tony Williams
Principal Engineer, Bridge Management

September 2014

BRIEFING REPORT FROM THE DIRECTOR HEALTH & SOCIAL CARE

SUBJECT: DELAYED TRANSFERS OF CARE (DTC)

AUDIT COMMITTEE: 8TH DECEMBER 2014

Reason for Report

At its meeting on the 25th June 2014, the Committee received a presentation from the Director Health & Social Care around their Risks and Challenges. The Committee requested an update on the above issue at a future meeting.

1. Background to measurement of DTC data

In 2013, a review was commissioned by the Community and Hospital Interface Group on Delayed Transfer of Care (DTC), using the recommendations from the 2007 Welsh Audit Office Report on DTC. A Hospital community interface national task and finish group was established jointly chaired by senior representatives from the local authority and health boards. Four work streams were set up, one of which had the remit to determine and recommend data measures that can be consistently applied across organisations. The task and finish group recommended that an alternative data reporting method and stricter processes locally should be developed, to include:-

- Local requirements:
 - a) Operational systems to support management of DTC i.e. use of Patient Administration Systems (PAS) to manage patients throughout their inpatient stay.
 - b) Local processes for identifying patients who could potentially become a DTC (flagging those patients with a Length of stay (LoS) >20 days). The justification for this being that studies have shown that patients who have a length of stay longer than 20 days are at risk of losing their independence and require further help post discharge from hospital).
 - c) Clear and accurate nationally approved definitions to establish a 'DTC' and at what point a patient's care is considered a 'delay'.
 - d) Guidance for measuring a DTC, for example at what point you start and stop the clock.
 - e) An agreed list of categories which apply to ALL inpatients in order to effectively manage delays.

- National Requirements:
 - a) At an All Wales Level, Welsh Government (WG) requires information relating to patients who are categorised as DTC (these relate to categories 3-5 above) and the reasons for their delay.
 - b) In order to avoid manual data entry and additional burden on the Service it is proposed that WG consider retrieving the relevant information from PAS which can be extracted and reported centrally via the NHS Wales Informatics Service (NWIS). An infrastructure which is already in existence for extracting inpatient data from

hospital PAS systems and submitting to the Patient Episode Database for Wales (PEDW).

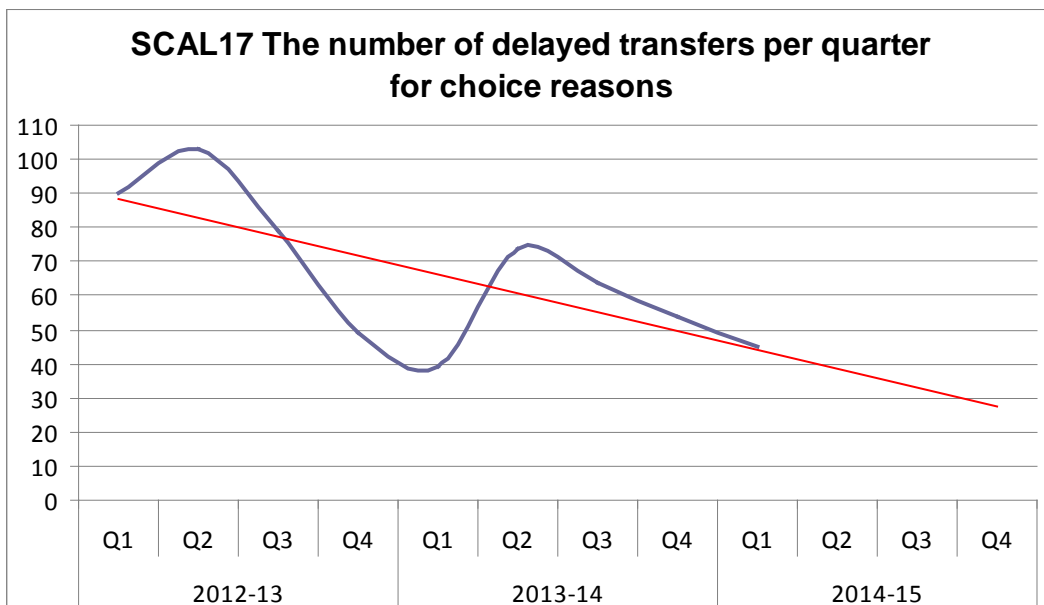
- c) In order to establish a national data set for the reporting of DToC at an all Wales level, it is proposed that WG establish a set of reporting outputs which they require from the data to ensure that the information extracted from PAS satisfies their business purposes. This will also inform some of the guidance and definitions which will need to be implemented for use locally.

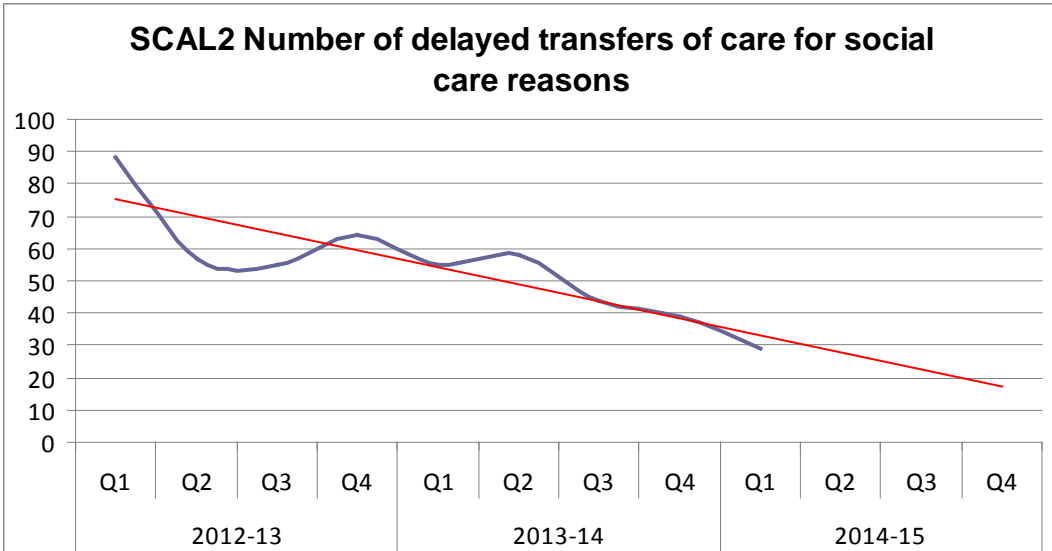
The recommendations are still being considered.

2. DToC position in Cardiff

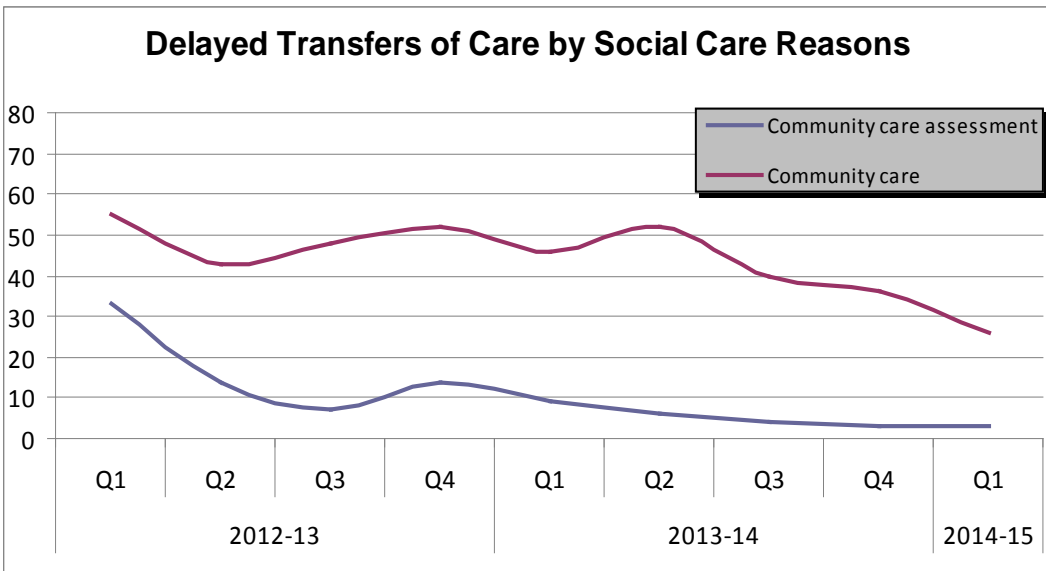
2.1 Currently, there are two local and one national set of performance indicators used (Appendix 1).

2.2 Since 2012 Performance has been consistently improving as illustrated by the trend lines. (Appendix 2) (Appendix 3)

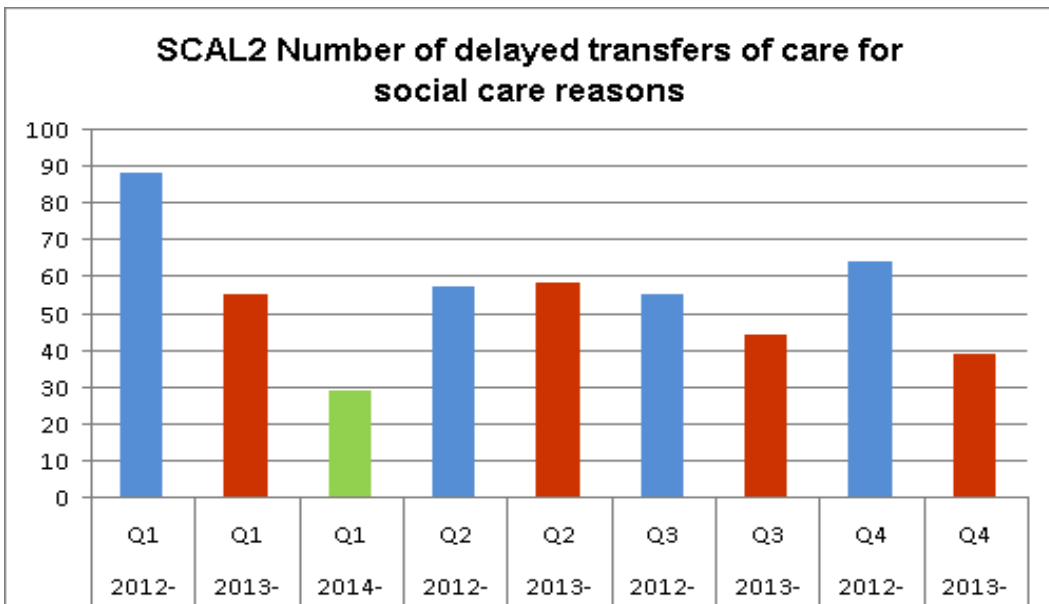


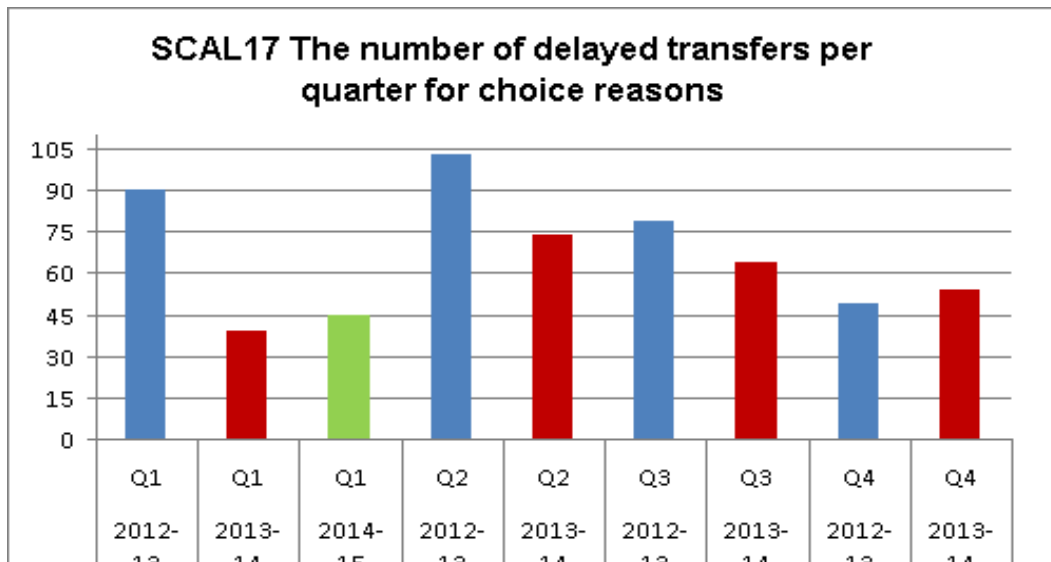


SCA001



Year on Year comparisons 2012-14





3. Reasons for improvements in DTOC

3.1. Integrated Discharge Service

The social work teams at the University Hospital of Wales (UHW) and University Hospital Llandough (UHL) have joined with the Discharge Liaison Nurses and Placement Advisors to create Wales' first Integrated Discharge Service. The two teams, one in each of the hospital sites, are co-located in one office and are jointly managed by Cardiff Council, Vale of Glamorgan Council and the University Health Board in what is seen as truly integrated working.

The aim of the service is to improve the patient's experience of planning for discharge through better co-ordinated approach by health and social care staff, especially for those people who will require care or support on discharge from hospital. Immediate benefits have been:

- One point of contact in each hospital for staff, patients and their families.
- Improved communication processes between health and social care staff especially on the wards
- Shared processes and paperwork
- Facilitating links and liaison with community services to support people when they return home but also to prevent unnecessary admissions to hospital in the first place

3.2 Collaborative working

We continue to proactively engage with Cardiff and Vale UHB with strong collaborative working in relation to performance on DToC. There is weekly monitoring and reporting to Director on DToC. DTOC data is validated jointly with the UHB on a monthly basis

Two Community Resource Teams based in the North West and South East of the City are now fully established. The teams have City of Cardiff Council Health & Social Care staff co-located with UHB community staff and provide a city wide reablement service. The remit of the service is to maximise peoples' level of independence, prevent unnecessary admissions to hospital and facilitate earlier hospital discharge.

3.3 Mental Health

There have been improvements in DTOC for people with Mental Health problems in relation to delays associated with Housing. The Specialist supported accommodation “move on” team run the DTOC list weekly, and resolve identified issues.

4. Planned Improvement Actions 2014/15 funded by the Intermediate Care Fund

4.1. Preventing unnecessary hospital admissions

- *Single Assessment Gateway*: All appropriate advice and services such as Benefit entitlements, Community Alarm, Telecare / Tele health, Care and Repair etc. The package of support on offer through the gateway will be offered to relevant individuals at the earliest possible opportunity. This is to provide people with appropriate support to live independently and, in doing so, mitigating the risk of hospital admittance. An early identification programme will be piloted with stakeholders (such as GPs) within communities in Cardiff. This will see more people and organisations than ever before invested in a programme of preventative action
- *Improving Medicines Management in Domiciliary Care: A Partnership Approach*: There is a proposal to support medicines management for those receiving packages of care in the domiciliary setting. It is estimated that between 5-17% of hospital admissions are due to adverse drug reactions, so reducing risks from poor medicines management is a key priority. This will improve patient safety through risk reduction, promote independence, dignity and a positive experience; and support individuals to remain in their own homes

4.2. Facilitating earlier hospital discharge

- *A Discharge Case Manager* is being piloted at UHW and is working closely with the UHB, to identify blockages in the pathway and to facilitate a smoother and timelier discharge for Mental Health patients.
- *Housing need* - An Independent Living Officer- managed through the Gateway but based in the Hospital will visit the patient early during their stay to assess current housing need, and liaise with other Health professionals to determine the future needs of the patient. Any identified need for adaptations will be progressed early, accelerating a safe discharge from hospital. Intermediate accommodation can then be provided while adaptations are completed and the individual will return to their home where they are able to live independently, with the risk of re-admittance to the hospital minimised.
- The H&SC Directorate is currently working towards the implementation of ‘Proactis’ system (on-line platform for submission of care home offer and pricing) to facilitate and secure options for service users when choosing a residential/nursing placement. Implementation date August 2014.

Appendix 1
Current Performance Indicators

Reference	Title	What is measured	Type
SCA001	The rate of deleted transfers of care for social care reasons per 1,000 population aged 75 or over	<ul style="list-style-type: none"> o Census of patients across Wales takes place every 3rd Wednesday of the month. o Includes cases coded to Social Care reasons (codes 1 and 2) o The census is validated by officers of the relevant Health Board and Local Authority, to agree delays and codes. o Information is recorded on a Welsh Government (WG) database HOWIS (Health of Wales Information Service) and uploaded to the WG, who collate the all-Wales information. o Final data for the month includes Cardiff residents delayed in any hospital in Wales. o Annual result is the sum of 12 censuses – there is duplication of the patients delayed for more than a month. 	NSI
SCAL2	The number of delayed transfers of care due to Social care reasons	The numerator for SCA001 – the actual number of delays with Section 1 or 2 coding.	Local
SCAL17	The number of delayed transfers of care for choice reasons	The number of delays with Section 7.03 coding, Choice related issues. For example, waiting for residential/nursing placement availability in home of choice.	Local

Appendix 2

SCAL2

Number of
delayed transfers
of care for social
care reasons

Year	Quarter	Result Cumulative	Result Number
2012-13	Q1	88	88
2012-13	Q2	145	57
2012-13	Q3	200	55
2012-13	Q4	264	64
2013-14	Q1	55	55
2013-14	Q2	113	58
2013-14	Q3	157	44
2013-14	Q4	196	39
2014-15	Q1	29	29

Year	Quarter	Result Number
2012-13	Q1	88
2013-14	Q1	55
2014-15	Q1	29
2012-13	Q2	57
2013-14	Q2	58
2012-13	Q3	55
2013-14	Q3	44
2012-13	Q4	64
2013-14	Q4	39

Year	Quarter	Result Cumulative	Result Number
2012-13	Q1	88	88
	Q2	145	57
	Q3	200	55
	Q4	264	64
2013-14	Q1	55	55
	Q2	113	58
	Q3	157	44
	Q4	196	39
2014-15	Q1	29	29
	Q2		
	Q3		
	Q4		

Page 270

		Community care assessment	Community care arrangements
2012-13	Q1	33	55
	Q2	14	43
	Q3	7	48
	Q4	14	52
2013-14	Q1	9	46
	Q2		6
	Q3		4
	Q4		3
2014-15	Q1		3
	Q2		
	Q3		
	Q4		

Reference	Description	2012-13				2013-14				2014-15			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SCAL2	Number of delayed transfers of care for social care reasons	88	57	55	66	55	58	44	39	29			
SCAL17	The number of delayed transfers per quarter for choice reasons	90	103	79	49	39	74	64	54	45			

SCAL17 The number of delayed transfers per quarter for choice reasons		
2012-13	Q1	90
2013-14	Q1	39
2014-15	Q1	45
2012-13	Q2	103
2013-14	Q2	74
2012-13	Q3	79
2013-14	Q3	64
2012-13	Q4	49
2013-14	Q4	54
2014-15	Q2	
2014-15	Q3	
2014-15	Q4	

Appendix 3: Performance Indicators - Extract from Q1 2014-15 Performance Report

(The results columns are shaded to denote RAG status:)

■	GREEN	exceeding target
■	AMBER	below target but above level for management intervention
■	RED	intervention required

Type: – N National Indicator, L Local Indicator, SID Service improvement Data, PAM Public Accountability Measure

PI Ref	Title	Type	2012-13 outturn	2013-14 outturn	Target 2014-15	Inter- ventio n level	Q1	Q2	Q3	Q4	Notes
Delayed Transfers of Care											
SCA/001	The rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over.	N	11.53	8.47	6.52	8.41	1.25				
Management actions:											
SCAL2	The number of delayed transfers of care due to Social care reasons.	L	264	196	150	194	29				
Management actions:											
SCAL17	Number of delayed transfers for choice reasons.	L	321	231			45				
Management actions:											
The H&SC Directorate is currently working towards the implementation of 'Proactis' system (on-line platform for submission of care home offer and pricing) to facilitate and secure options for service users when choosing a residential/nursing placement. It is expected that this on line tendering system will be in place in August 14. Target setting for this indicator has been deferred until this scheme is implemented.											

Briefing on the Implementation of the Social Services and Well-being (Wales) Act 2014

REPORT OF DIRECTOR OF HEALTH & SOCIAL CARE AGENDA ITEM: 11.2(v)

Reason for this Report

1. To provide an update in respect of the Social Services and Well-being (Wales) Act 2014 and the approach being taken to implementation.

Background

2. In February 2011, the Deputy Minister for Social Services announced a new strategic plan for putting social services on a sound footing, "Sustainable Social Services for Wales – A Framework for Action".
3. In the strategy, setting out Welsh Government plans "to renew social services and social care for the next decade", the Deputy Minister made it clear that the changes are needed not because social services are in some way broken but because of significant changes in the social and financial context within which they are delivered. The strategic plan concludes that wholesale structural change is not necessary and that local government will continue to be accountable for service delivery, identifying need and determining service priorities. However, radical steps to reshape social services are required, in response to factors such as changes in family structures; demography; expectations about service user control; more fragmented communities and the impact of issues like substance misuse.
4. At Section 3, the strategy sets out eight priorities for action to be introduced in support of renewal. In summary, these are:
 - a strong national purpose and expectation; and clear accountability for delivery;
 - a national outcomes framework;
 - citizen centred services;
 - integrated services;
 - reducing complexity;
 - a confident and competent workforce;
 - safeguarding and promoting the wellbeing of citizens; and
 - a new improvement framework
5. The strategy acknowledges that social services and social care are facing real and unsustainable increases in demand across all categories of service users. It concludes that, as the public sector financial outlook is so bleak, the choice is either retrenchment or renewal. Retrenchment would see fewer people receiving services, greater expectations that people find their own solutions, increased burdens on informal carers and a growing number of disputes between services such as the NHS and social care about who is responsible for services. Renewal means focusing more clearly on delivery (including preventative services), continuing to innovate and creating sustainable services.

6. The Social Services and Well-being (Wales) Act received Royal Assent and became law on 1st May, 2014. Its purpose is to repeal or consolidate existing legislation and to specify the core legislative framework for social services and social care in Wales, giving effect to the policy stated in the White Paper "Sustainable Social Services for Wales: A Framework for Action". The Act is intended to transform the way social services are delivered through an approach that is focused on achieving the outcomes necessary to promote a person's well-being - as an individual, as part of a family and as part of their community.
7. To achieve this aim, the Act is intended to ensure that people have access to clear information, advice and assistance and that their voice is at the centre of decisions about their care and support. It introduces, for the first time, a statutory framework for the protection of adults and national leadership arrangements for safeguarding people. The Act recognises both the key role played by carers (giving them rights to support which are equivalent to the rights of those for whom they care) and also the importance of prevention and early intervention to help people live independently. Integration and simplification of the law should provide greater consistency and clarity to:
 - people who use social services
 - their carers
 - local authorities and their partner organisations
 - the courts and the judiciary
8. The fundamental principles of the new statutory framework system are about:
 - People – putting an individual and their needs, at the centre of their care, and giving them a voice in, and control over reaching the outcomes that help them achieve well-being.
 - Well-being – supporting people to achieve their own well-being and measuring the success of this care and support.
 - Earlier intervention - increasing preventative services within the community, to minimise the escalation of critical need.
 - Collaboration – Strong partnership working between all agencies and organisations.
9. The core components are set out on the face of the Act, describing the powers and duties placed on local authorities and other bodies.
10. However, the Act is deliberately enabling in nature. It will require Welsh Ministers to make a suite of subordinate legislation (with Regulations providing more detail or prescription) and to issue codes of practice and guidance with the force of law (to help people and organisations work within the new framework).
11. Ministers have agreed that the Act should come into force from April 2016.

Content

12. The Act in its entirety can be found by following this link www.legislation.gov.uk/anaw/2014/4/pdfs/anaw_20140004_en.pdf and there is a hard copy in the Members' Room.
13. It is made up of 11 main areas.
 - 1 – Introduction (Sections 1-4 overview and definition of key terms)
 - 2 – General Functions (sections 5-18, including well-being duty and outcomes, local arrangements for preventative services and the provision of information, advice and assistance)

- 3 – Assessing the Needs of Individuals (Sections 19-31 - adults, children and carers)
- 4 – Meeting Needs (Sections 32-58, including eligibility, direct payments, and care and support plans)
- 5 – Charging and Financial Assessment (Sections 59-71, including financial assessments and deferred payments)
- 6 – Looked After and Accommodated Children (Sections 74-125, including leaving care)
- 7 – Safeguarding (Sections 126-142, including a duty to report children and adults at risk and the role of Safeguarding Boards)
- 8 – Social Services Functions (Sections 143-161 including the role of Directors of Social Services, codes and intervention by central government)
- 9 – Co-operation and Partnership (Sections 162-170, including the role of LHBs and NHS Trusts and joint arrangements for the provision of adoption services)
- 10 – Complaints and Representations (Sections 171-183, including the provision of advocacy services)
- 11 – Supplementary and General (Sections 184-200, including provider failure and issues of residence).

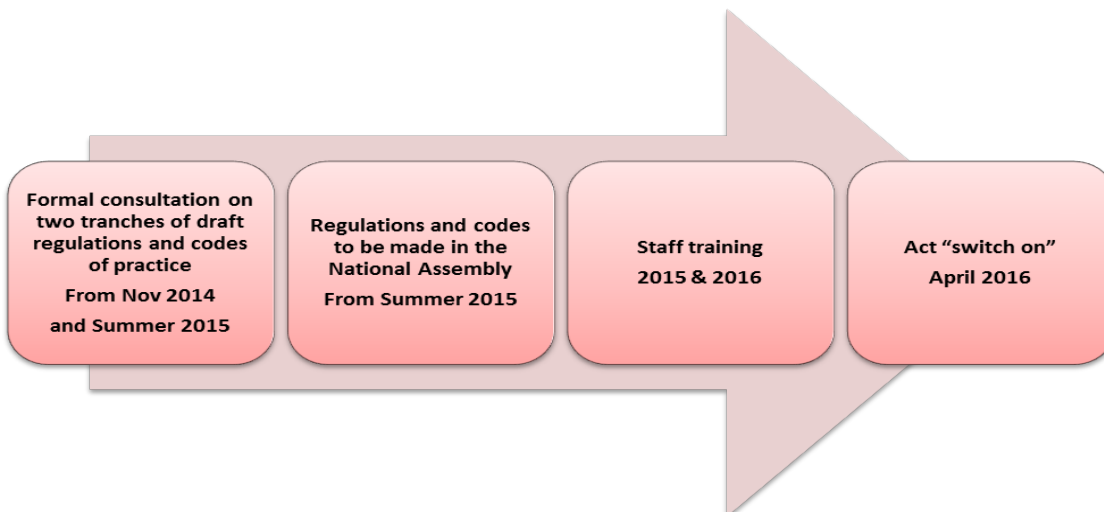
Some of the most important requirements are outlined in more detail in [Appendix 1](#), which contains a briefing note prepared by Professor Luke Clements.

- 14. To support local authorities, the NHS and other key partners to understand what the new duties in the Act will require in practice, the Social Services Improvement Agency has developed a flexible resource pack for both elected members and officers charged with delivering the changes. This resource will develop over time and reflect discussions with local government about what information they would find most useful. It can be found by following this link

http://www.ssiacymru.org.uk/home.php?page_id=8596

Relevant Issues and Options

- 15. The Welsh Government timetable for implementation is set out below.



- 16. Currently, the main focus is on drafting subordinate legislation. A consolidated statement of policy intent for the major pieces of subordinate legislation under the Act was published on January 30th; it is being used to underpin the development of regulations and codes of practice. A copy is attached at [Appendix 2](#)

17. Partly because the Act is intended to promote considerable integration between the health and social care sectors to the greatest extent possible, Welsh Government emphasises the need to secure implementation on a regional (i.e. LHB) basis. Some funding was provided to local government and partners (including Local Health Boards and the Welsh NHS Confederation) to support regional implementation activity in 2013 -14. A further grant of £1.5 million is available this year. To reinforce collaboration between local government and the NHS, the terms of the 2014-15 grant include the requirement to develop regional governance which reflect the national steering and engagement structure of Partnership Forum and Leadership Group. The other key deliverable of the grant is the development of a comprehensive regional implementation plan by the end of the financial year. In our region (the footprint of the University of Wales Health Board -UHB), the £194,910 grant is managed by the Vale of Glamorgan Council on behalf of the City of Cardiff, Vale of Glamorgan and UHB. [Appendix 3](#) contains the agreed timetable for the work.
18. Provision is also made for grants at the national level, to support strategic engagement and enable coordinated regional delivery. National grant recipients are the Association of Directors of Social Services Cymru and Welsh NHS Confederation, and (for the first time) the Health and Social Care Alliance and Care Forum Wales. The latter award recognises the key contribution of the private and voluntary sectors will need to make to successful implementation.
19. The “Communicating the Changes” project of the Sustainable Social Services for Wales Programme is dedicating a work stream solely to implementation of the Act. Proposals for a public information campaign are being explored, to be delivered during 2015-16, and communications planning for the remainder of this year includes a variety of targeted activity directed at local authority, independent care provider and NHS staff, together with stakeholders and citizens.
20. Training requirements for implementation have been considered by Welsh Government. A first level training programme is being designed for all core staff and partner agencies involved in delivering the Act, including the NHS. This will be produced as a ready-to-use ‘pack’, with a framework for delivery. Local authorities are expected to take a lead role in planning and delivering the training with their partners, in line with the expectations of their role under the Social Care Workforce Development Programme (SCWDWP). Welsh Government announced this month that it will continue investment in social care workforce development through the well-established grant funding made available to local authorities by means of the Programme.
21. However, it is important to note that SCDWP funding will now be on a regional footprint and it will need to be agreed with our partners, modelling recent practice in respect of many other national grants. 15% of the money available will be used to design a national training programme for implementation of the Act. Hence, the five priorities for the SCWDP grant in 2015-16 and 2016-17 will be:
 - to ensure staff engaged in duties delivered under the Social Services and Well-Being (Wales) Act 2014 have the knowledge, skills and competencies to operate under the new legal framework;
 - to ensure all core training and development, including induction and qualification training, is reframed to reflect the new legal framework;
 - to continue the current support for social work training in Wales;
 - to support the infrastructure for training across Wales, including local and regional partnership and joint working;
 - basic skills for the frontline social care workforce
22. The Act locates social care and social services within a wider framework of ‘wellbeing’, placing a new duty on local government to provide care and support for ‘people in need’ and emphasising the important role of prevention. Hence, the Act carries significant implications

not just for Social Services but also for other local government services and the wider public sector.

23. While the broad aims of the Bill have attracted considerable support, there is still much disquiet about how such a comprehensive programme of change can be managed and delivered, especially given the state of public sector finances for the foreseeable future. Welsh Government still maintains that, in the longer-term, implementing the Act will be cost neutral. This is predicated on a conviction that a focus on well-being, prevention and the provision of information and advice will divert and reduce demand for current and more expensive forms of care and support.
24. During the passage of the Bill through the Senedd, the Health and Social Care Committee concluded In its Stage 1 Report that: "We are not satisfied with the information that has been made available on the total cost of the Bill and have not received any evidence to convince us that the Bill will be cost neutral in the long term. We are mindful that the size and complexity of the Bill make it extremely difficult to cost. We also recognise the concerns of witnesses with regard to the current challenges facing public sector funding which will shape the context within which this Bill is delivered." The problems of establishing true costs are compounded by the nature of the Act which puts so much reliance on subsequent regulations and guidance.
25. The WLGA commissioned an independent report from the Institute of Public Care called "Transitional and longer-term implications of the Social Services and Well-being (Wales) Bill September 2013". Attached is the web-site link to the report. <http://www.wlga.gov.uk/health-social-services-publications/transitional-and-longer-term-implications>. The report still represents the best effort to date at providing a realistic appraisal of the current context for social services, the Act's likely impact, the costs of transformation and the significant challenges that must be overcome. It argues that, without the implementation of the well-being agenda at the heart of the Act, local partners will struggle to meet the demands placed on them through changing demographics and welfare reform while implementation of other elements (such as new assessment arrangements, safeguarding duties and advocacy responsibilities) could prove to be very costly.
26. The report explores the key implementation issues that the Welsh Government, local authorities and the NHS may need to consider as they look to work together to make the aspirations of the Act a reality in the current climate. For local authorities, the key tasks are to:
 - Undertake a rigorous self-assessment and agree a plan for service development with local area partners.
 - Agree the forms of local integration most needed to deliver the changes in pathways and services to secure better outcomes for citizens.
 - Explore with citizens and with local third sector partners how to create a culture of engagement and greater co-production in services.
 - Undertake a local cost-benefit analysis of their development plans and review budgets accordingly.
 - Place well-being at the heart of service provision.
 - Develop a commissioning strategy to realign services to focus on early intervention and prevention, and improve outcomes.
 - Seek to develop and commission services which offer cost-effective and integrated solutions to care.
 - Develop local arrangements which fit the proposed assessment and eligibility framework and support staff through guidance and training.

- Review existing information systems and information sharing protocols and identify improvements needed.
 - Develop and strengthen their partnership working across a range of agencies.
 - Respond to the demands of developing a 'whole' council approach to service delivery.
 - Work with the third sector to deliver cost-effective public services.
 - These are matters which will be addressed in regional and local implementation plans.
27. The Act is intended to help social services and local government to deal with unprecedented pressures in terms of demand for services (actual and projected), increased public expectations and demographic change and (in common with many other parts of the public sector) severely constrained financial resources. This presents formidable challenges in an environment in which many local authorities are already predicting overspends in their Social Services budgets. The impact of welfare reforms is increasing even more the need for help from social services and its partners.
28. Clearly, implementation will be complicated, requiring whole system change and new models of care in local areas. Transformational change is never easy. Efforts to modernise services face many obstacles, including:
- budgetary pressures and the need for savings;
 - potential opposition from service users and carers who value existing provision highly and depend upon it for an improved quality of life;
 - encouraging current service providers from all sectors to change their approach;
 - the scale of the agenda, with a need to focus on innovation and continuous improvement in all areas of service design, delivery and evaluation;
 - difficulties in finding the resources required to bring about transformational change;
 - the clear risks that the new legislation will impose increased costs; and
 - the risks of cost shunting from the NHS and other partners, including central government
29. The programmes of work undertaken across the City of Cardiff and with the Vale of Glamorgan and in our collaborative enterprises such as the South East Wales Improvement Collaborative (SEWIC) and the Integrating Health and Social Care Programme place this Council in a good position for responding positively to increased emphasis on implementing new service models. Wherever possible, we have been in the forefront of and our developing efforts to reshape the range of social care services available, based upon agreed principles:
- an emphasis on promoting preventative services which divert people from inappropriate and higher cost provision, manage demand at lower levels of intensity/intrusiveness and which can be accessed without complex assessments;
 - clear tiers of services, with known thresholds; and
 - service models which are underpinned by the concepts which service users and others believe are necessary to underpin a dignified life— independence, choice and control, wellbeing, social inclusion
30. However, as stated earlier, Welsh Government strategy is predicated on an assertion that there is a choice between retrenchment and renewal. We recognise that there are benefits to our residents in helping people early and stopping problems escalating (which mean that, when people finally do get care, it is a more intensive and costly). Too much time, skills and resources do go into over-elaborate assessment which does not help people with the things they are concerned about or achieve the outcomes they want for themselves. However, in the absence of a more sustainable solution to the question about how the costs of social care are to be met in the longer-term, it seems likely that both retrenchment and reshaping

will have to form part of any sustainable approach, requiring as many people as possible to take increased responsibility for meeting their own needs so that the most vulnerable can be safeguarded from harm. Budget cuts which threaten the potential loss of local government services that support well-being, such as leisure and libraries, can only make this shift more difficult to achieve.

31. Joint working across health and social care is a dominant theme within the Act. There are a number of duties expressly placed upon Local Health Boards and NHS Trusts in areas such as:
 - population and individual assessment and planning;
 - the provision of information, advice and assistance;
 - safeguarding; and
 - collaboration and co-operation itself
32. The need for radical change in the way the NHS and local government plan services together, provide pooled budgets, share risk and integrate practice and management across a wide range of services has never been greater. We must anticipate with urgency these key provisions to capitalise on existing arrangements for joint working and to drive the development of new opportunities for co-production and integrated delivery.

Name of Officer *SIÂN WALKER*
10th November 2014

The Social Services & Well-being (Wales) Act 2014

Professor Luke Clements¹

To coincide with the Act receiving Royal Assent – a brief overview of the key provisions of the Act as they relate to disabled people (adults and children) as well as to older people 'in need' and carers

Background

- 2011 Law Commission Report
- 2013 Social Services & Well-being (Wales) Bill introduced into Assembly
- 2014 1st May Royal Assent
- 2014-15 Regulations, codes and guidance drafted
- 2016 Full (or partial) implementation

The Welsh Act is materially different to the English Act (the Care Act 2014) which is still expected to come into force in 2015. One effect of this will be that English court judgments may no longer be of direct relevance in Wales.

The English Act puts a cap on the amount any individual will have to pay for their social care (known as the Dilnot reform) – and it is proposed that this will come into force in 2016. The Welsh Government has also committed itself to reform of the payment for social care system within the same timeframe² but is awaiting the outcomes of research on the budgetary impact of the Dilnot reforms in Wales.³

Legislation to be repealed

The Act does not state which legislation is to be repealed (this power is left to the Welsh Ministers s198(2)) but one assumes the following will be repealed:

- National Assistance Act 1948
- Health Services & Public Health Act 1968
- Chronically Sick and Disabled Persons Act 1970
- Health & Social Services & Social Security Adjudications Act 1983
- Disabled Persons (Services, Consultation and Representation) Act 1986
- NHS & Community Care Act 1990
- Carers Acts
- Health & Social Care Act 2001 (DPs)

Definitions (sections 2- 4)

Disability – has the same meaning as in the Equality Act 2010.

Carers – a person who provides or intends to provide care for an adult or disabled child (but excludes paid carers etc)

¹ Cerebra Professor of Law, solicitor and Special Adviser to the Joint Parliamentary Select Committee that scrutinised the draft Care Bill (the Care & Support Bill 2013).

A copy of this note is accessible at www.lukeclements.co.uk/whats-new/

² Health & Social Care Committee 13 November 2013 Paper to note: HSC(4)-32-13 Letter from the Deputy Minister for Social Services: paying for care and see also Welsh Government, Gwenda Thomas (Deputy Minister for Children & Social Services) Paying for Social care – Update Cabinet Written Statement, 17 March 2014.

³ For an overview of the general policy position see National Assembly for Wales Paying for Social Care: Research Paper at <http://www.assemblywales.org/14-018.pdf>

Individual – an adult, a carer or a disabled child

Underpinning principles (section 4)

The promotion of 'well-being'

- A general (target) duty
- Defined expansively in section 2
- The making explicit of the duty to promote an individual's well-being
 - applies when exercising 'functions' under the Act
 - 'individual' includes both 'adults in need and adult carers

"Well-being" (section 2)

- physical and mental health and emotional well-being;
- protection from abuse and neglect;
- education, training or recreation;
- domestic, family and personal relationships;
- contribution made to society;
- securing rights and entitlements;
- social and economic well-being;
- suitability of living accommodation.

for adults

- control over day to day life;
- participation in work.

"Well-being"

LA must have regard to—

- the individual's views, wishes and feelings,
- the importance of promoting and respecting the dignity of the individual,
- the characteristics, culture and beliefs of the individual (including, for example, language), and
- the importance of providing appropriate support to enable the individual to participate in decisions that affect him or her to the extent that is appropriate in the circumstances, particularly where the individual's ability to communicate is impaired through age, disability or otherwise.

for adults

- the importance of beginning with the presumption that the adult is best placed to judge the adult's well-being, and
- the importance of promoting the adult's independence where possible.

UN principles (section 7)

Duty to have regard to the UN Principles for Older Persons (1991) and the UN Convention on the Rights of the Child (in Part 1 of the Schedule to the Rights of Children and Young Persons (Wales) Measure 2011)

Code of practice (sections 8-13)

- Welsh Ministers must issue a statement relating to the well-being of people in Wales in need care and support within 3 years of the Act receiving Royal Assent (section 8);
- Welsh Ministers must issue a code to help achieve the outcomes specified in the statement (including 'standards', 'measures' and 'targets') (section 9);

- LA's must 'act in accordance with any relevant requirements imposed upon it by a code' and 'have regard to any relevant guidance contained in that code' (section 10).

Prevention (sections 14 - 15)

Strategic duty: on LA's and LHB's:

- to assess the extent of need for range and level of preventative services (section 14);

LA duty to provide / arrange preventative services that will:

- contribute towards preventing or delaying the development in its area of needs for care and support;
 - reduce the needs for care and support in its area;
 - minimise the effect on disabled people of their disabilities;
 - contribute towards preventing people from suffering abuse or neglect;
 - enable people to live their lives as independently as possible.
- + Specific provisions for children

Promoting social enterprises etc (section 16)

LA's must promote:

- the development of social enterprises / co-ops / third sector organisations to provide care and support and preventative services;
- care and support and preventative services that involve service users in the design and running of services;

Information (section 17)

The provision of a service to provide adults in need / carers with information about care and support;

Includes:

- how the LA care system operates;
- the choice of types of care and support, and the choice of providers in the local authority's area,
- how to access the care and support that is available;
- how to raise concerns about safety /well-being of an adult who has needs for care and support

Assessment of adults in need (section 19)

Specific duty

- Mirrors existing s47 NHS&CC 1990 duty
- Duty to consult carer 'so far as is feasible'
- draft Care & Support (Eligibility Criteria) Regulations

Assessment of children in need (section 21)

Specific duty

- Much more specific than current s17 Children Act 1989 duty

Carers Assessments (section 24)

Specific duty that codifies the existing three Carers Acts – but drops (1) the 'regular & substantial' requirement; and (2) the requirement to 'request' an assessment.

Applies to carers of any age. Carers' assessments must include:

- whether the carer able / willing
- the outcomes the carer wishes in day-to-day life,
- whether the carer works or wishes to (and / or) to participate in education, training or recreation

Combined assessments of carer and cared for person (section 28)

Subject to relevant consents

Eligibility criteria (section 32 - 33)

The Act provides that eligibility criteria will be detailed in regulations. The intention is that draft guidance / criteria will be published for consultation in spring of 2014. In a statement in November 2013⁴ the Welsh Government stated that:

Whilst assessment and eligibility will play an integral role in the new system ... [its] significance ... will be considerably reduced. ... the new system will place greater focus on prevention, transparency, and building on people strengths to enable [people in need] to exercise voice and control over what matters to them, their needs and aspirations. This will mean that more people will be supported outside the eligibility framework

the regulations and the Code will:

- set out a minimum threshold on what needs are eligible needs for care and support
- focus on the person's needs for care and support, the impact of those needs on their well-being, and the level of risk to the individuals if those needs are not met
- make it clearer for people what their entitlements are; and introduce a level of consistency about the threshold to give people more confidence that if they want to move to another area in Wales, and their circumstance have not changed, then their eligibility for care and support will continue
- set out the criteria for people who are to be 'passported' to be treated as eligible i.e. those who the local authority must protect from abuse or neglect, or risk of abuse or neglect, and also in the case of children: harm, or risk of harm
- prevent local authorities from tightening their eligibility criteria beyond that set out in the regulations
- place on-going responsibilities on local authorities to look at wider support across the new care and well-being system to ensure that a greater number of people with needs are supported in a range of ways that can be accessed outside the eligibility criteria.
- The eligibility framework must be sensitive to the differing needs, context and outcomes for children, adults and carers. It cannot therefore be a one size fits all.

On 1st February 2014 revised assessment and care planning guidance for older people (people aged 65 and over) came into force in Wales replacing the 'Unified Assessment Process'⁵ guidance (apart from its eligibility criteria in Chapter 5).

Duty to provide care & support for individuals in need (section 32)

If a local authority determines that any needs meet the eligibility criteria then the authority must—

- (a) consider what could be done to meet those needs;
- (b) consider whether it would impose a charge for doing those things, and if so, determine the amount of that charge.

⁴ Written Statement Gwenda Thomas AM, Deputy Minister for Social Services *Assessment and Eligibility Framework* 5 November 2013.

⁵ NAFWC 'Creating a Unified & Fair System for Assessing & Managing Care' NAFWC 09/2002 (2002).

This duty applies to adults (section 35), to disabled children (section 37), and to carers whether they are adults (section 40) or a child (section 42).

Self-funders (sections 35)

In addition to the duty to meet the needs of adults in need and adult carers whose financial resources are below the financial limit, the Act imposes a duty on LA's to meet the needs of self funders – if the self funder 'asks'.

Care and support (section 34)

Duty to provide a range of 'services' for carers / dependent people

- a) accommodation in a care home, children's home or in premises of some other type;
- b) care and support at home or in the community;
- c) services, goods and facilities;
- d) information and advice.
- e) counselling and advocacy;
- f) social work;
- g) payments (including direct payments);
- h) aids and adaptations;
- i) occupational therapy.

Charging (section 59 - 73)

LA's can charge for care and support provided under sections 35 - 45 to meet a person's needs but only 'the cost that the local authority incurs in meeting the needs to which the charge applies' (section 59(2)). The Act also requires that the charge imposed be no more than is 'reasonably practicable for the person to pay' (section 66)

NHS interface (section 47)

Couglan – prohibits LA funding nursing care that the NHS has a 'power or duty' to provide;

- Section 47 – only prohibits LA providing nursing care that the NHS has a 'duty' to provide;

Couglan – enables a LA to fund nursing care provided if it is (1) merely ancillary or incidental to the provision of social care support, and (2) of a 'nature' that you would expect a social services to provide. Section 47 is however silent as to the 'nature' of the nursing care.

Care & support plans (section 54 - 55)

Similar to current law.

Direct Payments (sections 50 - 53)

Little change

In England it is expected that these will be extended to cover residential care costs – it is unclear if this is being proposed in Wales.

Continuity of care (portability) (sections 56)

- If 1st authority notifies 2nd authority that person is moving;
- When move happens:
- If 2nd authority not assessed / or put in place care plan for adult in need and/or carer:
- Then 2nd authority must meet the same needs as 1st authority
- Until it has assessed / produced care plan

Looked after children etc (sections 74 - 125)

Part 6 of the Act (sections 74 – 125) largely re-enacts the provisions in Part 3 of the Children Act 1989 relating to 'looked after and accommodated children – including independent reviewing officers, the Children Leaving Care provisions, secure accommodation etc.

Safeguarding (section 126 – 142))

Part 7 of the Act deals with safeguarding – and includes children. In relation to adults there is a duty to make enquiries if adult with care & support needs:

- Is experiencing, or is at risk of abuse of neglect; and
- Is unable to protect him/herself against the abuse / neglect

The Act introduces a statutory duty on LA's to have Safeguarding Boards and in addition provides for an 'authorised officer' to apply to the magistrates court for 'an adult protection and support' order' which provides a power of entry to premises to enable the authorised officer and any other person accompanying the officer to:

- speak in private with a person suspected of being an adult at risk,
- ascertain whether that person is making decisions freely, and
- assess whether the person is an adult at risk and to make a decision what, if any, action should be taken.

The powers under s47 NAA 1948 are repealed (section 129);
The power to protect property is retained (section 58)

Human Rights Protection

On 1st May 2014 the Westminster Government announced its intention to amend the English Care Bill to insert a new clause (48) which will provide that where care or support is arranged by a local authority, or paid for (directly or indirectly, and in whole or in part) by the authority and that care is provided by a registered care provider to an adult or a carer either in their own home or in care home Then the provider is deemed to be a public authority for the purposes of the Human Rights Act 1998. The provision will apply to Wales.

Complaints (section 171 - 180)

Part 10 of the Act provides for further reform of social services procedures (adults and children – as well as for privately funded care). The 2012 Consultation on reforming the social services complaints process⁶ – proposed the removal of the third stage and the transfer of this responsibility to the Public Services Ombudsman for Wales (who would also be able to investigate complaints by self-funders concerning their social care services). Both provisions have already been implemented in England.

Advocacy (section 181 – 183)

Provides for regulations requiring local authorities to arrange for advocacy services for people with needs for care and support needs (whether or not those needs are being met by a local authority).

⁶ Welsh Government *Making things better - Review of Social Services complaints*. The consultation will close on the 30th May 2012 – see <http://wales.gov.uk/consultations/healthsocialcare/better/?lang=en>



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Welsh Government

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Policy Intent

Regulations and other subordinate legislation under the Social Services and Well-being Bill

Policy Intent – Regulations and other subordinate legislation under the Social Services and Well-being Bill

Contents

Introduction	Page 4
Policy Intent Statements	
- Regulations under section 11 (dealing with joint assessments)	5
- Regulations under section 13 (regarding definitions around social enterprise, co-operatives and third sector organisations)	9
- Regulations under section 24 (setting out requirements for assessment)	11
- Regulations under section 26 (relating to the national eligibility framework)	15
- Regulations under section 38 (dealing with the provision of health services by local authorities)	19
- Regulations under section 40 (dealing with permissible circumstances to make payments)	21
- Regulations under section 41 (relating to direct payments to meet an adult's needs)	23
- Regulations under section 42 (relating to direct payments to meet a child's needs)	25
- Regulations under section 43 (relating to direct payments to meet a carer's needs)	27
- Regulations under sections 45 and 46 (setting out the matter and form of plans)	29
- Regulations under section 47 (relating to portability and continuity of care)	34
- Regulations under section 48 (providing for expressions of preference with regard to accommodation)	38
- Regulations under section 52 (relating to the power to impose charges)	40
- Regulations under section 53 (governing the disapplication of the power to impose a charge)	42
- Regulations under section 55 (dealing with financial assessments)	44
- Regulations under section 56 (disapplying the duty to carry out a financial assessment)	46
- Regulations under section 57 (regarding determining a person's ability to pay a charge)	48
- Regulations under section 58 (disapplying, in some circumstances, the duty to give effect to a determination)	50
- Regulations under section 59 (covering the review of charging decisions)	52
- Regulations under section 60 (dealing with deferred payment agreements)	54
- Regulations under section 61 (relating to charging for preventative services and assistance)	56
- Regulations under sections 74 and 75 (in relation to care and support plans for looked after children)	58
- Regulations under section 80 (regarding placement of looked after children other than with foster parents or in a home)	61

- Regulations under section 81 (governing placements out of area)	62
- Regulations under section 83 (regarding the placement of looked after children with local authority foster carers)	64
- Regulations under section 84 (relating to the approval of foster parents by the local authority)	66
- Regulations under section 88 (regarding visits by local authority representatives to certain groups of children)	68
- Regulations under sections 90-93 (addressing the appointment and functions of independent reviewing officers and the review of cases)	71
- Regulations under sections 97 and 98 (in relation to functions of personal advisers, the undertaking of pathway assessment and the content of pathway plans)	74
- Regulations under section 112 (concerning visits to children in long-term residential care)	76
- Regulations under section 117 (setting restrictions on who may be an “authorised officer” for the purposes of Adult Protection and Support Orders.	78
- Regulations under section 123 (dealing with the constitution, membership and administration of the National Independent Safeguarding Board)	80
- Regulations under section 124 (regarding Safeguarding Board areas)	83
- Regulations under section 124 (regarding lead partners for Safeguarding Boards)	86
- Regulations under section 124 (regarding additional partners on Safeguarding Boards)	89
- Regulations under section 125 (in relation to the functions and procedures of Safeguarding Boards)	92
- Regulations under section 126 (dealing with the making, content, and publication of Safeguarding Boards’ annual plans & reports)	95
- Regulations under section 128 (relating to the funding of Safeguarding Boards)	98
- Regulations under section 129 (covering the functions of Safeguarding Board partners in relation to their Boards)	101
- Regulations under section 130 (regarding the merger of Safeguarding Boards)	103
- Regulations under section 134 (in relation to the competencies required of a director of social services)	105
- Regulations under section 156 (requiring specified partnership arrangements to be made by local authorities)	107
- Regulations under section 157 (dealing with the funding of partnership arrangements)	109
- Regulations under section 158 (regarding the membership and operation of partnership boards)	111
- Direction-making power under section 160 (directing local authorities to make joint arrangements for an adoption service)	113
- Regulations under section 177 (relating to ordinary residence)	115

Introduction

This document represents a compilation of statements of policy intent in relation to the major regulations to be made under the Social Services and Well-being Bill, if enacted.

The statements are presented in the order in which the Bill provisions to which they relate appear in the Bill as amended at stage 2, and all section references within the statements likewise relate to section numbers in the amended Bill.

I have always been clear that the Bill is a framework Bill, a “Bill for a generation”, and that it is necessarily enabling in character, setting a broad framework for the sustainable social services of the future. Into this framework the detail will be added through the various pieces of subordinate legislation to be developed, scrutinised and embedded.

Whilst each piece of subordinate legislation will naturally undergo its own scrutiny process, I nevertheless recognise the value of sharing information at this point in the process of bringing *Sustainable Social Services – A Framework for Action* into being. To do so will help not only those who are charged with scrutinising the Bill, but also those who will be given the task of shaping and implementing the new pattern of social services on the ground, to see and understand the Bill provisions as a more coherent whole.

This document is therefore presented to Assembly Members and to stakeholders in a spirit of openness and transparency, with a view to supporting the democratic process through informed scrutiny.

As Members will know, I am committed to taking forward the development of subordinate legislation under the Bill in collaboration with Members and with stakeholders across the Social Services sector, and I look forward to our continued engagement over these crucial issues.

Gwenda Thomas, AM
Deputy Minister for Social Services

REGULATIONS RELATING TO:	Assessment of needs for care and support, support for carers and preventative services
BILL PART:	2
SECTION:	11(2) ¹
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 11 places duties on local authorities and Local Health Boards to work together jointly to assess the extent of needs for care and support (including the needs of carers) in the local authority's area and the extent to which needs for care and support are not being met, the services required to meet those needs and the range of services needed to prevent, delay or reduce need for care and support; that is, preventative services.</p> <p>This local needs assessment is to take place in addition to any other assessment of the health and well-being needs of the local population which may be required by regulations under section 40 of the National Health Service (Wales) Act 2006 or section 26 of the Children Act 2004. Subsection (3) amends section 40 of the NHS (Wales) Act to require that this local needs assessment is taken into account when preparing the joint Health Social Care and Well-being Strategy or when this Strategy is reviewed. Subsection (4) amends section 26 of the Children Act 2004 to achieve the same effect in respect of Children and Young People's Plans.</p> <p>Regulations under section 11(2) enable the Welsh Ministers to prescribe further requirements for the carrying out of assessments of needs for care and support and preventative services of an area and may, for example, provide for the timing and review of assessments.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>Section 11 enables implementation of the general duties on local authorities and Local Health Boards (LHBs) in relation to the well-being of the population in their area. It provides for new enhanced duties on them jointly to assess for their area:</p> <ul style="list-style-type: none"> • the extent of needs for care and support in the population; • the extent of support needs for carers; • the extent to which needs for care and support are not being met; • the range of services needed to meet the care and support needs identified; and • the range of services needed to prevent, delay or reduce needs for care and support - preventative services, as described in section 12. <p>In order to plan for delivering these services they must assess the needs of the group or cohort of adults in the population with care and support needs, the support needs of carers and the needs of all children and young people. Duties are based on their current planning duties in respect of Children and Young People's Plans in section 26 of the Children Act 2004 and Health Social Care and Well-being Strategies in section 40 of the NHS (Wales) Act 2006, as amended. The resulting plan must be published as part of the local joint Health, Social Care and Well-being Strategy.</p>	

¹ Here, and subsequently, all numbered references are to the Bill as amended at Stage 2.

Regulations will set out the arrangements that local authorities and LHBs will be required to put into effect in their local need assessment of people with care and support needs including; their identification of the need, who should be consulted, frequency of assessments, and publication of information about care and support assessments and preventative services.

In complying with their duties under section 11, local authorities will need to have regard to the provision of preventative services and in particular to addressing requirements of section 12 of the Bill. These are aimed at preventing or delaying the development in the population of needs for care and support in areas that include minimising the effect on disabled people and reducing the need for care proceedings under Children Act 1989 and criminal proceedings against children.

WHAT THE REGULATION POWER CAN ACHIEVE

The primary focus of the Bill is to establish a revised and coherent framework for social services that can achieve the changes needed to enable sustainability for the future. The planning assessment process is central to the ability to meet need for both individuals and population needs. Section 11 duties are also critical for effective implementation of the shift in focus and planning to include services for prevention and early intervention that are essential for sustainability of social services into the future.

Regulations under section 40 of the NHS (Wales) Act 2006 and under section 26 of the Children Act 2004 will require local authorities and LHBs to work together to plan and secure sufficient provision of services to meet the range of needs they identify. The process will require effective assessment of need in development within their local population, as well as for those individuals whose needs met the eligibility criteria. The local authority will then have the duty to meet assessed need and to promote the development of and access to the services required.

POLICY INTENTION OF THE REGULATIONS

The policy intends to underpin delivery of care and support whilst giving greater attention to provision for prevention and early intervention through a detailed and comprehensive understanding of population characteristics and need. It requires local authorities and Local Health Boards better to understand the needs for care and support and prevention services in their local population.

The assessment duties are powerful and detailed, and require strong leadership from the local authority, that must drive the process overall, and are supported by duties to promote cooperation and integration in planning and delivery set out in sections 152-159. The social services department will have the frontline responsibility, making the leadership and enabling role of the Director of Social Services a central one.

Effective assessment and planning of provision will also require engagement across the departments of the local authority and health services, other relevant partners and third and independent sectors, the community, as well as with individuals themselves. The requirements for assessment, set out in the Codes of Practice, will include

arrangements for a structured involvement of individual service users in ways that enable effective contribution to both strategic and operational details. Assessment must take account of the need across the population for access to Welsh language services, responding to “*More than just words*” the strategic framework for provision in Health, Social Services and Social Care (see <http://wales.gov.uk/topics/health/publications/health/guidance/words/?lang=en>).

Preventative services are set out in section 12 that places a general duty on local authorities to:

- provide or arrange the provision of services to prevent, delay or reduce needs for care and support,
- promote the up-bringing of children within families,
- minimise the effect of disabilities on disabled people,
- contribute to the prevention of abuse and neglect,
- reduce needs for court proceedings,
- encourage children not to engage in criminal behaviour
- reduce the need for children to be placed in secure accommodation; and
- enable people to achieve as much independence as possible.

WORK TO DATE

Stage 1 interest centred primarily on the prevention definition and strength of health involvement.

Stakeholder interest focused substantially on these issues, the need to place equivalent duties on health to those on local authorities, and the possible financial burden for preventative service provision, that might fall primarily on local authorities.

The issues engaged considerable interest in wide ranging discussions at three consultation events held in March 2013.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Written Statement - Social Services and Well-being Bill: Prevention and Early Intervention

<http://wales.gov.uk/about/cabinet/cabinetstatements/2013/8232736/?lang=en>

Written Statement - Social Services and Well-being (Wales) Bill: Assessment & Eligibility

<http://wales.gov.uk/about/cabinet/cabinetstatements/2013/7651255/?lang=en>

Written Statement - Well-being and National Outcomes Framework for Social Services

<http://wales.gov.uk/about/cabinet/cabinetstatements/2012/wellbeingnationaloutcomesframework/?lang=en>

OTHER CONSIDERATIONS:

The arrangements for local needs assessments will build on legislation under the Children Act 2004 and NHS (Wales) Act 2006, and on the provisions of previous guidance:

Shared Planning for Better Outcomes, Welsh Assembly Government Circular 31/2007

<http://wales.gov.uk/topics/educationandskills/publications/guidance/sharedplanningforbetteroutcomes?lang=en>

Children and Young People's Planning Guidance 2011-14

<http://wales.gov.uk/topics/childrenyoungpeople/publications/cypplanning/?lang=en>

Tackling Child Poverty: Guidance and Regulations for Welsh Authorities

<http://wales.gov.uk/topics/childrenyoungpeople/publications/tacklingchildpoverty/?lang=en>

Health Social Care and Well-being Strategy Guidance 2011/12-2013/14

<http://wales.gov.uk/topics/health/publications/health/guidance/strat/?lang=en>

Shared Purpose - Shared Delivery

<http://wales.gov.uk/topics/improvingservices/publicationsevents/publications/sharedpurpose/?lang=en>

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Section 12 preventative services for definitions and scope

Section 13 contributions of social enterprise and co-produced activity to implementation,

Section 14 IAA as provider of access to services and planning data on need and information on demand for provision

Section 26 Eligibility criteria as determinants of numbers for whom there are duties requiring access to care and support

Sections 152 and 153 in relation to the duties to cooperate that drive the process for joint planning and requirements on relevant partners to engage.

REGULATIONS RELATING TO:	Promoting social enterprises, co-operatives, user led services and the third sector
BILL PART:	2
SECTION:	13(3)
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 13 of the Bill places a duty on local authorities to promote social enterprises, co-operatives, user led services and the third sector. This is therefore a function of local authorities. The regulations enable provision to be made to clarify the activities to be treated as activities carried out for the benefit of society; organisations to be treated as social enterprise etc; what constitutes a section of society.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>To ensure that there is clarity about the activities that a local authority must promote. This enables clarity about what is included and what is not included.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The overall purpose is to provide a lever whereby local authorities work with a wider range of providers on new service models; particularly in under-developed areas in social care.</p> <p>This regulation making power connects to the wider Bill by supporting the development of new models of service, early intervention and prevention, and promoting an approach which will enable a shift in the development, design and delivery of services. It is intended to promote the “how” this will be done. A key aspect is strengthening the voice and control of citizens in the new transformed arrangements.</p> <p>It is important to say that it is the intention to use the power to issue a Code of Practice set out in section 135 to provide further details of how this will work in practice and to enable the translation of the Bill intent into action on the ground. Section 136 sets out the making, approval and revocation of codes.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>To support the development of new models of service which are designed with and around people who need care and support and carers who need support. These new models of service are intended to deliver services which are based on a co-operative, co-productive model. The services are to be based on the well-being outcomes of people.</p>	
WORK TO DATE	
<p>Rapid review of social enterprise submitted to the Co-operatives and Mutuals Commission. Discussions with a range of stakeholders. Work commissioned from Cymorth, Wales Co-operative Centre, Social Firms Wales and Barod which is intended to: raise awareness and deepen understanding amongst local authority staff</p>	

in this area; to identify actions on the ground which will support local authorities to deliver on this regulation; to conduct a feasibility study on how a representative body for social value providers of care services will help realise the aim of the Bill; a specific piece of work with a user-led organisation to identify existing and potential models that enable service users to be involved in the design and running of care and support and preventative services. To exemplify how they can contribute to an approach based on co-production.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Rapid Review document submitted to the Commission for Co-operatives and Mutuals.

Statement by the Deputy Minister on Social Enterprise.

<http://wales.gov.uk/about/cabinet/cabinetstatements/2013/socservbilsocent/?lang=en>

OTHER CONSIDERATIONS:

The ability to issue a Code of Practice under section 135. This is in addition to regulations.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Links to section 11(1)(d) and (e) – assessment of needs for care and support....
Where there is a need to assess in accordance with regulations the range and level of services required to meet the care and support needs of people in the local authority's area and the range and level of services required to meet the purposes in 12(2) – preventative services.
Section 12 of the Bill – preventative services.
Section 135, 136 and Schedule 2.

REGULATIONS RELATING TO:	Assessment
BILL PART:	3
SECTION:	24
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 24 enables regulations to be made about the carrying out of needs assessments under the Bill and describes what kind of requirements could be imposed. This could include requirements to involve with other people, in addition to those specified in sections 16, 18 and 21.</p> <p>Regulations can require assessments to be carried out in a particular way, which could include proportionate assessments in particular circumstances.</p> <p>The regulations could also:</p> <ul style="list-style-type: none"> • set out who can carry out assessments; • set out the time limits within which assessments must be completed; • require the results of an assessment to be recorded in a particular way, to ensure consistency; • provide for a local authority to have regard to other considerations when carrying out an assessment; • provide for a power to provide information for the purpose of the assessment; • provide for the review of an assessment. 	
WHY THE REGULATION POWER IS REQUIRED	
<p>The Bill extends the right to an assessment to children, adults and carers who have, or appear to have, a need for care and support. This is major extension of rights to individuals and duties on local authorities in assessing an individual's needs. To ensure there is equity and clarity across Wales in people exercising their new rights, and in local authorities exercising consistent application of assessments, regulations will provide a coherent framework to:</p> <ul style="list-style-type: none"> • ensure compliance through supporting the day to day operation of local authorities in the discharge of their duties; • support individuals and the courts in ensuring people's rights and local authorities' administrative procedures have been applied in line with the law and in a fair and consistent manner; and • support the work of the relevant inspectorates. <p>Primary powers set out on the face of the Bill the main factors that assessment is based on: level of need for care and support, outcomes (and the extent to which other matters can contribute to an individual's outcomes), and ordinary place of residency.</p> <p>Together with primary powers, regulation powers are important to achieve the policy aim of improving well-being for those with needs for care and support. Regulations</p>	

provide a flexible framework to enable the detailed practice arrangements that local authorities must have for assessing the care and support needs of children, adults and carers. Differing emphases will be applied in each case. For example, for a child the focus is on their physical, intellectual, emotional and social development; their parents' capacity to care; and other circumstances affecting their well-being. With adults, the emphasis would be on the outcome that the adult wishes to achieve in their day-to-day life.

The regulations will need to reflect the differing characteristics, circumstances and policy objectives for each group that are central factors that may have an impact on the care and support needs of the individual. For example, the people to be involved or required to contribute to an assessment of a child and adult will be different – in the case of an adult; the involvement of the adult themselves, and anyone who cares and supports them will be important; for a child it might be the child's parent(s), a health visitor, a teacher, the Welsh family proceedings officer, or other professionals that interact with the child.

Assessments are not fixed in time and processes must be reviewed in line with evidence-based practice, demand, service patterns and people's expectations. The regulation powers enable the Welsh Ministers to respond to and reflect changes in policy, socio-economics and other circumstances over time.

WHAT THE REGULATION POWER CAN ACHIEVE

The main duties of local authorities in relation to carrying out needs assessments are set out on the face of the Bill. Section 24 enables the Welsh Ministers to make regulations which must make further provision about the carrying out of needs assessments. This is suitable for regulations as there will be a need to amend this detail over time in response to changes in social work practice and evidence.

POLICY INTENTION OF THE REGULATIONS

Section 24 places an express duty on the Welsh Ministers to bring forward regulations on the detailed arrangements that local authorities must follow when assessing the needs of an individual. The policy intent is that regulations will prescribe a set of core requirements for each group; child, adult and carer, along the lines of the requirements illustrated below:

- An individual's right to fully participate in the assessment and in their preferred language;
- Information to be provided to individual about their assessment, including advice about financial assessment and an individual's likely contribution to their care and support; and options for this to be managed/ commissioned by the local authority;
- The format and content of an assessment – this may involve a national template of core minimum information for both proportionate and comprehensive assessments;
- The recording of assessments;
- Areas of enquiry /factors that constitute well-being; e.g. health and care (including self care), daily activities, safety, relationships, child development (physical and emotional) and education, parenting capacity, home environment, accommodation etc

- Sharing of core information across health, social care and where relevant wider local government e.g. housing, education, schools;
- Requirement to obtain consent from those being assessed;
- Copies of assessment and core personal information must be provided to the person who has been assessed;
- Arrangements for people who lack capacity;
- Circumstances in which copies of the assessment is to be shared with others; for example carer, parent, court, school, probation officer, youth worker;
- Description of those who can undertake assessment and local assessments policies;
- Description of those who can make decision about assessment to determine if there is a need;
- The circumstances when a lead profession should be appointed to co-ordinate the individual's assessment e.g. complex needs involving a number of agencies and professionals contributing to the assessment;
- Publication of local arrangements about assessment;
- The timescale in which an assessment must be completed. The aim will be to ensure there is no drift in the assessment, but timelines need to be carefully considered so as to avoid any unintended consequences/ organisational gaming that result in poor practice - as suggested by a number of key reviews; and
- Other matters to be considered as part of assessment i.e. whether the individuals would benefit from information, advice, preventative and other services accessible in the community.

The above is not an exhaustive list. The prescription for each group; child, adult and carer will differ depending on circumstances. Regulations will be supported by a Code of Practice that local authorities also must comply with. The requirements for assessments will therefore be set by a combination of the regulations and a Code of Practice.

At the heart of the new system will be a person's right to exercise voice and control about the outcomes they wish to achieve. The Welsh Government strategy '*More Than Just Words*' will also be reflected in the Code of Practice and day to day operation of the new system.

WORK TO DATE

Comprehensive engagement with stakeholders has been undertaken on a number of levels on the outline framework that should underpin assessment and more widely on the role that assessment and eligibility has in identifying and supporting individual's needs within the new system. These include;

- Wider discussion at consultation events on the SSWB Bill involving over 700 delegates – (March 2012 and 2013)
- Dedicated workshops (2 days across three regions of Wales involving up to 200 stakeholders) over Autumn 2012 and early 2013 supported by the Social Services Improvement Agency (SSIA) – outcomes are reported in: Access to Care and Wellbeing in Wales
- Internal workshop across health and social care policy leads and

Inspectorates

[Care and Social Services Inspectorate (CSSIW) and Health Inspectorate Wales HIW] – spring / summer 2013

• Specific presentations on the new system where assessment is at its core to stakeholders of key representative bodies including: Carers Alliance, Wales Council for Voluntary Action (WCVA), Disability Wales, Children in Wales, Local Authority Heads of Children and Adult Services, Care Council for Wales, LHB Directors and Clinical Professional Leads, Boards of Occupational Therapists, Universities through the All-Wales Academic Social Care Research Collaboration.

Consultation on new guidance under existing Law

• Task Group and Workshops on the new Integrated Assessment, Planning and Review Arrangements for People 65+ (September – October 2013). Arrangements have been developed under current legislation whilst using both the broader application of well-being and the key factors that will underpin assessment in line with Social Services and Wellbeing (Wales) Bill. This has enabled a detailed review of the current system and will provide a bridge in the transition of practice across health and social care towards the new system under the Bill. Local authorities and LHBs are required to implement the new guidance for 65+ from 2 December 2013 and to develop a common local template by 30 April 2014. The guide will inform the future regulation requirements for adult assessment.

This ongoing engagement with stakeholders has provided clarity and developed consensus on the future system and the significant role that assessment will hold in it.

This impact and quality of the engagement on the new system is reflected in the report by published in October 2013 by the Welsh Local Government Association (WLGA) and NHS Confederation - ***Transitional and longer-term implications of the Social Services & Well-being (Wales) Bill 2013***

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

- Key Written Statement in July and November (2013) on Assessments and Eligibility.
- Detailed responses to HSCC on assessment and wider matters – published on the NAFW website – record of proceedings for stage 1 of the Bill.
- Government Amendments to assessment and eligibility
- Factsheets on Assessment and Eligibility

OTHER CONSIDERATIONS:

None.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Eligibility, care planning, review, and portability. [Sections 26, 45, 46 and 47 refer.]

REGULATIONS RELATING TO:	Eligibility
BILL PART:	4
SECTION:	26(3) to 26(5)
DESCRIPTION OF THE POWER/REGULATION	
<p>After conducting an assessment (for an adult child or carer (child and adult carer) under sections 16, 18 and 21) if the local authority determines the person has needs for care and support, section 26 as amended requires the local authority to determine if the person has needs that meets the <i>eligibility criteria</i>.</p> <p>Regulations under section 26(3) to section 26(5) will prescribe the national eligibility criteria that will apply to a child, adult and carer (child and adult carer)</p> <p>Where a local authority determines that a person's needs meet the prescribed eligibility criteria they have a duty under sections 28, 30 and 33 to 35 to meet the care and support needs of the individual.</p> <p>In circumstances where the person's eligible need is being met by a carer or in a case of a child a parent the local authority's duties under sections 28 and 30 no longer apply by virtue of section 28(6) and 30(5) in that local authority is satisfied that the individual's needs are being met (in part or in full) by the carer or parent. However, carers are also entitled in their own right to an assessment for support.</p> <p>However, in circumstances where the cared for person's needs are not being met by the carer or parent the provision in sections 28(6) and 30(5) no longer apply and the person's eligibility status is reinstated. However in all cases where a person is eligible, their need (and eligibility status) is regularly reviewed as part of the review and monitoring of the care and support plan.</p> <p>Section 26 also requires the local authority to consider if charges may be applied and to determine the amount of that charge in accordance with Part 5 and regulations made under sections 52 – 53.</p> <p>Regulations enable different circumstances to apply to different categories of people, and reflect the effect that their needs have on the individual. For example:</p> <ul style="list-style-type: none"> • for a child; the need for a stable up bringing with the right level of parental care and support will be critical to their development. • for an adult; their priority is likely to be to maintain their independence and have day to day control over their life. • for a carer; their ability and willingness to care may be paramount. <p>The assessment duties under sections 16, 18 and 21 require the local authority to take the above factors into account and to gather wider information on the individual's strengths, their needs, capacity, the support networks available to them, the outcomes they wish to achieve (and the extent to which other matters can contribute of an individuals outcomes), and their ordinary place of residency etc. These matters will inform the local authorities' decision making as to <i>eligible need</i> under section 26.</p>	

WHY THE REGULATION POWER IS REQUIRED

Regulations will provide a coherent framework to support local authorities in discharging their duties to vulnerable people with high needs; and to support individuals and the courts in ensuring people's rights and local authorities' administrative procedures have been applied in line with the law and in a fair and consistent manner.

Together with primary powers (set out on the face of the Bill), regulation powers are important to achieve the policy aim of meeting the needs of those who are particularly vulnerable. Regulations provide a flexible framework to enable the Welsh Ministers to set from time to time the national eligibility criteria for those for whom the local authority will have no discretion on the decision as to whether to meet the need for care and support.

Differing emphases can be applied to different categories of need. The regulation requirements for each group will need to reflect the differing characteristics, circumstances and policy objectives that are central factors that may have an impact on the care and support needs of the individual. Eligible need and criteria should not be fixed in time and processes must be reviewed in line with practice, demand, service patterns, people's expectations and resources. The regulation powers enable the Welsh Ministers to respond to, and reflect changes in policy, social care practice and other circumstances over time.

Regulations will also enable the Welsh Ministers to respond to the impact of the new eligibility framework and the extent to which it meet policy aims and supports people within the new system, and to review as necessary.

WHAT THE REGULATION POWER CAN ACHIEVE

Regulations are necessary to ensure that the local authorities meet their duties to meet the needs of particularly vulnerable people through the setting of a national eligibility framework. The power will ensure equity, transparency and consistency in local authorities' discharge of their duties to support people across Wales against a level of need and circumstances and ensure both continuity and the level of practice that a citizen can expect.

POLICY INTENTION OF THE REGULATIONS

Regulations under section 26 will:

- prescribe the national eligibility criteria/ framework that will apply to a child, adult and carer under Part 4 that local authorities across Wales must meet
- For each category, regulations may prescribe the different needs and circumstances that the local authority must take in account. For example within the eligibility framework for adults, eligible need may be described differently depending on the person's needs and circumstances. Examples may include sub-criteria for
 - people seeking asylum,
 - people with significant sensory and/or physical needs or disabilities,
 - prisoners,

- people with secondary mental health care, or subject to a section 117 (Mental Health Act 1983) provision,
 - children on the threshold of being accommodated by a local authority because of family dysfunction etc. or
 - a combination of those needs
- describe eligible need by reference to the effect those needs have on the individual. For example would their condition continue to deteriorate without the provision of appropriate care and support?
 - focus on the person's needs for care and support, the impact of those needs on their wellbeing, and the level of risk to the individuals if those needs are not met.
 - make it clearer for people what their entitlements are; and introduce a level of consistency about the threshold to give people more confidence that if they want to move to another area in Wales, and their circumstance have not changed, then their eligibility for care and support will continue.
 - set out the criteria for people who are to be 'passported' to be treated as eligible i.e. those whom the local authority must protect from abuse or neglect, or risk of abuse or neglect, and also in the case of children, protection from harm, or risk of harm
 - prevent local authorities from tightening their eligibility criteria beyond that set out in the regulations.
 - place on-going responsibilities on local authorities to look at wider support across the new care and wellbeing system to ensure that a greater number of people with needs are supported in a range of ways that can be accessed outside the eligibility criteria.

The above is illustrative of early thinking. Detailed work with stakeholders will start in January 2014 to shape and refine the differing categories and circumstances of persons with eligible needs. This will be subject to wider engagement in spring 2014 before the final public consultation on the regulations and Code of Practice in 2014/15.

The regulations on eligibility will be subject to the super affirmative procedure.

WORK TO DATE

Comprehensive engagement with stakeholders has been undertaken on a number of levels on the outline framework that should underpin assessment and more widely on the role that assessment and eligibility has in identifying and supporting individual's needs within the new system. These include;

- Wider discussion at consultation events on the SSWB Bill involving over 700 delegates – (March 2012 and 2013)
- Dedicated workshops (2 days across three regions of Wales involving up to 200 stakeholders) over Autumn 2012 and early 2013 supported by the Social Services Improvement Agency (SSIA) – outcomes are reported in: Access to Care and Wellbeing in Wales
- Internal workshop across health and social care policy leads and Inspectorates

[Care and Social Services Inspectorate (CSSIW) and Health Inspectorate Wales (HIW)] – spring / summer 2013

- Specific presentations on the new system where assessment is at its core to stakeholders of key representative bodies including; Carers Alliance, Wales Council for Voluntary Action (WCVA), Disability Wales, Children in Wales, Local Authority Head of Children and Adult Services, Care Council for Wales, LHB Directors and Clinical Professional Leads, Boards of Occupational Therapist, Universities through the All-Wales Academic Social Care Research Collaboration.

Consultation on new guidance under existing Law

- Task Group and Workshops on the new Integrated Assessment, Planning and Review Arrangements for People 65+ (September – October 2013). Arrangements have been developed under current legislation whilst using both the broader application of well-being and the key factors that will underpin assessment in line with Social Services and Wellbeing (Wales) Bill. This has enabled a detailed review of the current system and will provide a bridge in the transition of practice across health and social care towards the new system under the Bill. Local authorities and LHBs are required to implement the new guidance for 65+ from 2 December 2013 and to develop a common local template by 30 April 2014. The guide will inform the future regulation requirements for adult assessment.

This ongoing engagement with stakeholders has provided clarity and developed consensus on the future system and the significant role that the assessment and eligibility framework will hold in it.

This impact and quality of the engagement on the new system is reflected in the report by published in October 2013 by the Welsh Local Government Association (WLGA) and NHS Confederation - ***Transitional and longer-term implications of the Social Services & Well-being (Wales) Bill 2013***

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

- Key Written Statement in July and November (2013) on Assessments and Eligibility.
- Detailed responses to HSCC on eligibility and wider matters – published on the NAFW website – record of proceedings for stage 1 of the SSW Bill.
- Government Amendments to assessment and eligibility
- Factsheets on Assessment and Eligibility

OTHER CONSIDERATIONS:

None.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Assessment care planning, review, and portability. [Sections 24, 45, 46 and 47 refer.]

REGULATIONS RELATING TO:	Meeting Needs: exceptions and restrictions: Exception for provision of health services
BILL PART:	4
SECTION:	38
DESCRIPTION OF THE POWER/REGULATION	
<p>This section sets out a number of exceptions in relation to the role of local authorities in the provision of health services.</p> <p>It states that a local authority <u>may not</u>:</p> <ul style="list-style-type: none"> • Meet a person's needs for care and support (including a carer's needs for support) under sections 28-36. • Secure services or facilities for a person under section 12 (preventative services). • unless to do so would be incidental or ancillary to doing something else to meet the needs of, or secure preventative services for, that person. <p>Regulations may be developed to specify:</p> <ul style="list-style-type: none"> • The types of services or facilities (or circumstances in which services or facilities) which <u>may</u> be provided, and/ or the circumstances in which these may be provided. • The types of services or facilities which <u>may not</u> be provided. • What services or facilities would be treated as incidental or ancillary. <p>This section also states that a local authority <u>may not</u>:</p> <ul style="list-style-type: none"> • Meet a person's needs for care and support by providing or arranging provision of nursing care by a registered nurse. • Secure provision of nursing care by a registered nurse. <p>A local authority <u>may</u>:</p> <p>Arrange for the provision of accommodation together with nursing care, if:</p> <ul style="list-style-type: none"> • It has consent from the relevant Local Health Board, or • It is an urgent case and the arrangements are only temporary. <p>Regulations require a local authority to:</p> <ul style="list-style-type: none"> • Make arrangements for determining disputes with a Local Health Board or NHS Trust about whether or not a service is provided under the NHS Act or NHS (Wales) Act 2006. • Be involved, in the manner specified, in processes for assessing a person's needs for health care and determining how these needs may be met. 	
WHY THE REGULATION POWER IS REQUIRED	
To clarify the role of the local authority in relation to the provision of specific health services.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulations can make explicit what type of services or facilities may, or may not, be provided by the local authority in relation to the provision of health services.	

The regulations can ensure there are arrangements for determining disputes with a Local Health Board or NHS Trust.

POLICY INTENTION OF THE REGULATIONS

The policy intention of the regulations is to clarify the role of the local authority in the provision of specific health services and to make explicit what type of services or facilities may, or may not, be provided by the local authority.

WORK TO DATE

Cross border work

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

None

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

None

REGULATIONS RELATING TO:	Restrictions on provision of payments
BILL PART:	4
SECTION:	40
DESCRIPTION OF THE POWER/REGULATION	
Regulations under this section may provide for additional circumstances where payments can be provided by a local authority to meet a person's needs for care and support under sections 28 to 36 of the Bill or preventative services under section 12 of the Bill.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required so that local authorities can make payments to meet an individual's needs for care and support, or for preventative services, when it is not reasonably practicable or possible to do this through the normal assessment and meeting needs arrangements envisaged under Parts 3 and 4 of the Bill. Without this power local authorities would not legally be able to make such payments unless there were a direct payment, a person's needs were urgent and those needs could not be met in any other way, or where such a payment was a consequence of a contractual commitment. Payments to meet needs could not be made in any other circumstances.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulation power enables additional circumstances to be specified where it would be appropriate for a local authority to meet a person's needs for care and support, or for preventative services, through a payment rather than through alternative ways of meeting those needs. It therefore provides the ability to set out those additional circumstances in regulations to ensure that all possible scenarios are included.	
POLICY INTENTION OF THE REGULATIONS	
<p>There will be circumstances where there is a need, or a preference, to meet a person's needs for care and support, or for preventative services, through a monetary payment to facilitate this rather than through other more traditional ways of meeting those needs. Such payments would typically be a direct payment to a person, or to someone on their behalf, to enable the care and support or preventative services to be provided. It would also, for example, be appropriate to make a payment where there were an urgent need for needs to be met that would not allow formal processes, such as a detailed needs assessment, to be undertaken, without endangering the well-being of a person. These and other obvious circumstances where it would be appropriate to make a payment to meet needs in this way are set out in section 40 of the Bill.</p> <p>However these circumstances are not, and are not intended to be, exhaustive and there may well be other circumstances not listed where it would equally be appropriate to make such payments. The regulation power therefore provides for this where it becomes clear that other circumstances have been identified and are appropriate, albeit that at present none have. As care and support and preventative services develop further, and the way in which needs are met and services provided change over time, this situation may well change so that other circumstances become appropriate.</p>	
WORK TO DATE	
None.	

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:
None.
OTHER CONSIDERATIONS:
None.
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:
None.

REGULATIONS RELATING TO:	Direct payments
BILL PART:	4
SECTION:	41(1)
DESCRIPTION OF THE POWER/REGULATION	
Regulations may require or allow a local authority to make payments to a person towards the cost of meeting an adult's needs for care and support under section 28 or 29 of the Bill, subject to certain conditions being met specified in section 40.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to enable local authorities to make a direct payment towards the cost of meeting an adult's need for care and support, as an alternative to the local authority arranging for those needs to be met directly, where that adult or a person acting on their behalf has requested this and the authority believes this is an appropriate way of meeting those needs. Without this power local authorities would not legally be able to make such direct payments.	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Direct payments are an alternative way of meeting the needs of people who are eligible for care and support. Rather than the local authority providing or arranging for the care and support to be met directly, a direct payment to the value of the care and support required can be provided so as to enable this to be arranged by or on behalf of the person themselves. This gives the person greater choice and control over how exactly their needs are met and in what way.</p> <p>Under existing legislation a local authority must provide a direct payment if the person requests one and the authority is satisfied that making the payment is an appropriate way of meeting that person's care and support needs and that the person is capable of managing the payment (either on their own or with support). Where a person does not have the capacity to consent to a direct payment (i.e. where the person is mentally incapacitated for whatever reason), a direct payment may be made to a 'suitable person' acting in the person's best interests who can receive and manage the payment on the person's behalf.</p> <p>The regulation making power will enable direct payments to continue to be provided and allow the Welsh Ministers, via the regulations and code of practice, to set out how such arrangements should operate in future by specifying such things as:</p> <ul style="list-style-type: none"> • the steps that local authorities should take to ensure that those with care and support needs are aware of the option of receiving a direct payment, what this entails and how this might benefit them; • the circumstances where it would be appropriate to provide a direct payment; • the support that should be provided to a person with care and support needs, both in making a decision as to whether to have a direct payment and in managing a payment where they have chosen to have one; • how the value of a direct payment should be calculated, the payment method of this and how the value should be revised if care and support needs change; • the period of time for which a direct payment should operate and what occurs should a person with care and support needs get into difficulty in managing their payment or decide at a subsequent date no longer to receive one. 	

POLICY INTENTION OF THE REGULATIONS
It is Welsh Government policy to provide greater choice and control to those who develop needs for care and support to give them a greater say over the way in which these needs are met. Given that one of the key ways in which this can be achieved is to provide them with a direct payment to arrange for that care and support themselves, the policy intent of the regulation is twofold. First, it is to maintain and improve the current operation of direct payments in Wales so that all those who currently benefit from these can continue to do so in the future. Second, it is to increase the take up of direct payments in Wales by ensuring that more individuals with care and support needs are aware of this option and what it would mean for them. This is so that a greater number of those with care and support needs can make an informed choice as to whether direct payments are right for them.
WORK TO DATE
The Welsh Government has been working with the Direct Payments Overview Group (which represents local authority, disability and carer organisation stakeholders) on a set of principles on the future provision of direct payments. These principles cover good practice areas of direct payments such as eligibility and choice, provision of information, support, reviews and outcomes, and the value and calculation of direct payments. The principles have been agreed by Welsh Ministers and will be used to inform the development of the regulations and code of practice on direct payments under the Bill.
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:
The Deputy Minister for Social Services has given a commitment to work closely with the Direct Payments Overview Group in developing the regulations and code of practice on direct payments under the Bill with the aim of making it easier for people to understand direct payments and to access and use them should they wish, thereby increasing their take up.
OTHER CONSIDERATIONS:
None.
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:
Regulations under Section 42(1) and 43(1) mirror this regulation in respect of direct payments to meet a child's needs (Section 42) and direct payments to meet a carer's needs (Section 43).

REGULATIONS RELATING TO:	Direct payments
BILL PART:	4
SECTION:	42(1)
DESCRIPTION OF THE POWER/REGULATION	
<p>The power provides for regulations to be made which may require or allow a local authority to make payments to a person towards the cost of meeting a child's needs for care and support under section 30, 31 and 32 of the Bill, subject to certain conditions being met specified in section 42.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>The power is required to enable local authorities to make a direct payment to adults who have parental responsibility for a child to meet the cost of meeting that child's need for care and support, as an alternative to the local authority arranging for those needs to be met directly, where that adult has requested this and the authority believes this is an appropriate way of meeting those needs. Without this power local authorities would not legally be able to make such direct payments. It is also to enable local authorities to make such payments direct to certain categories of children who have needs for care and support should they wish to receive these.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Direct payments are an alternative way of meeting the needs of people who are eligible for care and support. Rather than the local authority providing or arranging for the care and support to be met directly, a direct payment to the value of the care and support required can be provided to a person with parental responsibility for a child, or in the case of a 16 or 17 year old to them, so as to enable this care and support to be arranged by that person. This gives the person greater choice and control over how exactly these needs are met and in what way.</p> <p>Under existing legislation a local authority must provide a direct payment if a person with responsibility for a child with care and support needs, or a 16 and 17 year old with care and support needs, requests one and the authority is satisfied that making the payment is an appropriate way of meeting those needs and that the person, or the 16 and 17 year old, is capable of managing the payment (either on their own or with support). Where the individual needing care and support does not have the capacity to consent to a direct payment (i.e. where the individual is mentally incapacitated for whatever reason), a direct payment may be made to a 'suitable person' acting in the person's best interests who can receive and manage the payment on the person's behalf.</p> <p>The regulation making power will enable direct payments to continue to be provided and allow the Welsh Ministers, via the regulations and code of practice, to set out how such arrangements should operate in future by specifying such things as:</p> <ul style="list-style-type: none"> • the steps that local authorities should take to ensure that those with parental responsibility for a child with care and support needs, or certain categories of children with care and support needs, are aware of the option of receiving a direct payment, what this entails and how this might benefit them; • the circumstances where it would be appropriate to provide a direct payment; • the support that should be provided, both in making a decision as to whether to 	

<p>have a direct payment and in managing a payment where they have chosen to have one;</p> <ul style="list-style-type: none"> • how the value of a direct payment should be calculated, the payment method of this and how the value should be revised if care and support needs change; • the period of time for which a direct payment should operate and what occurs should a person get into difficulty in managing a payment or decide at a subsequent date no longer to receive one.
<p>POLICY INTENTION OF THE REGULATIONS</p>
<p>It is Welsh Government policy to provide greater choice and control to those who develop needs for care and support to give them a greater say over the way in which these needs are met. This applies to the care and support needs of a child as much as those of an adult. Given that one of the key ways in which this can be achieved is to provide those with parental responsibility for a child with care and support needs, or certain categories of children with such needs, with a direct payment to arrange that care and support themselves, the policy intent of the regulation is twofold. First, it is to maintain and improve the current operation of direct payments in Wales so that all those children who currently benefit from these can continue to do so in the future. Second, it is to increase the take up of direct payments in Wales by ensuring that more individuals with care and support needs are aware of this option and what it would mean for them. This is so that a greater number of those with care and support needs can benefit from direct payments and make an informed choice, or in the case of a child have an informed choice made on their behalf, as to whether direct payments are right for them without any undue influence from their local authority.</p>
<p>WORK TO DATE</p>
<p>The Welsh Government has been working with the Direct Payments Overview Group (which represents local authority, disability and carer organisation stakeholders) on a set of principles on the future provision of direct payments. These principles cover good practice areas of direct payments such as eligibility and choice, provision of information, support, reviews and outcomes, and the value and calculation of direct payments. The principles have been agreed by Welsh Ministers and will be used to inform the development of the regulations and code of practice on direct payments under the Bill.</p>
<p>RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:</p>
<p>The Deputy Minister for Social Services has given a commitment to work closely with the Direct Payments Overview Group in developing the regulations and code of practice on direct payments under the Bill with the aim of making it easier for people to understand direct payments and to access and use them should they wish, thereby increasing their take up.</p>
<p>OTHER CONSIDERATIONS:</p>
<p>None.</p>
<p>INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:</p>
<p>Regulations under Section 41(1) and 43(1) mirror this regulation, in respect of direct payments to meet an adult's needs (Section 41) and direct payments to meet a carer's needs (Section 43).</p>

REGULATIONS RELATING TO:	Direct payments
BILL PART:	4
SECTION AND SUB-SECTION:	43(1)
DESCRIPTION OF THE POWER/REGULATION	
Regulations under this section may require or allow a local authority to make payments to a person towards the cost of meeting a carer's needs for care and support under section 33, 34 and 36 of the Bill, subject to certain conditions being met specified in section 43.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to enable local authorities to make a direct payment to a carer to meet their needs for care and support as an alternative to the local authority arranging for those needs to be met directly. This is where that carer has requested this and the authority believes this is an appropriate way of meeting those needs. Without this power local authorities would not legally be able to make such direct payments.	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Direct payments are an alternative way of meeting the needs of people who are eligible for care and support. Rather than the local authority providing or arranging for the care and support need to be met directly, a direct payment to the value of the care and support required can be provided to a carer so as to enable their care and support to be arranged by them. This gives that carer greater choice and control over how exactly these needs are met and in what way.</p> <p>Under existing legislation a local authority must provide a direct payment if a carer who is an adult or a child aged 16 or 17 with care and support needs requests one and the authority is satisfied that making the payment is an appropriate way of meeting those needs and that the carer is capable of managing the payment (either on their own or with support).</p> <p>The regulation making power will enable direct payments to continue to be provided and allow the Welsh Ministers, via the regulations and code of practice, to set out how such arrangements should operate in future by specifying such things as:</p> <ul style="list-style-type: none"> • the steps that local authorities should take to ensure that carers with care and support needs are aware of the option of receiving a direct payment, what this entails and how this might benefit them; • the circumstances where it would be appropriate to provide a direct payment; • the support that should be provided, both in making a decision as to whether to have a direct payment and in managing a payment where they have chosen to have one; • how the value of a direct payment should be calculated, the payment method of this and how the value should be revised if care and support needs change; • the period of time for which a direct payment should operate and what occurs should a person get into difficulty in managing a payment or decide at a subsequent date no longer to receive one. 	
POLICY INTENTION OF THE REGULATIONS	

It is Welsh Government policy to provide greater choice and control to those who develop needs for care and support to give them a greater say over the way in which these needs are met. This applies to the care and support needs of a carer as much as it does to those individuals who develop a need for care and support. Given one of the key ways in which this can be achieved is to provide carers with care and support needs with a direct payment to arrange that care and support themselves, the policy intent of the regulation is twofold. First, it is to maintain and improve the current operation of direct payments in Wales so that all those carers who currently benefit from these can continue to do so in the future. Second, it is to increase the take up of direct payments in Wales by ensuring that more individuals with care and support needs, including carers, are aware of this option and what it would mean for them. This is so that a greater number of those with care and support needs can benefit from direct payments and make an informed choice as to whether direct payments are right for them without any undue influence from their local authority.

WORK TO DATE

The Welsh Government has been working with the Direct Payments Overview Group (which represents local authority, disability and carer organisation stakeholders) on a set of principles on the future provision of direct payments. These principles cover good practice areas of direct payments such as eligibility and choice, provision of information, support, reviews and outcomes, and the value and calculation of direct payments. The principles have been agreed by Welsh Ministers and will be used to inform the development of the regulations and code of practice on direct payments under the Bill.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

The Deputy Minister for Social Services has given a commitment to work closely with the Direct Payments Overview Group in developing the regulations and code of practice on direct payments under the Bill with the aim of making it easier for people to understand direct payments and to access and use them should they wish, thereby increasing their take up.

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Regulations under Section 41(1) and 42 (1) mirror this regulation, in respect of direct payments to meet an adult's needs (Section 41) and direct payments to meet a child's needs (Section 42).

REGULATIONS RELATING TO:	Care and Support Plans and their Review
BILL PART:	4 and links to part 6
SECTION AND SUB-SECTION:	45(4), 46 ,(see 74 and 75)
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 45 (4) allows regulations to be made to prescribe the matters which must be addressed in a care and support plan or a support plan. The framework established by the section allows the detail to be set out in regulations, and will permit greater flexibility as different provisions can be made for the different groups of people; children, adults, and carers of children or adults.</p> <p>Section 46 provides that regulations may be made specifying plans to be produced in a certain form; containing certain things; including arrangements for consulting with different people in the plan's preparation and review; specifying who prepares and reviews the plans; specifying to whom written copies of the plan are provided including to whom the plan can be given without the eligible person's consent and the circumstances in which the plans must be reviewed. Regulations may also specify that plans are to be prepared alongside and at the same time as plans required under other statutes.</p> <p>Links are made between sections 45 and 74 in relation to local authorities' duties to prepare care and support plans for children who meet the eligibility criteria and those passported because they are at risk or likely to be at risk (child protection cases) and duties to ensure the preparation of a care and support plan for a child who is looked after.</p> <p>Section 74 requires that where a child does not have a plan under section 45 the local authority must prepare, review and maintain the plan for Looked After Children (LAC).</p> <p>Related to this, regulations in section 74 must further provide for the content and review of the plans and that if other plans are being prepared for the child by other bodies,(for example a mental health care and treatment plan), for those plans to be included within the care and support plan. The local authority must also carry out a new assessment and revise the plan if it believes the circumstances of the child have changed in such a way as to affect the existing plan.</p> <p>Section 75 provides that regulations may be made specifying the form the plan should take, its content, the consultation with people who should contribute to the preparation and review of a plan, who should prepare the plan, who should receive written copies of the plan and the circumstances for reviewing the plan.</p> <p>In considering the full impact of local authorities' duties in respect of care plans and care and support plans, consideration must be given to clause 15 of the Department of Education's Children and Families Bill that will amend section 31A of the Children Act 1989 – plans the local authorities are required to prepare by order of a court in connection with a public law case.</p> <p>This provides that court plan under the section 31A of the Children Act 1989 can be discharged under sections 45 and 74 of the Bill.</p>	

For more information see legislative Consent Memorandum for Children and Families Bill approved by the National Assembly for Wales in April 2013.

http://www.assemblywales.org/bus-home/research/bus-assembly-publications-monitoring-services/bus-lcm_monitor/bus-lcm_monitor-2014.htm?debug=211&debugimg=on&debugobj=243252&debugslotid=0#cmo-actions

WHY THE REGULATION POWER IS REQUIRED

The Bill requires that when a local authority has a duty to a child, carer or adult under sections 28, 30, 33 and 34 they must prepare a **care and support plan** or in the case of child/ adult carer – **a support plan**. These are people who will have an **eligible need** – meeting the relevant eligibility criteria set in regulations to be made under section 26 (3).

Local authorities also have a duty to prepare **care and support plans** for people who are ;

- in need of protection under section 26(1)(b),
- looked after and other accommodated children and young people in part 6 of the Bill

There are also duties placed on local authorities under Parts 4 and 5 of the Children Act 1989 concerning protection of children and care and supervision orders made by a family court

For looked after children there are overlapping duties under section 74 and 75 of the Bill and clause 6 of the Children and Families Bill as to the preparation, review and maintenance of care and support plans. This is in recognition of local authorities' corporate responsibility to LAC and the additional duties that will apply through directions of a court or other circumstances, to the care plans and review of LAC who in the main live away from home in foster care, kinship care, residential care or other placements.

For example section 90 of the Bill places duties on local authorities to appoint an independent reviewing officer (IRO) to lead in the review of a looked after child's case. These duties to appoint an IRO are not extended to non-LAC children who have a care and support plan. However, regulation powers under section 45 and the Code of Practice may provide for the appointment of key people to undertake the review of child's care and support plan and when this is so required.

The complexity and severity of an individual's needs will determine the scope and detail of the care and support plan, and the range of interventions and professionals who will contribute to the type of support and frequency of reviews. Care and support plans are informed by the assessment of the individual's needs, circumstances, and outcomes to be achieved, and the level of prescription in each group of care and support plans will differ.

The plan will also set out any charges that individual must contribute to their care and support and any direct payment arrangements.

Differing emphases will be applied in each case. For example, for a child the care and support plans will focus on their safety, physical, intellectual, emotional and social development; support to be provided to parents, short and long term stability of the child, and educational attainment. For an adult the plan will describe strategies to enable the adult to maintain day to day control over their lives and to enable independence.

Collectively the provisions listed above in respect of preparation and review of care and support plans for people (and support plans for carers) provide a coherent framework to support the day to day operation of local authorities in discharging their duties in the preparation of plans.

Together, regulation making powers and the provision for Code of Practice are important to achieve the policy aim of ensuring the individual has a ***single integrated plan***.

Regulations provide a flexible framework to enable the detailed practice arrangements that local authorities must make for the preparation of care and support plans (and support plans for carers) for children, adults and carers.

Like assessments, care and support plans are not fixed in time and processes must be reviewed in line with evidenced-based practice, demand, service patterns and people's expectations. The regulation powers enable the Welsh Ministers to respond to reflect changes in: socio-economic policy, practice and other circumstances over time.

WHAT THE REGULATION POWER CAN ACHIEVE

The main duties of local authorities in relation to the preparation of care and support plans are on the face of the Bill and linked statutes in circumstances where individuals have multiple and often complex needs.

Sections 45 and 46 enable the Welsh Ministers to make further provisions about the preparation and review of care and support plans. This is suitable for regulations as there will be a need to amend the detail in this area over time. Regulations will ensure that, where practical, professionals work jointly to provide integrated care and support in delivering the outcomes in the plan, and ensure there is regular review of the plans to ensure changing needs/ circumstances and outcomes are reflected and acted upon within the plans.

POLICY INTENTION OF THE REGULATIONS

Section 45 places an express duty on the Welsh Ministers to bring forward regulations on the detailed arrangements that local authorities must follow in the preparation and review of care and support plans for children and adults.

The policy intent is that regulations and Code of Practice will prescribe a set of core requirements for each group; child , adult and carer, as illustrated below:

- specify the form and minimum content for care and support plans for a child, adult (and in the case of carers the minimum to be included within a support plan for a child carer and adult carer) ;

- a requirement that the individual, and any others specified, must be fully involved / participate in and agree the action and outcomes in the plan;
- who is to have a copy of the plan;
- allocation of lead professional responsible for co-ordinating the completion and monitoring the plan;
- the responsibility, contribution and resources of each agency to the plan;
- the arrangements for review of plans including :
 - > who should be involved in reviews;
 - > timeline for reviews;
 - > people who may undertake and be involved in reviews;
 - > recording of reviews;
 - > who must be given copies of reviews;
 - > circumstances when a person can request a re-review.

The list is not exhaustive. The prescription for each group; child, adult and carer will differ depending on circumstances. Regulations will be supported by a Code of Practice that local authorities must comply with. The requirement for care and support plans and for the review of both care and support plans, and support plans in the case of carers, will be set by a combination of the regulations and Code of Practice

For detailed requirements for Looked After Children (LAC) care and support plans and the review of those plans and cases see regulation template for regulation making powers under sections 74, 75, 92 and 93.

WORK TO DATE

Comprehensive engagement with stakeholders has been undertaken on a number of levels on the outline framework that should underpin assessment and more widely on the role that assessment and eligibility has in identifying and supporting an individual's needs within the new system. These include;

- Wider discussion at consultation events on the SSWB Bill involving over 700 delegates – (March 2012 and 2013)
- Dedicated workshops (2 days across three regions of Wales involving up to 200 stakeholders) over Autumn 2012 and early 2013 supported by the Social Services Improvement Agency (SSIA) – outcomes are reported in: Access to Care and Wellbeing in Wales
- Internal workshop across health and social care policy leads and Inspectorates
- [Care and Social Services Inspectorate (CSSIW) and Health Inspectorate Wales (HIW)] – spring / summer 2013
- Specific presentations on the new system where assessment is at its core to stakeholders of key representative bodies including: Carers Alliance, Wales Council for Voluntary Action (WCVA), Disability Wales, Children in Wales, Local Authority Head of Children and Adult Services, Care Council for Wales, LHB Directors and Clinical Professional Leads, Boards of Occupational Therapist, Universities through the All-Wales Academic Social Care Research Collaboration

Consultation on new guidance under existing Law

- Task Group and Workshops on the new Integrated Assessment, Planning and

Review Arrangements for People 65+ (September – October 2013). Arrangements have been developed under current legislation whilst using both the broader application of well-being and the key factors that will underpin assessment in line with Social Services and Wellbeing (Wales) Bill. This has enabled a detailed review of the current system and will provide a bridge in the transition of practice across health and social care towards the new system under the Bill. Local authorities and LHBs are required to implement the new guidance for 65+ from 2 December 2013 and to develop a common local template by 30 April 2014. The guide will inform the future regulation requirements for adult assessment.

This ongoing engagement with stakeholders has provided clarity and developed consensus on the future system and the significant role that planning and continuity of care through portability will hold in it.

This impact and quality of the engagement on the new system for assessment, eligibility, care and support plans, review and portability of plans is reflected in the report by Welsh Local Government Association (WLGA) and the NHS Confederation Wellbeing under Social Services & Wellbeing: ***Transitional and longer-term implications of the Social Services and Well-Being (Wales) Bill 2013***

<http://www.wlga.gov.uk/publications-and-consultation-responses-ss/transitional-and-longer-term-implications>

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

- Key written Statement in July and November (2013) on Assessments and Eligibility.
- Detailed responses to HSCC on assessment and wider matters – published on the NAFW website – record of proceedings for stage 1 of the Bill.
- Legislative Consent Motion: Children and Families Bill - reported on by HSSC in March 2-13 and approved by the NAFW in April 2013.
- Published information factsheets on care and support plans and review of plans

<http://wales.gov.uk/topics/health/publications/socialcare/guidance1/factsheets/?lang=en>

OTHR CONSIDERATIONS:

None.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Eligibility, care planning, review, and portability [sections 26, 45, 46 and 47 refer]
 Part 6 – Looked After Children and other accommodated children
 Children and Families Bill – clause 6
 Care Bill – clause 74 changes to Mental Health Act 1983 – after care services

REGULATIONS RELATING TO:	Care and Support – Portability
BILL PART:	4
SECTION:	47(5)
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 47 provides for the portability of care and support and re-assessment for children and adults in relation to whom the local authority has a duty under sections 28 or 30 of the SSWB Bill. This section relates to children and adults who have <i>eligible needs</i> or are <i>passported</i> in order to protect them and the provision aims to assure a level of continuity of care for people with eligible need moving to live across local authority areas of Wales.</p> <p>In respect of carers, provision is made to ensure that information about a parent or carer is also subject of the notification between the sending and receiving authority so that carers can be considered for support alongside consideration of the eligible need of the child/ adult for whom they are caring.</p> <p>The provision aims to ensure that following notification by an eligible person of their intention to move to another local authority area there is good communication between the authorities. The provision is concerned with advanced notice about the care needs etc. This ensures the necessary preparations for the continued provision of care are made before the person(s) move to reside in another area.</p> <p>A regulation-making power is necessary to enable the detailed arrangements that the sending and receiving local authority must have in place to ensure continuity of care.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>Section 47 provides that a local authority (the ‘sending authority’) must notify another local authority (within Wales) of an eligible person’s intention to move to that authority and provide it with a copy of the person’s care and support plan. If that person has a carer, a copy of his or her support plan should also be provided plus any other information the ‘receiving authority’ may deem relevant. Further, when the ‘receiving authority’ is satisfied that the person is moving to its area it must notify the ‘sending authority’ of this, provide the eligible person and their carer, if they have one, with appropriate information and review the care and support plan.</p> <p>On the day that the eligible person moves to the area, the ‘receiving authority’ must, if it hasn’t reviewed the ‘sending authority’s’ plan(s) or carried out new assessments, meet the care and support needs identified and set out in the eligible person’s plan that was prepared by the ‘sending authority’ and it must do so until it completes its own review and assessments along with any other steps that need to be taken.</p> <p>Regulations may make further provision with regard to the steps to be taken, the matters to which the ‘receiving authority’ must have regard and where the duties – i.e. in specified cases - - on portability are to be dis-applied.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	

The main duties of local authorities in relation to portability of care are on the face of the Bill at section 47. However regulations will provide flexibly to ensure changes can be made to the detailed operational arrangements, flowing from the Bill provisions, that local authorities must make in meeting the broad aims of section 47. Regulations will therefore be used to amend the details over time to reflect changing policy and evidence-based practice.

POLICY INTENTION OF THE REGULATIONS

The regulations and Code of Practice will set out;

- the minimum level of information to be shared between the sending and receiving authorities
- the expectation on the receiving authority on how to ensure a level of continuity of care, relating to that set out in the care plan, until the receiving authority carries out a review and re-assessment of the person's care and support needs.
- timescales by which the information must be shared
- timescales by which the receiving authority must review / re-assess the care package as set out in the plan.

The prescription for each group; child or adult and their parent / carer and the level of information to be shared between each area will differ depending on circumstances. Regulations will be supported by a Code of Practice that local authorities must also comply with. The requirement for portability of care in order to achieve continuity of care for an eligible person will therefore be set by a combination of the regulations and the Code of Practice

It is important to note that portability will apply in the main to children and adults with eligible need under Part 4 of the Social Services and Well-being (Wales) Bill. In the main it will ensure adults are supported to live in the community – those who may be in receipt of domiciliary care, respite care, therapeutic interventions, family services, or disabled children and young people who may need housing adaptations, aids etc.

Local authorities' duties to adults placed in residential care will remain unchanged and unless there is a change in ordinary residency rules (under section 177) the local authority will remain responsible for the adult care, and for any request to move to another residential setting outside their area: for example when a person wishes to move to a residential home close to their family.

Similarly, for children under Part 6 (LAC and other accommodated children), the authority who initially had responsibility for the child i.e. the responsible corporate parent [see section 177 (6)] will continue to be responsible for their stability of care and support when they are placed with foster care, children homes or live with parents/ extended family who move to reside in another local authority area.

At the heart of the new system will be a person's right to exercise voice and control about the outcomes they wish to achieve. The Welsh Government strategy *More Than Just Words* will also be reflected in the Code of Practice and day to day operation of the new system

WORK TO DATE

Comprehensive engagement with stakeholders has been undertaken on a number of levels on the outline framework that should underpin assessment and more widely on the role that assessment and eligibility has in identifying and supporting an individual's needs within the new system. These include;

- Wider discussion at consultation events on the SSWB Bill involving over 700 delegates – (March 2012 and 2013)
 - Dedicated workshops (2 days across three regions of Wales involving up to 200 stakeholders) over Autumn 2012 and early 2013 supported by the Social Services Improvement Agency (SSIA) – outcomes are reported in: ***Access to Care and Wellbeing in Wales***
- Internal workshop across health and social care policy leads and Inspectorates [Care and Social Services Inspectorate (CSSIW) and Health Inspectorate Wales (HIW)] – spring / summer 2013
- Specific presentations on the new system where assessment is at its core to stakeholders of key representative bodies including: Carers Alliance, Wales Council for Voluntary Action (WCVA), Disability Wales, Children in Wales, Local Authority Head of Children and Adult Services, Care Council for Wales, LHB Directors and Clinical Professional Leads, Boards of Occupational Therapists, Universities through the All-Wales Academic Social Care Collaboration.

Consultation on new guidance under existing Law

- Task Group and Workshops on the new ***Integrated Assessment, Planning and Review Arrangements for People 65+*** (September – October 2013). Arrangements have been developed under current legislation whilst using both the broader application of well-being and the key factors that will underpin assessment in line with Social Services and Wellbeing (Wales) Bill. This has enabled a detailed review of the current system and will provide a bridge in the transition of practice across health and social care towards the new system under the Bill. Local authorities and LHBs are required to implement the new guidance for 65+ from 2 December 2013 and to develop a common local template by 30 April 2014. The guide will inform the future regulation requirements for adult assessment.

This ongoing engagement with stakeholders has provided clarity and developed consensus on the future system and the significant role that planning and continuity of care will hold in it.

This impact and quality of the engagement on the new system is reflected in the report published in October 2013 by the Welsh Local Government Association (WLGA) and NHS Confederation - ***Transitional and longer-term implications of the Social Services & Well-Being (Wales) Bill 2013***

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

- Key written Statement in July and November (2013) on Assessments and Eligibility.
- Detailed responses to HSCC on assessment and wider matters – published on

<p>the National Assembly for Wales (NAfW) website – record of proceedings for stage 1 of the Social Services and Wellbeing (Wales) Bill.</p> <ul style="list-style-type: none">• Information Factsheets on portability
OTHER CONSIDERATIONS:
None.
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:
Assessment, eligibility, care planning and review. [Sections, 16, 18, 19, 24, 26, 45 and 46 refer].

REGULATIONS RELATING TO:	Meeting needs
BILL PART:	4
SECTION :	48(1)
DESCRIPTION OF THE POWER/REGULATION	
Regulations under this section may provide that where a local authority is to meet the needs of a person under section 28 to 31 and 33 to 36 of the Bill, by providing or arranging accommodation of a specified type, and the person expresses a preference for particular accommodation, the local authority must provide or arrange for that preferred accommodation.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to enable a person who is to receive accommodation to meet their needs, to express a preference for alternative accommodation of the same type. This would be subject to certain conditions being met. Without this power those receiving accommodation would not be able to exercise any choice over this.	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulations may provide that:</p> <ul style="list-style-type: none"> • where a local authority is to meet a person's needs by providing or arranging for the provision of accommodation of a specified type, and; the person concerned, or a person of a specified description, expresses a preference for particular accommodation of that type, and; specified conditions are met; the local authority must provide or arrange for the provision of the preferred accommodation. (For example a person being placed in a care home might express a preference to be placed in a different home of the same type to that which their local authority proposes; or they might express a preference for superior accommodation in the same home to that which their local authority plans to provide); • where this occurs, the person concerned, or a person of a specified description, may be required to pay some of all of the additional cost (if any) of the preferred accommodation in specified cases or circumstances (for example the cost of a placement in a care home a person expresses a preference for may cost more than that which a local authority would normally commission). 	
POLICY INTENTION OF THE REGULATIONS	
<p>It is Welsh Government policy to support a person's ability to make choices over the type of care and support they receive including any accommodation they receive. Consequently, where a local authority is responsible for placing a person into residential accommodation, that person should be able to exercise choice over this accommodation as long as any preferred accommodation is of the same type and, where it costs more, they are prepared to meet any difference in costs.</p> <p>As a result, under current legislation those placed in residential accommodation are able to exercise choice in these circumstances. It is our intention through the regulations to be made under the Bill to maintain this principle so as to ensure that people in this situation continue to have choice and control over the type of care and support they receive, including their accommodation.</p>	
WORK TO DATE	

none
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:
None
OTHERS CONSIDERATIONS:
None
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:
None

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION:	52 (1)
DESCRIPTION OF THE POWER/REGULATION	
Regulations under this section may make provision for the exercise by a local authority of the power to impose a charge under section 50 of the Bill. This is for providing or arranging the provision of care and support under sections 28 to 36 to meet a person's needs, or putting in place arrangements for meeting needs under sections 28(4)(b)(ii), 29, 31, 33(6), 33 (8), 34 (6) or 36.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to set out certain aspects of an authority's ability to impose a charge for providing, arranging, or putting in place arrangements, for care and support needs to be met. Without this power local authorities would be able to exercise the power to impose a charge in these circumstances unfettered, without any universal financial safeguards for those with low financial means who may be asked to meet such charges, consistently applied by all authorities in Wales.	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulations can:</p> <ul style="list-style-type: none"> • make provision about the amount of charge that may be imposed for care and support; • set a formula or method for determining those maximum amounts; • fix a charge for care and support of a specified type, or a combination of these, for a set period of time and the maximum amount that may be imposed in such circumstances, including setting a formula or method for determining that maximum amount; • make provision about the amount of charge that may be imposed for putting in place arrangements for needs to be met; • specify a maximum amount of a charge which may be imposed for putting in place such arrangements in specified circumstances or for persons of a particular type. 	
POLICY INTENTION OF THE REGULATIONS	
<p>It is Welsh Government policy that where a person is asked to pay a charge for the care and support they receive, or where they are charged by a local authority for putting in place arrangements to meet needs, their financial resources should be assessed in a consistent manner by local authorities to ensure equality of treatment . It is also Welsh Government policy that only those with adequate financial means should be expected to pay for care and support.</p> <p>As a result under the current charging legislation a maximum weekly amount has been set in regulations in relation to charging for non-residential social services provided, or arranged, by a local authority for an adult receiving these. This includes where the adult receives a Direct Payment to secure their own services. This provision protects those with low levels of financial means who are required to pay for their non-residential services, with this protection being applied consistently across all local authorities.</p> <p>It is our intention through the regulations to be made under the Bill to maintain a</p>	

weekly maximum charge in relation to charges for non-residential social services as part of our future policy on paying for residential and non-residential care. As part of the development of this policy, consideration will also be given to the other aspects of the regulation making powers under section 52(1) and whether it is appropriate to extend the regulations made to apply them. This will include, for example, whether a maximum charge should be set for specified care and support, or set for a specified period, or set for putting in place arrangements for needs to be met. This policy is being developed during 2014 with stakeholder representatives from local government, third sector and care recipients with the Welsh Ministers making final decisions in the autumn of 2014.

WORK TO DATE

The Social Care Charges (Wales) Measure 2010 gave Welsh Ministers the power to set a weekly maximum charge for people in receipt of non-residential social services. As a result regulations were made to introduce a weekly maximum charge of £50 for these services. The Welsh Government has provided additional funding to local authorities to reimburse them for the income foregone resulting from this.

Welsh Ministers plan to introduce reforms to paying for social care from April 2016. This is to make the arrangement for paying for care fairer and more sustainable in long term. Work has commenced on developing reforms for Wales that are tailored to our specific circumstances, such as a higher proportion of older people with greater care needs and lower levels of financial means. To help inform and shape reform proposals, a research study is being commissioned to gather and analyse core data on factors such as present charges collected, population make up and trends together with composition and trends on Welsh citizens' income and capital assets. This study is due to report over the next 6 to 9 months.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

In her Written Statement to Assembly Members in March 2013, the Deputy Minister for Social Services announced her intention to reform paying for social care in Wales from April 2016. The timing of the introduction of this is in line with the timing of the implementation of the UK Government's reforms for England which will be based on the recommendations of the Dilnot Commission.

The Deputy Minister's Statement confirmed her intention to build reforms upon the maximum charge provision currently in place in Wales for charging for non-residential social services. She also confirmed that she would wish to consider, carefully, the detail of the UK Government's implementation plans and gain a fuller understanding of how its reform model will work, and the cost implications, before any final decisions are made over a way forward for Wales.

OTHER CONSIDERATIONS:

None.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Regulations under section 52(1) would link to regulations made under sections 53, 55(1), 56, 57(3), 58(2) which relate to the imposition of a charge or the determination of a charge.

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION:	53
DESCRIPTION OF THE POWER/REGULATION	
<p>Regulations under this section may make provision that disapplies a local authority's power to impose a charge under section 50 of the Bill. This is for providing or arranging the provision of care and support under sections 28 to 36 to meet a person's needs, or for putting in place arrangements for meeting needs under sections 28(4)(b)(ii), 29, 31, 33(6), 33(8), 34(6) or 36.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>The power is required to disapply an authority's ability to impose a charge for providing, arranging, or putting in place arrangements, for care and support needs to be met. Without this power local authorities would be able to exercise the power to impose a charge in these circumstances unfettered and without a consistent approach to disapplication of charging across all authorities.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulations can disapply the power to impose a charge where care and support is:</p> <ul style="list-style-type: none"> • of a specified type; • provided or arranged in specified circumstances (for example, transport to a day centre where it is part of a person's assessed care and support needs); • provided to, or arranged for, persons of a specified description (for example a person who has contracted new-variant CJD); • provided or arranged for a specified period (for example, the first 6 weeks of homecare following a stay in hospital). 	
POLICY INTENTION OF THE REGULATIONS	
<p>It is Welsh Government policy that where a person is asked to pay a charge for the care and support they receive, or where they may receive a charge for putting in place arrangements to meet needs, their financial resources to meet such charges should be assessed and treated in a consistent manner by local authorities in their calculation of a person's ability to meet these charges. This is to ensure equality of treatment of those asked to meet a charge imposed. It is also Welsh Government policy that only those who have the financial means to meet a charge should be expected to do so and that there are certain circumstances where a charge should not be imposed.</p> <p>As a result under the current charging legislation, charging is disapplied in a number of cases. For example, those who have contracted new-variant CJD are not charged for the homecare and other non-residential social services they receive on the grounds that they have already suffered serious harm through no fault of their own. Equally, charging does not occur for transport to a day centre where this is part of a person's assessed care and support needs. This is to put older and disabled people in this position on a par with those who receive free transport through the Welsh Government's concessionary fares policy.</p>	

It is our intention through the regulations to be made under the Bill to maintain such policies as part of our future policy on paying for social care. This is to disapply charging where it is appropriate to financially protect people in particular circumstances or who receive particular care and support. As part of the development of this policy, consideration will be given to exactly what situations, persons and specified types of care and support charging should not be imposed. This policy is being developed during 2014 with stakeholder representatives from local government, third sector and care recipients with the Welsh Ministers making final decisions in the Autumn of 2014.

WORK TO DATE

The Social Care Charges (Wales) Measure 2010 gave Welsh Ministers the power to disapply local authorities' discretion to impose a charge for receipt of non-residential social services. As a result regulations were made to introduce a number of situations where charging could not take place.

Welsh Ministers plan to introduce reforms to paying for social care from April 2016. This is to make the arrangement for paying for care fairer and more sustainable in long term. Work has commenced on developing reforms for Wales that are tailored to our specific circumstances, such as a higher proportion of older people with greater care needs and lower levels of financial means. To help inform and shape reform proposals, a research study is being commissioned to gather and analyse core data on factors such as present charges collected, population make up and trends together with composition and trends on Welsh citizens' income and capital assets. This study is due to report over the next 6 to 9 months.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

In her Written Statement to Assembly Members in March 2013, the Deputy Minister for Social Services announced her intention to reform paying for social care in Wales from April 2016. The timing of the introduction of this is in line with the timing of the implementation of the UK Government's reforms for England which will be based on the recommendations of the Dilnot Commission.

The Deputy Minister's Statement confirmed her intention to build reforms upon the maximum charge provision currently in place in Wales for charging for non-residential social services. She also confirmed that she would wish to consider, carefully, the detail of the UK Government's implementation plans and gain a fuller understanding of how its reform model will work, and the cost implications, before any final decisions are made over a way forward for Wales.

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Regulations under section 53 would link to regulations made under sections 52(1), 55(1), 56, 57(3), 58(2) which relate to the imposition of a charge or the determination of a charge.

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION:	55(1)
DESCRIPTION OF THE POWER/REGULATION	
Regulations under this section may must make provision in connection with a local authority's duty to carry out a financial assessment under section 54 of the Bill where it thinks it would impose a charge under section 50 to meet a person's needs care and support..	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to make provision for the treatment or non-treatment of amounts of a specified type as income or capital. It is also required to specify cases or circumstances where a person is to be treated as having financial resources which exceed a specified level and where a new financial assessment must or may be carried out. Without this power local authorities would be able to undertake a financial assessment unfettered, without any consistency of approach in these areas.	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulations:</p> <ul style="list-style-type: none"> • must make provision for calculating income (for example specifying particular types of pensions and benefits); • must make provision for calculating capital (for example specifying particular types of savings and investments); • may make provision for the treatment or non-treatment of amounts of a specified type as income or as capital (for example specifying which forms of income must be disregarded in a financial assessment); • may specify cases or circumstances in which a person is to be treated as having financial resources which exceed a specified level (for example where a person has not provided evidence and an assumption is made about their financial resources); and • may set out cases or circumstances in which a new financial assessment must or may be carried out. 	
POLICY INTENTION OF THE REGULATIONS	
<p>It is Welsh Government policy that where a person is asked to pay a charge for the care and support they receive, or where they may receive a charge for putting in place arrangements to meet needs, their financial resources to meet such charges should be assessed and treated in a consistent manner by local authorities in their calculation of a person's ability to meet these charges. This is to ensure equality of treatment of those asked to meet a charge imposed. It is also Welsh Government policy that only those who have the financial means to meet a charge should be expected to do so.</p> <p>As a result, under existing legislation, regulations and statutory guidance have been made which identify particular forms of financial resources a person receiving care and support may have, sets out whether these should be regarded as income or capital and how each should be treated within a financial assessment.</p> <p>It is our intention through the regulations to be made under the Bill to maintain such</p>	

policies as part of our future policy on paying for social care. As part of the development of this policy, consideration will be given to exactly what forms of income and capital should be taken into account or disregarded within a financial assessment where a local authority is to impose a charge for care and support. This is to ensure equality and consistency of treatment of those who are subject to a financial assessment.

This policy is being developed during 2014 with stakeholder representatives from local government, third sector and care recipients with the Welsh Ministers making final decisions in the autumn of 2014.

WORK TO DATE

The National Assistance Act 1948 and the Social Care Charges (Wales) Measure 2010 gave Welsh Ministers the power to specify forms of income or capital and their treatment in a financial assessment. As a result regulations were made which set out a range of forms of income and capital and whether these should be taken into account, disregarded in full, or disregarded in part, in a financial assessment.

Welsh Ministers plan to introduce reforms to paying for social care from April 2016. This is to make the arrangement for paying for care fairer and more sustainable in long term. Work has commenced on developing reforms for Wales that are tailored to our specific circumstances, such as a higher proportion of older people with greater care needs and lower levels of financial means. To help inform and shape reform proposals, a research study is being commissioned to gather and analyse core data on factors such as present charges collected, population make up and trends together with composition and trends on Welsh citizens' income and capital assets. This study is due to report over the next 6 to 9 months.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

In her Written Statement to Assembly Members in March 2013, the Deputy Minister for Social Services announced her intention to reform paying for social care in Wales from April 2016. The timing of the introduction of this is in line with the timing of the implementation of the UK Government's reforms for England which will be based on the recommendations of the Dilnot Commission.

The Deputy Minister's Statement confirmed her intention to build reforms upon the maximum charge provision currently in place in Wales for charging for non-residential social services. She also confirmed that she would wish to consider, carefully, the detail of the UK Government's implementation plans and gain a fuller understanding of how its reform model will work, and the cost implications, before any final decisions are made over a way forward for Wales.

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Regulations under section 55 would link to regulations made under sections 52, 56, 57 and 58 relating to financial assessments and the determination of a person's ability to pay a charge.

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION:	56
DESCRIPTION OF THE POWER/REGULATION	
Regulations may make provision about circumstances in which a local authority is not required to exercise its duty under section 54 of the Bill to carry out a financial assessment of a person where it thinks it would impose a charge under section 50 to meet their needs for care and support.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to set out situations where it would not be appropriate for a local authority to undertake a financial assessment in such circumstances. Without this power local authorities would be under a duty to undertake a financial assessment in all circumstances where they propose to impose a charge under section 50 of the Bill.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulations may: <ul style="list-style-type: none"> • make provision about the circumstances in which a local authority is not required to exercise its duty under section 54 to carry out a financial assessment (for example where low level care and support is being provided for which a small fixed charge is made or where an urgent or unexpected need for care and support arises at short notice). 	
POLICY INTENTION OF THE REGULATION	
<p>It is Welsh Government policy that where a person is asked to pay a charge for the care and support they receive, or where they may receive a charge for putting in place arrangements to meet needs, their financial resources to meet such charges should be assessed and treated in a consistent manner by local authorities in their calculation of a person's ability to meet these charges. This is to ensure equality of treatment of those asked to meet a charge imposed. It is also Welsh Government policy that only those who have the financial means to meet a charge should be expected to do so. However, there are circumstances where it would not be appropriate to undertake a financial assessment as set out in the above examples.</p> <p>Under current legislation, regulations have been made which disapply the duty to undertake a financial assessment where it is appropriate to do so.</p> <p>It is our intention through the regulations to be made under the Bill to maintain such a policy as part of our future policy on paying for social care. As part of the development of this policy, consideration will be given to the circumstances in which the duty to undertake a financial assessment should be disapplied. This policy is being developed during 2014 with stakeholder representatives from local government, third sector and care recipients with the Welsh Ministers making final decisions in the autumn of 2014.</p>	
WORK TO DATE	
The National Assistance Act 1948 and the Social Care Charges (Wales) Measure 2010 gave Welsh Ministers the power to disapply the duty to undertake a financial	

assessment in certain circumstances. As a result regulations were made which set out particular circumstances where it would be appropriate to undertake a financial assessment.

Welsh Ministers plan to introduce reforms to paying for social care from April 2016. This is to make the arrangement for paying for care fairer and more sustainable in long term. Work has commenced on developing reforms for Wales that are tailored to our specific circumstances, such as a higher proportion of older people with greater care needs and lower levels of financial means. To help inform and shape reform proposals, a research study is being commissioned to gather and analyse core data on factors such as present charges collected, population make up and trends, together with composition and trends on Welsh citizens' income and capital assets. This study is due to report over the next 6 to 9 months.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

In her Written Statement to Assembly Members in March 2013, the Deputy Minister for Social Services announced her intention to reform paying for social care in Wales from April 2016. The timing of the introduction of this is in line with the timing of the implementation of the UK Government's reforms for England which will be based on the recommendations of the Dilnot Commission.

The Deputy Minister's Statement confirmed her intention to build reforms upon the maximum charge provision currently in place in Wales for charging for non-residential social services. She also confirmed that she would wish to consider, carefully, the detail of the UK Government's implementation plans and gain a fuller understanding of how its reform model will work, and the cost implications, before any final decisions are made over a way forward for Wales.

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Regulations under section 56 would link to regulations made under section 55 in connection with carrying out a financial assessment.

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION AND SUB-SECTION:	57(3)
DESCRIPTION OF THE POWER/REGULATION	
Regulations must make provisions about the making of determinations under section 57(1) of the Bill as to a person's ability to pay a charge imposed under section 50.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to set out certain requirements that an authority will have to take into account in the determination of a person's ability to pay a charge. Without this power local authorities would be able to make a determination as to a person's ability to pay the standard charge for their care and support unfettered, without any universal financial safeguards for those with low financial means who may be asked to meet such charges, consistently applied by all authorities in Wales.	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulations:</p> <ul style="list-style-type: none"> • must require a local authority to determine, in a case where the assessed person's financial resources exceed a specified level, that it would be reasonably practicable for that person to pay the standard charge (for example a capital limit in relation to residential care above which a resident would be liable for the full cost of their accommodation and care); • may require a local authority to determine that it would not be reasonably practicable for the assessed person to pay an amount for their care and support that would reduce their income or capital below specified levels (for example setting an amount of their income that a person must be left with after paying charge); • may specify different levels for income and for capital for different circumstances and for different descriptions of people (for example people receiving different forms of care and support where particular levels of income or capital would be appropriate); • make provision about cases or circumstances in which a determination must or may replace a determination with a new one (for example a person moving from receiving care and support in the community to receiving this in residential care); and • may make provision as to the date from which a determination is to have effect. 	
POLICY INTENTION OF THE REGULATIONS	
<p>It is Welsh Government policy that where a person is asked to pay a charge for the care and support they receive, or where they may receive a charge for putting in place arrangements to meet needs, their financial resources to meet such charges should be assessed and treated in a consistent manner by local authorities in their calculation of a person's ability to meet these charges. This is to ensure equality of treatment of those asked to meet a charge imposed. It is also Welsh Government policy that only those who have the financial means to meet a charge should be expected to do so.</p> <p>As a result, under existing legislation, regulations and statutory guidance have been made which identify particular levels of income and capital that a person receiving</p>	

care and support may have and how these should be treated in a determination of a person's ability to pay a charge for their care and support.

It is our intention through the regulations to be made under the Bill to maintain such policies as part of our future policy on paying for social care. As part of the development of this policy, consideration will be given to exactly what particular levels of income and capital would be appropriate to take account of in a determination of a person's ability to pay a charge. This is to ensure equality and consistency of treatment of those who are subject to consideration for a charge.

This policy is being developed during 2014 with stakeholder representatives from local government, third sector and care recipients with the Welsh Ministers making final decisions in the Autumn of 2014.

WORK TO DATE

The National Assistance Act 1948 and the Social Care Charges (Wales) Measure 2010 gave Welsh Ministers the power to specify levels of income or capital and their treatment in the determination of a charge. As a result regulations were made which set out a range of levels of income and capital and how these should be taken account of in a determination of a person's ability to pay a charge.

Welsh Ministers plan to introduce reforms to paying for social care from April 2016. This is to make the arrangement for paying for care fairer and more sustainable in the long term. Work has commenced on developing reforms for Wales that are tailored to our specific circumstances, such as a higher proportion of older people with greater care needs and lower levels of financial means. To help inform and shape reform proposals, a research study is being commissioned to gather and analyse core data on factors such as present charges collected, population make up and trends, together with composition and trends on Welsh citizens' income and capital assets. This study is due to report over the next 6 to 9 months.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

In her Written Statement to Assembly Members in March 2013, the Deputy Minister for Social Services announced her intention to reform paying for social care in Wales from April 2016. The timing of the introduction of this is in line with the timing of the implementation of the UK Government's reforms for England which will be based on the recommendations of the Dilnot Commission.

The Deputy Minister's Statement confirmed her intention to build reforms upon the maximum charge provision currently in place in Wales for charging for non-residential social services. She also confirmed that she would wish to consider, carefully, the detail of the UK Government's implementation plans and gain a fuller understanding of how its reform model will work, and the cost implications, before any final decisions are made over a way forward for Wales.

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Regulations under section 57(3) would link to regulations made under 58(2).

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION:	58(2)
DESCRIPTION OF THE POWER/REGULATION	
Regulations may make provision about circumstances where a local authority is not under a duty under section 58(1) to give effect to a determination made under section 57 of the Bill in imposing a charge under section 50.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to set out consistently applied circumstances where it would not be appropriate for a local authority to give effect to a determination being undertaken under section 58(1) of the Bill. This would be a determination undertaken under section 57 as to a person's ability to pay a charge imposed under section 50 to meet their care and support needs. Without this power local authorities would have to, on every occasion, give effect to a determination made under section 57, even where it would in the individual circumstances be inappropriate to do so.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulations may: <ul style="list-style-type: none"> • make provision about circumstances in which the duty under section 58(1) to give effect to a determination of a person's ability to pay a charge does not apply (for example, where an authority was unable to undertake a determination due to a person not providing necessary information; or where a person is receiving low level care and support for which a small fixed charge is made (such as meals) and a determination is not appropriate). 	
POLICY INTENTION OF THE REGULATIONS	
<p>It is Welsh Government policy that where a person is asked to pay a charge for the care and support they receive, or where they may receive a charge for putting in place arrangements to meet needs, their financial resources to meet such charges should be assessed and treated in a consistent manner by local authorities in their calculation of a person's ability to meet these charges. This is to ensure equality of treatment of those asked to meet a charge imposed. It is also Welsh Government policy that only those who have the financial means to meet a charge should be expected to do so. However, there are circumstances where it would not be appropriate to undertake a financial assessment and hence give effect to a determination to a person's ability to pay a charge.</p> <p>Under current legislation, regulations have been made which disapply, where it is appropriate to do so, the duty to give effect to a determination as to a person's ability to pay a charge as per the examples given above.</p> <p>It is our intention through the regulations to be made under the Bill to maintain such a policy as part of our future policy on paying for social care. As part of the development of this policy, consideration will be given to the circumstances in which it would be appropriate to disapply the duty to give effect to a determination as to a person's ability to pay a charge. This policy is being developed during 2014 with stakeholder representatives from local government, third sector and care recipients</p>	

with Welsh Ministers making final decisions in the Autumn of 2014.

WORK TO DATE

The National Assistance Act 1948 and the Social Care Charges (Wales) Measure 2010 gave Welsh Ministers the power to disapply the duty to give effect to a determination as to a person's ability to pay a charge. As a result regulations were made which set out particular circumstances where it would be appropriate to disapply this duty.

Welsh Ministers plan to introduce reforms to paying for social care from April 2016. This is to make the arrangement for paying for care fairer and more sustainable in the long term. Work has commenced on developing reforms for Wales that are tailored to our specific circumstances, such as a higher proportion of older people with greater care needs and lower levels of financial means. To help inform and shape reform proposals, a research study is being commissioned to gather and analyse core data on factors such as present charges collected, population make up and trends, together with composition and trends on Welsh citizens' income and capital assets. This study is due to report over the next 6 to 9 months.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

In her Written Statement to Assembly Members in March 2013, the Deputy Minister for Social Services announced her intention to reform paying for social care in Wales from April 2016. The timing of the introduction of this is in line with the timing of the implementation of the UK Government's reforms for England which will be based on the recommendations of the Dilnot Commission.

The Deputy Minister's Statement confirmed her intention to build reforms upon the maximum charge provision currently in place in Wales for charging for non-residential social services. She also confirmed that she would wish to consider, carefully, the detail of the UK Government's implementation plans and gain a fuller understanding of how its reform model will work, and the cost implications, before any final decisions are made over a way forward for Wales.

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/ REGULATIONS:

Regulations under section 58(2) would link to regulations made under section 57(3).

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION:	59 (1)
DESCRIPTION OF THE POWER/REGULATION	
Regulations must make provision for the review of charges imposed under section 50 of the Bill and determination of a person's ability to pay a charge made under section 57.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to put in place a review of the charging decisions process where an authority has imposed a charge for providing, arranging, or putting in place arrangements, for care and support. This would be consistently applied by all authorities in Wales. This process is to enable a person who has had a charge imposed on them to request a review of that charging decision. Without this power local authorities would be able to exercise the power to impose a charge in these circumstances unfettered, without any obligation to review the charge imposed where requested to do so.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulations can make provision:	
<ul style="list-style-type: none"> • about the person who may request a review and those who may request a review on their behalf (for example an advocate); • about the circumstances and manner in which a review may be requested (for example how a review request would be submitted and what information it would need to contain); • the period for which a request would be made; • the procedure to be followed and the steps to be taken by the local authority in undertaking a review; • the description of persons who may make a decision following a review (for example who in an authority would be authorised to determine a review); and • the effect of a review decision and how this impacts upon the person's charge or a charging decision made previously. 	
POLICY INTENTION OF THE REGULATIONS	
To ensure clear and consistent arrangements are in place to allow a person to challenge care and support charges imposed on them. Regulations will enable a review system to be put in place for all instances where a charge has been levied. This will ensure that a person who has been assessed as required to pay for care and support can have the charge reviewed should they consider it to be incorrect or inappropriate.	
It is Welsh Government policy that where a person is asked to pay a charge for the care and support they receive, or where they may receive a charge for putting in place arrangements to meet needs, they should have the ability to request that that charge or a decision leading to the determination of that charge be reviewed. Such a review process should be applied in a consistent manner by local authorities. This is to ensure equality of treatment of those asked to meet a charge imposed.	

As a result, under the present regulations made under the Social Care Charges (Wales) Measure 2010, a review process is in place for a charging decision made in relation to the provision of non-residential social services. It is our intention to maintain this provision under regulations to be made under the Bill and to extend this provision to all other instances where a charge is imposed. This is so that a person can have a charge imposed, or charging decision made leading to a charge imposed, reviewed by a local authority where it relates to the provision or arrangement of care and support under the Bill, or for putting in place arrangements for care and support.

WORK TO DATE

none

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

none

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Regulations under section 59 (1) would link to regulations made under sections 52 (1), 53 (1), 55 (1), 56, 57 (3), 58 (2) which relation to the imposition of a charge or the determination of a charge.

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION:	60(1)
DESCRIPTION OF THE POWER/REGULATION	
Regulations can specify cases or circumstances in which, or conditions subject to which, a local authority may or must enter into a deferred payment agreement with an adult whose needs it is meeting under sections 28 to 36 of the Bill and who is required to pay a charge for this under section 50.	
WHY THE REGULATION POWER IS REQUIRED	
The power is required to enable a local authority to agree not to require an adult to pay a charge levied for care and support received, or for putting in place arrangements for care and support, until a specified time. This is to enable the person to pay that charge at a later time agreed with the authority by entering into a deferred payment agreement. Under such agreements a local authority would meet the cost of the person's charge in return for having a land charge placed on a property the person has an interest in. The authority would then recover the charges it meets at a later date against the value of that property. Without this power local authorities would have to collect charges levied immediately without the ability to agree to a delay in payment.	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulations can:</p> <ul style="list-style-type: none"> • specify cases and circumstances in which a local authority must or may enter into a deferred payment agreement with an adult; • may provide for interest to be applied to the charge levied and for this to be an obligation in the deferred payment agreement (i.e. the interest added to the agreement); • may provide for an amount relating to a local authority's administrative costs to be required, including interest required on these costs; • specify costs which are, or which are not, to be regarded as administrative costs; and • make provision as to the rights and obligations of each party where the person's interest in a property transfers to another property. <p>The regulations must also make provision about the duration of the agreement and for its termination by either party including the method of such termination.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>It is Welsh Government policy that where a property is taken into account and a person is asked to pay a charge for the care and support they receive, or for putting in place arrangements to meet needs, they should not be required immediately to sell that property to meet this charge. They should have the ability to delay the sale of their property until a more appropriate time. Such an opportunity should be applied in a consistent manner by local authorities to ensure equality of treatment.</p> <p>As a result, under present regulations made under the National Assistance Act 1948 local authorities are required to operation a deferred payment scheme for those with an interest in a property and required to meet the costs of their residential accommodation and care. This provides an alternative means of meeting these</p>	

costs, allowing a person not to have to sell their property immediately.

It is our intention to maintain and strengthen this provision under regulations to be made under the Bill so as to enhance the operation of such agreements and allow them to be tailored to meet a person's circumstances. It is also to extend this provision to other instances where a charge is imposed. This is to enable a wider range of persons levied a charge the option of entering into an agreement should they wish to do so.

WORK TO DATE

none

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

none

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

None

REGULATIONS RELATING TO:	Charging and financial assessment
BILL PART:	5
SECTION:	61(1)
DESCRIPTION OF THE POWER/REGULATION	
Regulations may make provision about charges for services provided under section 12 of the Bill and assistance under section 14 of the Bill.	
WHY THE REGULATION POWER IS REQUIRED	
The regulation power is required to set out the circumstances where an authority can impose a charge to cover the cost incurred in providing or arranging a preventative service or for assistance it provides to access care and support. Without this power local authorities would not be able to recover such costs.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulation power may make provision about:	
<ul style="list-style-type: none"> • charges for preventative services a person receives under section 12 of the Bill (for example specifying particular forms of preventative services, whether charges should apply to these, and if so, how such charges should be calculated); • charges for assistance provided to a person in accessing care and support under section 14 of the Bill (for example specifying particular forms of assistance, whether charges apply to these, and if so, how such charges should be calculated). 	
POLICY INTENTION OF THE REGULATIONS	
It is Welsh Government policy that where a local authority provides preventative services, such as to delay or reduce the need for care and support, it has the ability to recover all or part of the cost of providing or arranging this where appropriate. It is also our policy that where this occurs it is done in a consistent manner by local authorities and that only those who have the financial means are required to pay. The policy is that this principle should be extended to assistance in accessing care and support.	
The Social Care Charges (Wales) Measure 2010 gave local authorities the discretion to charge for non-residential social services including preventative services. It also gave Welsh Ministers the power by regulation to set out how such charging should occur. As a result regulations were made to do this.	
It is our policy intention, as part of the charging arrangements to be introduced under the Bill, to incorporate arrangements for instances where charging for preventative services or assistance in accessing care and support can take place and the detail of this.	
WORK TO DATE	
none	
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:	
The Deputy Minister for Social Services issued a Written Statement in November 2013 setting her intention for strengthening preventative services. She clarified that the Bill would place duties on local authorities to deliver preventative services and	

contained a range of other measures that would enable and require local authorities to lead the preventative agenda.

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

None

REGULATIONS RELATING TO:	Care and Support Plans
BILL PART:	Part 6
SECTION:	74 and 75
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 74(4) – Regulations making provision about how care and support plans for looked after children are to be prepared, what a plan is to contain and the review of plans.</p> <p>Section 74 requires that where a local authority starts to look after a child under Part 6 and the child does not have a care and support plan prepared under section 45, the local authority must prepare and maintain a care and support plan and keep that plan under review.</p> <p>Regulations in section 74 must further provide for the content and review of the plans and that if other plans are being prepared for the child by other bodies, for those plans to be included within the care and support plan. The local authority must also carry out a new assessment and revise the plan if it believes the circumstances of the child have changed in such a way as to affect the existing plan.</p> <p>Section 75 provides that regulations may be made specifying the form the plan should take, its content, the consultation with people who should contribute to the preparation and review of a plan, who should prepare the plan, who should receive written copies of the plan and the circumstances for reviewing the plan.</p> <p>In considering the full impact of local authorities’ duties in respect of care plans and care and support plans, consideration must be given to clause 15 of the Department of Education’s Children and Families Bill that will amend section 31A of the Children Act 1989 – plans the local authorities are required to prepare by order of a court in connection to cases under section 31 of CA 1989. This provides that court plan under the CA 1989 can be discharged under section 45 and 74 of the SSW Bill.</p> <p>For more information see legislative Consent Memorandum for Children and Families Bill approved by the National Assembly for Wales in April 2013.</p> <p>http://www.assemblywales.org/bus-home/research/bus-assembly-publications-monitoring-services/bus-lcm_monitor/bus-lcm_monitor-2014.htm?debug=211&debugimg=on&debugobj=243252&debugslotid=0#cmo-actions</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>The power is required to set out the Welsh Ministers’ expectations of the matters that local authorities must take into account in supporting looked after children to achieve improved well-being outcomes.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Improved well-being outcomes and life chances for looked after children.</p>	

POLICY INTENTION OF THE REGULATIONS

Part 6 of the Bill includes regulation making powers relating to care and support plans; the review of plans and cases; and the placement of and visits to, children who are looked after by local authorities. This paper focusses on the local authority duties in respect of the preparation, content and review of care and support plans under sections 74 and 75 for looked after children in Part 6 of the Bill. However, each of the regulation making powers under Part 6 are inextricably linked to each other and will provide for a consistent and coherent approach to supporting looked after children and delivering their rights and entitlements as part of an effective corporate parent framework that empowers them to achieve improved well-being outcomes that enhance their life chances.

Section 74 and 75 place express duties on the Welsh Ministers to bring forward regulations on the detailed arrangements that local authorities must follow in the preparation of care and support plans, and sets out the framework for their review under sections 90 to 93.

The policy intent is that regulations and Code of Practice will prescribe a set of core requirements for looked after children as illustrated below:

- specify the form and minimum content for care and support plans for a child;
- require that the child, and other specified persons, must be fully involved / participate in the development of desired outcomes in the plan;
- stipulate who is to have a copy of the plan;
- provide for the allocation of a lead professional responsible for co-ordinating the completing and monitoring the plan;
- set out the responsibility, contribution and resources of each agency to the plan;
- set down the arrangements for review of plans including:
 - who should be involved in reviews;
 - matters which the review should include
 - timeline for reviews;
 - people who may undertake and be involved in reviews;
 - recording of reviews;
 - who must be given copies of reviews; and
 - circumstances when a person can request a re-review.

The list is not exhaustive. There is an imperative to ensure a consistency of approach with the core processes under Part 4 whilst recognising the specific circumstances and needs of looked after children, and reinforcing the corporate responsibilities owed to these children. Regulations will be supported by a Code of Practice that local authorities must comply with. The requirement for care and support plans and their review under sections 90 to 93 will be set by a combination of the regulations and the Code of Practice.

WORK TO DATE

None.
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:
Towards a stable life and a brighter future http://wales.gov.uk/topics/childrenyoungpeople/publications/towards/?lang=en
OTHER CONSIDERATIONS:
None
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:
Eligibility, care planning and review provisions under Part 4 The Placement of Children (Wales) Regulations 2007 SI 310 (W.27) The Review of Children's Cases (Wales) Regulations 2007 SI 307 (W.26)

REGULATIONS RELATING TO:	Looked after and accommodated children
BILL PART:	6
SECTION:	80
DESCRIPTION OF THE POWER/REGULATION	
Regulations under this section may make provisions about placements and settings other than parent, those with parental responsibility or those with a residence order.	
WHY THE REGULATION POWER IS REQUIRED	
This is a restatement of paragraph 12 B of Schedule 2 of the Children Act 1989 and places duties on local authorities to provide the most appropriate way to accommodate, safeguard and promote a child's welfare.	
WHAT THE REGULATION POWER CAN ACHIEVE	
Regulations may make provisions about children looked after by local authorities to make placements. Regulations under subsection (1) may, for example, make provision as to	
(a) the persons to be notified of any proposed arrangements;	
(b) the opportunities such persons are to have to make representations in relation to the arrangements proposed;	
(c) the persons to be notified of any proposed changes in the arrangements;	
(d) the records to be kept by local authorities;	
(e) the supervision by local authorities of any arrangements made.	
These provisions place duties on local authorities to provide the most appropriate way to accommodate, safeguard and promote a child's welfare. The provisions set out the arrangements to be made by local authorities in connection with the health and education of children placed with a relative, a foster parent, in a children's home or any other place deemed suitable by a local authority.	
POLICY INTENTION OF THE REGULATION	
Part 6 of the Bill includes regulation-making powers relating to care and support plans; the review of plans and cases; and the placement of and visits to children who are looked after by local authorities. Whilst this particular regulation-making power focusses on the placement of looked after children with local authority foster parents, each of this set of regulation making powers is inextricably linked to the others. Together, they will provide for a consistent and coherent approach to supporting looked after children. They will deliver children's rights and entitlements as part of an effective corporate parent framework; one that empowers looked after children to achieve improved well-being outcomes that enhance their life chances.	
WORK TO DATE	
None	
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:	
Towards A Stable Life and A Brighter Future: http://wales.gov.uk/topics/childrenyoungpeople/publications/towards/?lang=en	
OTHER CONSIDERATIONS:	
None	
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/ REGULATIONS:	
Linked to Section 72 (6) (d) and 78. The Placement of Children (Wales) Regulations 2007, The Review of Children's Cases Regulations (Wales) 2007.	

REGULATIONS RELATING TO:	Looked after and accommodated children: placements out of area
BILL PART:	6
SECTION AND SUB-SECTION:	81
DESCRIPTION OF THE POWER/REGULATION	
Regulations provide for requirements that may be imposed for local authorities to follow when placing children outside the authority and ensuring the child's wellbeing in doing so.	
WHY THE REGULATION POWER IS REQUIRED	
This section restates paragraph 12c of Schedule 2 of the Children Act 1989. It is important that children remain within their own area wherever possible and appropriate as this allows for continuity of health care and education; and makes it easier for children to maintain contact with significant people in their lives. It is recognised that children placed away from home can be more vulnerable and susceptible to placement breakdown and interrupted schooling.	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Regulations may make further provisions about children looked after by local authorities and impose requirements that a local authority must comply with</p> <ul style="list-style-type: none"> (a) before a child looked after by it is provided with accommodation at a place outside the area of the authority, or (b) if the child's well-being requires the immediate provision of such accommodation, within such period of the accommodation being provided as may be specified. <p>These provisions will stipulate that the responsible authority must not place a child outside the area in which they usually reside unless it is satisfied that there is no placement within the area that meets the child's needs or that a placement outside of area is more consistent with the child's welfare. An out of area placement may be appropriate for a child to meet a particular health or education need.</p>	
POLICY INTENTION OF THE REGULATION	
Part 6 of the Bill includes regulation making powers relating to care and support plan; the review of plans and cases; and the placement of and visits to children who are looked after by local authorities. Whilst this particular regulation making power focuses on the placement of looked after children, each set of regulations is inextricably linked to the others. Together they will provide for a consistent and coherent approach to supporting looked after children. They will deliver children's rights and entitlements as part of an effective corporate parent framework; one that empowers looked after children to achieve improved well-being outcomes that enhance their life chances.	
WORK TO DATE	
<p>Towards a Stable Life and a Brighter Future (2007)- Guidance and accompanying regulations to strengthen:(i) the arrangements for the placement, health, education and well-being of looked after children; and</p> <p>(ii) the responsible commissioning arrangements for secondary health care for vulnerable children placed away from home</p>	

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:
Towards a Stable Life and a Brighter Future
OTHER CONSIDERATIONS:
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:
Placement of Children Regulations 2007. Fostering Services (Wales) Regulations 2003

REGULATIONS RELATING TO:	Looked after and accommodated children: Placing a child with local authority foster parents
BILL PART:	6
SECTION:	83
DESCRIPTION OF THE POWER/REGULATION	
<p>Regulations about placing of looked after children with local authority foster carers, giving regard to the well being of children with foster parents, the arrangements made by local authorities in connection with health and education of such children, the records to be kept, the supervision and inspection of premises.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>This section restates paragraph 12E of Schedule 2 to the Children Act 1989, with some minor modifications and updating of language and makes provision about children looked after by local authorities in relation to placements with local authority foster parents.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulation-making power in this section does not extend the existing regulation-making power in Schedule 2 of the Children Act 1989. It removes the current power in paragraph 12F that permits regulations to make provision for ensuring that a child is only placed with an “approved” local authority foster parent. It also removes the power in 12G that regulations may make provision about the circumstances in which local authorities may arrange for another body to discharge on their behalf the duties that the regulations impose on them (which is now at Section 85 of this Bill).</p> <p>Section 83 enables regulations to make further provisions about children looked after by local authorities, in relation to placements with local authority foster parents. Such regulations may make provision</p> <ul style="list-style-type: none"> (a) about the well-being of these children; about the arrangements to be made by local authorities concerning the health and education of these children; (b) about the records that local authorities must keep; to ensure that, where possible, the child is placed with a local authority foster parent who is of the same religious persuasion as the child, or that they give an undertaking that the child will be brought up in that religious persuasion; (c) for ensuring that these children, and the premises in which they are accommodated, will be supervised and inspected by the local authority and that the children will be removed from those premises if their well-being appears to require it. 	
POLICY INTENTION OF THE REGULATIONS	
<p>Part 6 of the Bill includes regulation-making powers relating to care and support plans; the review of plans and cases; and the placement of and visits to children who are looked after by local authorities. Whilst this particular regulation-making power focuses on the placement of looked after children with local authority foster parents,</p>	

each of this set of regulation making powers is inextricably linked to the others. Together, they will provide for a consistent and coherent approach to supporting looked after children. They will deliver children's rights and entitlements as part of an effective corporate parent framework; one that empowers looked after children to achieve improved well-being outcomes that enhance their life chances.

The Welsh Ministers intend to use the powers in section 83 to the same effect as the current regulation-making powers. No significant shift from the requirements of the current regulations (Fostering Services (Wales) Regulations) is envisaged.

WORK TO DATE

None

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Inquiry into the Placement of Children into Care- Published Report and Welsh Government Response 2010,

http://www.assemblywales.org/final_report-e-3.pdf

<http://wales.gov.uk/topics/childrenyoungpeople/publications/childrenincareresponse/?lang=en>

Towards a Stable Life and a Brighter Future

<http://wales.gov.uk/topics/childrenyoungpeople/publications/towards/?lang=en>

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Placement of Children (Wales) Regulations 2007,
Fostering Services (Wales) Regulations 2003, National Minimum Standards for Foster Services

REGULATIONS RELATING TO:	Looked after and accommodated children: approval of local authority foster parents
BILL PART:	6
SECTION:	84
DESCRIPTION OF THE POWER/REGULATION	
<p>The regulation relates to the approval of foster parents by the local authority; under this power regulations may provide: that the child can not be placed with foster parents until the local authority has approved their appointment; for the setting up of an independent procedure for reviewing the approval of foster parents including establishing a panel convened by the Welsh Ministers; for the duties and powers such a panel may have; for the appointment of members to the panel and how they are paid, and for arrangements for monitoring reviews. Regulations may also provide for the Welsh Ministers to contract with another organisation to provide the independent review function.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>This restates paragraph 12F of Schedule 2 to the Children Act 1989 in order to ensure the appropriate placement of children and the establishment of an appeals mechanism in relation to decisions about approval of foster carers/adopters.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulation will ensure that local authority only place children with approved foster parents, and also provides a transparent appeals mechanism by which foster carers and adopters can appeal against a decision taken by a provider or agency to not approve them as a foster carer/adopter or change the terms of the approval.</p> <p>The power also provides the legal power for the Welsh Ministers to discharge their functions and set the principles by which the independent review function operates.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>Part 6 of the Bill includes regulation-making powers relating to care and support plans; the review of plans and cases; and the placement of and visits to children who are looked after by local authorities. Whilst this particular regulation-making power focusses on the approval of local authority foster parents, each of this set of regulation making powers is inextricably linked to the others.</p> <p>Together, they will provide for a consistent and coherent approach to supporting looked after children. They will deliver children's rights and entitlements as part of an effective corporate parent framework; one that empowers looked after children to achieve improved well-being outcomes that enhance their life chances.</p>	
WORK TO DATE	
<p>The Independent Review of Determinations (IRD) for Adoption and Fostering Regulations came into force 2010 which allowed foster carers to appeal against a decision taking by the fostering provider to not approve them or alter the terms of that approval. A similar process had been in place for adopters since 2005.</p>	
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR	

COMMITMENTS:
The Independent Review of Determinations for Adoption and Fostering (Wales) Regulations 2010
OTHER CONSIDERATIONS:
None
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:
Links to section 78, Fostering Services (Wales) Regulations 2003, The Independent Review of Determinations for Adoption and Fostering (Wales) Regulations 2010

REGULATIONS RELATING TO:	Local authority duty to ensure visits to and contact with, looked after children and others.
BILL PART:	6
SECTION:	88
DESCRIPTION OF THE POWER	
<p>Section 88(4) – Regulations making provision about the matters the local authority must take into consideration in ensuring a representative visits certain groups of children.</p> <p>Section 88 requires that the local authority must ensure visits and contact between specified groups of children and a representative of the authority. Specified children include those whom the local authority looks after or used to look after and other children specified through regulations.</p> <p>The functions of, and matters to be considered by, the representative in exercising this duty are set out in regulations. That representative must arrange for the provision of advice, support and assistance, and regulations may further provide for the frequency of visits, the circumstances in which visits can take place and the functions of representatives.</p> <p>The local authority also must ensure that the representative it chooses has the appropriate skills and experience to perform the functions.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>The regulation making power is required to set out the Welsh Ministers' expectations of the matters that local authorities must take into account when appointing a representative to visit specified children and for supporting them to achieve improved well-being outcomes.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Improved well-being outcomes and life chances for children.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>Part 6 of the Bill includes regulation making powers relating to care and support plans; the review of plans and cases; and the placement of, and visits to, children who are looked after by local authorities. This paper focusses on the local authority duty to ensure visits to and contact with, looked after children and others under section 88. However, each of these regulation making powers are inextricably linked to each other and will provide for a consistent and coherent approach to supporting looked after children and delivering their rights and entitlements as part of an effective corporate parent framework that empowers them to achieve improved well-being outcomes that enhance their life chances.</p> <p>Section 12 of the Social Services and Well-being (Wales) Bill requires local authorities to arrange or arrange for the provision of a range and level of preventative services which it considers will reduce the need for criminal proceedings against</p>	

children; encourage children not to commit offences; and avoid the need for children to be placed in secure accommodation. In addition, preventative services share the generic outcome of contributing towards preventing or delaying the development of people's needs for care and support and for reducing the needs for care and support for people who have such needs.

Children who are detained or remanded to the secure estate are likely to experience a shortfall in their well-being outcomes by virtue of their detention and require support to re-integrate into the community and to prevent further episodes of offending.

The policy intent is that regulations and Code of Practice will prescribe a set of core requirements for the representative that will place duties on local authorities to support specified groups of children whilst in custody and to plan for their release. Aspects of the regulations may include specifying:

- the groups of children to be visited;
- the timing and frequency of visits;
- the conduct of the visits including the need to meet with children in private;
- the preparation of a report reflecting the child's wishes and feelings, the effectiveness of their safeguarding and well-being; the need to promote contact with the child's family; arrangements for the provision of advice and support and assistance
- the sharing of the report with the child and other specified individuals.

The list is not exhaustive. There is an imperative to ensure a consistency of approach with the core processes under Part 4 whilst recognising the specific circumstances and needs of looked after children, and reinforcing the corporate responsibilities owed to these children.

Regulations will be supported by a Code of Practice that local authorities must comply with. The requirement for care and support plans and review of both care and support plans, and support plans in the case of carers, will be set by a combination of the regulations and Code of Practice.

This work will reflect the Welsh Government Green Paper "*Proposals to improve services in Wales to better meet the needs of children and young people who are at risk of entering, or are already in, the Youth Justice System*".

WORK TO DATE
None.
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:
http://wales.gov.uk/topics/childrenyoungpeople/publications/childrenindetention/?lang=en
OTHER CONSIDERATIONS:
None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Eligibility, care planning and review provisions under Part 4

Care planning, review and placements under Part 6

The Visits to Former Looked After Children in Detention (Wales) Regulations 2011

REGULATIONS RELATING TO:	Appointment and functions of independent reviewing officer; referred cases; review of cases and inquiries into representations.
BILL PART:	6
SECTION:	90, 91, 92 and 93
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 90(4) – Regulations making provision to specify the category of person to be appointed as an independent reviewing officer.</p> <p>Sections 91(1)(b) and (d) and section 91(2) – Regulations making provision for the independent reviewing officer to participate in a review of a looked after child’s case and to perform specified functions in a specified manner.</p> <p>Section 92 – Regulations making provision for the extension of any functions of the Welsh family proceedings officers and the manner in which those functions must be exercised. Note this regulation making power is vested in the Lord Chancellor and may only be exercised with the consent of the Welsh Ministers but has been included to reflect the powers under section 91 for the IRO to refer a case to Welsh family proceedings officers.</p> <p>Section 93(1) and (2) – Regulations making provision for a looked after child’s case to be reviewed and to specify the range of issues to be considered as part of that review.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>The regulation making power is required to set out the Welsh Ministers’ expectations of the matters that local authorities must take into account when appointing an independent reviewing officer to monitor the local authority’s care and support plan for a looked after child, including chairing the statutory review meetings of all looked after children.</p> <p>The key outcome of this function is to ensure that action to implement the agreed actions set out in the child’s care and support plan is carried out in a timely and appropriate manner.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
Improved well-being outcomes and life chances for children.	
POLICY INTENTION OF THE REGULATIONS	
<p>Part 6 of the Bill includes regulation making powers relating to care and support plans; the review of plans and cases; and the placement of and visits to, children who are looked after by local authorities. This paper focusses on the local authority’s duty to appoint an IRO and the duties of that individual under sections 91, 92 and 93. However, each of these regulation making powers are inextricably linked to each other and will provide for a consistent and coherent approach to supporting looked after children and delivering their rights and entitlements as part of an effective</p>	

corporate parent framework that empowers them to achieve improved well-being outcomes that enhance their life chances.

The policy intent is that regulations and Code of Practice will prescribe a set of core requirements for the IRO to promote the well-being outcomes for looked after children by reviewing and challenging the local authority as the corporate parent to ensure looked after children are supported through the outcomes identified in their care and support plan under sections 74 and 75.

Section 90 requires that the local authority must, for the benefit of any child it looks after, appoint an independent reviewing officer (IRO) for each child's case.

Section 91 specifies the functions of IROs and provides for further functions to be specified in regulations. An IRO must monitor the work of the local authority in relation to the child; participate in any review of the child's case; ensure that the child's wishes and feelings are heard and perform any other function and in such a manner as required in regulations. If an IRO is not an employee of the local authority, the local authority must make every effort to co-operate with the IRO.

Key outcomes will include:

- promoting the voice of the child;
- ensuring that care and support plans for looked after children are based on a detailed and informed assessment, are up-to-date, effective and provide a real and genuine response to each child's needs;
- identifying any gaps in the assessment process or provision of service;
- making sure that the child understands how an advocate could help and his/her entitlement to one;
- offering a safeguard to prevent any 'drift' in care planning for looked after children and the delivery of services to them;
- monitoring the activity of the responsible authority as a corporate parent to ensure that care and support plans have given proper consideration and weight to the child's wishes and feelings and that, where appropriate, the child fully understands the implications of any changes made to his/her care plan.

Section 92 provides that the Lord Chancellor may make regulations to extend the functions of Welsh family proceedings officers but only with the consent of the Welsh Ministers. Under section 91 the IRO may also refer a child's case to a Welsh family proceedings officer (CAFCASS Cymru).

Section 93 provides that regulations may be made that require the review of a case of a looked after child. Aspects of the regulations may include:-

- the manner in which the review(s) must be undertaken;
- the frequency of the review(s);
- the persons whom the IRO must consult prior to the review and notified of the outcomes and actions;
- implementing decisions made as a result of the review and monitoring any

arrangements made.

The authority is also required to keep the plan required under section 31A of the Children Act 1989 under review and revise and make a new plan if required and consider with the child whether an application should be made to discharge the care order.

The authority is further required, if providing accommodation to the child, to prepare a care and support plan if none exists; to keep it under review and revise and make a new plan if required and consider if the accommodation meets with the requirements of this Part.

Regulations will be supported by a Code of Practice that local authorities must comply with. The requirement for the preparation and review of care and support plans will be set by a combination of the regulations and Code of Practice.

WORK TO DATE

None.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Towards a stable life and a brighter future
<http://wales.gov.uk/topics/childrenyoungpeople/publications/towards/?lang=en>

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Eligibility, care planning and review provisions under Part 4
The Placement of Children (Wales) Regulations 2007
The Review of Children's Cases (Wales) Regulations 2007

REGULATIONS RELATING TO:	Personal Advisors, Pathway Assessments and Plans
BILL PART:	6
SECTION AND SUB-SECTION:	97 and 98
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 97(4) - Regulation making provision about the functions of a Personal Advisor for children and young people entitled to support under section 95.</p> <p>Section 98(7)(c) - regulation making provision to specify matters to be contained in the Pathway Plan of children and young people who are entitled to support under section 95 following the local authority's assessment under section 98 to determine what advice, assistance and support is required to meet that individuals' needs whilst they are being looked after and after they cease to be looked after.</p> <p>Section 98(8) and (9) - regulation making provision about the matters to be included in an assessment under section 98 of children and young people who are entitled to support under section 95.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>The power is required to set out the Welsh Ministers' expectations of the functions of a Personal Advisor, and the matters to be contained within the assessment and Pathway Plan of children and young people entitled to support under section 95.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Improved well-being outcomes and life chances for children.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>Part 6 of the Bill includes regulation making powers relating to care and support plans; the review of plans and cases; and the placement of and visits to, children who are looked after by local authorities. This paper focuses on the local authority's duties under section 97 and 98 to appoint a Personal Advisor, to assess the need for advice, assistance and support and to prepare a Pathway Plan for children and young persons who are entitled to support under section 95 as a result of them being, or having been, looked after children and others under Part 6 of the Bill. However, each of the regulation making powers under Part 6 are inextricably linked to each other and will provide for a consistent and coherent approach to supporting looked after children and delivering their rights and entitlements as part of an effective corporate parent framework that empowers them to achieve improved well-being outcomes that enhance their life chances.</p> <p>The policy intent is that regulations and the Code of Practice will prescribe a core set of functions to be undertaken by a personal advisor appointed under section 97. The purpose of a Personal Advisor is to support young persons falling within Categories 1 to 4. These functions will include: the provision of practical advice, support and where appropriate, assistance; participation in pathway plan reviews; liaison with the local authority regarding the implementation of the pathway plan; coordination of the</p>	

provision of services and taking reasonable steps to ensure that the services are made use of; staying informed about the young person's well-being and keeping records of contacts with the young person.

Section 98 requires that a Personal Advisor must carry out an assessment to determine what advice, support and assistance the young person needs whilst they are looked after **and** after they cease to be looked after. Such assessments must be recorded within a Pathway Plan specifying the advice, support and assistance to be provided to the young person and other matters including:

- the manner in which the assessment is undertaken, including matters to which the local authority must have regard;
- the persons responsible for undertaking an assessment;
- the timing of assessments;
- the recording of the results of the assessment;
- the date at which the young person will cease to be looked after; and
- the young person's post-18 living arrangements.

The list is not exhaustive. There is an imperative to ensure a consistency of approach with both the core processes under Part 4, and the care planning, and review arrangements under Part 6.

Regulations will be supported by a Code of Practice that local authorities must comply with. The requirement for the appointment and functions of a Personal Advisor and the assessment, preparation and maintenance of a Pathway Plan, will be set by a combination of the regulations and Code of Practice.

WORK TO DATE

None.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

<http://wales.gov.uk/topics/childrenyoungpeople/publications/children-care-act-guidance/?lang=en>

<http://wales.gov.uk/about/cabinet/cabinetstatements/2013/fostercarers/?lang=en>

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Assessment and Care and Support Plans under Part 4 of the Bill
Care and Support Plans under Part 6 of the Bill

REGULATIONS RELATING TO:	Local authority duty to ensure visits to and contact with, looked after children and others.
BILL PART:	6
SECTION AND SUB-SECTION:	112
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 112(4) – Regulations making provision about the matters the local authority must take into consideration in ensuring a representative visits certain groups of children about whom the local authority have been notified under sections 110 or 111 of the Social Services & Well-being (Wales) Bill.</p> <p>Section 112 requires that the local authority must ensure visits and contact between specified groups of children and a representative of the authority. Specified children include those who have been accommodated by health authorities and local education authorities or in care home or independent hospitals for a consecutive period of three months.</p> <p>The functions of, and matters to be considered by, the representative in exercising this duty are set out in regulations including the provision of advice to the local authority on the performance of its duties under the Bill.</p> <p>Regulations may further provide for the frequency of visits, the circumstances in which visits can take place and the functions of representatives.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>The regulation making power is required to set out the Welsh Ministers' expectations of the matters that local authorities must take into account when appointing a representative to visit specified children and for supporting them to achieve improved well-being outcomes.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Improved well-being outcomes and life chances for children.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>Part 6 of the Bill includes regulation making powers relating to care and support plans; the review of plans and cases; and the placement of and visits to, children who are looked after by local authorities. This paper focuses on the local authority duty to ensure visits to and contact with, looked after children and others under section 112. However, each of these regulation making powers are inextricably linked to each other and will provide for a consistent and coherent approach to supporting looked after children and delivering their rights and entitlements as part of an effective corporate parent framework that empowers them to achieve improved well-being outcomes that enhance their life chances.</p> <p>The policy intent is that regulations and Code of Practice will prescribe a set of core requirements for the representative that will place duties on local authorities to support specified groups of children whilst accommodated by health authorities, local</p>	

education authorities in care homes or independent hospitals.

Aspects of the regulations may include:

- the timing and frequency of visits;
- the conduct of the visits including the need to meet with children in private;
- the preparation of a report reflecting the child's wishes and feelings, the effectiveness of their safeguarding and well-being; the need to promote contact with the child's family; arrangements for the provision of advice and support and assistance
- the sharing of the report with the child and other specified individuals.

The list is not exhaustive. There is an imperative to ensure a consistency of approach with the core processes under Part 4 whilst recognising the specific circumstances and needs of children falling within these provisions.

Regulations will be supported by a Code of Practice that local authorities must comply with. The requirement for the appointment and functions of a representative will be set by a combination of the regulations and Code of Practice.

WORK TO DATE

None.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

<http://wales.gov.uk/topics/childrenyoungpeople/publications/visitsresidentialcare/?lang=en>

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

The Visits to Children in Long-term Residential Care (Wales) Regulations 2011

REGULATIONS RELATING TO:	Adult Protection and Support Orders
BILL PART:	7
SECTION AND SUB-SECTION:	117(9)
DESCRIPTION OF THE POWER/REGULATION	
<p>Regulations under this section may define who a local authority can authorise to be an 'authorised officer' for the purposes of Adult Protection and Support Orders.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>Section 117 of the Bill provides for new Adult Protection and Support Orders. This provision will enable social services to apply to the courts for an order to enter a property to speak with someone they think could be at risk, without interference from others in the house who might obstruct access, to ascertain whether a person is making decisions freely.</p> <p>An 'authorised officer' is a person authorised by the local authority for the purposes of applying for and exercising adult protection and support orders. To ensure that only practitioners with sufficient skills and training carry out this role, for example, those with experience of dealing with neglect or domestic violence, regulations provide for the Welsh Ministers to set restrictions on who may become an 'authorised officer'.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Regulations may set restrictions on the types of persons or categories of persons who may become an 'authorised officer' in relation to exercising adult protection and support orders under section 117</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>There are complex human rights issues to be addressed with regard to Adult Protection and Support Orders – private life, family life and home. Any intervention must be appropriate and statutory guidance will provide the detail for the consistent and appropriate execution of orders.</p> <p>An 'authorised officer' will be required to be in the employment of a relevant partner, as defined in section 152. In keeping with the recommendations of the Safeguarding Advisory Panel, the Welsh Government intends to carry out a training programme for 'authorised officers' so that practitioners have specific and sufficient skills to carry out their role. Regulations will seek to reflect the skills needed to be an effective 'authorised officer'.</p>	
WORK TO DATE	
<p>The Deputy Minister for Social Services, Gwenda Thomas AM, established the Safeguarding Advisory Panel in July 2013 to provide expert advice to the Welsh Government on strengthening safeguarding arrangements for adults and children in Wales. The panel undertook a detailed process of engagement with organisations and professional staff in the public, independent, private and third sectors. Alongside</p>	

key strategic meetings, a series of workshops have been held and a national safeguarding event. The Panel's first report was submitted to the Deputy Minister in November 2013 and focused on the regulations and guidance which have to be produced as a result of the Social Services and Well-being (Wales) Bill, including in relation to regulations under section 117(9).

The Welsh Government has also established a Task and Finish group with colleagues in the UK Government to consider how Adult Protection and Support Orders will operate in practice. The work of this task and finish group is ongoing.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being Bill.

OTHER CONSIDERATIONS:

None.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Regulations under section 45 (care and support plan) must include provision about recording the conclusions of enquires made, or caused to be made, by a local authority when it suspects an adult in its area meets the definition of an adult at risk, as provided for at section 116(3). The Welsh Government intends that care and support plans include a comprehensive account of the findings and conclusions of that inquiry. If any actions have been identified as a result of that inquiry the care and support plan should be clear who has responsibility for ensuring these actions are carried out. Care and support plans may therefore be required to hold information in relation to adult protection and support orders exercised.

REGULATIONS RELATING TO:	The National Independent Safeguarding Board
BILL PART:	7
SECTION:	123
DESCRIPTION OF THE POWER/REGULATION	
Regulations providing for the constitution, membership and administration of the National Independent Safeguarding Board.	
WHY THE REGULATION POWER IS REQUIRED	
<p>Section 122 of the Bill provides for the establishment of a National Independent Safeguarding Board to ensure strategic leadership on a national level in Wales. The National Board's duties, as prescribed in the Bill, are to:</p> <ul style="list-style-type: none"> • Provide support and advice to Safeguarding Boards to ensure they are effective; • Report on the adequacy and effectiveness of arrangements to safeguard children and adults in Wales; and • Make recommendations to the Welsh Ministers on how safeguarding arrangements could be improved. <p>Regulations may make further detailed provision about the National Board.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>Regulations may, for example, make further provision about the:</p> <ul style="list-style-type: none"> • constitution and membership of the National Board (including the how members are appointed or removed from the Board); • remuneration and allowances of members of the National Board; • proceedings of the National Board; • need for the National Board to consult stakeholders; • form, content and timing of the National Board's reports; • publication of the National Board's reports. 	
POLICY INTENTION OF THE REGULATIONS	
<p>In keeping with the key principle of the <i>people model</i> that runs throughout the Social Services and Well-being (Wales) Bill, the National Board will consider safeguarding arrangements in relation to both children and adults. In line with the recommendation of the Health and Social Care Committee Stage 1 scrutiny report and the recommendation of the Safeguarding Advisory Panel, established by the Deputy Minister for Social Services to consider the developing safeguarding arrangements, regulations will ensure that the National Board is able to take forward explicit work streams in relation to children and adults, separately where appropriate, to reflect the often different needs and circumstances based on age.</p> <p>Regulations and guidance in relation to the National Board and Safeguarding Boards will make clear the relationship between the Welsh Ministers, the National Board and</p>	

Safeguarding Boards in relation to what should be expected to happen in response to issues raised, as well as the relationship of the National Board with individual agencies.

In keeping with the recommendations of the Safeguarding Advisory Panel, regulations will also be clear on the role of the National Board to:

- Receive, collate and share information and best practice;
- Focus on early identification; and
- Encourage partnership working between Inspectorates and regulatory bodies alongside the National and Safeguarding Boards.

For the National Board to be effective it will need to consist of an expert membership with appointments based on skills and relevant experience rather than representational roles. The Safeguarding Advisory Panel has recommended that the National Board has five members plus a Chair, as well as regulated procedures relating to proceedings such as quoracy. The regulations will also require that members should be appointed by the public appointments process.

Regulations will require the National Board to ensure that the views of service users and practitioners are effectively incorporated in its work. This may include holding an annual public engagement event and regular meetings with the Chairs of Safeguarding Boards.

Section 122(3)(a) requires that the National Board produce an annual report to the Welsh Ministers. As recommended by the Safeguarding Advisory Panel, regulations will specify that reports must include:

- details of the work of the National Board during the year;
- how the National Board has engaged with service users and members of the public;
- an overview of safeguarding in Wales;
- improvements noted in the practice of Safeguarding Boards across Wales; and
- evidence of how the National Board has challenged practice and facilitated improvement of Safeguarding Boards and the safeguarding practices of relevant partners.

WORK TO DATE

The Deputy Minister for Social Services established the Safeguarding Advisory Panel in July 2013 to provide expert advice to the Welsh Government on strengthening safeguarding arrangements for adults and children in Wales. The panel undertook a detailed process of engagement with organisations and professional staff in the public, independent, private and third sectors. Alongside key strategic meetings, a series of workshops have been held and a national event. The Panel's first report was submitted to the Deputy Minister in November and focused on the regulations and guidance which have to be produced as a result of the Social Services and Well-being Bill, including in relation to regulations under s123.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister for Social Services and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being Bill.

OTHER CONSIDERATIONS:

None.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Part 7 of the Bill includes a range of provisions that seek to strengthen safeguarding arrangements in Wales. Included among these provisions is a range of regulation making powers, notably in relation to the functions and membership of Safeguarding Adults and Children Boards, the details of which will have a direct implication on the work of the National Board.

REGULATIONS RELATING TO:	Safeguarding - Safeguarding Board Areas
BILL PART:	7
SECTION:	124(1)
DESCRIPTION OF THE POWER/REGULATION	
To establish those areas in Wales for which there are to be Safeguarding Boards, referred to as 'Safeguarding Board areas'.	
WHY THE REGULATION POWER IS REQUIRED	
<p>Section 124 provides for the establishment of Safeguarding Children and Adults Boards in particular areas. This is to enable multi agency safeguarding partnerships that were previously, and in some cases still are, operating in each local authority area such as Local Safeguarding Children Boards (under the Children Act 2004 and the accompanying statutory guidance <i>Working Together</i>) and Area Adult Protection Committees (under Social Services Act 1970 section 7 guidance <i>In Safe Hands</i>) to form new larger Safeguarding Children and Safeguarding Adults Boards for the purpose of cooperation.</p> <p>This is intended to ensure the most effective framework possible to support the high levels of collaboration and multi-agency working required to ensure effective safeguarding and protection.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulation power must specify the geographic areas to be covered by a Safeguarding Children and a Safeguarding Adults Board.	
POLICY INTENTION OF THE REGULATIONS	
The Deputy Minister for Social Services has said that Safeguarding Boards would be established based on the public service delivery footprint (6 areas) accepted by the Welsh Government Cabinet and the Partnership Council as being appropriate for the delivery of co-ordinated public services – these are North Wales, Gwent, Mid and West Wales, Cwm Taf, Cardiff and the Vale and Western Bay.	
WORK TO DATE	
The Deputy Minister for Social Services established the Safeguarding Advisory Panel in July 2013 to provide expert advice to the Welsh Government on strengthening safeguarding arrangements for adults and children in Wales. The panel undertook a detailed process of engagement with organisations and professional staff in the public, independent, private and third sectors. Alongside key strategic meetings, a series of workshops have been held and a national event. The Panel's first report was submitted to the Deputy Minister in November 2013 and focused on the regulations and guidance which have to be produced as a result of the Social Services and Well-being (Wales) Bill, including in relation to regulations under section 124.	

The Panel included discussion on Safeguarding Board areas within a workshop with stakeholders in September 2013. The need for consistency and stability to fit with the operational delivery of key services was considered important, alongside a need to future-proof arrangements to prevent future realignment of Safeguarding Boards or their members once they were established.

Following a Written Statement by the Deputy Minister encouraging progress on the new Safeguarding Board structure in October 2011, a number of Boards are already operating within the regional public service delivery footprint.

- Cwm Taf has a Safeguarding Adults and a Safeguarding Children Board.
- Western Bay has a Safeguarding Adults and a Safeguarding Children Board.
- North Wales Safeguarding Children Board is in place with ongoing discussions in relation to the arrangements across North Wales for the Safeguarding Adults Board.
- Mid and West Safeguarding Children Board is in place.
- The Gwent Safeguarding Adults Board and the South East Wales Safeguarding Children Board are in place
- Cardiff and Vale Safeguarding Children Board is in place.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister for Social Services and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Safeguarding Children Forum report (2011) and the Simpson report (2011) recognised that partnership and collaboration would be more sustainable on a larger geographical footprint than that currently operated; suggesting that there was merit in reconfiguring the current structure of Local Safeguarding Children Boards to align with the current Local Health Board structures.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being Bill.

The Ministerial Statement in October 2011 announced that the new Safeguarding (and Protection) Boards should match the proposed Public Service Delivery footprint of six, on the geographic areas of North Wales, Gwent, Mid and West Wales, Cwm Taf, Cardiff and the Vale and Western Bay. The collaborative footprint for public services was agreed by the Welsh Government Cabinet in July 2011 and was presented to the Partnership Council in the same month.

Safeguarding and Protection of People at Risk - the Deputy Minister's statement on 7 November 2013 reinforced these earlier messages - "this coherent, common footprint will enable and support joint working across local government, health and police services, reducing complexity and duplication."

The Safeguarding Advisory Panel report (November 2013) submitted to the Deputy Minister states *It is recommended that Safeguarding Board areas should be defined in such a way as to "future" proof them against frequent changes and so as to ensure their areas are compatible with the operational delivery of key services (Recommendation 25).*

OTHER CONSIDERATIONS:

Future-proofing the regulation against any change to the public service footprint.

Regulations are to be supported by statutory guidance.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

A link to be aware of, rather than inter-dependency to, section 124(3) which states the Safeguarding Board area, once determined, will need to have a lead partner identified, who must then establish the Safeguarding Board for that area.

REGULATIONS RELATING TO:	Safeguarding - Safeguarding Board Lead Partner
BILL PART:	7
SECTION:	124(3)
DESCRIPTION OF THE POWER/REGULATION	
<p>Regulations under this section will enable Welsh Ministers to establish, after consultation with Safeguarding Board partners, the lead partner of a Safeguarding Adults and Safeguarding Children Board.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>Section 124 provides for the establishment of Safeguarding Children and Adults Boards. The provisions set out the specific bodies that are required to be Safeguarding Board partners and require that, following consultation with Safeguarding Board partners, Welsh Ministers must by regulations specify a lead partner for Safeguarding Boards. Without these regulations it will not be possible to regulate the lead partner for Safeguarding Children and Safeguarding Adults Boards.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulation will specify a lead partner for the Safeguarding Board area from one of the following agencies (listed under section 124(2)):</p> <ul style="list-style-type: none"> • the local authority • the chief officer of police • a Local Health Board; • an NHS Trust; and <p>a provider of probation services (where required to act as a Safeguarding Board partner by arrangements under section 3(2) of the Offender Management Act 2007).</p> <p>The functions of the Safeguarding Board at section 125 (3) state <i>A Safeguarding Board must seek to achieve its objective by co-ordinating and ensuring the effectiveness of what is done by each person or body represented on the Board.</i> This reflects a collective responsibility rather the lead partner being responsible solely for the Safeguarding Board. The regulations may need to clarify what is meant by lead partner alongside this collective objective.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>Regulations must specify a safeguarding board partner as the lead partner in relation to children for the area and also specify a safeguarding board partner as the lead partner for adults in the area.</p> <p>The regulation should indicate whether the lead partner is permanent or has a rotating tenure (and be subject to further consultation). Where the regulation indicates the lead partner is not permanent, parameters may be specified as to the length of tenure; as a minimum or maximum length. This would seek to ensure that the period is sufficiently long to ensure consistency of approach but not too long, so as to become unduly onerous on any one lead partner. Statutory guidance will ensure that there is a seamless handover between authorities at the end of each period of office.</p>	

Regulations may specify that the lead partner has the responsibility to chair the Safeguarding Board.

WORK TO DATE

The Deputy Minister for Social Services established the Safeguarding Advisory Panel in July 2013 to provide expert advice to the Welsh Government on strengthening safeguarding arrangements for adults and children in Wales. The panel undertook a detailed process of engagement with organisations and professional staff in the public, independent, private and third sectors. Alongside key strategic meetings, a series of workshops have been held and a national event. The Panel's first report was provided to the Deputy Minister in November and focused on the regulations and guidance which have to be produced as a result of the Social Services and Well-being Bill, including in relation to regulations under section 124(3).

The Panel's engagement between August and November 2013 included a workshop held on in September 2013, which considered lead partners. The workshop discussion demonstrated consensus for the lead partner to be a local authority, however participants were made aware that Welsh Government would consult the Safeguarding Board partners prior to regulation. Safeguarding Children: Working Together under the Children Act 2004 indicates each local authority should take lead responsibility for the establishment and effective working of Local Safeguarding Children Boards.

Engagement activity identified a lack of clarity in relation to understanding of the role of lead partner, who establishes the Safeguarding Board, and that of Safeguarding Board chair, and further examination and clarification is required.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister for Social Services and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthen safeguarding arrangements in Wales, including via the Social Services and Well-being Bill.

The Safeguarding Advisory Panel report includes within recommendation 26 a limitation of a three year duration for a lead partner, where the lead partner role is to be rotated.

In addition, Recommendation 27 advises that regulations specify and guidance includes working examples which:

- *Further clarifies the role of the Lead Partner*
- *Defines the role of local authorities which are members of the Safeguarding Boards but are not the Lead Partner*
- *Defines clearly the role and responsibilities towards the Safeguarding Boards of all statutory partners and other persons or bodies which are represented on the Boards*
- *Establishes the role of chair and vice chair for all Safeguarding Boards and sets out their relevant functions and responsibilities to the Safeguarding Board and to the National Board and*
- *Defines clear lines of accountability for all Safeguarding Board members so that both Board members and the public know to whom they are accountable.*

Matters of accountability within *Safeguarding Children: Working Together under the Children Act 2004* clarifies that Safeguarding Boards are accountable for their work to their main constituent agencies.

OTHER CONSIDERATIONS:

Regulations are to be supported by statutory guidance.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Links to sections 124(7) and (8) which highlight that regulations under subsection 6 (b) *may only specify a person or body as a safeguarding Board partner if that person or body exercises functions under an enactment in relation to children in wales or as the case may be adults in Wales*, therefore regulations relate to section 124(2) of section 124 and must list the partners as set out in section 124(2)(a) to (e).

Links to section 125(3) and 125(4)(a&b) -the Safeguarding Advisory Panel considered the mandatory duty under section 125 (3) of the Bill placed on the Boards *to co-ordinate and ensure the effectiveness of what is done by each person or body represented on the Board*. To fulfil that duty, the Safeguarding Advisory Panel agreed that regulations would be needed under section 125(4)(a) and (b) of the Bill. Regulations will need to provide a concise and clear definition of each member's responsibilities towards their Board. Further, those regulations will need to allow the Board, and on occasion the Lead Partner, through its representative, to ensure other members of the Board to fulfil their duties and responsibilities in relation to the Board.

Recommendation 30 advises that the Lead Partner should have the power to ensure that other Safeguarding Board members fulfil their duties and responsibilities to the Board

REGULATIONS RELATING TO:	Safeguarding – Safeguarding Board Partners
BILL PART:	7
SECTION AND SUB-SECTION:	124(6)(b)
DESCRIPTION OF THE POWER/REGULATION	
<p>The regulation provides for the addition of representatives of other persons or bodies as Safeguarding Board partners.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>The power is required to ensure that, in addition to the statutory membership of Boards provided for in 124(2), representation on the Safeguarding Board comprises individuals and organisations that can make a contribution to the safeguarding and protection arrangements which are the responsibility of Safeguarding Boards within their area.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulations can require partners, in addition to those set out in section 124(2), to provide a representative of their agency to participate in the work of the Safeguarding Board.</p> <p>The regulations could include other local organisations such as:</p> <ul style="list-style-type: none"> • Faith groups • Independent and third sector providers • In areas where they have significant local activity the armed forces in relation to the families of service men, women and their children. <p>The regulations can provide the basis for related arrangements which can be set out in following guidance to encompass agencies or organisations that cannot sit on the Board. For example, as regulators are part of the Welsh Government they are unable to formally be Board members, but need to be connected to the work of the Safeguarding Board and the Safeguarding Board Partners. This mirrors <i>Safeguarding Children: Working Together under the Children Act 2004</i> for Local Safeguarding Children Boards.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>To ensure that suitable organisations within the Safeguarding Board area can contribute to the work of the Boards.</p>	
WORK TO DATE	
<p>The Deputy Minister for Social Services, Gwenda Thomas AM, established the Safeguarding Advisory Panel in July 2013 to provide expert advice to the Welsh Government on strengthening safeguarding arrangements for adults and children in Wales. The Panel has undertaken a detailed process of engagement with</p>	

organisations and professional staff in the public, independent, private and third sectors. Alongside key strategic meetings, a series of workshops have been held and a national event. The Panel's first report was provided to the Deputy Minister in November and focused on the regulations and guidance which have to be produced as a result of the Social Services and Well-being (Wales) Bill, including in relation to regulations under s124(6)(b) regarding Safeguarding Board partners.

The Safeguarding Advisory Panel engagement included a workshop held on 26 September 2013 which considered additional partners which might be included by virtue of sec 124(6)(b) such as the Prison Service; the Fire Service. It is noted that discussions with UK Government are required in relation to non devolved agencies.

Discussion regarding Elected Members becoming part of Safeguarding Boards during the Safeguarding Advisory Panel engagement at the Social Services Policy Group and with a range of stakeholders, led to a view that elected members should not be discretionary members of Safeguarding Boards. The overarching desirability of having a consistent approach across all Safeguarding Board areas extends further in relation to Executive Board Members for local health boards, Probation and the Police Crime Commissioner who should not be eligible for membership of Safeguarding Boards as recommended by the Safeguarding Advisory Panel.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister for Social Services and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being (Wales) Bill.

OTHER CONSIDERATIONS:

Regulations are to be supported by statutory guidance

INTERDEPENDENCIES AND LINKS TO OTHER POWER/REGULATIONS:

Potential link with section 124(9) and (10) which gives Boards the discretion to appoint members and 125 (4)(c) which provides for regulations which must specify when and how children and adults who are, or may be, affected by the exercise of a Safeguarding Board's functions must be given the opportunity to participate in the Board's work. The Rights of Children and Young Persons (Wales) Measure 2011, ensures that all regulations and guidance drafted recognises the rights of children. On

a practical level too, in relation to children there are already in place mechanisms such as school councils and junior Local Safeguarding Children Boards through which the voice of the child could be heard on a Safeguarding Board. There are no such Measures or structures to represent vulnerable adults.

Given the diversity of ages and needs of adults at risk, consideration needs to be given as to how they are to be given an effective voice on Safeguarding Adults Boards.

REGULATIONS RELATING TO:	Safeguarding – Safeguarding Boards Functions and Procedures.
BILL PART:	7
SECTION AND SUB-SECTION:	125 (4)
DESCRIPTION OF THE POWER/REGULATION	
To set out Safeguarding Board functions relating to its objectives, procedures to be followed and how Boards should ensure user involvement and participation in their work.	
WHY THE REGULATION POWER IS REQUIRED	
Section 124 provides for the establishment of Safeguarding Children and Adults Boards. The Welsh Ministers must make regulations to provide for the Safeguarding Board to have functions relating to its objectives. Regulations under this section (125) can ensure minimum standards and consistency across Wales in relation to Safeguarding Board structure, quality, user engagement and activity/outcomes.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulations can set out the procedures the Safeguarding Board must follow in relation to its own business, how Boards should work with the National Independent Safeguarding Board (established under section 116) and other existing local partnerships to improve safeguarding arrangements, and set out standards that Safeguarding Boards must achieve to ensure that they are being effective. The regulations can also set out how users of services can participate in the work of Safeguarding Adults and Safeguarding Children Boards.	
POLICY INTENTION OF THE REGULATIONS	
<p>The regulations may make provision regarding the functions of Safeguarding Boards in relation to:</p> <ul style="list-style-type: none"> • safeguarding and protection activities including child practice reviews and their equivalent in adult safeguarding, thematic reviews and investigations, and review of the efficacy of the measures taken by each person or body represented on the Board to coordinate what they do for the purposes of safeguarding and protection within the area of the Safeguarding Board (s125 (4)(a)). • Measuring performance. • Matters of compliance between Safeguarding Board members (s125 (4)(b)). • Development of procedures regarding safeguarding and protection and professional abuse and information sharing. • Review, delivery and evaluation of training. • Safer recruitment. • Education. • Raising awareness through the Board’s area of the need to safeguard adults and children, including the provision of information. • Engagement with users in relation to the work of Safeguarding Boards (s125 	

(4)(c).

- Public engagement.
- Engagement with the National Independent Safeguarding Board

WORK TO DATE

The Deputy Minister for Social Services, Gwenda Thomas AM, established the Safeguarding Advisory Panel in July 2013 to provide expert advice to the Welsh Government on strengthening safeguarding arrangements for adults and children in Wales. The panel undertook a detailed process of engagement with organisations and professional staff in the public, independent, private and third sectors. Alongside key strategic meetings, a series of workshops have been held and a national event. The Panel's first report was provided to the Deputy Minister in November and focused on the regulations and guidance which have to be produced as a result of the Social Services and Well-being Bill, including in relation to regulations under section 125 (4).

The Safeguarding Advisory Panel considered, during two workshops in September 2013, the way in which a Safeguarding Board would meet its overall objective through its functions. The balance between the core protection business of a Safeguarding Board and its wider safeguarding functions was discussed and a recommendation was made that a framework for the objectives of Safeguarding Adults Boards and Safeguarding Children Boards are laid down in regulations which focuses the work of these Boards on protection as their core business, with a graded approach whereby the Board's would gradually incorporate wider safeguarding functions into their responsibilities (Recommendation 35).

The Safeguarding Advisory Panel noted the need for procedures to be set out in regulations to address matters of compliance between members of the Safeguarding Boards (Recommendation 38).

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported by August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister for Social Services, Gwenda Thomas AM and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being (Wales) Bill.

OTHER CONSIDERATIONS:

Regulations are to be supported by statutory guidance

INTERDEPENDENCIES AND LINKS TO OTHER REGULATIONS:

Functions of Safeguarding Boards are referenced in many other sections of the Bill:

Section 126(1) requires that before the beginning of each financial year a Safeguarding Board must publish a plan (its annual plan) setting out its proposals for achieving its objectives in that year.

126(2) stipulates that no later than 31 July of each year, the Safeguarding Board must publish a report.

126(3) provides that regulations may make further provision about the making of plans and reports under this section (including provision about their form and content and how they are to be published)

129 (1) A Safeguarding Board must cooperate with the National Board, and must supply the National Board with any information it requests.

129 (2) regulations may make provision as to the functions of safeguarding board partners relating to the Safeguarding boards on which they are represented.

129 (3) a Safeguarding Board partner must, in exercising its functions relating to a Safeguarding Board, have regard to any guidance given by the welsh ministers.

129 (4) Each Safeguarding Board partner must take all reasonable steps to ensure that the Safeguarding Board on which it is represented operates effectively

127 (1) provides that the Safeguarding Board may ask for the supply of specified information.

REGULATIONS RELATING TO:	Safeguarding – Safeguarding Boards: annual plans and annual reports
BILL PART:	7
SECTION AND SUB-SECTION:	126(3)
DESCRIPTION OF THE POWER/REGULATION	
To provide for the detailed arrangements for the production of Safeguarding Children and Safeguarding Adults Boards' plans and reports under this section (including provision about their form and content and how they are to be published).	
WHY THE REGULATION POWER IS REQUIRED	
<p>Section 124 provides for the establishment of Safeguarding Children and Adults Boards. Regulations may ensure Safeguarding Boards' annual plans and annual reports include required content and demonstrate the Safeguarding Boards' effectiveness in protecting children and adults within the Safeguarding Board area.</p> <p>The purpose of the regulation power is to ensure that annual plans are a useful and practical tool for evaluation and accountability purposes and demonstrate how Safeguarding Boards account to National bodies, inspectorates and to the public.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulation will ensure Safeguarding Boards' annual plans and annual reports are published as directed and on a consistent basis across Wales.	
POLICY INTENTION OF THE REGULATIONS	
<p>The regulations should:</p> <ul style="list-style-type: none"> • set out what is to be included in Safeguarding Boards' annual plans • prescribe that the annual plan to be set for three years and that progress against the actions, objectives and deliverables should be recorded in the annual report • set out what is to be included in Safeguarding Boards' annual reports • prescribe how and where annual plans and annual reports are published • require that objectives set within the annual plan are based on population data and identified trends/needs within the Safeguarding Board area. <p>The Safeguarding Advisory Panel identified the following areas to be covered by the annual report:</p> <ul style="list-style-type: none"> • Membership of the Board - explicit commitment of Board members • General safeguarding context • Evaluated engagement methods • Clarity of methods used inclusive of users views • Evaluation of the effectiveness of the Board - Has it made a difference and, if so, how? Have agencies fulfilled their responsibility? 	

- Priority of issues raised to achieve cooperation and success
- Analysis of local population data to identify strategic priorities and target improvement
- Financial matters and funding achievements
- Case analysis, child and adult practice reviews, resulting themes and changes Implemented
- Sources of learning, dissemination across the Board area
- Provision of training provided and undertaken by the Board
- Key outcomes - the Board, subgroups, task & finish groups
- UK, national and local issues - how they impact on service users in Board area
- Implementation of National Board guidance and advice
- Communication methods

WORK TO DATE

The Deputy Minister for Social Services established the Safeguarding Advisory Panel in July 2013 to provide expert advice to the Welsh Government on strengthening safeguarding arrangements for adults and children in Wales. The panel undertook a detailed process of engagement with organisations and professional staff in the public, independent, private and third sectors. Alongside key strategic meetings, a series of workshops have been held and a national event. The Panel's first report was provided to the Deputy Minister in November and focused on the regulations and guidance which have to be produced as a result of the Social Services and Well-being Bill, including in relation to regulations under s126 (3).

The Safeguarding Advisory Panel facilitated a workshop on in September 2013 to consider the content of annual reports and annual plans and there was general consensus on the issues which plans and reports needed to cover, and this has been included in its report to the Deputy Minister. *The format of the Safeguarding Board annual plans and annual reports required should be prescribed by regulation to ensure consistency across Board areas and to enable effective national analysis and evaluation. One of the matters that must be included should be a report on any non-compliance by partners* (Recommendation 32).

The annual report and the annual plan must reflect the collective outcome of the Safeguarding Board rather than individual agencies' activity, therefore it was agreed that it is essential that the report should be developed from contributions from all statutory partners. The report recommended that regulations note that all statutory partners must contribute to the Safeguarding Board's annual report and annual plan (Recommendation 33).

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by

the Deputy Minister for Social Services and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being Bill.

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Section 125 functions and procedures of Safeguarding Boards one of which is to provide an annual plan and report.

Section 127 supply of information requested by Safeguarding Boards, which could include Safeguarding Board partners or others in order to develop the Board's annual plan or compile its annual report.

REGULATIONS RELATING TO:	Funding of Safeguarding Boards
BILL PART:	7
SECTION AND SUB-SECTION:	128(3)
DESCRIPTION OF THE POWER/REGULATION	
<p>This section provides for regulations to be made requiring payments to be made by a Safeguarding Board partner towards expenditure incurred by, or for purposes connected with, the Safeguarding Boards. Regulations may also provide for how the amount of those payments is to be determined (i.e. a funding model).</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>Current arrangements for the funding of Local Safeguarding Children Boards are problematic. Section 33 of the Children Act 2004 provides that:</p> <p><i>(1) Any person or body specified in subsection (3) may make payments towards expenditure incurred by, or for purposes connected with, a Local Safeguarding Children Board established under section 31—</i></p> <p style="padding-left: 40px;"><i>(a) by making the payments directly; or</i></p> <p style="padding-left: 40px;"><i>(b) by contributing to a fund out of which the payments may be made.</i></p> <p><i>(2) Any person or body specified in subsection (3) may provide staff, goods, services, accommodation or other resources for purposes connected with a Local Safeguarding Children Board established under section 31.</i></p> <p>In practice, the local authority has tended to provide the majority, if not all, of the funding. Evidence suggests that a lack of adequate funding and suitable “buy in” from partners limits their capability to fulfil their responsibilities although, currently, this is not a major safeguarding issue.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulations can determine who should make payments to Safeguarding Boards, i.e. statutory partners, and can determine a formula which sets out the amount each partner should contribute.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>Stakeholders have expressed the view that leaving statutory partners with discretion on whether to contribute to the running costs of Safeguarding Boards is unacceptable as it does not provide a stable financial position from which Boards could hope to become effective. These views have been expressed mainly from local government and the third sector although the police have indicated that they would be more likely to contribute if there was a more consistent approach across Wales. Currently, research suggests that prior to the move to the new Safeguarding Board footprint, partners from the health sector and the police contribute to less than half of the Boards across Wales.</p> <p>Evidence suggests that once agencies are financially invested in the running of Boards, this will have a positive impact on their involvement in, and commitment to, the operation and activity of the Board.</p>	

The intention of this regulation is to reduce the burden of funding which currently falls to local authorities and ensure that all statutory partners make a contribution to the running costs of Safeguarding Boards and that their contributions are consistent across Wales.

WORK TO DATE

This issue was considered by the Welsh Safeguarding Forum, and the Health, Wellbeing and Local Government Committee in its examination of Local Safeguarding Children Boards in Wales. It was also addressed on the consultation document on the safeguarding Bill provisions and was discussed widely at both the consultation engagement events which were held in 2012 and the Bill engagement events that were held in April 2013.

The Safeguarding Advisory Panel has also considered this issue and has sought stakeholder views at a Task and Finish Group meeting. The Panel has recommended that a funding framework be developed and specified in regulations.

We are also in discussion with the UK Government on this issue, because of the potential impact on non-devolved bodies.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister for Social Services and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being Bill.

The Deputy Minister affirmed her commitment to reducing the financial burden currently placed on local authorities in her evidence to the Health and Social Care Committee on 6 June 2013.

OTHER CONSIDERATIONS:

The Bill provides for the police and the Probation Service to be statutory members of Safeguarding Boards and the budgets for each police area are controlled by the Police and Crime Commissioners. The Welsh Government cannot legally impose duties on these organisations to contribute to the running costs of the Boards and

consideration needs to be given to how contributions could be sought.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Technically these regulations are not interdependent with other regulations however, it should be noted that, should boards not be funded effectively, it is likely to have a debilitating impact of their ability to meet the obligations being imposed on them by other regulations.

REGULATIONS RELATING TO:	Functions of Safeguarding Board partners
BILL PART:	7
SECTION AND SUB-SECTION:	129(2)
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 129(2) allows regulations to be made that make provision as to the functions of Safeguarding Board partners relating to the Safeguarding Boards on which they are represented.</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>Section 124 and 125 provides for regulations to be made creating Safeguarding Children and Safeguarding Adults Boards, their functions and specifying the areas for which there are to be Boards and who should be members of Boards. Evidence suggests that, although most of the current Local Safeguarding Children Boards are working adequately, improvements need to be made to the relationships between statutory board members, particularly in the area of communication and information sharing.</p> <p>This regulation power is needed to outline the functions of each partner that will make up the statutory membership of the Board, in relation to the functions of Safeguarding Boards to ensure Board members understand the role they play; thus ensuring the boards are fit for purpose and operate effectively.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>This power can specify the role each Safeguarding Board partner will play to ensure the effectiveness of that Board, and the nature of their relationship with other Boards.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>The policy intent of this regulation is to ensure that statutory Safeguarding Board partners understand fully the role they play on the Boards and the functions they need to fulfil. It is intended that this will ensure full compliance and understanding between board partners and strengthen safeguarding arrangements for both adults and children.</p>	
WORK TO DATE	
<p>The functions relating to Safeguarding Boards were considered by the Welsh Safeguarding Forum in its 2011 report and in the consultation on the provisions of the Social Services and Well-being (Wales) Bill. This issue has been discussed at both the consultation engagement events which were held in 2012 and the Bill engagement events that were held in April 2013.</p> <p>The Safeguarding Advisory Panel has also considered this issue and has sought stakeholder views at a Task and Finish Group groups. The Panel has recommended that matters of compliance between members of the safeguarding boards be set out in regulations.</p>	

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister for Social Services and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being Bill.

The Deputy Minister has made no specific public comment on this specific regulation but has committed to ensuring that agencies work together effectively to safeguard those most at risk from harm.

OTHER CONSIDERATIONS:

The Bill provides for the police and the Probation Service to be statutory members of Safeguarding Boards and consideration will need to be given to the types of duties the National Assembly can impose on non-devolved organisations.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

These regulations are interdependent on regulations being made under section 124(1), (3) and (6) and section 125(4).

REGULATIONS RELATING TO:	Mergers of Safeguarding Children and Safeguarding Adults Boards
BILL PART:	7
SECTION:	130
DESCRIPTION OF THE POWER/REGULATION	
Section 130 provides for the Welsh Ministers to make an order requiring Safeguarding Children and Safeguarding Adults Boards to merge in their area.	
WHY THE REGULATION POWER IS REQUIRED	
The Bill provides the statutory framework to deliver the Welsh Government's commitment to integrate social services to support people of all ages, thus promoting an equitable approach in the provision of services. Currently the Bill provides for the establishment of separate Safeguarding Boards for adults and children and, in keeping with the equitable framework outlined in the Bill, this power is required to enable Boards to merge in the future to create Safeguarding Boards for people.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The power can by Order require Safeguarding Children and Safeguarding Adults Boards in each area to merge to form Safeguarding Children and Adults Boards.	
POLICY INTENTION OF THE REGULATION	
<p>The Welsh Government is committed to removing the notion that adults and children have competing needs and priorities based on age. The possible merger of Boards would reflect the people model inherent within the Bill, and will also reflect the arrangements that will exist at national level.</p> <p>Mergers will only happen when it can be demonstrated that to do so will improve safeguarding arrangements for everyone. There are no current plans to legislate.</p>	
WORK TO DATE	
The prospect of Safeguarding Boards covering both adults and children was raised by the Welsh Safeguarding Forum which reported in August 2011. Views were sought on the proposals as part of the consultation on provisions to be contained in the Social Services and Well-being (Wales) Bill. The matter was discussed at the consultation engagement events which were held in 2012 and the Bill engagement events that were held in April 2013. This provision has not formed part of the work of the Safeguarding Advisory Panel, established by Ministers to consider the development of regulations and guidance associated with the safeguarding provisions of the Bill.	
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:	
Safeguarding arrangements, and the work of Local Safeguarding Children Boards, have received considerable scrutiny in recent years. The Welsh Safeguarding Forum was established by the Deputy Minister and reported in August 2011, and the Health, Wellbeing and Local Government Committee also conducted an inquiry into the work of Local Safeguarding Children Boards, to which the Deputy Minister responded. The	

Protection of Vulnerable Adults Project Board was established in February 2008 by the Deputy Minister for Social Services and considered how existing adult protection arrangements in Wales should be strengthened. The Board reported in February 2011.

The Deputy Minister has made a series of Written Statements on 7 November 2013, 18 October 2012 and 18 October 2011 in relation to her approach to strengthening safeguarding arrangements in Wales, including via the Social Services and Well-being Bill.

The Health and Social Care Committee's report at Stage 1 scrutiny recommended that the provision be removed. The Deputy Minister rejected the recommendation but agreed that, should the Welsh Government seek to legislate on this issue in the future, it will be subject to a super-affirmative procedure

OTHER CONSIDERATIONS:

None at the moment because there are no plans to legislate.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Technically, this is a stand-alone power which is not interdependent on other regulations. However, section 124 provides for regulations to be made creating Safeguarding Children and Safeguarding Adults Boards and this power cannot be exercised if Boards are not established.

REGULATIONS RELATING TO:	The role of Directors of Social Services
BILL PART:	8
SECTION	134 (3)
DESCRIPTION OF THE POWER/REGULATION	
The Welsh Ministers must specify the competencies for the role of the Director of Social Services	
WHY THE REGULATION POWER IS REQUIRED	
The Bill provides for a local authority to appoint an officer, to be known as the director of social services, for the purpose of its social services functions. Regulations (or a Code of Practice issued under section 135) are required to set out the key competencies for that role. The competencies are required to secure the delivery of the functions in Schedule 2.	
WHAT THE REGULATION POWER CAN ACHIEVE	
The regulation making power can specify the competencies for the purposes of Section 134(2) which says “A local authority may not appoint a person to be its director of social services unless it is satisfied that the person has demonstrated competencies specified by the Welsh Ministers.” These will need to be linked to the wider requirements of the Bill, particularly around voice and control and well-being. Given the new landscape that the Bill will put in place, there needs to be a focus on the role of the Director to achieve the social services functions set out in the Bill which include well-being, planning services for needs of the population, preventative services, information, advice and assistance, eligibility and assessment, safeguarding, collaboration and partnership, promoting social enterprise, integration between health and social care. The role of the Director is very much about leadership in the sector, ensuring that the duties set out in the Bill are fulfilled across the whole local authority. We see that the regulations can achieve clarity and transparency around competencies but we also see the need for a Code of Practice under section 135 – power to issue Codes. We see this Code of Practice as an update of the Statutory Guidance on the Role and Accountabilities of the Director of Social Services – which goes considerably wider than competencies.	
POLICY INTENTION OF THE REGULATIONS	
To identify the key areas where competencies are required. The Code of Practice will provide a framework for more detailed guidance which will focus on the role and status of the Director, the relationship with the wider local authority, with the NHS and the role of the DSS in relation to the overarching well-being duties.	
WORK TO DATE	
Review of extant guidance, review of arrangements across the UK, review of the CSSIW National Inspection in respect of the role of the statutory Director of Social Services, specifically commissioned rapid review including options and recommendations.	
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:	
Statutory guidance on the role and accountabilities of the Director of Social Services. Statutory guidance.	
http://wales.gov.uk/topics/health/publications/socialcare/guidance1/3188997/?lang=en	

Rapid review.
OTHER CONSIDERATIONS:
None
INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:
The competencies of the Director of Social Services are key to delivering the functions of social services – Schedule 2.

REGULATIONS RELATING TO:	Partnership arrangements
BILL PART:	9
SECTION:	156 (1)
DESCRIPTION OF THE POWER/REGULATION	
<p>To enable specific partnership arrangements to be made between local authorities or with local health boards. The regulations can set out which local authority or local health boards take part in the partnership arrangements. They can also specify the form and responsibility, operation and management of partnership arrangements, including the appointment and establishment of individuals or teams and make provision for the sharing of information.</p> <p>To enable specific partnership arrangements to be made by:</p> <ul style="list-style-type: none"> • Two or more local authorities. • One or more local authorities with one or more local health boards. <p>Partnership arrangements are for carrying out:</p> <ul style="list-style-type: none"> • Functions of a local authority which are specified in regulations as social service functions, or which have an effect on, or are affected by social service functions. • Functions specified in regulations of Local Health Boards or NHS Trusts. <p>The regulations may make provision:</p> <ul style="list-style-type: none"> • To specify the local authorities and local health boards to partake in the partnership arrangements. • About the form of partnership arrangements. • The responsibility, operation and management of partnership arrangements. • For local authorities and local health boards to carry out the function of partnership arrangements. • For the establishment of teams or appointment of people. • For the person or category of person for whom partnership arrangements are to benefit. • For the referral of people to services. • For sharing of information between local authorities, local health boards, teams and partnership boards. <p>These partnership arrangements do not affect:</p> <ul style="list-style-type: none"> • The liability of a local health board or local authority in relation to exercising their specific functions. • Any power of duty to recover charges in respect of services. <p>This will encompass provisions for Integrated Family Support Services (IFSS)</p>	
WHY THE REGULATION POWER IS REQUIRED	
<p>Whilst legislation has been in place since the Health Act 1999, the formation of and nature of partnership working has been slow and variable across Wales. The regulation power goes beyond the existing power in section 36 of the NHS (Wales) Act 2006 and the Local Government Measure 2009 as there would be no need to evidence inadequate exercise of functions or lack of co-operation.</p>	

<p>The regulation power will drive the establishment of effective partnership arrangements to ensure improved services, care and support.</p>
<p>WHAT THE REGULATION POWER CAN ACHIEVE</p>
<p>The power aims to establish effective partnership working between local authorities and with local health boards to provide improved services, care and support, through more effective use of resources.</p> <p>The power can specify which local authorities and local health boards should be within the partnership. It can also specify the form, responsibility, operation and management of partnership arrangements.</p>
<p>POLICY INTENTION OF THE REGULATIONS</p>
<p>The policy intent is to ensure the establishment of effective partnership working to enable the provision of improved services to better meet demand and the needs of people across Wales.</p> <p>Effective partnership working can:</p> <ul style="list-style-type: none"> • Improve outcomes for service users. • Improve access to services. • Avoid service fragmentation. • Improve the utilisation of resources, through multi-disciplinary team working. • Better manage demand for services.
<p>WORK TO DATE</p>
<p>The Framework of Services for People with Complex Needs has been published and consulted upon. A conference on the implementation of the Framework will be held on the 10th December. There will be some preliminary discussion about partnership arrangements at this conference. The Framework will be redrafted following the consultation and the conference and will include proposals concerning partnership arrangements.</p> <p>Considerable work has been undertaken in the past with advice notes and templates for formal partnerships.</p>
<p>RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:</p>
<p>Framework of Services for Older People with Complex Needs Making the Connections documents Commissioning Framework Guidance and Good Practice. Advice notes</p>
<p>OTHER CONSIDERATIONS:</p>
<p>Further discussion is required as to the contribution of partnerships to supporting the arrangements for assessment and care planning.</p>
<p>INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:</p>
<p>Link to regulations concerning 157, 158 and possibly assessment and care planning.</p>

REGULATIONS RELATING TO:	Resources for partnership arrangements
BILL PART:	9
SECTION AND SUB-SECTION:	157
DESCRIPTION OF THE POWER/REGULATION	
<p>The regulation focuses on a range of expenditure to support partnership arrangements.</p> <p>The local authority and local health board may:</p> <ul style="list-style-type: none"> • Pay towards expenditure incurred in relation to partnership arrangements by making payments directly or contributing towards a pooled fund. • Provide staff, goods, services, accommodation or other resources in relation to partnership arrangements. <p>Regulations may make further provision about the funding of partnership arrangements including:</p> <ul style="list-style-type: none"> • Requiring a local authority or local health board to establish and maintain a pooled fund. • Determining the amount of contribution to a pooled fund. • Expenditure for posts. • Expenditure for services provided and administrative related costs. 	
WHY THE REGULATION POWER IS REQUIRED	
<p>The progress towards funding and pooled budgets to support partnership working has been slow and variable across Wales. The regulation power, along with other powers within the Bill, aims to accelerate the pace and scale of partnership working to improve the services, care and support provided.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The power can require local authorities and local health boards to establish a pooled fund as part of their partnership arrangements. This supports improved ownership and greater transparency in relation to resources. This pooling of resources can enable a better response to meet the increasing demand on services by maximising the skills, knowledge and expertise of multi-disciplinary team working and to avoid duplication.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>The policy intent of the regulation is to ensure the most effective use of resources by local authorities and local health boards, by pooling their budgets for the provision of specific services in their local area.</p> <p>The purpose is to make more effective use of resources, including the establishment of joint multi-disciplinary teams and specific posts, to better meet the needs of people by providing more effective services, care and support.</p> <p>Pooling resources can support transparency and lead to improved information on the true costs of service provision. It can enable the partnership to allocate and utilise</p>	

resources to respond more effectively to need and service demand.

WORK TO DATE

Advice notes were developed previously on the development of formal partnerships and pooled budgets. There are also existing regulations which can be updated and applied to partnerships directed by Ministers.

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:

Advice notes on formal partnerships and pooled budgets
Existing regulations

OTHER CONSIDERATIONS:

Links to other legislation – Children Act 2004 – NHS Wales Act 2006

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

156 -159 (Partnership arrangements).

REGULATIONS RELATING TO:	Establishment and operation of Partnership Boards
BILL PART:	9
SECTION:	158 (1) & (2) Partnership Boards
DESCRIPTION OF THE POWER/REGULATION	
<p>The regulation focuses on the membership and operation of partnership boards, including objectives and functions, procedures, remuneration and allowances for members and the form, content, timing and publication of reports.</p> <p>Regulations may require a partnership board to be established by:</p> <ul style="list-style-type: none"> • One or more local authorities. • One or more local health boards. • One or more local authorities and one or more local health boards. <p>Regulations may make provision about:</p> <ul style="list-style-type: none"> • Membership of partnership boards. • Remuneration and allowances. • Objectives and functions. • Procedures to be followed. • Form, content, timing and publication of reports. 	
WHY THE REGULATION POWER IS REQUIRED	
<p>Partnership boards are the vehicle through which partners can manage and oversee the progress and performance of the partnership. The aim of the regulation is to permit the establishment of partnership boards and ensure appropriate membership and appropriate governance arrangements of the partnership board.</p>	
WHAT THE REGULATION POWER CAN ACHIEVE	
<p>The regulation power aims to ensure the effective establishment and operation of a partnership board, to oversee the partnership arrangements within a specific area.</p>	
POLICY INTENTION OF THE REGULATIONS	
<p>Partnership boards play a vital role in the oversight and governance of partnership arrangements. With the move towards pooled budgets and resources it is even more important to ensure effective governance and accountability arrangements are in place.</p> <p>The scale of the governance arrangements should be proportionate to the level of investment in the partnership. Nevertheless, for the most part, it is common practice for partner organisations to establish partnership boards to oversee the arrangements.</p> <p>Such boards are usually comprised of a combination of elected members of the local authority, NHS non-executive directors, and members of the local health board together with senior local authority and NHS managers, the voluntary sector, user and carer representatives. <u>It must be pointed out that such a partnership does not have executive decision-making powers.</u> Accountability lies with the representatives from those organisations that carry the statutory responsibility for the service according to the level of delegation agreed locally, often working together in a management group.</p>	

This should not undermine the important contribution of partnership boards to the overall governance arrangements. They offer an opportunity to involve local stakeholders and to enhance local community and democratic accountability. Partnership boards have a strategic advisory function in relation to the service that the partnership has been established to provide. To ensure that accountability is transparent and to avoid role confusion, partnership agreements should include clear terms of reference for partnership boards and their relationship to designated executive officers and other related management groups. The terms of reference should also make clear whether elected members and non-executive directors have delegated decision-making authority from councils and local health boards to act on their behalf (see also Delegation and Decision Making below).

The establishment of such a board would in the first instance require a decision on how best to secure the operational interface necessary to manage the partnership arrangements. For example, a partnership board could be charged with –

- setting the strategic direction for joint working by partner bodies;
- committing partner bodies to working together to deliver common objectives;
- confirming budget decisions to support joint planning and funding;
- monitoring the effectiveness of joint planning and working arrangements at local and scheme/project levels.

The partnership board would also –

- receive and respond to guidance from the Welsh Government on joint planning and priorities;
- influence, within the overall remit of the board, the individual service plans of each partner authority;
- seek to secure improved performance by partners individually and collectively;
- keep under review operational objectives and outcomes;
- monitor the proper and efficient use of public money devoted to joint services; and
- ensure proper accountability for the resources committed to joint working.

Organisations will continue to be accountable for their functions that are part of the partnership arrangements. It is therefore crucial that from the outset they should be clear about the aims and outcomes that are intended to be achieved by the partnership.

WORK TO DATE

Advice notes on partnership boards

RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:
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Advice notes Guidance IFSS

OTHER CONSIDERATIONS:

None

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

155 - 159 (Partnership arrangements)/

REGULATIONS RELATING TO:	Co-operation and partnership: Adoption Service Joint Arrangements
BILL PART:	9
SECTION AND SUB-SECTION:	160
DESCRIPTION OF THE POWERS/REGULATION	
Direction-making powers for the Welsh Ministers to direct local authorities to enter into joint arrangements in relation to their functions for the maintenance and operation of adoption services. It enables the Welsh Ministers to deliver on their policy ambitions in relation to a National Adoption Service (NAS), should local government action to deliver a NAS not prove fully effective.	
WHY THE REGULATION POWER IS REQUIRED	
The Welsh Government has committed to reform adoption services in Wales to promote adoption, increase the number of adopters and deliver high quality adoption support services in Wales. The Welsh Government has been working with local authorities and other partners to establish a National Adoption Service which will be owned and delivered by local government and its partners. The power will allow Welsh Minister to require local authorities to enter into joint arrangements should they not do so voluntarily.	
WHAT THE DIRECTION POWER CAN ACHIEVE	
<p>This direction power provides for joint working arrangements to be made in relation to adoption services. A new section (3A) will be inserted into section 3 of the Adoption and Children Act 2002 which will allow the Welsh Ministers to direct two or more local authorities to work together to provide specified adoption services. These services cover a wide range of functions relating to adoption and the provisions would enable the Welsh Ministers to:</p> <ul style="list-style-type: none"> • Require two or more local authorities to work in partnership to provide some or all of the full range of adoption services that they are required to maintain under section 3(1) of the Adoption and Children Act 2002. These include: <ul style="list-style-type: none"> ○ services for children who may be adopted, their parents and guardians ○ services for people who want to adopt a child ○ services for adopted people, their parents, natural parents and former guardians ○ and the requirement to operate arrangements for the adoption of children and the requirement to provide adoption support services. <p>The Welsh Ministers would be able to use the direction-making powers to specify joint working arrangements including, but not exclusively limited to, any of the following:</p> <ul style="list-style-type: none"> • setting up and maintaining a pooled fund, into which the co-operating authorities would make payments and from which payments would be made to meet the costs of the jointly-provided service • the provision of staff, goods, services, accommodation or other resources • determining what contribution (financial or otherwise) the participant authorities are to make towards the costs of working together • arrangements for the participating local authorities to work in conjunction with registered adoption societies • taking responsibility for operating and managing the joint working 	

<p>arrangements</p> <ul style="list-style-type: none"> • establishing and operating adoption panels, that make recommendations about <ul style="list-style-type: none"> ○ whether a child should be placed for adoption ○ whether a prospective adopter is suitable to adopt a child ○ whether a particular child should be placed for adoption with a particular prospective adopter • resolving complaints about services provided under the joint working arrangements • determining disputes between the authorities participating in the joint working arrangements
<p>Before making the directions the Welsh Ministers would be required to consult the local authorities that they intended to direct.</p>
<p>POLICY INTENTION OF THE DIRECTIONS</p>
<p>The direction-making power would give the Welsh Ministers a range of options as to how they chose to establish a National Adoption Service, should additional action be needed over and beyond local authorities' own plans to establish a NAS on a regional collaborative / nationally-led basis.</p> <p>The Welsh Government would wish to encourage local government to put in place its own plans for a NAS; and for this reason does not have immediate plans to use the direction-making powers. However, should local government plans falter, or require additional support from the Welsh Government to make them fully effective, the intention would be to deploy as many of these provisions as are required to establish the NAS in a timely and effective manner.</p>
<p>WORK TO DATE</p>
<p>The CYP Committee undertook an Inquiry into Adoption and took evidence from a range of stakeholders and Ministers. The Committee delivered its report and a series of recommendations for Welsh Government (November 2012). A multi-stakeholder Expert Advisory Group on Adoption was established to develop a National Adoption Service in Wales. ADSS and WLGA were tasked with developing a functional model for adoption services and this was discussed and agreed by the Expert Group (April 2013). WLGA, ADSS and third sector partners have been working on a business model for the new arrangements with implementation to take place at the earliest opportunity in 2014.</p>
<p>RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:</p>
<p>Sustainable Social Services – A Framework for Action; Programme for Government; Evidence provided to CYP Committee Inquiry into Adoption; Response to CYP Committee; Written statements – “Case for Change” (Dec 2012 and April 2013)</p>
<p>OTHER CONSIDERATIONS:</p>
<p>None</p>
<p>INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:</p>
<p>Adoption and Children Act 2002; Adoption Agencies (Wales) Regulations 2005</p>

REGULATIONS RELATING TO:	Ordinary Residence
BILL PART:	11
SECTION AND SUB-SECTION:	177
DESCRIPTION OF THE POWER/REGULATION	
<p>Section 177 sets out the rule of residency for a local authority's responsibility for a person who has care and support needs. It draws on provisions in section 24 of the National Assistance Act 1948 and section 105 of the Children Act 1989.</p> <p>It sets out the impact upon a person's ordinary residence status of a person moving in to the accommodation needed to meet the care and support needs, including accommodation provided under the NHS (Wales) Act 2006 i.e. a adult who would normally be accommodated in a care home as defined in Care Standards Act 2000, or a child accommodated under Part 6 of the Bill – i.e. a Looked After Child or other accommodated children.</p> <p>When any determination of the area of 'ordinary residence' of a child is undertaken, any period in which a child lives at a school or similar institution; according to a supervision order under the Children Act 1989; according to a youth rehabilitation order under Part 1 of the Criminal Justice and Immigration Act 2008; in accommodation provided by a local authority or a place specified in regulations, is to be disregarded.</p> <p>The effect is that, for children accommodated under Part 6, the local authority which first became responsible for the child remains the responsible corporate parent even in circumstances where the child is living out of the area in a residential care home, or school or with foster parents.</p> <p>Regulations under subsection (1) can specify the type or types of accommodation to which the "deeming" provisions of section 177 will apply. Where an adult is living in accommodation of a type specified in the regulations, they will be treated as being ordinarily resident in the area in which they were ordinarily resident immediately before they began to live in that accommodation. The effect of this provision is that where a local authority is responsible for meeting an adults needs for care and support and arranges for those needs to be met in accommodation of a specified type, the local authority will continue to be responsible for meeting the adult's needs, even if the accommodation is outside the local authority's area.</p> <p>Regulations under subsection (1) could, for example, have the effect that the "deeming" provisions in section 177 only apply where the adult is placed in a care home.</p> <p>Regulations under subsection (3) may make provision about whether an adult has a need for a particular type of accommodation. These regulations could set out how the local authority determines that an adult has needs for care and support which can be met only if the adult is living in accommodation of a specified type.</p> <p>Regulations under subsection (6)(e) may specify additional categories of accommodation, periods of residence in which must be disregarded when determining a child's ordinary residence status.</p>	

WHY THE REGULATION POWER IS REQUIRED
<p>Regulations under 177(1) are necessary to set out the types of accommodation that the local authority continues to be responsible for in the provisions of care and support for an adult even when the accommodation is out of the local authority area..</p> <p>Regulations under section 177(3) will provide a framework within which the local authority determines whether an adults needs can be met only if they are living in accommodation of a type specified in regulations under section 177(1)</p> <p>Regulations under section 177 (6)(e) will enable periods of residence in specified additional categories of accommodation, to be disregarded when determining a child's ordinary residence status.</p>
WHAT THE REGULATION POWER CAN ACHIEVE
<p>Regulations provide for future proofing of different accommodation types that may be provided</p>
POLICY INTENTION OF THE REGULATIONS
<p>Regulations will be made to prescribe Care Homes as defined under Care Standards Act 2002 to be of a specified type. This will ensure clarity regarding the responsible local authority for the continued provision of care and support to placements of adults outside their local authority area. It can extend to placements arranged by the local authority as well as to those that may be arranged directly by the citizen under a direct payment scheme.</p>
WORK TO DATE
<p>Work on cross-border ordinary residency provision:</p> <p>In collaboration with Department of Health and the devolved government of Scotland and Northern Ireland the Deputy Minister for Social Services has agreed a four nations cross-border solution for adult placements in residential and extended settings which clarifies:</p> <ul style="list-style-type: none"> • the accountable local authority for the provision and funding of care (including where there have been breaks in care i.e. hospital stays), • ways to manage any disputes, and • local authorities' abilities to provide direct payments <p>The Legislative Consent Motion (LCM) for the Care Bill that provided for cross border and other matters was considered by the HSSC, and approved by the National Assembly for Wales on November 26 2013.</p> <p>This will ensure that there is clarity about the responsibly of local authorities when adults are placed across the borders of the UK in care homes and other settings.</p> <p>For further information on the LCM see: http://www.assemblywales.org/bus-home/research/bus-assembly-publications-monitoring-services/bus-lcm_monitor/bus-lcm_monitor-2014.htm</p>
RELEVANT POLICY DOCUMENTS, MINISTERIAL STATEMENTS OR COMMITMENTS:
<p>Cross-border ordinary residency provision:</p>

Ministerial commitment to issue a written statement (early 2014) on the arrangements agreed with four UK national on cross border placements outside of Wales.

OTHER CONSIDERATIONS:

None.

INTERDEPENDENCIES AND LINKS TO OTHER POWERS/REGULATIONS:

Assessment, eligibility, care planning and review. [Sections, 16, 18, 21, 24, 26, 45 and 46 refer].

Social Services and Well-being (Wales) Act 2014

Introduction to the Act



- Social Services and Well-Being (Wales) Bill became an Act on 1st May 2014
- A new legal framework to bring together and modernise social services law
- Once in a generation opportunity to transform social services
- Takes effect from April 2016

Making social services sustainable

The Act:

- Addresses economic challenges
- Takes into account how the population is changing
- Gives people more control over their lives and their care and support

What needs to change?

- We are not helping people early enough, or stopping problems arising: this means that when people finally do get care it is of a more intensive and costly sort
- Too much time, skills and resources go into over-elaborate assessment which does not help people with the things they are concerned about or achieve the outcomes they want for themselves

A new approach

The fundamental principles of our new system are about:

People – putting an individual and their needs, at the centre of their care, and giving them a voice in, and control over reaching the outcomes that help them achieve well-being

Well-being – supporting people to achieve their own well-being and measuring the success of this care and support

Earlier intervention - increasing preventative services within the community to minimise the escalation of critical need

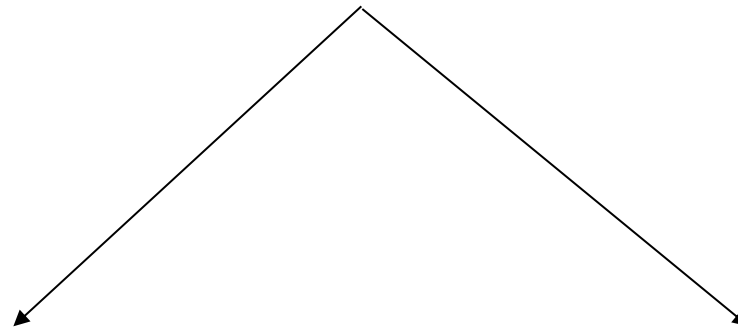
Collaboration – Strong partnership working between all agencies and organisations

What is in the new legislative framework?



The Social Services and Well-being (Wales) Act:

One law setting out powers and duties on local authorities and other bodies



Regulations:

Secondary legislation to be made under the Act and used where more detail or prescription is required

Codes of Practice:

Guidance with the force of law, to help people and organisations work within the new framework

What is in the Act?

The Act is made up of 11 main areas:

- 1 – Introduction
- 2 – General Functions
- 3 – Assessing the Needs of Individuals
- 4 – Meeting Needs
- 5 – Charging and Financial Assessment
- 6 – Looked After and Accommodated Children
- 7 – Safeguarding
- 8 – Social Services Functions
- 9 – Co-operation and Partnership
- 10 – Complaints, Representations and Advocacy Services
- 11 – Miscellaneous and General

What will be different?

- The individual gets the support they need in the way they want it
- A greater range of preventative services to keep people independent for longer
- LAs and LHBs work closely to better understand people's needs

Achieving implementation on the ground



- Local authorities and their partners will ensure successful implementation of the new approach
- Welsh Government provided a *Delivering Transformation Grant* last year to help them do this. This grant is going out again this year
- This will be led across six regions by joint leadership arrangements which will follow those in place nationally
- Welsh Government will provide training resources and support to help the workforce adapt to the changes, and lead communication with the public

The Timetable

Page 414

**Formal
consultation on two
tranches of draft
regulations and
codes of practice
From Nov 2014
and Summer 2015**

**Regulations and
codes to be made
in the National
Assembly
From Summer 2015**

**Staff training
2015 & 2016**

**Act “switch on”
April 2016**

Further Information

- Welsh Government

<http://wales.gov.uk/topics/health/socialcare/act/?lang=en>

- National Assembly for Wales

<http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=5664>

What next?

- Comments and questions welcomed

Topic	Wednesday 25.06.14 at 10.30am (CR1)	Monday 15.09.14 at 2.00pm (CR1)	Monday 08.12.14 at 2.00pm (CR4)	Monday 19.01.15 At 2.00pm (CR4)	Monday 23.03.15 at 2.00pm (CR4)	Monday 22.06.15 at 2.00pm (CR4)
Wales Audit Office	Regulatory Prog. Update & Fee information 2014/15	Audit of Financial Statement Report	Annual Improvement Report	1-2pm Audit/WAO to facilitate Self Asses't Exercise & Finance Service Review discussion	Annual Financial Audit Outline	Annual Improvement Report
	Corporate Assessment Report	Performance Audit Programme Update	Corporate Assessment – Milestones Update		Corporate Assessment – Milestones Update	Regulatory Prog. Update & Fee information 2015/16
		Corporate Assessment Report			Code of Audit Practice & Statement of Practice	
Treasury Management	Performance Report	Performance Report	Performance Report	Performance Report	Performance Report	Performance Report
		Annual Report	Half Year Report	Strategy 2014/15	Treasury Management Practices 2015/16	
Finance	Budget Update	Budget Strategy	Budget Update	Budget Update	Budget Update	Budget Update
	Draft Statement of Accounts for 2013/14					Draft Statement of Accounts for 2014/15
		Annual Report Statement of Accounts & Audit of Statements Report				
		Audit of the Financial Statement Report – Cardiff & Vale of Glamorgan Pension Fund				
Internal Audit	Qtr. 1 Progress Update (Deferred)	Progress update & deferred Executive Summaries	Half Yearly Progress Report	Qtr. 3 Progress Update	Qtr. 4 Progress Update	Qtr. 1 Progress Update
	Internal Audit Annual Report 2013-14 (Deferred)	Internal Audit Annual Report 2013-14		VFM Audits	Audit Strategy	Internal Audit Annual Report 2014-15
	A Consistent Approach to Non-Benefit Investigation Sanctions (Deferred)	A Consistent Approach to Non-Benefit Investigation Sanctions				Benchmarking & Comparative Data Matching
Governance and Risk Management	Annual Governance Statement		Organisational Development Plan (Cllr Bale/Chief Executive/MHamilton)		Draft Annual Governance Statement	Annual Governance Statement
	Corporate Risk Register		Corporate Risk Register			Corporate Risk Register
	Audit Committee Annual Report				Audit Committee Draft Annual Report	Audit Committee Annual Report
			Audit Committee Annual Self Assess't Review 2013-14	Audit Committee Self Assessment Exercise	Audit Committee Self Assessment Feedback/Action Plan	
			Information Governance Audit Report			
			Reflecting on Good Governance			
Operational matters / Key risks	Education • Risks & Challenges School's Governance (Dir)	Information Governance Audit Report (Deferred)	Bridges & Structures	Property and Procurement Delegations - effectiveness of new arrangements		Education - Annual Report on Governance in Schools (Director)
	HR People Services • Job Evaluation • PPD Update • Attendance & Wellbeing Policy, Annual Update			Invest to Save - Value for Money		Attendance and Wellbeing Policy - Annual Sickness Absence Update
	Health & Social Care - Risks & Challenges (Director)					PPDR Annual Update

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