
WALES AUDIT OFFICE: ANNUAL IMPROVEMENT REPORT 2018-19

Reason for the Report

1. To provide an opportunity for the Committee to consider the Wales Audit Office (WAO) Annual Improvement Report 2018-19, attached at **Appendix A**, and the Auditor General for Wales' judgement in respect of Cardiff Council.

Structure of the Papers

2. For clarification the papers appended to this cover report that support consideration of this item are as follows:

Appendix A – Annual Improvement Report 2018-19

Appendix 1- Status of the WAO report

Appendix 2 - Annual Audit Letter – 2018-19

Appendix 3 – National report recommendations 2018-19

Background

3. The Terms of Reference of the Policy Review and Performance Scrutiny Committee confer responsibility for scrutiny, monitoring and review of the overall operation of Cardiff's Programme for Improvement.

4. The Local Government Measure (2009) requires the Auditor General to audit the improvement planning and reporting arrangements of all Welsh councils, to assess whether each authority will meet its statutory continuous improvement duties.
5. This WAO Annual Improvement Report summarises the audit work undertaken within Cardiff Council since the last such report was published in 2018, and includes the outcome of the WAO improvement assessment work at all Welsh councils (at **Appendix 3 of Appendix A**)
6. The Auditor General is able to:
 - a. Make proposals to the Council for improvement;
 - b. Make formal recommendations for improvement;
 - c. Conduct a special inspection;
 - d. Recommend to Welsh Government Ministers that they intervene.
7. This year there were nine audit, regulatory and inspection pieces of work carried out since the last Annual Improvement Report, as follows:
 - a. An **Assurance and Risk Assessment** project to identify the level of audit assurance and/or where further audit work may be required in future years. Following this assessment the Auditor General has highlighted reviews of *financial sustainability*; *waste management*; and *social services budget and cost pressures*. (February 2019).
 - b. An examination of the extent to which the Council has acted in accordance with the sustainable development principle of the **Well-being of Future Generations Act (Wales) 2015 (WFG Act)** in developing and launching a new Transport and Clean Air Vision for the City. (July 2019)
 - c. The **Annual audit letter 2017-18** to the Leader summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice, published in November 2017. The

Annual Audit Letter can be found at Appendix 2 of Appendix A.
(December 2018)

- d. **Delivering Capital Ambition.** A review of the development and implementation of the Delivering Capital Ambition programme to provide assurance that the Council has suitable arrangements to enable it to address its financial and organisational challenges. (April 2019).
 - e. **Corporate Safeguarding Arrangements.** A review of the effectiveness of corporate safeguarding arrangements (June 2019)
 - f. **Environmental Health.** A review of the arrangements the council has put in place to deliver environmental health services.
(September 2019)
 - g. **Welsh Housing Quality Standard review (WHQS)** reviewing arrangements in place to enable the Council to maintain the Welsh Housing Quality Standard (WHQS) and address the number of acceptable fails. (October 2018)
 - h. **Wales Audit Office annual improvement plan audit.** A review of the Council's published plans for delivering on improvement objectives.
(April 2019 & June 2018).
 - i. **Wales Audit Office annual assessment of performance audit.** A review of the Council's published performance assessment. (August 2019 & November 2018)
8. In addition Care Inspectorate Wales published its assessment of the performance of adult and children's services and how it plans to review performance in the coming year in June 2019.
9. Over the year, Cardiff Council did not receive any formal recommendations following the above work, but it did receive a number of proposals for improvement, which can be found on **pages 6-8 of Appendix A**. The Council's progress will be monitored against these proposals for improvement, and against relevant recommendations made in WAO's national reports.

Wales Audit Office Findings

10. The Auditor General sets out in the WAO Annual Improvement Report 2018/19 that *“the Council is meeting its statutory requirements in relation to continuous improvement but faces challenges going forward’ and he believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20’.*

11. In addition to the bespoke inspections to Cardiff listed above, WAO published nine National audits and inspections carried out during the year as follows:

- Procuring Residual and Food Waste Treatment Capacity
- Local Government Services to Rural Communities
- Waste Management in Wales: Municipal Recycling
- Provision of LG Services to Rural Communities: Community Asset Transfer
- The maturity of local government in use of data
- Waste Management in Wales: preventing waste
- The effectiveness of local planning authorities in Wales
- The front door to adult social care

12. Further details of the recommendations within each of the above reports can be found at **Appendix 3 of Appendix A (pages 22-38).**

Way Forward

13. To facilitate the scrutiny, in attendance will be, Cabinet Member Finance, Modernisation & Performance, Councillor Chris Weaver; Chief Executive, Paul Orders; Corporate Director Resources, Chris Lee; and Head of Performance and Partnerships, Gareth Newell.

14. In line with its Terms of Reference to scrutinise the Council's Programme for Improvement the Committee is invited to consider the WAO Annual Improvement Report 2018/19, and internally challenge how effectively the Council is preparing for improvement. Members will receive a verbal update from the Chief Executive, looking ahead at tackling the challenges and proposals for improvement identified by the Auditor, and specifically the future of the Capital Ambition Programme in addressing the proposals to strengthen scrutiny and management arrangements of the Programme and link it to the Medium Term Financial Plan.

Legal Implications

15. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances

Financial Implications

16. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in

this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme.

However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- I. consider the Wales Audit Office Annual Improvement Report 2018-19;
- II. ensure that key issues highlighted during the scrutiny inform the Committee's Work Programme for 2019-20 ; and
- III. report any concerns, observations and recommendations to the Cabinet.

Davina Fiore

Director Governance & Legal

7 November 2019