

THE VALE OF GLAMORGAN COUNCIL

GOVERNANCE AND AUDIT COMMITTEE: 18<sup>TH</sup> JULY, 2024

REFERENCE FROM CABINET: 20<sup>TH</sup> JUNE, 2024

**“C40 VALE OF GLAMORGAN COUNCIL ANNUAL AUDIT SUMMARY 2023 (EL/PR) (SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) –**

The Leader presented the report, the purpose of which was to present the Vale of Glamorgan Council Annual Audit Summary 2023 (attached as Appendix A).

The report would be referred to Corporate Performance and Resources Scrutiny Committee and Governance and Audit Committee for consideration and the Leader looked forward to an in-depth discussion from both Committees with any recommendations or comments returned to Cabinet for further consideration.

This was a matter for Executive decision.

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

RESOLVED – T H A T the contents of the Vale of Glamorgan Council Annual Audit Summary 2023 be noted and the report be referred to the Corporate Performance and Resources Scrutiny Committee (17<sup>th</sup> July, 2024) and Governance and Audit Committee (18<sup>th</sup> July, 2024) with any recommendations/comments of the Committees being referred back to Cabinet thereafter.

Reason for decision

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

Attached as Appendix – Report to Cabinet: 20<sup>th</sup> June, 2024

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Thursday, 20 June 2024</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Vale of Glamorgan Council Annual Audit Summary 2023
Purpose of Report:	To present the Vale of Glamorgan Council Annual Audit Summary 2023 (attached as Appendix A)
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Rob Thomas, Chief Executive
Elected Member and Officer Consultation:	The Annual Audit Summary applies to the whole authority and informs Scrutiny Committees' annual work programme, the Cabinet annual work programme and the Council's improvement programme.
Policy Framework:	This is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The report presents the Auditor General Wales' Annual Audit Summary for the Vale of Glamorgan Council, outlining work completed since the last Audit Summary, issued in March 2023.</li> <li>• The contents of the Annual Audit Summary 2023 (appended at Appendix A of this report) were generally positive. Key conclusions include the following.</li> <li>• In relation to Audit of Accounts, the Auditor General Wales gave an unqualified true and fair opinion on the Council's financial statements for the 2022-23 period and issued the certificate confirming that the audit of accounts for 2022-23 has been completed.</li> <li>• The Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance and were consistent with the financial statements prepared by the Council and with Audit Wales' knowledge of the Council.</li> <li>• 11 recommendations were made in relation to specific local reviews on the Council's Use of Performance Information (2), Digital Strategy (5), Application of the Sustainable Development Principle in Service Areas (2) and the Planning Service's Governance Arrangements (2).</li> <li>• 'The Council's performance information provides senior leaders with a limited understanding of the service user perspective and the outcomes of the Council's activities', was the conclusion</li> </ul>	

drawn from the assurance and risk assessment review of the Council's use of performance information.

- The Council is taking the sustainable development principle into account in producing its Digital Strategy, and is developing arrangements to deliver the strategy, but needs to develop its monitoring arrangements.
- The Council's arrangements for ensuring service areas are applying the sustainable development principle are largely effective, although there is scope to further develop some elements.
- The review of the Council's Planning Service governance arrangements concluded that the Service clearly aligned to the corporate well-being objectives, has a supportive working culture and effectively supports the Council deliver its well-being objectives, but there are some gaps in governance arrangements, making some procedures unclear.
- In line with the Council's corporate performance management arrangements, consideration is given by relevant council services to the findings contained within both local and national reports as they are published, and actions incorporated within the Council's Insight Tracker throughout the year as appropriate. This is monitored via the Strategic Insight Board, Strategic Leadership Team, Scrutiny Committees, Governance and Audit Committee and Cabinet as work to address them progresses. Progress against our regulatory actions is also monitored by Audit Wales colleagues throughout the year as part of the Annual Regulatory Plan.
- It is recommended that Cabinet Members note the contents of Vale of Glamorgan Council Annual Audit Summary 2023 and refer the report to the Corporate Performance and Resources Scrutiny Committee (17th July, 2024) and Governance and Audit Committee (18th July, 2024) with any recommendations/comments of the Committees being referred back to Cabinet thereafter.

## **Recommendation**

1. That Cabinet notes the contents of the Vale of Glamorgan Council Annual Audit Summary 2023 and refer the report to the Corporate Performance and Resources Scrutiny Committee (17th July, 2024) and Governance and Audit Committee (18th July, 2024) with any recommendations/comments of the Committees being referred back to Cabinet thereafter.

## **Reason for Recommendation**

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

## **1. Background**

- 1.1 The Auditor General for Wales has a number of duties under the Local Government and Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015. To meet these duties, the Auditor General annually undertakes an audit of the Council's financial statements to make sure the public money is being accounted for, examines whether the Council has put in place arrangements to secure value for money for the resources it uses and seeks assurance that the Council is complying with the sustainable development principle when setting and taking steps to meet its well-being objectives.
- 1.2 The Annual Audit Summary outlines the audit work completed since the last Audit Summary, issued in March 2023 and covers all work undertaken by other inspection and regulatory bodies such as Estyn (Her Majesty's inspectorate for schools in Wales) and the Care and Social Services Inspectorate Wales (CSSIW).

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

- 2.1 **Appendix A** contains the Vale of Glamorgan Annual Audit Summary produced by Audit Wales which outlines the work completed since the last Audit Summary, issued in March 2023.
- 2.2 The report findings were generally positive and include the following key conclusions.
- 2.3 In relation to Audit of Accounts, the Auditor General Wales gave an unqualified true and fair opinion on the Council's financial statements for the 2022-23 period and issued the certificate confirming that the audit of accounts for 2022-23 has been completed.
- 2.4 The Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance and were consistent with the

financial statements prepared by the Council and with Audit Wales' knowledge of the Council.

- 2.5 'The Council's performance information provides senior leaders with a limited understanding of the service user perspective and the outcomes of the Council's activities', was the conclusion drawn from the assurance and risk assessment review of the Council's use of performance information.
- 2.6 The Council is taking the sustainable development principle into account in producing its Digital Strategy, and is developing arrangements to deliver the strategy, but needs to develop its monitoring arrangements.
- 2.7 The Council's arrangements for ensuring service areas are applying the sustainable development principle are largely effective, although there is scope to further develop some elements.
- 2.8 The review of the Council's Planning Service governance arrangements concluded that the Service clearly aligned to the corporate well-being objectives, has a supportive working culture and effectively supports the Council deliver its well-being objectives, but there are some gaps in governance arrangements, making some procedures unclear.
- 2.9 11 recommendations were made in relation to specific local reviews on the Council's Use of Performance Information (2), Digital Strategy (5), Application of the Sustainable Development Principle in Service Areas (2) and the Planning Service's Governance Arrangements (2).
- 2.10 The local reviews have been reported or are in the process of being reported to the relevant Scrutiny Committee, Governance and Audit Committee and Cabinet.
- 2.11 In line with the Council's corporate performance management arrangements, consideration is given by relevant council services to the findings contained within both local and national reports as they are published, and actions incorporated within the Council's Insight Tracker throughout the year as appropriate. This is monitored via the Strategic Insight Board, Strategic Leadership Team, Scrutiny Committees, Governance and Audit Committee and Cabinet as work to address them progresses. Progress against our regulatory actions is also monitored by Audit Wales colleagues throughout the year as part of the Annual Regulatory Plan.
- 2.12 It is recommended that Cabinet Members note the contents of Vale of Glamorgan Council Annual Audit Summary 2023 and refer the report to the Corporate Performance and Resources Scrutiny Committee (17th July, 2024) and Governance and Audit Committee (18th July, 2024) with any recommendations/comments of the Committees being referred back to Cabinet thereafter.

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

- 3.1 Our Corporate Plan has been structured around the Well-being of Future Generations (Wales) Act 2015, through the development of four Well-being

Objectives. By aligning our Well-being Objectives in the Corporate Plan with the Well-being Goals of the Act, this will enable us to better evidence our contribution to the Goals.

- 3.2 Performance reporting is an important vehicle for showing our progress, not only in terms of impacts across the national well-being goals through achievement of our well-being objectives but also in terms of the changes and improvements made in our approach to integrated planning.
- 3.3 The five ways of working are a key consideration in our corporate Performance Management Framework ensuring that we continue to focus on working differently and in an inclusive way to challenge why, what and how we respond to our key performance challenges.

#### **4. Climate Change and Nature Implications**

- 4.1 There are no climate and nature implications associated with this report.

#### **5. Resources and Legal Considerations**

##### **Financial**

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

##### **Employment**

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

##### **Legal (Including Equalities)**

- 5.4 The Auditor General for Wales is responsible for examining how public bodies manage and spend public money, including but not limited to their arrangements for securing value for money in the use of resources and making recommendations to improve the value for money of local government.
- 5.5 The Auditor General for Wales has a duty under the Well-being of Future Generation (Wales) Act 2015 to assess the extent to which councils are acting in accordance with the sustainable development principle when setting well-being objectives and taking steps to meet those objectives.

- 5.6** The Auditor General for Wales has a duty under the Local Government and Elections (Wales) Act 2021 to carry out an inspection in order to assess the extent to which the council is meeting the performance requirements where it considers a council is not, or may not be, meeting those requirements. The Council has a duty to respond to any recommendations for actions it should take.

## **6. Background Papers**

None.

## Vale of Glamorgan Council Annual Audit Summary 2023

This is our audit summary for the Vale of Glamorgan Council. It shows the work completed since the last Annual Audit Summary, which was issued in March 2023. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

### About the Council

#### Some of the services the Council provides



#### Key facts

The Council is made up of 54 councillors who represent the following political parties:

- Labour 25
- Conservative 13
- Independent 4
- Plaid Cymru 8
- Llantwit First Independent 4

The Council spent £314.2 million on providing services<sup>1</sup> during 2022-23<sup>2</sup>.

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

<sup>2</sup> Source: 2022-23 Statement of Accounts



## Key facts

As at 31 March 2023, the Council had £94.7 million of useable financial reserves<sup>3</sup>. This is equivalent to 30.1% of the Council's annual spending on services<sup>4</sup>.

The Vale of Glamorgan has 4% of its 79 areas considered to be within the most-deprived 10% of areas in Wales, this is the seventh lowest of the 22 unitary councils in Wales<sup>5</sup>.

The population of the Vale of Glamorgan is projected to increase by 8% between 2023 and 2043 from 136,000 to 148,000, including a 1% increase in the number of children, a 3% increase in the number of the working-age population and a 30% increase in the number of people aged 65 and over<sup>6</sup>.

## The Auditor General's duties

### We completed work during 2022-23 to meet the following duties

- **Audit of Accounts**

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

- **Value for money**

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

- **Sustainable development principle**

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

<sup>3</sup> We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

<sup>4</sup> Source: 2022-23 Statement of Accounts

<sup>5</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>6</sup> Source: [Stats Wales, Population Projections](#)

## What we found

### Audit of the Vale of Glamorgan Council's 2022-23 Accounts

Each year we audit the Council's financial statements.



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

#### For 2022-23:

- the draft statements were presented for audit on 30 June 2023. This was before the deadline of 31 July 2023 set by the Welsh Government.
- the draft statements presented for audit were of good quality.
- the Council approved the financial statements on 4 December 2023 and the Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 7 December 2023, after the deadline agreed with the Welsh Government of 30 November 2023. The audit was delivered later than in previous years mainly due to the impact of new auditing standard requirements. These were covered in our audit plan considered by the Governance and Audit Committee on 18 September 2023.
- the Authority's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.
- a number of changes were made to the Authority's financial statements arising from our audit work, which were reported to the Governance and Audit Committee in our Audit of Financial Statements Report in November 2023.
- in addition to the Auditor General's responsibilities for auditing the Authority's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Whilst our work is not yet complete, to date we have not identified any significant issues.
- the Auditor General has issued the certificate confirming that the audit of accounts for 2022-23 has been completed.

## Assurance and risk assessment review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. We produced the following reports from our assurance and risk assessment work:

Use of performance information –service user perspective and outcomes – we looked at the service user perspective and outcome data provided to members and senior officers, and how this information is used. We found that the Council's performance information provides senior leaders with a limited understanding of the service user perspective and the outcomes of the Council's activities.

## Digital Strategy

During 2022-23, we examined the Council's strategic approach to digital, and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the Council's resources. We found that the Council is taking the sustainable development principle into account in producing its digital strategy, and is developing arrangements to deliver the strategy, but monitoring arrangements are under-developed.

## Local project – The application of the sustainable development principle in service areas

During 2021-22, we liaised with the Council about our concerns regarding the leisure contract renewal. The Council had not addressed the proposal for improvement in our November 2020 Review of Outsourced Leisure Services report in relation to strengthening the application of the sustainable development principle. Therefore, we undertook a review to gain assurance that the Council has effective arrangements for ensuring that service areas are applying the sustainable development principle. We found that the Council's arrangements for ensuring service areas are applying the sustainable development principle are largely effective, although there is scope to further develop some elements.

## Review of the Planning Service's Governance Arrangements

As part of our 2023-24 audit work programme, we completed a review of the Council's Planning Service governance arrangements. We set out to answer the question 'Do governance arrangements relating to the planning service demonstrate proper arrangements to secure value for money in the use of its resources? We found that the Planning Service has actions clearly aligned to the corporate well-being objectives and a supportive working culture, but there are gaps in governance arrangements, making some procedures unclear.

## Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response.

## Planned work for 2023-24

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

Our planned/completed work for 2023-24 includes:

- Assurance and risk assessment
- Thematic review – financial sustainability
- Thematic review – commissioning
- Review of the Planning Service's Governance arrangements (Completed see above)

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

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

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

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

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

This document is also available in Welsh.