

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**  
**MUNICIPAL YEAR 2017/18**

**COMMITTEE:**

**AUDIT COMMITTEE**

**5<sup>th</sup> June 2017**

<b>Item No. 6</b>
<b>Draft Annual Governance Statement 2016/17 – Rhondda Cynon Taf County Borough Council</b>

**REPORT OF:-**

**GROUP DIRECTOR - CORPORATE AND FRONTLINE SERVICES**

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**1. PURPOSE OF THE REPORT**

This report provides Members with the Council's draft Annual Governance Statement for the 2016/17 financial year.

**2. RECOMMENDATIONS**

In order for Audit Committee to discharge the duties as outlined in Section A of its Terms of Reference: "*Review and recommend for certification the Annual Governance Statement*" it is recommended that Members:

- 2.1 Critically review the Annual Governance Statement (Appendix 1), suggest any material amendments and recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Council's 2016/17 draft certified Statement of Accounts.
- 2.2 Authorise the Group Director - Corporate and Frontline Services to include reference within the Annual Governance Statement any further Wales Audit Office reports relating to the Council that are published between the date the Audit Committee papers are published (i.e. 26<sup>th</sup> May 2017) and the date the 2016/17 draft Statement of Accounts are certified (i.e. by 30<sup>th</sup> June 2017).

### 3. **BACKGROUND INFORMATION**

- 3.1 Section 3.7 of the 'CIPFA / LASAAC<sup>1</sup> Code of Practice on Local Authority Accounting in the United Kingdom' states:

*'The Accounts and Audit (Wales) Regulations 2014 (regulation 5) requires 'an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review within any published Statement of Accounts'.*

*The preparation and publication of an Annual Governance Statement in accordance with 'Delivering Good Governance in Local Government: Framework 2016' would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review in its Statement of Accounts'.*

#### **Delivering Good Governance in Local Government: Framework 2016**

- 3.2 The main principle underpinning the new Framework is that local government is continuing to develop and shape its own approach to governance, taking account of the environment in which it operates.
- 3.3 The Framework intends to assist authorities in reviewing their own arrangements and to do this has defined Core Principles, Supporting Principles and Sub-Principles that should underpin governance arrangements. These are set out in Table 1 below / overleaf.

Table 1 – Delivering good governance in local government – Core Principles, Supporting Principles and Sub-Principles

<b>Principles</b>	<b>Sub-Principles</b>
<b><u>Core Principles</u></b>	
Behaving with integrity; Demonstrating strong commitment to ethical values; and Respecting the rule of law.	Behaving with integrity; Demonstrating strong commitment to ethical values; and Respecting the rule of law.
Ensuring openness and comprehensive stakeholder engagement.	Openness; Engaging comprehensively with institutional stakeholders; and Engaging with individual stakeholders and service users effectively.

<sup>1</sup> CIPFA / LASAAC – the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

Table 1 (continued) – Delivering good governance in local government – Core Principles, Supporting Principles and Sub-Principles

<u>Supporting Principles</u>	
Defining outcomes in terms of sustainable economic, social and environmental benefits;	Defining outcomes; and Sustainable economic, social and environmental benefits.
Determining the interventions necessary to optimise the achievement of the intended outcomes.	Determining interventions; Planning interventions; and Optimising achievement of intended outcomes.
Developing the entity's capacity, including the capability of its leadership and the individuals within it.	Developing the entity's capacity; and Developing the capability of the entity's leadership and other individuals.
Managing risks and performance through robust internal control and strong public financial management.	Managing risk; Managing performance; Robust internal control; Managing data; and Strong public financial management.
Implementing good practices in transparency, reporting and audit to deliver effective accountability.	Implementing good practice in transparency; Implementing good practice in reporting; and Assurance and effective accountability.

3.4 Other key requirements included within the Framework, for Members information, are set out below.

3.4.1 Not all of the 'Sub-principles', as included in Table 1 overleaf, will be applicable to all organisations and it is therefore up to each local authority to interpret and apply these in line with their local circumstances and structures.

3.4.2 The Framework applies to annual governance statements prepared for the financial year 2016/17 onwards.

3.4.3 The Annual Government Statement does not need to describe in detail the authority's governance arrangements but should provide an assessment of their effectiveness in supporting planned outcomes. As such the framework positions the attainment of sustainable economic, societal and environmental outcomes as a key focus of governance processes and structures.

3.4.4 The Annual Government Statement should be signed by the leading member and chief executive on behalf of the authority, be approved at a meeting of the authority and be included within the Statement of Accounts and Annual Report (either in full or summary form) of the authority.

**4. RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL – DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17**

- 4.1 The Council's draft Annual Governance Statement 2016/17 is included as Appendix 1 and has been compiled in accordance with 'Delivering Good Governance in Local Government: Framework 2016'.
- 4.2 The compilation of the draft Statement has been a two stage process:
- Firstly, an assessment process that involved discussion with key officers across the Council, reviewing documentation and reports relating to the 2016/17 financial year and placing reliance on the Council's own corporate assessment findings and the conclusions drawn by the Wales Audit Office in its published reports on the Council; and
  - Secondly, a review, challenge and sign-off process by the Council's Senior Leadership Team.
- 4.3 Based on the assessment undertaken, it is considered that the Council's governance arrangements were fit for purpose and publicly demonstrated how they contributed to the delivery of better outcomes for the area as set out in the Corporate Plan. This overall conclusion is supported by:
- An open approach to engaging with stakeholders, planning and delivering services, and reporting and scrutiny of the Council's performance;
  - Clear arrangements for decision making that were supported by robust service management and financial management arrangements;
  - The reporting of understandable priorities and ambition, as set out in the Council's Corporate Plan, with progress reports demonstrating improvement in outcomes and performance at the same time as maintaining financial stability;
  - A medium term approach to financial planning that helped inform strategic decision making through a period of prolonged public sector austerity;
  - An improving scrutiny function which started to demonstrate the positive impact of its work; and
  - The Council having a track record of implementing Annual Governance Statement recommendations in previous years.
- 4.4 With this overall position, proposals for improvement have been identified that aim to further improve the governance arrangements in place within the Council. These are set out as 'Proposals for Improvement' at Section 7 of the Annual Governance Statement.
- 4.5 In addition, Members are requested to provide the Group Director - Corporate and Frontline Services with authority to include reference within the Annual

Governance Statement any further Wales Audit Office reports relating to the Council that are published between the date the Audit Committee papers are published (i.e. 26<sup>th</sup> May 2017) and the date the 2016/17 draft Statement of Accounts are certified (i.e. by 30<sup>th</sup> June 2017).

**5. CONCLUSIONS**

- 5.1 There is a legal requirement for each local authority in the United Kingdom to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review within its published Statement of Accounts.
- 5.2 To meet this requirement for the 2016/17 financial year, Rhondda Cynon Taf County Borough Council has produced an Annual Governance Statement in line with the 'Delivering Good Governance in Local Government: Framework 2016'.
- 5.3 The overall conclusion from assessing the Council's governance arrangements is that they were fit for purpose and publicly demonstrated how they contributed to the delivery of better outcomes for the area as set out in the Corporate Plan.

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**LOCAL GOVERNMENT ACT, 1972**  
**as amended by**  
**THE ACCESS TO INFORMATION ACT, 1985**  
**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**  
**LIST OF BACKGROUND PAPERS**  
**AUDIT COMMITTEE**  
**5<sup>th</sup> June 2017**

**Report of the Group Director for Corporate and Frontline Services**

Author: Paul Griffiths

<b>Item</b>	<b>File Ref:</b>
<b>6. Draft Annual Governance Statement 2016/17</b>	IA / PG
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## APPENDIX 1

### RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

#### DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17

#### 1. SCOPE OF RESPONSIBILITY

- 1.1 Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.
- 1.3 The Council's Annual Governance Statement aims to provide an accurate representation of the governance arrangements in place for financial year ending 31<sup>st</sup> March 2017.

#### 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 For Rhondda Cynon Taf County Borough Council, governance is about ensuring that the Council does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 2.3 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.4 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's priorities, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 2.5 The Council has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control. The assessment is informed by the work conducted by external agencies and internal arrangements, including performance management arrangements.

- 2.6 The governance framework outlined below has been in place at Rhondda Cynon Taf County Borough Council for the year ended 31<sup>st</sup> March 2017 (and up to the date of approval of the 2016/17 Statement of Accounts).

### 3. **THE GOVERNANCE FRAMEWORK**

- 3.1 The Council has used the *Delivering Good Governance in Local Government: Framework (2016)* in compiling its Annual Governance Statement. The Framework comprises two Core Principles and five Supporting Principles:

#### Core principles

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- Ensuring openness and comprehensive stakeholder engagement.

#### Supporting Principles

- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management; and
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- 3.2 The Core Principles permeate implementation of the Supporting Principles with the need for the whole Council to be committed to improving governance on a continual basis through a process of evaluation and review.
- 3.3 The Council has applied these principles to structure its Annual Governance Statement for financial year ending 31<sup>st</sup> March 2017 and to assess the arrangements in place.

### 4. **ASSESSING THE COUNCIL'S GOVERNANCE ARRANGEMENTS**

- 4.1 In line with the Core and Supporting Principles of the Framework, the approach taken to assess the Council's arrangements has been to:
- Set out a brief description of the arrangements and procedures in place together with the key outcomes the Council is aiming to achieve;
  - Examine and document the main activities that have taken place around these areas, taking account of supporting evidence from the Council's corporate assessment process and Wales Audit Office reports published on the Council;



- Form a view on the extent to which the activities comply with the procedures in place; and
- Make proposals for improvement, where appropriate, together with recommended timescales for implementation and responsible officers.

4.2 The assessment of the Council's governance arrangements is set out in Section 5.

## 5. **ASSESSMENT OF GOVERNANCE ARRANGEMENTS**

### 5.1 **PROGRESS MADE TO IMPLEMENT RECOMMENDATIONS REPORTED IN THE 2015/16 ANNUAL GOVERNANCE STATEMENT**

5.1.1 The 2015/16 Annual Governance Statement made five recommendations. An update on progress was reported to the Council's Audit Committee on [5th December 2016](#) where the Committee determined that '...Members were satisfied with the progress that was being made and action taken to implement the five recommendations contained within the 2015/16 AGS...'. Since this time, it is noted that all recommendations have been implemented.

### 5.2 **BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW**

#### **Behaving with integrity**

5.2.1 The Council has in place a suite of rules, called a [Constitution](#), that set down how it should operate, how decisions need to be made and the procedures to be followed to ensure they are efficient, transparent and available to local people. Within the Constitution there are a number of [Rules](#)<sup>2</sup> and [Protocols](#)<sup>3</sup> that aim to ensure both elected Councillors and Council employees behave with integrity.

#### Elected Councillors

5.2.2 The Council has 75 elected Councillors who agreed a revised [Members Code of Conduct](#) at a Full Council meeting on 25<sup>th</sup> May 2016; the revised Code took effect from 26<sup>th</sup> May 2016. The Code of Conduct includes guiding principles or ethics for councillors when undertaking their duties:

- Equality of opportunity for all people, regardless of their gender, race, disability, sexual orientation, age or religion;
- Show respect and consideration for others;
- Not use bullying behaviour or harass any person; and
- Not do anything which compromises, or which is likely to compromise, the impartiality of those who work for, or on behalf of, your authority.

5.2.3 In addition, a [Standard of Conduct to be followed by Members](#) is in place setting out standards of behaviour when councillors deal with each other.

5.2.4 The Council has a Standards Committee that met on five occasions during the year to consider issues such as ethics, the Public Services Ombudsman for Wales Annual Letter 2015/16 and code of conduct complaints made by councillors in respect of the conduct of other councillors. With specific regard to complaints, the Standards Committee considered two separate complaints from

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<sup>2</sup> Rules – for example, Budget and Policy Framework Procedure Rules, Overview and Scrutiny Procedure Rules and Financial and Contract Procedure Rules

<sup>3</sup> Protocols – for example, Gifts and Hospitality Policy, Protocol for Member/Officer Relations

councillors around failure to comply with the 'Local Protocol – Standard of Conduct Expected by Members'. The decisions reached by the Standards Committee were as follows:

- Complaint 1 – considered by the Standards Committee on [10th January 2017](#) and found there to be no basis to the allegations; and
- Complaint 2 – considered by the Standards Committee on [15th March 2017](#) and found there to be no basis to three complaints and a basis to one complaint but no further action would be required.

5.2.5 Based on the work undertaken by the Council's Standards Committee during 2016/17, it is considered that it has advocated the requirement for high standards of conduct by Councillors.

5.2.6 The Council has put in place procedures to be followed by elected Councillors when conducting meetings and making decisions during the year to publicly demonstrate an accountable, open and honest approach. This has included considering the accuracy of 'meeting minutes'<sup>4</sup>; recording declarations of personal interest; publishing reports on the Council's website five working days prior to meetings taking place; making decisions based on evidenced based reports; and publishing the detail of decisions made on the Council's website five working days before they become eligible for implementation. A review of a sample of Cabinet meetings and decisions taken during the year revealed that the above mentioned procedures had been followed.

#### Council employees

5.2.7 The Council's Constitution includes an Officer Code of Conduct that has been used to create an easy to understand 'Basic Rules – A Guide for Employees' and includes information in relation to, amongst other things, expected behaviour, use of social media, appearance and attendance. The guide is available on-line for all employees and new employees who started employment with the Council during 2016/17 were briefed on its content.

#### Policies and Registers

5.2.8 A review of Policies and Registers in place during 2016/17 identified the following:

- The Council has in place a Whistle-blowing Policy that received four referrals during 2016/17; these were investigated but the results / action taken was not reported to a designated Committee;
- An overview of the Council's the Whistle-blowing arrangements (including the Policy and Procedure) was also reported to the Council's Audit Committee on 31<sup>st</sup> October 2016; at this meeting, the Audit Committee raised concerns as to how employees who do not have access to a

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<sup>4</sup> Meeting minutes – a formal and agreed record of the events that took place at each meeting.

computer / internet could retrieve the information. To address this, information on how Council employees could access the Whistle-blowing Policy was included in a pay-slip insert to all employees in May 2017;

- The Council's Anti-Fraud, Bribery and Corruption Policy and Procedure is based on a series of procedures designed to deter and frustrate, and take effective action against any attempted fraudulent or corrupt acts affecting the Council. The Policy was last up dated in 2013.

The Council's 'Home web-page' provides instructions for those who wish to raise anti-fraud, bribery or corruption concerns under the [Report It](#) section.

- The Council has a [Complaints & Concerns Policy](#) that sets out a commitment to effectively deal with any complaints or concerns about services provided. It was noted that no update is produced on a periodic basis, for example, annually, to summarise the non-social services related complaints and concerns received and action taken. It was noted that a report is presented to Cabinet on an annual basis setting out an overview of the operation and effectiveness of the Council's statutory Social Services complaints procedure. The latest report, covering the period April 2015 and March 2016, was presented to Cabinet on [22nd September 2016](#); and
- The Council has a [Gifts and Hospitality Policy](#) and arrangements were in place, via registers, to record gifts and hospitality in line with the Policy.

#### Proposals for Improvement

- 5.2.9 The Council's Anti-Fraud, Bribery and Corruption Policy and Procedure should be reviewed and up dated, where relevant, and reported to the appropriate Committee for scrutiny and sign-off. This update should then be used to inform a refreshed programme of awareness raising across the Council.
- 5.2.10 A periodic up date of all non-social services complaints and comments received by the Council should be produced, along with action taken / lessons learned, and reported to an appropriate Committee for review and where relevant further action.

#### **Demonstrating strong commitment to ethical values**

- 5.2.11 Ethical Values: Elected Councillors - in addition to full Council considering and approving a revised Members Code of Conduct on 25<sup>th</sup> May 2016, the councillors who are members of the Council's Standards Committee received training on Ethics and Standards at its meeting of 9<sup>th</sup> December 2016.
- 5.2.12 Ethical Values: Council employees - the Council has described what excellent behaviour looks like for each type of job, for example, '*always treat people with respect*', and this information is used to test candidates suitability for jobs at interview and is used to inform discussions managers have with their staff as part of their development.

## Respecting the rule of law

5.2.13 The Chief Executive (as Head of Paid Service) leads the Council's officers and chairs the Senior Leadership Team. The Senior Leadership Team comprises, in addition to other key posts, the statutory roles of Chief Finance Officer (allocated to the post Group Director: Corporate and Frontline Services) and Monitoring Officer (allocated to the post Director of Legal and Democratic Services).

5.2.14 With specific regard to the Chief Finance Officer position within the Council during 2016/17, the role complied with the principles outlined in the CIPFA document '[The Role of Chief Finance Officer](#)' because the Chief Finance Officer:

- *Was a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;*
- *Was actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and*
- *Leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.*

*To deliver these responsibilities the Chief Financial Officer:*

- *led and directed a finance function that was resourced to be fit for purpose; and*
- *is professionally qualified and suitably experienced.*

## 5.3 ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

### Openness

- 5.3.1 The Codes of Conduct for councillors and employees within the Council's Constitution are built on the principles of openness, transparency and honesty.

#### Planning ahead

- 5.3.2 The Council publicly consulted with residents and elected councillors on its vision and priorities for the next four years and set these out in a document called '[Corporate Plan 2016 - 2020](#)<sup>5</sup>'; this Plan was agreed by Council on 24<sup>th</sup> February 2016.
- 5.3.3 To underpin the delivery of this work, a [Medium Term Financial Plan](#) (MTFP) was published in September 2016 that forecasted the financial challenge facing the Council between financial years 2016/17 and 2019/20, and categorised its day to day revenue budget in line with Corporate Plan priorities.
- 5.3.4 The MTFP also highlighted the likelihood of the public sector facing a prolonged period of austerity and forecasted a Council 'budget gap'<sup>6</sup> for the 2017/18 financial year of £22Million; a comparison of the forecasted and actual budget gap, the latter calculated as part of the 2017/18 budget setting process when funding levels were confirmed, revealed that both were broadly in line and provides assurance around the robustness of the Council's forecasting arrangements. Looking at the whole period covered by the MTFP, financial years 2016/17 to 2019/20, the overall forecasted budget gap for the Council was estimated to be £62Million.
- 5.3.5 The Council published a [Forward Plan](#) of all committee meetings for 2016/17 at its meeting on 25<sup>th</sup> May 2016 and also published rolling 6 month Cabinet work programmes<sup>7</sup> to enable opportunity for consultation or pre-scrutiny by the Council's Scrutiny Committees. During the year Cabinet work programmes were up dated and published on five occasions, and five areas were pre-scrutinised:
- Public Services Delivery, Communities and Prosperity Scrutiny Committee – areas subject to pre-scrutiny were Human Resource Policies and Maximising Attendance; and

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<sup>5</sup> Corporate Plan 2016 – 2020 – the priorities set out within this document have also been formally adopted by Cabinet as the Council's Well-being Objectives for 2017-18 (in line with the requirements of the Well-Being of Future Generations (Wales) Act 2015).

<sup>6</sup> Budget Gap – the difference between the estimated expenditure required and the money available to fund the expenditure

<sup>7</sup> Cabinet Work Programme – the areas or topics to be formally considered by Cabinet

- Health and Well-Being Scrutiny Committee – areas subject to pre-scrutiny were the Director of Social Services Report (for 2016/17); Extra Care Strategy; and Discretionary Empty Property Grant Across RCT.
- 5.3.6 It was noted that the Council's [Overview and Scrutiny Annual Report 2016/17](#) set out the pre-scrutiny work the above Scrutiny Committees undertook in these areas.
- 5.3.7 From a review of the work programmes of Overview and Scrutiny Committees, it was noted that they were not visible on the Council's web-site (this proposal for improvement being identified by the Wales Audit Office). The Council has confirmed, as part of its 'Overview and Scrutiny Annual Report 2016/17', that for 2017/18 onwards the Overview and Scrutiny Committee work programmes will be included as stand-alone documents on the Council's web-site.

#### Decision making and scrutiny of decisions made

- 5.3.8 [Full Council](#) agreed changes to its Constitution, including the General Scheme of Delegation, during the year following review by the Overview and Scrutiny Committee and the Corporate Governance and Constitution Committee; the changes became effective from 1<sup>st</sup> July 2016.
- 5.3.9 With specific regard to the General Scheme of Delegation, the primary aim of the changes were to allow greater transparency in respect of decision making and to ensure a consistent and robust approach to governance of Executive Functions across the Authority. This included providing clarity around 'significant key decisions' and 'operational decisions', who was able to approve these and the arrangements for publishing the decisions.
- 5.3.10 The Cabinet is one of the main decision making bodies within the Council and throughout 2016/17 received 120 reports, 111 of which were made publicly available prior to the meetings and 9 were excluded from the press / public on the grounds that the items of business involved the likely disclosure of exempt information. For all recommendations approved / decisions made by Cabinet, Decision Notices were published on the Council's website and did not become effective (i.e. implementable) until the expiry of 'five working days'<sup>8</sup> after the Decision Notices were published;
- 5.3.11 During the year, one Cabinet decision was 'called in' and reviewed by the Overview and Scrutiny Committee i.e. 2<sup>nd</sup> August 2016 - Provision of Dog Kennelling arrangements for Rhondda Cynon Taf: *"To request the Cabinet not to implement their intention to outsource the kennelling facility until all factors, including the delegated officer decision, consultation responses and*

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<sup>8</sup> Five working days – this is called the 'call in period', as per the Council's Constitution, and provides opportunity for Councillors who are not members of the Cabinet to challenge the decisions that Cabinet make before they become eligible for implementation.

*the executive decision and reasons are the subject of proper scrutiny*". The call-in was not upheld.

- 5.3.12 Key decisions were also taken by designated officers in 2016/17, called Delegated Decisions, and where required were published on the Council's website. Between April 2016 and March 2017, [38 delegated decisions](#) were taken and published, one of which was 'called in' i.e. [15th March 2017](#) - Call-In of the Key Officer Decision in relation to RCT Together Community Enabling Fund' - The reason for calling in the decision was "*Out of accord with Part 4 Rules of Procedure, Budget and Policy Framework rules 3a, 3b and 3c*". The call-in was not upheld.
- 5.3.13 Based on the above information it is considered that the decision making arrangements that operated during 2016/17 were open and transparent, and compliant with the Council's Constitution.
- 5.3.14 Following on, a review of a sample of Cabinet Reports for 2016/17 has confirmed that a consistent format was used that included specific sections, for example, consultation, equality, financial and legal implications.

#### **Engagement with residents / stakeholders**

- 5.3.15 The Council has a strategy in place, called 'Joint Public Engagement Strategy for Merthyr Tydfil and Rhondda Cynon Taf Local Service Boards (2014-2018)', to inform its consultation arrangements. It was noted that work is underway to update the strategy in line with Public Service Board requirements and also review Citizen Panel arrangements.
- 5.3.16 More specifically within the Council, its 'Corporate Plan 2016 – 2020' provides a commitment to engage with residents and stakeholders to help achieve the outcome of '*more involved and resilient communities*'. The Corporate Plan sets out:
- '*Greater community participation, engagement and involvement, through the [RCT Together Community Participation Programme](#), will be an essential part of the change the Council will seek to achieve over the next four years. The Council will work with residents to increase self-sufficiency, reduce reliance on statutory services and make the best possible use of community strengths to tailor services to need; and*
  - '*The Council's vision is to develop a new relationship with residents that enable them to be independent and resilient and to take on greater responsibility for their local communities. This is not about the Council shifting its responsibility – it is about recognising that residents want to be more involved in what happens in their community*'.
- 5.3.17 To help deliver effective consultation, an internal guidance document for Council employees is in place that takes account of, for example, public sector equality duties and the National Principles for Public Engagement in Wales (Participation Cymru).



- 5.3.18 In line with the Corporate Plan commitment of '*more involved and resilient communities*', the Council engaged with a wide variety of stakeholders during 2016/17, sometimes in partnership with other public sector organisations, to inform decision making. This position is supported by the results of consultation activity being included within reports presented to Cabinet and / or Council, for example:
- [Cwm Taf Carers Strategy](#) reported to Cabinet on 19<sup>th</sup> April 2016;
  - [Improving Education Provision - Cwmaman](#) reported to Cabinet on 23<sup>rd</sup> June 2016;
  - [Review of car parking charges](#) reported to Cabinet on 18<sup>th</sup> January 2017; and
  - [The Council's 2017/18 Revenue Budget Strategy](#) reported to Council on 1<sup>st</sup> March 2017, with consultation feedback set out at Appendix 2.
- 5.3.19 From examining a sample of consultation reports produced during 2016/17, a broad range of communication methods were on offer to encourage stakeholders to express their views. This included social media, on-line surveys, town centre road-shows, targeting specific groups such as the Older Persons Forum, RCT wide Youth Forum and the Disability Forum, and engaging directly with users of Council Services at Leisure Centres and Day Centres. The impact of this approach is showing a trend of increased engagement, for example, the 2016/17 Revenue Budget Strategy consultation exercise led to around 500 participants and the following year's exercise saw over 900 taking part.
- 5.3.20 The Wales Audit Office also looked at the Council's engagement arrangements in its report, [Improvement Assessment 2015/16: Review of decision making arrangements in relation to service change](#) (Appendix 3); the report noted that '*The Council is more proactive in engaging stakeholders and is providing information on a wider range of options to support decision-makers...*'.

#### Consultation in partnership with others

- 5.3.21 The Council undertook consultation activities in partnership with other organisations during the year and made the results of these public on the [Cwm Taf Hub](#).
- 5.3.22 It was noted that consultation activities undertaken were used to inform the draft Well-Being Assessment required under the Well-Being of future Generations (Wales) Act 2015 and the draft Population Needs Assessment required under the Social Services and Wellbeing (Wales) Act 2014. This information was scrutinised by the Council's Overview and Scrutiny Committee on [6th February 2017](#).

## 5.4 DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

### Defining outcomes

- 5.4.1 The Council's 'Corporate Plan – 2016 – 2020', as approved by Council on the 24<sup>th</sup> February 2016, set out the vision, purpose and priorities it aims to deliver:
- The Council's vision is "*For a County Borough that has high aspirations, is confident and promotes opportunity for all*".
  - The Council's Purpose is "*To provide strong community leadership and effective services for the people of Rhondda Cynon Taf to enable them to fulfil their potential and prosper*".
  - The Council's priorities are:
    - *Economy - Building a strong economy;*
    - *People - Promoting independence and positive lives for everyone; and*
    - *Place - Creating neighbourhoods where people are proud to live and work.*
- 5.4.2 At the same Council meeting, the 2016/17 Revenue Budget Strategy was approved and set out that resources would be targeted in line with the Corporate Plan priorities. Examination of the Council's MTFP identified that 81% of the Revenue Budget (£368.650Million out of a total budget of £454.835Million) was allocated to Corporate Plan priorities with the remaining element allocated to areas such as Regulatory Public Services, authority wide costs and core support.
- 5.4.3 As part of examining the Council's MTFP, it was noted that the document does not allocate the Council's three year Capital Programme Budget across Corporate Plan priorities to demonstrate or otherwise the prioritisation of resources to those areas deemed most important.
- 5.4.4 The 2016/17 Revenue Budget Strategy also included the feedback received from stakeholders when asked 'what was most important to them'. The top three areas fed back were 'Education / Schools', 'Adult Social Care' and 'Refuse and Recycling', and align to the themes included within the Corporate Plan Priority areas of Economy, People and Place.
- 5.4.5 Following approval of the Corporate Plan and Revenue Budget Strategy, an Action Plan was put in place for each priority, in line with resources available, that detailed what outcomes were being aimed for, the actions to be delivered with timescales for delivery and performance indicators. The Action Plans were approved by Council on the [29th June 2016](#) (Appendix C) following a pre-scrutiny process by Scrutiny Working Groups.

5.4.6 A review of performance indicator targets included within the Corporate Plan identified that there is a clear ambition for the Council to improve in its priority areas, and where performance is comparable with others, the ambition is for the Council to be either as good as or better than the Welsh average by 2020. In parallel, when the specific performance targets set by the Council for 2016/17 were reviewed, this revealed an ambition to improve that was consistent with the longer term targets in the Corporate Plan.

5.4.7 Throughout 2016/17 action plan progress updates have been made public every three months within Council Performance Reports, that also contain information on financial performance, strategic risks and investment linked to Corporate Plan priorities.

**Sustainable economic, social and environmental benefits**

5.4.8 The Corporate Plan took account of the Well Being of Future Generations Act and the seven Well-being goals in setting the Council's priorities, and also applied the following principles:

- *Providing essential services well;*
- *Helping people and communities to help themselves;*
- *Building a sustainable County Borough; and*
- *Live within our means.*

5.4.9 When the Council's Corporate Plan priorities were reviewed to determine whether or not they had had regard to the above principles, there was evidence to support this as set out in Table 1 below.

Table 1 – Principles included within Corporate Plan Priorities

<b>PRINCIPLES</b>	<b>ECONOMY</b>	<b>PEOPLE</b>	<b>PLACE</b>
<b>Providing essential services well</b>	The ambition to improve school examination results for all ages	The ambition to improve and / or maintain performance levels against increasing demand particular for social care	The ambition to improve performance in recycling and improve the condition of roads
<b>Helping people and communities to help themselves</b>	Investment and support for graduate, apprenticeship and traineeship programmes	A focus on early intervention, prevention and reablement initiatives	Helping to stop young people from committing crimes and re-offending
<b>Building a sustainable County Borough</b>	Support for the City Deal and Taff Vale development	Working with partners e.g. the Health Service, to deliver more joined up and effective services	Working in partnership with local communities for make improvements to library provision
<b>Live within our means</b>	The performance targets and programme of actions set out within the Action Plans for Economy, People and Place being in line with approved revenue and capital budgets		

5.4.10 With specific regard to Capital Budgets, the Council sets a rolling three year capital programme that is up dated on an annual basis. The Capital Programme for 2016/17 through to 2018/19 was agreed by Council on [23rd March 2016](#) and focussed on improving infrastructure with the aim of

supporting longer term benefits for the area. A review of Capital Programme investment revealed that approved projects were fundamentally in line with Corporate Plan priorities and included, for example, road improvements, bridge repairs, regenerating town centres and improving existing schools / building new schools.

#### Proposal for Improvement

- 5.4.11 As part of up dating the MTFP in 2017/18, the Council's Capital Programme resources should be allocated / categorised over Corporate Plan priorities to demonstrate or otherwise the prioritisation of resources.

### 5.5 **DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES**

#### **Determining and planning interventions**

- 5.5.1 The Council's Constitution lays down the key requirements to be followed when setting its priorities, reporting the extent of progress made in priority areas and also the financial planning and management arrangements that support this. These include the requirement to:

- Publish an approved annual improvement plan within a statutory timescale i.e. by no later than 30<sup>th</sup> June following the start of the financial year to which the priorities relate (called a 'Corporate Performance Report' by the Council);
- Publish financial and performance progress updates on a three monthly basis during the year; and
- Report the financial and performance progress up dates to the Cabinet and then to the Council's designated Scrutiny Committee (within the Council the progress reports were produced every three months and were called 'Performance Reports').

- 5.5.2 When the above requirements were reviewed for the 2016/17 financial year:

- The Corporate Performance Report was approved by Council on the 29<sup>th</sup> June 2016, in line with the required timescale. The Corporate Performance Report was also 'audited' by the Wales Audit Office, as part of its responsibilities to 'audit' certain parts of the Council's business, and was found to be compliant with the relevant legislation in place;
- Performance Reports were presented to Cabinet and the designated Scrutiny Committee (i.e. the Finance and Performance Scrutiny Committee) during the year, with the report structure revised into an Executive Summary style compared to previous years. A review of information reported during the year identified:
  - The Cabinet Work Programme reported to Cabinet on [23rd June 2016](#) set out in advance when Performance Reports would be

considered by Cabinet during 2016/17: Quarter 1 - [22nd September 2016](#); Quarter 2 - [24th November 2016](#); Quarter 3 – [9th March 2017](#); and Quarter 4 / Year-end Report – scheduled to be reported in July 2017;

- The Finance and Performance Scrutiny Committee Work Programme was reported on [19th September 2016](#) and set out when Performance Reports would be considered by this Committee in 2016/17: Quarter 1 – [17th October 2016](#); Quarter 2 – [7th December 2016](#); Quarter 3 – [4th April 2017](#); and Quarter 4 / Year-end Report – scheduled to be reported in July 2017;
- The Finance and Performance Scrutiny Committee, as part of its review of the quarter 1 Performance Report, concluded that it was satisfied with the revised reporting structure but requested ‘below target performance results’ be included within future covering reports to enable key issues to be quickly and more easily identified. It was noted that the revised arrangements were introduced from quarter 2 onwards; and
- Each quarterly Performance Report provided updates on financial performance; progress against Corporate Plan priorities (including performance indicators and investment); staffing including sickness absence; and strategic risks, and provided electronic links to more detailed information. With specific regard to financial performance, Corporate Plan priority and strategic risk updates, exceptions were highlighted, explained and the corrective action to be taken included within reports. There is also evidence to confirm that Councillors reviewed this information and referred specific matters to other scrutiny committees where they considered more detailed work was required, for example, Estyn School Inspection Outcomes to the Children & Young People Scrutiny Committee on [28th November 2016](#).

5.5.3 Based on the above, it is considered that the suite the information published during the year would provide opportunity for stakeholders to understand the Council’s performance and hold it to account.

#### **Optimising achievement of intended outcomes**

5.5.4 The Council’s Corporate Plan and MTFP set out a consistent picture: funding levels will continue to reduce for a number of years; the need for effective medium to long term planning and decision making that manage the implementation of efficiency / cost reduction measures; targeted investment in priority areas; and assistance to those that need it most.

5.5.5 With this context in mind, the Council took steps to plan the allocation of resources and put in place arrangements to maximise its impact.

### The allocation of resources

- 5.5.6 The Council's 2016/17 Revenue Budget Setting Report (Council 24<sup>th</sup> February 2016) set out that from a total savings requirement of £17.515Million, 97% would be delivered from areas that did not affect front line services. The Report also set a 2.75% Council Tax increase which was lower than the all Wales average increase of 3.63%;
- 5.5.7 Investment priority reports were agreed by Council that allocated additional resources to priority areas: £11.3Million on [10th March 2016](#) and £7.524Million on [30th November 2016](#), with progress up dates incorporated into quarterly Performance Reports during the year; and
- 5.5.8 Cabinet agreed Fees and Charges for 2016/17 on [3rd March 2016](#) that included 'no increases' for specific areas that aligned to Corporate Plan Priorities, for example, school meals, adult social care and the charges to collect recycling waste from businesses.

### Maximising impact

- 5.5.9 Examination of quarterly Performance Reports published during the year demonstrated that the Council is making progress in delivering its Corporate Plan priorities and the outcomes associated with it, supported by the targeted allocation of resources and sound financial management. It is considered that the updates reviewed provide a balance picture of progress, for example:
- Economy
    - Key Stage 4 results for the 2015/16 academic year were the best ever achieved;
    - More affordable homes and additional housing units being delivered and the number of businesses is increasing;
    - The need to prioritise work to improve footfall in some town centres and reduce the number of vacant properties; and
    - Looking to the future, the Council has made a commitment to the Cardiff Capital Region City Deal that will deliver a £1.2bn investment to the region.
  - People
    - The delivery of new initiatives such as the 'Stay Well At Home Service' and an 'Extra Care Facility' that aim to have a positive impact helping people to remain living independently;
    - Improving the quality of life for people who are victims of domestic violence; and
    - The need to continue to focus on preventative services to address increases in the number of children looked after and adults delayed from leaving hospital due to social care reasons.

- Place
    - On-going improvement in recycling performance, cleanliness of streets and the condition of roads, the latter supported by a targeted programme of investment;
    - Improvements to parks and sports facilities in line with residents feedback; and
    - The need to improve the impact that the Council's work has in helping victims of anti-social behaviour to feel safe.
- 5.5.10 The Council's scrutiny committees have provided review and challenge on financial and performance results during the year, either through their own work programming arrangements or as a result of in-year performance exceptions being scrutinised in more detail.
- 5.5.11 In general, the involvement of the Council's Scrutiny Committees has had a positive impact as evidenced in the [Overview and Scrutiny Annual Report 2016/17](#). The Annual Report includes, for example, scrutiny committees':
- Involvement in reviewing the Council's approach to rationalising office accommodation and during the year six office accommodation premises were vacated that represented a reduction of approximately 14% of the total office accommodation footprint;
  - Involvement in overseeing revisions to mobile library service routes in June 2016 and following implementation considered mobile library user feedback that indicated '*...83% of mobile library users considered their mobile library to be 'Very Good'*'; and
  - Recognition that further work is required in the year ahead to help the Council tackle key challenges such as reducing Delayed Transfers of Care and the number of Children Looked After by the Council.
- 5.5.12 The Wales Audit Office in its report of the Council: 'Improvement Assessment 2015-16: Review of the Council's arrangements for managing improvement' concluded that '*The Council is actively reviewing the effectiveness of its arrangements for managing improvement and making positive changes but scrutiny's role in this process needs to embed further to help drive improvement and demonstrate impact*'. There is evidence that the Council's Scrutiny Committees have started to address this area where, for example, the Finance and Performance Scrutiny Committee assessed services changes previously implemented:
- [Community Meals Service](#) – where the Committee supported further work to be undertaken by the service to engage with clients and monitor take-up with the aim of improving cost effectiveness and the quality of the provision; and
  - [Youth Engagement and Participation Service](#) – following the update provided by the Service, the Committee considered that no further scrutiny was required at this time.

5.5.13 In parallel with the above work to maximise impact, the Council also agreed a [Commissioning, Procurement and Contract Management Strategy](#) to consistently assess need and demand for services. It was noted that this Strategy is in the process of being introduced.

## 5.6 DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

### Developing the entity's capacity

5.6.1 The Council aims to ensure that councillors and staff have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well-trained and competent people in effective service delivery.

5.6.2 The Council has put in place a 'corporate self assessment' and 'individual service self assessment' arrangements over the past two years to assess the organisation's current position and areas for improvement, the latter being incorporated into service planning processes.

5.6.3 The latest [corporate assessment](#) reported on the 18<sup>th</sup> January 2017 noted that the Wales Audit Office 2015/16 Annual Improvement Report for the Council concluded that *'With a strong corporate focus upon the effective use of its resources, supported by strengthened service planning and governance arrangements, the Council is well placed to overcome some significant future challenges'*.

5.6.4 The above self assessment and planning arrangements, supported by the Revenue Budget Strategy and an on-going programme of 'investment for the future', sets the picture that the Council is developing its capacity in priority areas albeit in the context of reducing funding levels for the Council as a whole. Key evidence includes:

- The development and delivery of collaborative services:
  - The ['Cwm Taf Stay Well @ Home Service'](#) that brings together resources, information and expertise from Rhondda Cynon Taf Council, Merthyr Tydfil Council and the Health Service (Cwm Taf University Health Board). The new service will aim to better help older people to keep well and independent in the community, to prevent health crises and to avoid hospital admission or lengthy hospital stay. It is noted that this service will become operational in April 2017;
  - The Multi Agency Safeguarding Hub (MASH) that aims to enhance safeguarding practice, with agencies working together in one place, sharing information and making joint decisions. The MASH produced



its [annual report](#) for 2015/16, with the emerging outcome that the service is reducing the number of children requiring statutory intervention by the Council;

- One-off investment in priority areas, that include increasing workforce capacity, to support the delivery of visible improvements:
  - Empty properties – that aims to accelerate [bringing empty properties back into use](#) through a £1.5Million investment. The Council has targeted this area due to the high number of empty properties, 2,780 as at 1<sup>st</sup> April 2016, and has recognised the value added or spin-off benefits e.g. stimulation of the housing market, providing opportunities for first time buyers and generating additional council tax income for the Council. As at February 2017, 18 grants had being formally approved equating to a value of £0.274Million; and
  - Tackling overgrown and derelict areas of Council owned land through a £0.100Million investment to undertake works not previously included in maintenance scheduling. Further to the works being completed, the areas will be added to existing schedules.
- Working more collaboratively internally to tackle some of the biggest challenges facing the Council:
  - The Children Looked After (CLA) Action Planning Group that develops and delivers preventative arrangements to help ensure children at risk are managed safely and in the most cost effective way. The work of the Planning Group was reported to Cabinet in [January 2018](#) and set out a continuing trend of increasing children becoming looked after but with some success in improving the cost effectiveness of the Council's arrangements, for example:
    - At October 2014 – 805 CLA places were financially supported at a cost of £0.427Million per week; and
    - At October 2016 - 919 CLA places were financially supported at a cost of £0.405Million per week.
  - Tackling poverty – the creation of one Tackling Poverty Service that has brought tackling poverty programmes and the commissioning of services together to support improved integration. An update to Cabinet on [15th December 2016](#) set out that positive outcomes are being supported via the Tackling Poverty Service in 2016/17, albeit, changes to Welsh Government funding for this area in 2017/18 is likely to impact on future service provision.
- Effectively managing the workforce – the Council has been required to manage reductions in staff numbers over the past few years as a result of on-going reductions in funding and at the same time:

- Continued to deliver improved performance results in priority areas, as demonstrated in the latest available Corporate Performance Report (2015/16) and in-year quarterly Performance Report (Quarter 3);
- Supported Council Graduate and Apprenticeship Schemes, with around 50 appointments in 2016 in roles identified as 'hard to recruit to', for example, engineers, heavy goods motor vehicle mechanic and Information Technology technician;
- More closely managed and supported staff absence; however staff absence levels are recognised by the Council as still being too high; and
- Is piloting [Agile Working](#) arrangements that aims to take advantage of digital technology to help the Council to work in new and different ways to meet customer needs, reduce costs and increase productivity. It is noted that this initiative is in its infancy.

5.6.5 As part of capacity building, there is evidence to demonstrate that the Council has well developed relationships with community groups throughout the area, for example, through its RCT Together programme, where services are being operated by community groups from Council owned premises such as the Muni Arts Centre, Pontypridd and by the Cynon Valley Museum Trust, Aberdare. The Council also recognises there are opportunities to further develop this area and is currently researching other modules to [Build Community Capacity](#).

## 5.7 **Developing the capability of the entity's leadership and other individuals**

5.7.1 Part 3(i) of the Council's Constitution, 'Responsibilities for Functions', sets out the responsibilities of the Leader of the Council, the Cabinet and designated employees of the Senior Leadership Team (Section 3A). A review of a sample of delegated decisions made during the year confirmed that decisions were approved by the designated Cabinet members and employees.

### Developing the capabilities of councillors

5.7.2 The Council is committed to the personal development of Councillors and aims to provide opportunity for Councillors to determine their own unique path of learning by ensuring continual dialogue with the Council staff responsible for delivering and / or facilitating learning opportunities.

5.7.3 During 2016/17 there was evidence to confirm that Councillors' development needs were supported through the provision of training; however, there was no evidence to confirm what benefit or impact the training had. Examples of training delivered included:

- Corporate Safeguarding – prior to a Council Meeting on the 27<sup>th</sup> April 2016;
- Chaining Skills for newly appointed Chairs/Vice-Chairs of Scrutiny Committees following the Annual General Meeting in May 2016 (facilitated by the Welsh Local Government Association – WLGA);
- Treasury Management – [Finance & Performance Scrutiny Committee – 17<sup>th</sup> October, 2016](#); and
- Effective Scrutiny for Positive Outcomes and Different Ways of Working in accordance with the Well-being of Future Generations (Wales) Act, 2015 – facilitated by the Head of Democratic Services and the WLGA – [Children & Young People Scrutiny Committee – 29<sup>th</sup> October, 2016](#).

#### Developing the capabilities of employees

- 5.7.4 The Council is also committed to staff development, in line with business needs, to help ensure it has a 'fit for purpose' workforce. During the year this has included staff induction sessions, Leadership and Middle Management Development Programmes, Manager Briefings, Joint Cabinet and Manager meetings and a range of operational training such as health and safety, information management and dignity at work. Whilst evaluation data is collected after each training session delivered, the longer term benefit to the employee is not routinely followed up.

#### Proposal for Improvement

- 5.7.5 Where Councillor and employee development / training activity takes place, information should be collected on an on-going basis to help demonstrate the longer term effectiveness of the training and also help inform future needs.
- 5.7.6 In parallel with developing capability is the Council's focus on staff well-being. In May 2016 the Council produced an update on its work in this area, called [Maximising Attendance](#), and highlighted the top two (i.e. highest) sickness areas as musculoskeletal disorders and mental health: this picture for Rhondda Cynon Taf Council was in line with the rest of the UK.
- 5.7.7 Actions have been taken during 2016/17 to support improvement in attendance that have included accelerated referrals to Occupational Health and targeted interventions such as injection therapy. It is noted that these interventions have supported a marginal improvement in attendance, for example, in 2015/16 mental health and musculoskeletal disorders accounted for 2.62% (out of total sickness absence of 4.68%) and in 2016/17 it stood at 2.6% (out of a provisional total sickness absence of 4.72%).

## 5.8 **MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

### **Managing risk**

5.8.1 The Council has a Risk Management Strategy that was approved by Cabinet in [March 2014](#) and set out the overall purpose and framework for risk management within the organisation. It is noted that the Strategy has not been reviewed since this time.

5.8.2 During 2016/17, the Council complied with the strategy because it up dated its Strategic Risk Register at the start of the year to align with Corporate Plan priority areas and incorporated strategic risk up dates into quarterly Performance Reports. In addition, the Council reported a risk management overview (incorporating the Strategic Risk Register) to its Audit Committee on 31<sup>st</sup> October 2016 where the Committee resolved that *'the Council's Risk Management arrangements are adequate and that the Audit Committee will continue to monitor the adequacy of the Council's risk management framework'*.

5.8.3 Following on, it is noted that as part of the Council revising its quarterly Performance Report format in 2016/17, where changes in strategic risks occurred, for example, a higher or lower likelihood of occurring, this was summarised in the report to give heightened prominence to the management of the Council's strategic risks.

5.8.4 During the year the Council's operational risk management arrangements were reviewed by Internal Audit. The review was reported to Audit Committee on [20<sup>th</sup> March 2017](#) and concluded that the arrangements were 'effective with opportunity for improvement' and the areas requiring improvement be subject to a 'follow up' review by Internal Audit during 2017/18.

### Proposal for Improvement

5.8.5 The Council's Risk Management Strategy should be reviewed, and where relevant updated, and reported to an appropriate Committee for review and sign off.

### **Managing performance**

5.8.6 During 2016/17 the Council set out its performance management arrangements in a document called a [Performance Management Framework](#) as recommended by its 2016 corporate assessment. The 'Determining and planning interventions' section of this Annual Governance Statement provides an overview of the Council's Performance Management arrangements.

## **Robust internal control**

- 5.8.7 The membership and meeting frequency of the Council's Audit Committee during 2016/17 was in line with the Council's Constitution and legal requirements.
- 5.8.8 The Council's Head of Internal Audit presented the [Internal Audit Annual Report 2016/17](#) to Audit Committee on 20<sup>th</sup> March 2017 setting out the work of Internal Audit over this period. Based on the information provided to Audit Committee during the year, it concluded that '*...the system of internal control within the Council operated effectively during 2016/17 with some areas identified for improvement*'.
- 5.8.9 A review of a sample of Audit Committee meeting minutes identified a number of follow up audit assignments required by the Committee in order to provide additional assurance on the adequacy of internal control arrangements within specific services.
- 5.8.10 The CIPFA 'Audit Committees: Practical Guidance for Local Authorities and Police. 2013 Edition' provides an overview of the core functions of an Audit Committee. The guidance also includes a greater focus on the factors that support improvement including the knowledge and skills that Audit Committee members require and a focus on where the Audit Committee adds value. To date, the Council's Audit Committee has not conducted a self-assessment against the Standards contained within the CIPFA Publication and therefore it is recommended that exercise is undertaken.

### Proposal for Improvement

- 5.8.11 The Council's Audit Committee, in consultation with the Head of Internal Audit, should undertake a self assessment against the Standards as set out in the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police - 2013 Edition'.

## **Managing data**

- 5.8.12 An Information Management Plan is in place that sets out the framework, including legal requirements, for information management within the Council.
- 5.8.13 A review of arrangements in place during 2016/17 identified that they were in line with laid down requirements because:
- Key responsibilities were formally designated within the Council: The Council's designated Senior Information Management Risk Officer (SIRO) is the Group Director, Corporate & Frontline Services and there was a Information Management & Data Protection Act Officer who reports to the Head of Information Technology;

- An Information Management Board was in operation, Chaired by the SIRO, with the Board being supported by an Information Management Working Group;
- Information was available on the Council's website in respect of Data Protection and Freedom of Information, and had in place a [Publication Scheme](#) in accordance with the Council's responsibilities under the Freedom of Information Act 2000;
- Training was delivered to Headteachers and School Governors, and following a detailed risk assessment specific service areas were targeted. It was noted that a training plan has now been established and the Information Management Team are in the process of implementing this;
- Information Sharing Protocols were in place for the safe and appropriate sharing of personal information between the Council and other organisations; and
- The Council continued to secure its annual accreditation to the Public Service Network (PSN) in September 2016 i.e. The 'PSN' is the Council's connection to the wider public sector network (Council to Council, Council to Government e.g. Department for Work and Pensions) to enable the Council to communicate and share data securely across all public bodies.

5.8.14 It was noted that alongside the above activity the Information Commissioner's Office (ICO) investigated six cases relating to the Council. No further action was taken by the ICO based on the following outcomes:

- Four cases were likely to have breached the Data Protection Act with the ICO satisfied with the actions taken by the Council to mitigate reoccurrence; and
- Two cases did not breach the Data Protection Act.

5.8.15 No arrangements were noted that sets out, on a periodic basis, the Council's work and performance in this area.

#### Proposal for Improvement

5.8.16 The Council should report on a periodic basis, for example annually, its work and performance around Information Management and provide opportunity for review and scrutiny.

#### Public Services Ombudsman for Wales

5.8.17 During the 2016/17 financial year no investigations were undertaken by the Public Services Ombudsman for Wales in respect of the Council. It was

noted that seven referrals<sup>9</sup> were considered through the Council's Complaints and Concerns Procedure:

- No further action deemed necessary / taken for six referrals; and
- An apology letter was issued by the Council for one referral.

### **Strong public financial management**

5.8.18 The Council has publicly demonstrated its commitment to strong and responsible financial planning and management, and has supported this through the delivery of sound financial performance during a period of reducing budgets. This is because:

- A key cross-cutting principle within the Council's Corporate Plan is '*Live within our means*', in effect setting out the importance of sound financial planning and management within the organisation;
- The Council has a suite of protocols supporting strong financial planning and management, for example, 'Budget and Policy Framework Procedure Rules' and the 'Financial Procedure Rules', that were complied with during the year;
- The Council set a Revenue Budget in 2016/17 after taking account of a budget gap of £17.515Million, 97% of which to be delivered from areas that did not affect front line services. The Council also continued to take a responsible approach to Council Tax increases, having regard to residents feedback as part of the revenue budget consultation process, and set a 2.75% Council Tax increase which was lower than the all Wales average increase of 3.63%;
- Financial performance results were publicly reported every three months during the year and scrutinised by councillors. The latest financial performance results, for the period April 2016 to December 2016, forecast that the Council will deliver a £0.374Million underspend on its revenue budget against a total budget of £454.835Million (less than a 0.1% variance);
- The Council has kept its finances under on-going review throughout 2016/17 and was able to release £7.524Million through the early identification of savings that created one-off resources. Full Council on the 24<sup>th</sup> November 2016 approved the allocation of these one-off resources to fund additional 'investment for the future' in line with Corporate Plan priorities; it is noted that the release of one-off funding as a result of early identification of savings or from assessing the

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<sup>9</sup> Referrals – referrals are where members of the public complain to the Ombudsman without exhausting the local authority's complaints procedure first. The Ombudsman therefore refers these back to the local authority to be considered in line with their complaints procedure

Council's specific reserves has been a consistent approach in enabling additional investment in recent years;

- The Council is financially stable as a result of it maintaining General Reserve balances at the minimum level as at 31<sup>st</sup> March 2016 (as assessed by the Council's Chief Finance Officer) and having a track record over a number of years of setting and delivering balanced revenue budgets and having 'clean bills of health' on its year end accounts when audited by the Wales Audit Office; and
- The Council has sound medium term financial planning arrangements that robustly forecasted future spending and funding levels, and published up dates during the year.

5.8.19 The latest Wales Audit Office Financial Resilience report on the Council that was presented to Cabinet on [23rd June 2016](#) concluded:

- **Financial planning** - *The Council has a robust corporate framework for financial planning; however, there remains scope to enhance the links between the Council's Corporate and Medium Term Financial Planning processes;*
- **Financial control** - *The Council's financial management and control arrangements are fit for purpose and are being effectively managed; and*
- **Financial governance** - *The Council's framework for reviewing and challenging financial performance is well established.*

5.8.20 The 23<sup>rd</sup> June 2016 Wales Audit Office report also made a number of proposals for improvement and it is noted that these have been addressed by the Council. The proposals for improvement were:

- *The Council should further align its Corporate and Medium Term Financial processes including more clearly demonstrating the links between the allocation of resources and the Council's priorities to help inform decision making.*
- *The Council should consider developing a policy and register for fees and charges with associated guidelines on concessions.*
- *The Council should enhance the description and reporting of its proposed use of earmarked reserves in reporting to Councillors when developing its budget strategy.*



## 5.9 **IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY**

### **Implementing good practice in transparency and reporting**

5.9.1 The Council has implemented an open and consistent approach to reporting its business, as set out in sections 5.4 and 5.5 of this Annual Governance Statement, with the aim of helping to ensure information is understandable to stakeholders and that they have the opportunity to challenge the Council's performance, plans and decisions.

5.9.2 A review of a sample of information reported to Council, Cabinet, Scrutiny Committees and Audit Committee has revealed that:

- Annual Reports and Plans are reported publicly, providing an overview of performance either on a council wide basis or in relation to specific areas of business, for example:
  - The Council's audited [Statement of Accounts 2015/16](#) reported and approved by Council on 28<sup>th</sup> September 2016 in line with the statutory timeframe;
  - An assessment of the Council's performance for 2015/16 and plans for 2016/17, these being reported to Council on 29<sup>th</sup> June 2016 in line with statutory timeframes; and
  - Annual Reports / Plans presented to Cabinet: [Corporate Parenting Board - Annual Report 2015/16](#); [Cwm Taf Safeguarding Board's Annual Plans 2016/17](#) and [Carers Measure - Cwm Taf Annual Report 2015/16](#).
- Use is made of electronic links within reports to provide the reader with more detailed information should they require it; this approach was noted as being utilised within the Council's quarterly Performance Reports where a more Executive Summary style of reporting has been applied; and
- The minutes of meetings confirm that designated officers attend each meeting to orally present reports and answer questions, and a number of occasions were noted where updates were delivered via presentations, for example, using slides.

### **Assurance and effective accountability**

#### Internal Audit

5.9.3 The Council's Internal Audit Service was subject to an external assessment during 2016/17 to determine conformance or otherwise with the Public Sector Internal Audit Standards. The external assessment concluded that the

service 'complies with the Standards in all significant areas, the impact of the non-conformances identified is not considered to be significant'. The outcome of the external assessment was presented in full to the Audit Committee held on [20<sup>th</sup> March 2017](#) (Appendixes 3A and B).

- 5.9.4 The Council's Internal Audit Service also had an Internal Audit Charter that was approved by Audit Committee on [31st March 2016](#) and sets out the Service's position within the organisation, for example, its authority to access records, personnel and physical properties relevant to the performance engagements. From a review of Audit Committee reports during the year, the Internal Audit Service was delivered in line with the requirements set out in the Charter.

#### Wales Audit Office recommendations

- 5.9.5 The Council has a process in place for agreeing and monitoring the implementation of recommendations / proposals for improvement made by the Wales Audit Office. It was noted that Wales Audit Reports were reported to Cabinet and then to [Audit Committee](#) and the [Overview and Scrutiny Committee](#) during the year, with the responsibilities of the role of both Committees set out in covering reports. However, some time delays were noted in reporting up dates to Committees; this requires improvement in 2017/18.

- 5.9.6 The Council's arrangements for reporting and monitoring Wales Audit Office recommendations was also referenced within the [Wales Audit Office Annual Improvement Report 2015/16](#), as follows:

*"The Council has recently put in place arrangements to ensure that reports from external regulators are communicated internally within the Council, and are reported to the appropriate Committee. Upon receipt of reports, the Council now ensures that senior managers, as well as either the Audit Committee or appropriate scrutiny committee receive them. The Council has also recently established a register of recent reports of external regulators, that includes reference to when the Council's response to any report of an external regulator has been considered by an appropriate Committee. The Council has also developed a template to be completed by Officers outlining progress in addressing recommendations for presentation to the relevant Committee"*

*As the introduction of these arrangements is relatively recent, it is too early to assess the extent to which the Council's response to all regulatory reports will be subject to appropriate challenge and monitoring arrangements. There is, however, an opportunity to strengthen arrangements further through clarifying the role of respective committees in receiving regulatory reports. Arrangements could also be strengthened by establishing clear arrangements for monitoring the Council's progress in addressing any recommendations or proposals for improvement from external regulators".*

5.9.7 During 2016/17 the Council also [developed a section on its internet site](#) that set out all regulatory reports received by the Council since December 2015.

## 5.10 OTHER KEY GOVERNANCE ARRANGEMENTS

### **Amgen Cymru Ltd**

5.10.1 Rhondda Cynon Taf CBC holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda. The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd. The principal activities of Amgen Cymru is to provide waste management services and waste disposal facilities. Amgen Rhondda is responsible for the stewardship of the Nant y Gwyddon landfill site.

5.10.2 The directors of the companies are responsible for ensuring there are sound governance arrangements including a robust system of internal control.

5.10.3 The Council removed the “arms length” status of the companies during 2009/10, therefore many of the aspects of the Council’s governance arrangements such as policies, processes and controls apply to the companies.

5.10.4 During 2016/17 there have been no significant governance issues that have been identified by the Amgen Company directors, internal auditors or external auditors.

### **Pension Fund**

5.10.5 Rhondda Cynon Taf County Borough Council is the Administering Authority for the Rhondda Cynon Taf Pension Fund. Whilst the governance arrangements detailed in this statement apply equally to the Council’s responsibilities to the Pension Fund there are further specific requirements for Pension Funds which are detailed in a number of key documents:

- Governance Statement of Compliance which indicates the Fund’s position against the Government’s best practice standards;
- Governance Policy Statement which provides an overview of the management structure, decision making and employer engagement;
- Communication Policy Statement which details the communication and information services to participating employers and scheme members;
- Pension Fund Administration Strategy which seeks to improve efficiency in the delivery of agreed standards of quality and to ensure compliance with statutory requirements;
- Statement of Investment Principles which details how Fund investments are managed (to be replaced by the Investment Strategy Statement from April 2017);
- Funding Strategy Statement which provides a summary of how we will fund our pension liabilities.

- 5.10.6 All of these documents can be found at the following link:  
[www.rctpensions.org.uk](http://www.rctpensions.org.uk)
- 5.10.7 The Public Service Pensions Act 2013 introduced a number of changes to public service pension schemes, including some significant changes for the governance of such schemes. In accordance with the Act, the Pension Fund appointed a Local Pension Board to assist Rhondda Cynon Taf County Borough Council Administering Authority as 'Scheme Manager' in:
- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
  - Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
  - Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager.
- 5.10.8 The Pension Board is made up of two employer representatives and two member representatives. The Board met 3 times during 2016/17.
- 5.10.9 In 2016/17 the Council created a formal Pension Fund Committee (subject to the provisions of Section 101 of the Local Government Act 1972) to oversee its responsibilities with regard to the administration of the RCT Pension Fund. The Pension Fund Committee consists of 5 elected members and is politically balanced.
- 5.10.10 The Committee is responsible for the strategic management of the RCT Pension Fund with all operational matters continuing to be delegated to the Group Director Corporate and Frontline Services (as the Section 151 Officer or in his absence the Deputy Section 151 Officer) who are supported by an Investment and Administration Advisory Panel with appropriate officer, independent advisor and professional support.
- 5.10.11 The Pension Fund Committee met 3 times during 2016/17.

## 6. **OVERALL ASSESSMENT OF THE COUNCIL'S ARRANGEMENTS**

- 6.1 Based on the assessment undertaken, it is considered that the Council's governance arrangements were fit for purpose and publicly demonstrated how they contributed to the delivery of better outcomes for the area as set out in the Corporate Plan.
- 6.2 The overall conclusion has been based upon:
- An open approach to engaging with stakeholders, planning and delivering services, and reporting and scrutiny of the Council's performance;

- Clear arrangements for decision making that were supported by robust service management and financial management arrangements;
- The reporting of understandable priorities and ambition, as set out in the Council's Corporate Plan, with progress reports demonstrating improvement in outcomes and performance at the same time as maintaining financial stability;
- A medium term approach to financial planning that helped inform strategic decision making through a period of prolonged public sector austerity;
- An improving scrutiny function which started to demonstrate the positive impact of its work; and
- The Council having a track record of implementing Annual Governance Statement recommendations in previous years.

6.3 Notwithstanding this overall position, the assessment has identified areas where improvements are deemed necessary to further reinforce the effectiveness of the Council's current arrangements. These are set out in Section 7.

**7. PROPOSALS FOR IMPROVEMENT**

7.1 Further to completing the assessment of the Council’s governance arrangements, Table 2 sets out proposals for improvement.

Table 2 – Proposals for Improvement

<b>Core Principle</b>	<b>Paragraph No.</b>	<b>Issue Identified</b>	<b>Recommendation</b>	<b>Timescale for Implementation</b>	<b>Resp Officer</b>
<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	5.2.9	The ‘Anti-Fraud, Bribery and Corruption Policy and Procedure’ was last up dated in 2013.	The Council’s Anti-Fraud, Bribery and Corruption Policy and Procedure should be reviewed and up dated where relevant and reported to the appropriate Committee for scrutiny and sign-off. Thereafter, the up dated document should be used to inform awareness raising throughout the Council.	Qtr 3 2017/18	Service Director – Operational Finance
	5.2.10	Complaints and Comments - no update is produced on a periodic basis to summarise the non-social services related complaints and concerns received and action taken.	A periodic up date, for example annually, of all non-social services complaints and comments received by the Council should be produced, along with action taken / lessons learned, and reported to an appropriate Committee for review and where relevant further action.	Qtr 1 2018/19	Head Of Legal - Corporate And Democratic Services
<b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	5.4.11	The MTFP does not allocate the Council’s Capital Programme over Corporate Plan priority areas	As part of updating the MTFP in 2017/18, the Council’s Capital Programme resources should be allocated / categorised over Corporate Plan priorities to demonstrate or otherwise the prioritisation of resources.	Qtr 2 2017/18	Service Director – Performance & Improvement

<b>Core Principle</b>	<b>Paragraph No.</b>	<b>Issue Identified</b>	<b>Recommendation</b>	<b>Timescale for Implementation</b>	<b>Resp Officer</b>
<b>Developing the capability of the entity's leadership and other individuals</b>	5.7.5	Councillor / employee development / training – where operational training is delivered, its impact / benefit is not always captured.	Where Councillor and employee development / training activity takes place, information should be collected on an on-going basis to help demonstrate the longer term effectiveness of the training and also help inform future needs.	Qtr 3 2017/18	Head of Organisational Development
<b>Managing risks and performance through robust internal control and strong public financial management</b> <b>Managing risks and performance through robust internal control and strong public financial management</b>	5.8.5	Risk Management – the Council's Risk Management Strategy has not been reviewed / up dated since 2014.	The Council's Risk Management Strategy should be reviewed, and where relevant updated, and reported to an appropriate Committee for review and sign off.	Qtr 3 2017/18	Head of Internal Audit
	5.8.11	Audit Committee – no self assessment has been undertaken against the standards set out in the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police - 2013 Edition'.	The Council's Audit Committee, in consultation with the Head of Internal Audit, should undertake a self assessment against the Standards as set out in the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police. 2013 Edition'.	Qtr 4 2017/18	Head of Internal Audit
	5.8.16	Information Management – no update is reported setting out the Council's work and performance in this area.	The Council should report on a periodic basis, for example, annually, its work and performance around Information Management and provide opportunity for review and scrutiny.	Qtr 4 2017/18	Head of I.T

7.2 The Council's Senior Leadership Team has accepted the proposals for improvement and is committed to their implementation during 2017/18. The Senior Leadership Team has also confirmed that an update on progress will be reported to the Council's Audit Committee during the year to enable Councillors to review and scrutinise the extent of progress being made.

Leader: \_\_\_\_\_

Chief Executive: \_\_\_\_\_

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