

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2018/19**

<p><b>AUDIT COMMITTEE</b></p> <p><b>29<sup>th</sup> April 2019</b></p>	<p><b>AGENDA ITEM NO. 7</b></p>
<p><b>REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</b></p>	<p><b>DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19 – RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL</b></p>

Author: Marc Crumbie (Head of Procurement Delivery)

**1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to provide Members with the Council’s draft Annual Governance Statement for the 2018/19 financial year.

**2. RECOMMENDATIONS**

In order for Audit Committee to discharge the duties as outlined in Section B 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 2018/19 draft certified Statement of Accounts.
- 2.2 In the event that reports from relevant External Inspectors be provided to the Council before the Statement of Accounts are certified, authorise the Director of Finance and Digital Services to include reference within the Annual Governance Statement.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure the Council’s Annual Governance Statement is reviewed and approved in readiness for inclusion within the draft statement of accounts.

#### **4. BACKGROUND**

- 4.1. 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 2018 (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**

- 4.2. The main principle underpinning the 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. It 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.
- 4.3. In addition, the framework recommends that Annual Government Statements do not need to describe in detail the authority's governance arrangements but should provide a review 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.
- 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.

#### **5. DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19**

- 5.1 The Council's draft Annual Governance Statement 2018/19 is provided at Appendix 1 and has been compiled in accordance with 'Delivering Good Governance in Local Government: Framework (2016)'.
- 5.2 The compilation of the draft Statement has been a two stage process:

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

- Firstly, an assessment process that involved discussion with key officers across the Council, reviewing documentation and reports relating to the 2018/19 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.

5.3 Based on the assessment undertaken, it is considered that the Council's governance arrangements were fit for purpose and publicly demonstrated how the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes.

5.4 Notwithstanding the positive outcome of the review of effectiveness, the exercise identified proposals for improvement that aim to further improve the governance arrangements in place within the Council and these are set out in Section 7 of the Annual Governance Statement.

5.5 Between the date of this Audit Committee and the date the 2018/19 draft Statement of Accounts being certified, should any (relevant) reports be provided to the Council from its External Regulators, Members are requested to provide the Director of Finance and Digital Services with authority to include reference to such reports within the Annual Governance Statement. In the event that any reports identify significant governance issues then these will be considered at a Special Meeting of the Audit Committee where the implications on the overall conclusion can be debated.

## **6. EQUALITY AND DIVERSITY IMPLICATIONS**

6.1. There are no equality and diversity implications as a result of the recommendations set out in the report.

## **7. CONSULTATION**

7.1 There are no consultation implications as a result of the recommendations set out in the report.

## **8. FINANCIAL IMPLICATION(S)**

8.1 There are no financial implications as a result of the recommendations set out in the report.

## **9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 9.1 The Accounts and Audit (Wales) Regulations 2018 (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 (i.e. an Annual Governance Statement) within any published Statement of Accounts.

## **10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

### THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 Delivery of all of the Council's priorities is underpinned by strong and robust governance arrangements.

### WELL-BEING OF FUTURE GENERATIONS ACT

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

## **11. CONCLUSIONS**

- 11.1 It is a legal requirement for the Council to conduct a review of its system of internal control at least once a year and report the outcome of that review in the form of an Annual Governance Statement. Once approved, the Annual Governance Statement is included within the Council's Statement of Accounts.
- 11.2 The Draft Annual Governance Statement for 2018/19 has been produced in accordance with the requirements contained within the 'Delivering Good Governance in Local Government: Framework (2016)'.
- 11.3 The overall conclusion from assessing the Council's governance arrangements is that they were fit for purpose and publicly demonstrated how the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes.

### **Other Information:-**

***Relevant Scrutiny Committee***  
**Not applicable.**

***Contact Officer*** – Marc Crumbie

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**AUDIT COMMITTEE**

29<sup>th</sup> April 2019

**DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19 – RHONDDA CYNON  
TAF COUNTY BOROUGH COUNCIL**

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES**

Author: Marc Crumbie (Head of Procurement Delivery)

**Item:**

**7 - DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19 – RHONDDA CYNON  
TAF COUNTY BOROUGH COUNCIL**

**Background Papers**

None.

Officer to contact: Marc Crumbie

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19**

**1. INTRODUCTION**

- 1.1 The Council's [Corporate Plan 2016 - 2020](#) sets the overall direction for the Authority describing the vision, purpose and priorities to be delivered.
- 1.2 The Council's agreed Vision, purpose and priorities are:
- Vision - For a County Borough that has high aspirations, is confident and promotes opportunity for all.
  - Purpose - To provide strong community leadership and effective services for the people of Rhondda Cynon Taf to enable them to fulfil their potential and prosper.
  - Priorities:
    - 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.
- 1.3 Underpinning the above priorities is the cross-cutting theme of 'Living Within Our Means' that focusses on robust financial management arrangements to ensure the Council maintains its financial stability and makes the best use of scarce resources.
- 1.4 This Annual Governance Statement sets out for the community, service users, tax payers and other stakeholders the Council's governance arrangements together with a review of their effectiveness in managing risks of failure in delivering Corporate Plan priorities.

**2. SCOPE OF RESPONSIBILITY**

- 2.1 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.
- 2.2 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.

- 2.3 The Council, in compiling the Annual Governance Statement, has adopted the *Delivering Good Governance in Local Government: Framework (2016)* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). In doing so, the Annual Governance Statement meets the Council's legal duty as set out in the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 2.4 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 2019.

### **3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 3.1 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.
- 3.2 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.
- 3.3 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.
- 3.4 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.
- 3.5 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 2019 (and up to the date of approval of the 2018/19 Statement of Accounts).

#### 4. **THE GOVERNANCE FRAMEWORK**

4.1 The Council has a range of governance arrangements in place, in line with the *Delivering Good Governance in Local Government: Framework (2016)*, many of which are set out within its [Constitution](#). Table 1 provides examples of the key systems, processes and documents that were in place during 2018/19.

Table 1 – Examples of the key elements of the Council’s governance arrangements

<b>Good Governance Principles</b>	<b>Examples of key systems, processes and documents in place within the Council</b>
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<ul style="list-style-type: none"> <li>• <a href="#">Elected Councillor and Officer Codes of Conduct</a> - setting out the standards of behaviour to be followed based on the principles of integrity, honesty, impartiality and objectivity.</li> <li>• <a href="#">Rules of Procedure</a> - covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer Employment and Contract and Financial Procedure Rules. The rules set out arrangements to be followed by elected Councillors and Officers when conducting the Council’s business with the aim of publicly demonstrating accountability and openness.</li> <li>• <a href="#">Standards Committee</a> - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors.</li> <li>• <a href="#">Whistle-blowing Policy</a> - promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of the Council.</li> <li>• Anti-fraud, Bribery &amp; Corruption Strategy.</li> <li>• Gifts and hospitality Policy.</li> <li>• <a href="#">Comments, Compliments and Complaints</a> - setting out how the Council handles and responds to feedback (complaints, compliments and comments).</li> <li>• Officer Guide.</li> </ul>
Ensuring Openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> <li>• A <a href="#">Publication Scheme</a> that aims to advise citizens how to request public information the Authority holds.</li> <li>• Clear and open <a href="#">Corporate &amp; Service Specific Privacy Notices</a>.</li> <li>• Forward plans for Committee meetings together with the matters to be considered, where appropriate.</li> </ul>



<b>Good Governance Principles</b>	<b>Examples of key systems, processes and documents in place within the Council</b>
Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>• Performance Management Framework.</li> <li>• Corporate Plan and Service Delivery Plans.</li> <li>• Quarterly Performance Report (including Risk Register up dates).</li> <li>• Risk Management Strategy.</li> <li>• Annual Revenue Budget Strategy and three year Capital Programme.</li> <li>• Medium Term Financial Plan.</li> <li>• Scrutiny Committees.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Corporate and Service Self-Evaluation process.</li> <li>• Corporate Plan.</li> <li>• Programme of elected Councillor and Officer training and development.</li> <li>• Workforce Plan 2017-22.</li> <li>• Schemes of Delegation.</li> </ul>
Managing risks and performance through robust internal control and strong public financial management	<ul style="list-style-type: none"> <li>• Corporate and Service Self-Evaluation process.</li> <li>• Risk Management Strategy.</li> <li>• Service Delivery Planning.</li> <li>• Quarterly Performance Report (including Risk Register up dates).</li> <li>• Corporate Performance Report (i.e. year-end annual report).</li> <li>• Audit Committee and an Internal Audit function.</li> <li>• Information Management Plan (including General Data Protection Regulation).</li> <li>• Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules.</li> <li>• Medium Term Financial Plan.</li> </ul>
Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	<ul style="list-style-type: none"> <li>• Reporting protocols and calendars (including forward looking work programmes, for example, for Cabinet and Scrutiny Committees).</li> <li>• Statement of Accounts.</li> <li>• Annual Governance Statement.</li> <li>• Production of Annual Reports on key areas of business e.g. Corporate Parenting, Annual Equality Report.</li> <li>• Internal Audit external assessment and Charter.</li> <li>• Pension Fund Committee.</li> </ul>

- 4.2 The *Delivering Good Governance in Local Government: Framework (2016)* supports the principle for local authorities to develop and maintain an up-to-date local code of governance. In previous years, the Council did not have a standalone 'code' and instead referred to policies and documents listed within its Constitution as evidence of appropriate arrangements. However, following the proposal for improvement in last year's Annual Governance Statement, a draft Local Code of Corporate Governance has now been developed and will be reported to the Council's Audit Committee at its meeting on [29<sup>th</sup> April 2019](#).

## 5. **REVIEW OF EFFECTIVENESS**

- 5.1 The Council has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control.
- 5.2 The exercise has entailed reviewing the activities in place around the Council's main governance arrangements, discussing governance arrangements with senior officers across services and taking account of the findings from the Council's corporate assessment and external auditor reports.
- 5.3 The findings and proposals for improvement have been reviewed and challenged by the Council's Senior Leadership Team (SLT) and Audit Committee, and have been set out in line with the *Delivering Good Governance in Local Government: Framework (2016)*.

5.4 **PROGRESS MADE TO IMPLEMENT PROPOSALS FOR IMPROVEMENT REPORTED IN THE 2017/18 ANNUAL GOVERNANCE STATEMENT**

5.4.1 The 2017/18 Annual Governance Statement identified 9 proposals for improvement. An update on progress was reported to the Council's Audit Committee on [17<sup>th</sup> December 2018](#) and following consideration the Committee **RESOLVED**: *'That the progress made to implement the recommendations was satisfactory'*.

5.4.2 For completeness, the status of each proposal for improvement has been provided as follows:

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale	Status / Update
<b>The Governance Framework</b>	The Council's governance arrangements comprise a number of codes and documents and are not brought together to form a local code of governance as set out in the national framework.	In line with the national framework, the Council should document and publish its arrangements within a local code of governance, following review and approval by elected Councillors.	Service Director – Performance and Improvement  Qtr 2 2018/19  Revised Timescale: Qtr 4 2018/19	<b>Implemented.</b>  Refer to paragraph 4.2 of the Annual Governance Statement.
<b>Behaving with integrity, demonstrating strong commitment to ethical values,</b>	A number of actions were taken to raise awareness of policies and strategies within the Council; however, no information is collected around the extent of understanding.	Policies and Strategies - undertake engagement within the Council to assess the level of awareness and understanding of the Whistle-blowing Policy, Anti-fraud, Bribery and Corruption	Head of Organisational Development  Qtr 3 2018/19	<b>Implemented.</b>  Refer to paragraph 5.5.8 of the Annual Governance Statement.

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale	Status / Update
<p>and respecting the rule of law</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>Complaints and Comments - no regular analysis is produced and provided to Services to support performance management arrangements, for example, the number and type of complaints, and recurring themes.</p>	<p>Strategy, Gifts and Hospitality Policy and induction arrangements.</p> <p>Comments, compliments and complaints (non-social services) – introduce arrangements to enable regular complaint analysis to be provided to Services.</p> <p>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.</p>	<p>Head of Legal - Corporate And Democratic Services</p> <p>Qtr 2 2018/19</p>	<p><b>In Progress</b></p> <p>Refer to paragraphs 5.5.14 to 5.5.15 of the Annual Governance Statement.</p>
<p>Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>Draft Corporate Plan priority action plans were not subject to pre-scrutiny in 2017/18.</p>	<p>Draft Corporate Plan priority action plans for 2018/19 should be subject to pre-scrutiny to assess, amongst other things, the basis of performance indicator targets and whether the actions included will help to deliver defined outcomes.</p>	<p>Service Director – Performance &amp; Improvement and Performance Manager</p> <p>Qtr 1 2018/19</p>	<p><b>Implemented.</b></p> <p>Refer to paragraph 5.7.2 of the Annual Governance Statement.</p>

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale	Status / Update
<p><b>Developing the entity's capacity, including the capability of its leadership and individuals within it</b></p>	<p>Although evaluation forms are in place to gauge the value of training and development activities, feedback is limited.</p>	<p>In view of the limited level of training feedback provided, engage with attendees to identify alternative methods of obtaining feedback to ensure that training resources provide maximum benefit.</p>	<p>Head of Organisational Development  Qtr 1 2018/19 onwards</p>	<p><b>Implemented.</b>  Post-training feedback requests continue to be sent electronically to attendees of training events (and feedback analysed) together with face-to-face dialogue with Council officers – this will be an on-going process.</p>
<p><b>Managing risks and performance through robust internal control and strong public financial management</b></p>	<p>The Council's risk management processes were reviewed in 2017/18 and improvements introduced to further strengthen arrangements. However, the Risk Management Strategy document was not reviewed / up dated.</p>	<p>Review the Council's Risk Management Strategy document to assess whether it remains fit for purpose. Where revisions are deemed required, these should be reported to elected Councillors for review and sign off before being re-published.</p>	<p>Head of Internal Audit and Procurement Development Programmes  Qtr 3 2018/19</p>	<p><b>Implemented.</b>  Refer to paragraph 5.10.1 of the Annual Governance Statement.</p>

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale	Status / Update
<b>Managing risks and performance through robust internal control and strong public financial management</b>	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’. This has been delayed due to awaiting receipt of up dated guidance.	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. 2018 Edition’.	Head of Internal Audit and Procurement Development Programmes  Revised Timescale: Qtr 4 2018/19	<b>Implemented.</b>  Refer to paragraph 5.10.11 of the Annual Governance Statement.
	The Council’s Financial Procedure Rules document has not been reviewed for 2 years.	Review, and where required, update the Council’s Financial Procedure Rules and report revisions to elected Councillors for consideration / approval.	Service Director – Performance & Improvement - Qtr 2 2018/19	<b>In progress</b> Refer to paragraph 5.10.17 of the Annual Governance Statement.
<b>Implementing good practices in transparency, reporting and audit to deliver effective accountability</b>	The Annual Governance Statement is not a stand-alone document on the Council’s website.	To increase the prominence / awareness of the Annual Governance Statement, this should be a stand-alone document on the Council’s website.	Head of Internal Audit and Procurement Development Programmes  Qtr 2 2018/19	<b>Implemented.</b>  Refer to paragraph 5.11.4 of the Annual Governance Statement.

5.4.3 Based on the year-end update, it is considered that, overall, good progress has been made to implement the 9 proposals for improvement reported in 2017/18 i.e. 7 implemented and 2 currently 'in-progress'. The 2 proposals for improvement currently 'in-progress' will be carried forward for full implementation in 2019/20.

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

### Behaving with integrity

#### Elected Members<sup>2</sup>

- 5.5.1 The Council's Scrutiny Committee meeting minutes were examined to determine whether proceedings were conducted in line with the Council's Code of Conduct. This identified that all Minutes showed that declarations of interest were sought and declarations were made by elected Councillors, where appropriate.

#### The Standards Committee

- 5.5.2 A Standards Committee was in place during the year to promote, maintain and oversee high standards of conduct by elected Members. It is noted that the Terms of Reference for the Standards Committee is included within the Council's Constitution.
- 5.5.3 During 2018/19 the Standards Committee had a work-plan in place, met on 4 occasions and produced an Annual Report for 2018/19 that was reported to and agreed by the Committee at its meeting held on [22<sup>nd</sup> March 2019](#).
- 5.5.4 In addition, the conduct of 1 elected Member as reported to the Standards Committee for investigation during 2018/19 and was considered at its meeting held on [22<sup>nd</sup> October 2018](#). Following consideration of the evidence provided and the statements of witnesses, the Committee found that whilst there was a basis to the complaint, no further action was required.

#### Council employees

- 5.5.5 All officers who started employment within the Council were provided with a local induction and an Individual Performance Review process was in place to support the personal development of officers. The overall arrangements were managed by the Council's Human Resources Service and it was noted that a progress update was reported to the SLT to ensure reviews were being undertaken on a timely basis.

#### Arrangements in place to tackle potential misappropriation

- 5.5.6 In the event that an officer decides to operate outside of the intended terms and conditions of employment, arrangements were in place for officers to "blow the whistle" through the Council's [Whistleblowing Policy & Procedure](#).
- 5.5.7 In addition to the Whistleblowing arrangements, there were arrangements in place to tackle potential [fraud, bribery and corruption](#).

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<sup>2</sup> Elected Members – also referred to as elected Councillors



5.5.8 The Audit Committee has overall responsibility for overseeing the governance arrangements in place in respect of whistleblowing and tackling potential fraud, bribery and corruption. Key reports received by Audit Committee during the year in respect of these arrangements were:

- [5<sup>th</sup> November 2018](#)

*Anti-Fraud, Bribery & Corruption Interim Update, including an overview of the National Fraud Initiative*

This report provided Audit Committee with an interim update of activities carried out in relation to the prevention, detection and investigation of potential fraud during 2018/19. In addition, an overview of the National Fraud Initiative was delivered.

- [4<sup>th</sup> February 2019](#)

*Staff Survey 2018*

This report provided Members with the outcomes of the staff survey undertaken between November 2018 and December 2018 (feedback results based on 1,141 participants out of 5,994 non-school based staff – a 19% participation rate). The survey aimed to assess general awareness of the Council’s whistleblowing and anti-fraud arrangements, and the report made the following recommendations:

- ACTION 1

Remind staff of the importance of feeling empowered to report any suspicions that they may have (because 16.6% of respondents fed back they did not feel empowered to speak up when they spot an urgent problem and 13.7% fed back they were ‘not sure’).

- ACTION 2

Re-assure staff that they will not be the subject of any repercussions if they come forward and “blow the whistle” on a colleague (because 41.4% of respondents fed back they did not feel confident that they would not be subject to repercussions from the Council if they reported a concern).

- ACTION 3

Devise a simplified communication for staff that summarises the Council’s whistleblowing and anti-fraud arrangements. Also, recommunicate to staff where full copies of the Policies can be found (because 41.6% of respondents fed back they did not know of any polices to guide them if they felt they spotted a problem e.g. Whistleblowing Policy, Anti-fraud, Bribery and Corruption Policy).

5.5.9 Whilst Audit Committee accepted the recommendations set out in the 4<sup>th</sup> February 2019 Report, the Committee were keen for Officers to analyse the feedback further with the aim of assessing whether particular themes or

concerns from staff were prevalent within specific service areas of the Council. To address this, an additional action was agreed:

- ACTION 4  
Review the detailed feedback received from the survey and use this to target resources in areas identified that could improve the arrangements further.
- 25<sup>th</sup> March 2019  
Two reports were presented to the Committee (in relation to governance arrangements):
  - Whistleblowing Annual Report 2018/19; and
  - Anti-Fraud, Bribery & Corruption Annual Report 2018/19.

Both reports set out the governance arrangements in place in respect of tackling potential misappropriation and summarised the work delivered during the 2018/19 financial year. The reports also included a forward plan of targeted activity for 2019/20 that was consistent with the outcomes of the staff consultation exercise undertaken between November 2018 - December 2018 and the feedback received from Audit Committee at its meeting held on 4<sup>th</sup> February 2019.

- 5.5.10 Based on the activities undertaken to oversee the areas of whistleblowing and anti-fraud together with the work delivered to investigate, tackle and help prevent such occurrences materialising, it is concluded that the overall arrangements in place are sufficient.
- 5.5.11 Gifts and Hospitality Policy - 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.

### Comments, Compliments and Complaints

#### *Social Services*

- 5.5.12 A report was presented to Cabinet at its meeting held on 3<sup>rd</sup> October 2018 setting out an overview of the Council's statutory Social Services complaints procedure for the period April 2017 and March 2018. The report provided a summary of all complaints and compliments received, and concluded by identifying occasions where lessons learnt exercises had resulted in changes to relevant procedures / protocols.
- 5.5.13 The Report noted that a total of 162 complaints were received requiring a response at stage one and this represented a decrease of 20 complaints when compared to the previous year. Of the 162 stage one complaints received, 3 progressed to stage two with 1 complaint being received directly at stage 2 of the process. The report stated that, overall, the number of complaints received

was comparatively low when compared to the number of people that come into contact with Social Services annually.

#### *Non-social services comments, compliments and complaints*

- 5.5.14 The absence of an annual report that summarises all non-social services comments, compliments and complaints was identified as an area for improvement within last year's Annual Governance Statement.
- 5.5.15 During 2018/19, work took place to centralise resources in respect of all comments, compliments and complaints into one team. The Council now has a central team that manages all such correspondence and this covers non-social services and social services. It is noted that arrangements were also put in place to enable information to be analysed and reported on.

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

#### Elected Members

- 5.5.16 Further to the Local Government Elections in May 2017, all elected Members received induction training on the Member's Code of Conduct that supports the principle of ethical values. However, it is noted that no refresher training in respect of the Code of Conduct has been delivered since this time (see 5.9.14).

#### The Council's supply chains

- 5.5.17 The Welsh Government has issued a voluntary 'Code of Practice: Ethical Employment in Supply Chains'. The Code of Practice aims to support the development of more ethical supply chains to deliver contracts for the Welsh public sector and third sector organisations in receipt of public funds. Work has taken place during 2018/19 to formalise the necessary arrangements that will enable the Council to demonstrate conformance with the 12 Principles contained within the Code. As a result of the work delivered during 2018/19, an updated Ethical Procurement Strategy will be reported to scrutiny during the 2019/20 Municipal Year. Once the Strategy has been approved, there will be a requirement to produce a report for scrutiny each year.

### **Respecting the rule of law**

- 5.5.18 The Chief Executive (as Head of Paid Service) led the Council's officers and chaired the SLT. The SLT comprises, in addition to other key posts, the statutory roles of Chief Finance Officer and Monitoring Officer.
- 5.5.19 With effect from 11<sup>th</sup> March 2019, the Council appointed a new Chief Finance Officer following the previous Chief Finance Officer leaving the Council. The new appointment was approved by full Council on [6<sup>th</sup> March 2019](#).

5.5.20 With specific regard to the Chief Finance Officer position within the Council during 2018/19, 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.*

#### PROPOSALS FOR IMPROVEMENT

5.5.21 Staff survey - using the staff survey results (around whistle-blowing and anti-fraud, bribery and corruption), deliver a targeted programme of awareness raising to those service areas identified as requiring support (paragraph 5.5.9).

5.5.22 Non-social services comments, compliments and complaints - annual reporting arrangements should be put in place to report details to the relevant scrutiny committee of non-social services comments, compliments and complaints received (with the first report covering the period April 2018 to March 2019). (paragraphs 5.5.14 and 5.5.15).

## 5.6 ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

### Openness

#### A commitment to openness

##### *General Data Protection Regulation*

5.6.1 The General Data Protection Regulation (GDPR) came into force on the 25<sup>th</sup> May 2018. The Council took steps to demonstrate accountability and transparency when handling and processing personal and sensitive information that it holds in respect of individuals by:

- Putting in place an updated Data Protection Policy and designating the post of Data Protection Officer to an existing member of staff (as approved by Cabinet on 22<sup>nd</sup> March 2018). In addition, a new Data Protection web-page was launched.
- Formally recording the lawful basis upon which data / information is processed within suites of documents called Data Protection Registers.
- Establishing 'Privacy Notices' that are available on the Council's website setting out how it intends to use information and how it will deliver its services and statutory responsibilities.

5.6.2 It is considered that the publication of this information supports the Council in complying with the GDPR and demonstrates openness and transparency when dealing with its customers.

##### *Freedom of Information*

5.6.3 The Council operated a Freedom of Information (FOI) Act 2000 publication scheme in accordance with legislative requirements. During 2018/19 the Council received 1,144 FOI/Environmental Information Regulations (EIR) requests. Response statistics and any complaints investigated by the Information Commissioner's Office concerning FOI/EIR requests are reported through the Information Management Board's quarterly meeting highlight reports and allows the Board to maintain an overview of the Council's compliance with the relevant legislation.

5.6.4 The Council's website provided information on the [Freedom of Information Act 2000](#) and a [Publication Scheme](#) was in place to advise citizens how to request public information the Council holds.

#### Openness – Forward work programmes

5.6.5 The Council had in place a forward plan of Committee meetings together with the matters to be considered, where appropriate:

- The [23<sup>rd</sup> May 2018](#) Council meeting agreed and published a calendar of meetings for the 2018/19 municipal year for Cabinet, Council, Licensing Committee, Audit Committee and the Planning & Development Committee, in line with its Constitution;
- Cabinet published its work programme on [21<sup>st</sup> June 2018](#) for the 2018/19 municipal year and refreshed this on three occasions: [20<sup>th</sup> September 2018](#), [18<sup>th</sup> December 2018](#), [19<sup>th</sup> March 2019](#); and
- Scrutiny Committees agreed work programmes and these were publicly available on a stand-alone [Scrutiny Work Programme](#) page on the Council's website, in line with a proposal for improvement made by the Wales Audit Office previously.

5.6.6 Committee Work Programmes are an important tool for Members to assist them in viewing items that are coming forward to Committees and for other Committees to utilise to prevent duplication of work and assist with pre-scrutiny. Work Programmes also assist members of the public to engage in the democratic process of the Council. It is noted that some work programmes have been more weighted in terms of the number of reports being presented at individual committees and whilst aiming to deliver more qualitative information, in some cases this has resulted in work programmes covering too broad a range of topics.

#### Decision making and scrutiny of decisions made

5.6.7 Cabinet is a key decision making body within the Council. From a review of reports presented to Cabinet during 2018/19:

- All reports were in the required format;
- A total of 106 reports were presented, 94 of which were made publicly available and 12 were excluded from the press / public on the grounds that the items of business involved the likely disclosure of exempt information, for example, commercially sensitive information; and
- For all decisions made by Cabinet during the year, 'Decision Notices' were published on the Council's website and did not become effective (i.e. implementable) until the expiry of the required 'call-in' period.
- Since April 2018, two Cabinet decisions were called in:
  - Development of Community Hubs as outlined within a report to the [19<sup>th</sup> April 2018](#) Cabinet meeting.
    - The 'call-in' was considered by a special meeting of the Overview and Scrutiny Committee held on [30<sup>th</sup> April 2018](#) in which elected Member concerns were addressed and following consideration the Committee resolved that "*the matter not be referred back to*

*the Cabinet for reconsideration and the decision taken on 19 April take effect....”*

- 21<sup>st</sup> Century Schools Programme - Proposals to Reorganise Primary Schools, Secondary Schools and Sixth Form Provision in the Greater Pontypridd Area as outlined within a report to Cabinet on the [21<sup>st</sup> March, 2019](#).
  - The ‘call-in’ was considered by a special meeting of the Overview & Scrutiny Committee held on the [3rd April 2019](#) and 2 ‘call-in’ forms were received in relation to this decision. Following consideration of the concerns highlighted within both ‘call-in’ forms, the Committee resolved that the matter not be referred back to the Cabinet for reconsideration and the decision taken on the 21<sup>st</sup> March would take effect.

5.6.8 Decisions taken by designated officers in 2018/19, called Delegated Decisions, were published on the Council’s [website](#). A total of 33 Delegated Decisions were published, none were called in and did not become effective (i.e. implementable) until the expiry of the required ‘call-in’ period.

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

5.6.9 The Council set out its commitment to engage with residents and stakeholders in its ‘Corporate Plan 2016 – 2020’ to help achieve the outcome of ‘more involved and resilient communities’.

5.6.10 This commitment is supported through a dedicated [Consultation page](#) on the Council’s website and a wider commitment by the Council to engagement via the [Public Services Board](#).

5.6.11 During the year, the Council undertook a variety of consultation exercises, some in partnership with other public sector organisations. The results of consultation activity and engagement with local community groups have been included within reports to Cabinet, where relevant, to inform decision making.

5.6.12 From reviewing a sample of consultation reports produced during 2018/19, a broad range of communication methods were on offer to encourage stakeholders to express their views.

#### **PROPOSAL FOR IMPROVEMENT**

5.6.13 As part of developing scrutiny work programmes for 2019/20 (paragraph 5.6.6):

- More focus should be given to streamlining areas / themes for review to allow for a more outcome based style of reporting; and

- More clearly link Committees' Terms of Reference to reports / areas to be scrutinised (with consideration being given for this to be undertaken as a pilot exercise initially).



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

5.7.1 The 'Corporate Plan – 2016 – 2020' sets out the Council's priorities and outcomes to be delivered, and arrangements were in place during the year to test if these continued to be relevant:

- The key actions to be delivered, as identified by the 2018/19 Service Self Assessments and operational Service Delivery Plans, complemented the priorities set out within the Council's Corporate Plan; and
- Corporate Plan priority updates were published during the year and reviewed and scrutinised by Cabinet and the Finance and Performance Scrutiny Committee.

5.7.2 A review of the three Corporate Plan action plans in place for 2018/19 identified:

- Draft action plans at the start of the year were subject to pre-scrutiny by the Finance and Performance Scrutiny Committee (at its meeting on the [4th July 2018](#)). Although performance indicator targets were reviewed as part of this process, it is considered that a more in depth review of specific targets would further assist Scrutiny Committees in overseeing performance.
- Actions had regard to the Well-being of Future Generations Act (WFG Act) sustainable development principle, for example:
  - Economy – continuing to collaborate with business and local communities to ensure that town centres benefit from growth (for example, supporting the redevelopment of the former Boot Hotel, Aberdare);
  - People – an on-going programme of investment in new accommodation, extracare, to help improve outcomes for those individuals who need support to live independently and prevent problems from occurring or getting worse; and
  - Place – a long term programme of investment in the Council's infrastructure to help support sustainable service delivery.
- Progress reports were presented to Cabinet and the Finance and Performance Scrutiny Committee on a quarterly basis during the year that included an agreed set of actions and suite of performance indicators (including benchmarking information where available) and an analysis of targets set.

5.7.3 There was clear evidence that the Council is focussing its resources to support the delivery of its Corporate Plan priorities, both from a Medium Term Financial Planning and Investment perspective, as set out below., Medium Term Financial Plan

5.7.4 The Council's latest [Medium Term Financial Plan](#) covering the period 2018/19 to 2021/22 was reported to Cabinet at its meeting held on 17<sup>th</sup> July 2018 and set out:

- 2018/19 Revenue Budget (£471.6M) - 84% of the revenue budget was allocated to Corporate Plan priorities and the remaining 16% allocated to Authority Wide Costs, Other Services To The Public, Regulatory Public Services and Core Support; and
- 2018/19 to 2020/21 Capital Programme (£180.248M) – 98% of capital resources allocated to corporate plan priorities. The remaining 2% was allocated to Regulatory Public Services, Authority Wide Costs and Core ICT Systems Support.

#### Investment

5.7.5 Additional investment was approved by Council during the year to further support the delivery of Corporate Plan priorities: on 24<sup>th</sup> October 2018 amounting to £23.450M and on 6<sup>th</sup> March 2019 amounting to £6.740M.

5.7.6 It was noted that the opportunity to deliver additional investment was as a result of assessing the Council's earmark reserves and identify one-off resources that could be released.

#### PROPOSAL FOR IMPROVEMENT

5.7.7 In addition to the pre-scrutiny of Corporate Plan action plans, coordinate the delivery of a more in depth review of specific targets by Scrutiny Committee(s) as part of effectively scrutinising the Council's performance (paragraph 5.7.2).

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

### **Determining and planning interventions**

- 5.8.1 The Council's decision making arrangements during 2018/19 were based on written reports in an agreed format, having regard to financial, legal and consultation matters, and alignment with the WFG Act (this includes, for example, Council and Cabinet reports).
- 5.8.2 A review of a sample of Cabinet reports during year showed that the suite of information used to inform decisions was comprehensive.
- 5.8.3 Of the approaches or interventions used by the Council during the year, overall, these are making a positive contribution to the delivery of outcomes in line with Corporate Plan priorities. Examples of key interventions are set out below.

### Cabinet and the SLT

- 5.8.4 The Cabinet and SLT jointly planned the work programme of items to be reported during the year and required timescales, with this informing the pace of progress and outcomes being delivered. This has included:
- Economy Priority – progressing the 21<sup>st</sup> Century Band A Schools projects that has created new schools and more first class learning environments during the year: Porth Community Schools, Ysgol Nantgwyn and Cwmaman Primary School;
  - People Priority – continued delivery of the Resilient Families Service providing accessible family support and preventing problems from escalating; and
  - Place Priority – commencing the delivery of community hubs to help build resilient communities that provide a range of citizen based services in one or a number of closely located buildings in priority neighbourhoods

### Scrutiny Committees

- 5.8.5 Scrutiny Committees have undertaken discrete work that has supported changes to service provision. An outline of some of the work is included below with full details of the work being available through the [Scrutiny Annual Report](#) (subject to approval by Council)

#### Children and Young People Scrutiny Committee

- Undertook a number of pre-scrutiny reviews in respect of the School Attendance Strategy and [Play Sufficiency Audit](#), assisting Cabinet in taking forward their decisions.

- The Committee also contributed to the consultation process in respect of [21st Century School proposals](#).

#### Finance and Performance Scrutiny Committee

- The Committee were consulted as part of the Council's 2019/20 Revenue Budget Strategy consultation process. As part of the Committee's engagement and looking ahead, the Committee have requested involvement in helping to shape consultation questions for future budget consultation activity.

#### Public Service Delivery, Communities and Prosperity Scrutiny Committee

- Following a Notice of Motion at Council the Committee took forward a working group in respect of Voluntary Snow Wardens. This resulted in 4 recommendations taken forward to Cabinet on the [18<sup>th</sup> October, 2018](#). This resulted in the launch of the 'Your Neighbours Need You' campaign on the Council website to support the wider work of the Council to prepare for the potential of severe weather during the winter period. Click here to view the full [campaign](#).

#### Overview and Scrutiny Committee

- The Committee was involved in the Electoral Arrangements by the Local Democracy and Boundary Commission for Wales Review with the Committee recommending to Full Council that the proposals be subject to a period of stakeholder engagement to properly reflect the views of local Members and stakeholders prior to further consideration by Full Council. This was reported to full Council on the [24<sup>th</sup> October 2018](#). The Committee are also taking forward scrutiny of the Notice of Motion presented to Council in respect of Low Carbon Vehicles, utilising the Future Generations Toolkit to support decision making in the context of the WFG Act.

#### Health & Well-Being Scrutiny Committee

- Completion of the review of 'EMI nursing bed provision in Rhondda Cynon Taf' that resulted in 2 recommendations being reported to and endorsed by Cabinet on the [19<sup>th</sup> March, 2019](#).
- The Committee also undertook Pre-scrutiny of the Draft Empty Homes Strategy prior to consideration by Cabinet on the [21<sup>st</sup> November, 2018](#).

#### Quarterly Performance Report

- 5.8.6 Performance Reports 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.

5.8.7 With specific regard to financial performance, Corporate Plan priority and strategic risk up dates, exceptions were highlighted, explained and the corrective action to be taken included within reports. There was evidence of scrutiny challenge around financial and performance results and requesting further information to be included within reports to aid the reader's understanding.

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

5.8.8 On [28th September 2017](#) Cabinet agreed a way forward to deliver Corporate Plan priorities in a climate of further funding reductions by investing in Rhondda Cynon Taf's future and by improving and delivering essential services in a different way. This involved the creation of 5 work-streams to invest in to improve essential services: Digitalisation, Commercialisation, Early Intervention and Prevention, Independence and Efficient and Effective Organisation.

5.8.9 Work was undertaken during 2018/19 in the 5 work-streams, for example, making more services available on-line, delivering services that focus on early intervention and prevention and independence such as the Resilient Families Service and StayWell@Home Service and also continuing to deliver at least £6Million of efficiency savings per year to support an Efficient and Effective Organisation.

5.8.10 The on-going relevance of the 5 work-streams were tested as part of the Council's 2019/20 Revenue Budget Strategy Consultation arrangements and respondents feedback is set out below.

	Yes (%)	No (%)	DK (%)
Digitalisation	64	24	12
Early Intervention and Prevention	87	7	6
Commercialisation	60	24	16
Efficiency	78	11	11
Independence	78	12	11

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

### Developing the entity's capacity

5.9.1 The Council has continued to undertake a 'corporate self-assessment' and complete 'individual service self-evaluations' to assess the Organisation's current position and areas for improvement, the latter being incorporated into service planning processes.

5.9.2 The above self-evaluation and planning arrangements, supported by the 2018/19 Revenue Budget Strategy and an on-going programme of investment, continues to evidence that the Council is developing its capacity in priority areas albeit in the context of reducing funding levels for the Council as a whole. This work is evidenced within the Council's latest published Performance Report (as at 31<sup>st</sup> December 2018) and examples are set out below.

- Investment in digitisation to enable agile working and support further improvement in productivity, work / life balance and utilisation of space within Council buildings. It was noted that agile working is currently in place within Adult Services and the Public Health and Protection Service, and a programme of roll-out to other service areas began in 2018/19. It was also noted that a progress update on the Council's work to deliver its Digital Strategy was reported to the Overview and Scrutiny Committee on [5th February 2019](#).
- A focus on further improving staff attendance through targeting areas with high levels of sickness. The Council's publishes its sickness information on a quarterly basis; the latest position as at 31<sup>st</sup> December 2018 showed a slightly improving trend: 4.18% at December 2018 compared to 4.34% in December 2017. The Council's Finance and Performance Scrutiny Committee (24<sup>th</sup> September 2018) also considered sickness absence in terms of the work being undertaken to support individuals attendance at work.
- Investment in apprentice and graduate jobs in professions the Council has identified need to be developed. During 2018/19, 25 apprentices and 13 graduates were appointed covering areas such as engineering (civil / electrical / mechanical), IT, Digital Services and Accounting.

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

5.9.3 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 SLT (Section 3A) and is kept under on-going review.

### Developing the capabilities of elected Members

- 5.9.4 Following the local government elections in May 2017, a programme of training commenced for Elected Members to ensure they were equipped with the appropriate skills, knowledge and support to fulfil their roles.
- 5.9.5 This work was built upon during 2018/19 through the availability of Member Personal Development Reviews (PDRs) which identified individual training needs. Training has been complemented through the use of sessions arranged in advance of meetings of Full Council where elected Members received information on a range of topics including General Data Protection Regulations (GDPR), Universal Credit, Safeguarding and also individual service updates e.g. Civil Parking Enforcement.
- 5.9.6 Through the use of the PDRs, bespoke training packages have been delivered to Members. In addition, following enquiries from Members in respect of their roles, policies are being created to support members going forward, for example, the development of a [lone working policy](#). It is considered that this positive position can be built upon and other key training provided to elected Members, for example, Code of Conduct refresher training and an overview of the Council's budgets / finance training.
- 5.9.7 To provide further support and access to information, all elected Members have been provided with an iPad or similar device of their choice to assist them in undertaking their roles. Devices are now also being provided to the Council's Co-opted Members and has enabled the continued rollout of the 'Modern.Gov' system that allows access to Council papers electronically. An update on the support provision to elected Members was reported to the Democratic Services Committee on the [19th March 2019](#).
- 5.9.8 The rollout of Modern.Gov across the Council has been positive to date. Whilst it is too early to establish the full effect of its implementation so far, there have been some requests from Members for additional information to be made available through the Modern.Gov system and also for the amount of hard copy information provided to be reduced.
- 5.9.9 To further enhance the roll out of the paper-light approach, the development of training and the use of technology by Members, the Democratic Services Committee at its [19th March 2019](#) meeting endorsed the development of a Members Portal. The Portal is recognised as a form of good practice through the Members Charter and will be an area on the website for Elected Members to access which will allow them an area to potentially report problems; submit questions / Notices of Motion to Council; submit scrutiny Call Ins; submit Research requests; provision of useful contact details for officers / external organisations; and E-learning.
- 5.9.10 The Council has a good track record of providing Members with support and development opportunities, and this can be evidenced by its success in

attaining and retaining the Members Charter over the past decade<sup>3</sup>. The Charter includes all aspects of elected Member support including constitutional arrangements, a strategic and practical framework for Member development, services and facilities. The Charter is intended to raise the amount and standard of support to elected Members in Wales. To continue to demonstrate the Council's commitment to Member development, preparations are in progress for the Council's Charter to be reviewed in 2019.

### Member Survey

- 5.9.11 In accordance with s6(2) of the Local Government (Wales) Measure, 2011 Member views have been sought on their preference for starting times of meetings. As agreed by the [Democratic Services Committee](#), this survey also provided provision to allow all Members the opportunity to comment on the provision of support available to them when undertaking their roles. The survey ran from the 1<sup>st</sup> April to the 13<sup>th</sup> April 2019 through the consultation hub and the results will be analysed and report to the Democratic Services Committee in 2019/20.

### Developing the capabilities of employees

- 5.9.12 The Council has a Workforce Plan 2017-22, which was approved by Cabinet on [15th February 2018](#). The plan has set priorities that align to the Council's Corporate Plan in terms of developing a flexible and agile workforce that shares organisational knowledge; recruiting and retaining the best talent to create a diverse workforce; leadership and management development; enabling a high performing, engaged and committed workforce; and supporting health and wellbeing to maximise attendance.
- 5.9.13 Staff development has been supported through induction sessions, Leadership and Middle Management Development Programmes, Manager Briefings, 'Joint Cabinet and Senior Officer meetings' and a range of operational training such as health and safety, information management and dignity at work. This was supported by a Training Compendium that brought together all training available within the Council.

### PROPOSAL FOR IMPROVEMENT

- 5.9.14 Build on the programme of training and support in place for elected Members to ensure other key themes are delivered / refreshed (for example, Code of Conduct refresher training, overview of the Council's budgets / finance training). (Paragraph 5.9.6).

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<sup>3</sup> Members Charter - The Council received its first award in 2007, an Advanced Charter in 2010 and the 'Good Practice and Innovation Award for Member Support and Development' in 2014, as a result of support made available to Members through the Occupational Health Unit.



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

### **Managing risk**

- 5.10.1 The Council's Risk Management Strategy was updated, reported to and endorsed by the Council's Audit Committee on 17<sup>th</sup> December 2018, and sets out the overall purpose and framework for risk management within the organisation.
- 5.10.2 In setting the overall Risk Management framework, the Strategy provides the Council's definition of risk and also identifies two specific 'thresholds' put in place to make it clear how risk management should be applied at different levels of the Council's business and is set out below.

### Strategic Risks

- 5.10.3 Risks the Council faces when delivering its Corporate Plan priorities.
- 5.10.4 The Council's strategic risks are set out in the Strategic Risk Register. The Strategic Risk Register was updated on a quarterly basis during 2018/19 and reported and scrutinised as part of the Council's quarterly Performance Report. A copy of the most recent risk register, as at 31<sup>st</sup> December 2018, can be viewed by clicking [here](#). There is evidence to demonstrate the Strategic Risk Register is reviewed on an on-going basis, in line with the agreed Strategy:
- New risks were incorporated into the register during the year i.e. to recognise the shift in emphasis of delivering services on a regional footprint and also the potential impact of Brexit; and
  - Risk Scores revised to take account of up-to-date information, for example, reflecting the progress the Council made to ensure appropriate arrangements were in place to comply with the new GDPR legislation and also reflecting the increased availability of services on-line.

### Operational Risks

- 5.10.5 Risks associated with the delivery of service objectives are set out within Service Delivery Plans. These risks are monitored by Service Delivery Plan owners as part of the operational management of services.
- 5.10.6 In addition to the above, to assist Management in applying consistent risk management arrangements, a Risk Management Toolkit is in place.

## **Managing performance**

- 5.10.7 The Council continues to strengthen its performance management arrangements through Service Self-Assessment / Service Delivery Planning 'challenge sessions' with the Chief Executive and designated Cabinet Member. The outcome of this work is supporting an overall improvement in the content of the documents via more clearly defined outcomes and measures being set. Steps have also been taken to introduce revised and proportionate individual performance management arrangements to all staff.

## **Scrutiny**

- 5.10.8 In relation to Scrutiny, the Wales Audit Office reported the findings in 2018/19 of a review of the Council's Scrutiny arrangements called 'Fit for the Future'. The report and the action plan containing the Council's response to the recommendations were reported the Overview and Scrutiny Committee at its meeting held on [22<sup>nd</sup> October 2018](#). Following consideration of the report, the Committee instructed the Director of Communications and Interim Head of Democratic Services to review the current scrutiny arrangements in respect of their robustness and produce a report for consideration.

## **Robust internal control**

- 5.10.9 The membership and meeting frequency of the Council's Audit Committee (7 meetings) during 2018/19 was in line with the Council's Constitution and legal requirements.
- 5.10.10 The Council's Head of Internal Audit presented the Internal Audit Annual Report 2018/19 to Audit Committee on 25<sup>th</sup> March 2019 setting out the work delivered by Internal Audit over this period. Based on the information provided to Audit Committee during the year, it concluded that '*...the overall system of internal control within the Council operated effectively during 2018/19 with a small number of areas identified for improvement*
- 5.10.11 At its meeting held on 25<sup>th</sup> March 2019, the Audit Committee also received the first Annual Report from its Chairperson. The report provided a summary of the work that the Committee undertook during 2018/19, and incorporated a self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'. The report concluded:

*'Our work-plan for this financial year has been balanced and the change in approach in respect of widening the items on each agenda has enabled the scope of information that is reported to us to be broadened. In addition to this, a wider range of Officers have presented reports to us during the year and this has helped us to deliver our Terms of Reference in a more robust way through gaining a better understanding and assurance by asking more detailed questions to Officers with specific areas of expertise.*

*I believe that we have discharged the responsibilities placed upon us, the recommendations that have arisen from the self-assessment will help further improve our arrangements and effectiveness. If any skills gaps are identified, then we will need to consider how these can be addressed in a pragmatic way that best improves the overall work of the Committee.'*

5.10.12 During the year, Cabinet at its meeting on [21st June 2018](#) endorsed a recommendation for the Council's Internal Audit Service to join an existing Regional Internal Audit Shared Service, led by the Vale of Glamorgan Council. The necessary governance arrangements were put in place to enable the transfer to take place effective from 1<sup>st</sup> April 2019.

### **Managing data**

5.10.13 An Information Management Plan is in place that sets out the framework, including legal requirements, for information management within the Council.

5.10.14 A review of the arrangements in place during 2018/19 identified they were in line with the agreed governance structure:

- The role of Data Protection Officer was formally designated, in accordance with the General Data Protection Regulation;
- An Information Management Board was in operation, Chaired by the Council's Senior Information Risk Officer, 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
- The Council continued to secure its annual accreditation to the Public Service Network (PSN) in September 2018 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.

5.10.15 It was noted that alongside the above activity, the Information Commissioner's Office (ICO) investigated 11 referrals in respect of the Council during 2018/19 (10 self-referrals and 1 external). The ICO made recommendations to mitigate against further reoccurrences and these have been implemented by the Council. In addition, 2 separate complaints were made to the ICO by members of the public in respect of Subject Access Requests the outcomes of which were:

- 1 case where the ICO found that the Council acted appropriately; and
- 1 case where the ICO made a recommendation and the Council complied within the statutory timeframe.

## Public Services Ombudsman for Wales

5.10.16 It was noted that 7 referrals<sup>4</sup> were considered through the Council's Complaints and Concerns Procedure; the outcomes from which were that no further action was deemed necessary.

### **Strong public financial management**

5.10.17 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 '*Living 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'. In the case of the 'Financial Procedure Rules', it was noted that the document is in the process of being updated and this will be completed in 2019/20;
- The Council set a Revenue Budget in 2018/19 after taking account of a significant budget gap, with savings being delivered from areas that did not affect frontline 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 3.3% Council Tax increase (excluding Community Council precepts and excluding the Police and Crime Commissioner for South Wales Precept, both of which are outside of the Council's control) which was the lowest increase across Wales;
- Financial performance results were publicly reported every three months during the year and scrutinised by elected Councillors;
- The Council kept its finances under on-going review throughout 2018/19 and was able to release resources from earmark reserves (as referred to in 5.7.5) to support additional one-off investment in 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 Council's specific reserves has been a consistent approach in enabling significant additional investment in recent years;

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<sup>4</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

- The Council is financially stable as a result of it: maintaining General Reserve balances at the minimum level (as assessed by the Council's Chief Finance Officer); 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;
- The Council complied with new legislative requirements, for example, the reporting of a Capital Strategy as from April 2019 ([27th March 2019](#) full Council meeting) and is making sound preparations, ahead of schedule, to meet the requirements of legislation for local authorities in Wales to prepare their draft Statement of Accounts earlier and for the external audit of these to also be completed earlier; and
- The Council had sound medium term financial planning arrangements that robustly forecasted future spending and funding levels, and published an update during the year.

#### PROPOSAL FOR IMPROVEMENT

5.10.18 Complete the update process of the Financial Procedure Rules and report to the relevant Committee(s) for review and if deemed appropriate, approval (with an approved version incorporated into the Council's Constitution). (Paragraph 5.10.17)

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

### Implementing good practice in transparency and reporting

5.11.1 The Council has implemented an open and consistent approach to reporting its business, as set out in earlier sections 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.

5.11.2 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 2017/18 reported and approved by Council on [19<sup>th</sup> September 2018](#) in line with the statutory timeframe;
  - The Corporate Performance Report setting out an assessment of the Council's performance for 2017/18 and plans for 2018/19, these being reported to Council on 25<sup>th</sup> July 2018. The Wales Audit Office has a statutory duty to review the Council's arrangements in this area and issued a 'certificate of compliance' in November 2018; and
  - Annual Reports / Plans presented to Cabinet: [Cwm Taf Carer's Annual Report 2017/18](#), [Corporate Parenting Board - Annual Report](#), [National Adoption Service Annual Report](#) and [Annual Equality Report](#).
- The minutes of meetings confirm that designated officers attended Committee meetings to orally present reports and answer questions, and a number of occasions were noted where updates were delivered via presentations.

### Cabinet Attendance at Scrutiny

5.11.3 At the Overview and Scrutiny Committee on 22<sup>nd</sup> January 2018, the Committee agreed for a process whereby Cabinet Members and their respective Chief Officers attend the relevant Scrutiny Committee(s) to present information in respect of their portfolios. This process is intended to enhance the level of dialogue and information currently provided to Scrutiny Committees and a number of updates were noted as being provided during 2018/19.

5.11.4 In order to increase the prominence / awareness of the Annual Governance Statement, arrangements have been put in place whereby a designated '[Governance](#)' section has been developed on the Council's website. A standalone copy of the most recent (i.e. 2017/18) Annual Governance statement is available and once approved the 2018/19 Annual Governance Statement will also be published on Governance Section of the Council's website. It is noted that the Governance Section of the Council website also includes information in relation to: The Council's Constitution; Risk Management; Whistleblowing; Anti-Fraud, Bribery and Corruption; Audit Committee; Corporate Feedback Scheme; The Council's External Regulators; and Working with others.

### **Assurance and effective accountability**

#### Internal Audit

5.11.5 The Council's Internal Audit Service had an Internal Audit Charter for the 2018/19 financial year that was approved by Audit Committee on [30<sup>th</sup> April 2018](#) 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.

5.11.6 In addition to this, the Head of Internal Audit's Annual Report 2018/19 confirmed overall conformance to the Public Sector Internal Audit Standards.

#### Wales Audit Office recommendations

5.11.7 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, Audit Committee and the Overview and Scrutiny Committee during the year, with the responsibilities / the role of each Committee set out in covering reports.

## 5.12 OTHER KEY GOVERNANCE ARRANGEMENTS

### **Amgen Cymru Ltd**

- 5.12.1 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.
- 5.12.2 The directors of the companies are responsible for ensuring there are sound governance arrangements including a robust system of internal control.
- 5.12.3 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.
- 5.12.4 During 2018/19 there have been no significant governance issues that have been identified by the Amgen Company directors, internal auditors or external auditors.

### **Pension Fund**

- 5.12.5 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;
  - Investment Strategy Statement which details how Fund investments are managed; and
  - Funding Strategy Statement which provides a summary of how we will fund our pension liabilities.
- 5.12.6 All of these documents can be found at the following link:  
[www.rctpensions.org.uk](http://www.rctpensions.org.uk)
- 5.12.7 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 Council established a Local Pension Board to assist Rhondda Cynon Taf County Borough Council in its role of Administering Authority ('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.

5.12.8 The Pension Board is made up of two employer representatives and two member representatives.

5.12.9 In 2016/17 the Council established 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.

5.12.10 The Committee is responsible for the strategic management of the RCT Pension Fund with all operational matters continuing to be delegated to the Council's Chief Finance Officer (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.

5.12.11 The Pension Fund Committee met 4 times during the Municipal Year 2018/19.

5.12.12 In early 2017, a Joint Governance Committee (JGC) was established in accordance with an inter-authority agreement, responsible for oversight of the Wales Pension Partnership (WPP) investment pooling collaboration of the eight LGPS funds in Wales. The eight Welsh Pension Fund Committee Chairs or their nominated deputy (elected member) attend the JGC and are supported by an officer working group. In January 2018, the WPP appointed an 'Operator' to establish and run a collective investment vehicle for the sole use of the Local Government Pension Scheme (LGPS) funds in Wales.

A summary of the pooling objectives of the WPP are:

- Generate consistent net of fee excess returns;
- Diversify manager risk;
- Reduce average manager fees;
- Achieve tax efficiency by reclaiming withholding tax on dividends (for non-UK equity sub-funds);
- Meet the Government deadlines by establishing one sub fund submission to the FCA; and
- Equitably share the costs of transitioning into sub-funds.

## 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 the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes. This overall conclusion is supported by:

- Sound arrangements to support elected Councillors and Officers to effectively discharge their responsibilities.
- Processes in place to:
  - Promote probity and a zero tolerance culture in respect of fraud, bribery and corruption, and also publicly reporting on the Council's performance in such areas; and
  - Support officers and elected Members to maintain high standards of conduct when undertaking business on behalf of the Council.
- Having structured arrangements in place that informed the delivery of Corporate Plan priorities (via approved action plans) and internal and external monitoring and reporting processes that held the Council to account for its performance – these arrangements being underpinned by robust financial planning and management.
- An open approach to engaging with stakeholders and planning and delivering services, a number of which being in partnership with others.
- A medium term approach to financial planning that helped inform strategic decision making and prioritisation of resources through on-going real term reductions in funding.
- The Council having a track record of implementing Annual Governance Statement recommendations in previous years.

6.2 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 summarises the proposals for improvement.

Table 2 – Proposals for Improvement

<b>Core Principle / Area</b>	<b>Paragraph No.</b>	<b>Issue Identified</b>	<b>Recommendation</b>	<b>Timescale for Implementation</b>	<b>Responsible Officer</b>
<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	5.5.21	The staff survey identified the need for further work to be undertaken across the Council to raise awareness of whistle-blowing and anti-fraud arrangements and provide staff with reassurance that they can report issues without repercussions.	Using the staff survey results (around whistle-blowing and anti-fraud, bribery and corruption), deliver a targeted programme of awareness raising to service areas identified as requiring support and advice.	November 2019	Head of Organisation Development
	5.5.22	Comments, compliments and complaints (non-social services) – no overall update is reported for review and challenge by the relevant Scrutiny Committee as part of supporting service planning and improvement.  Work commenced in 2018/19 – to be carried forward into 2019/20.	Non-social services comments, compliments and complaints - annual reporting arrangements should be put in place to report details to the relevant scrutiny committee of non-social services comments, compliments and complaints received (with the first report covering the period April 2018 to March 2019).	October 2019	Service Director – ICT and Digital Services

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer
<b>Ensuring openness and comprehensive stakeholder engagement</b>	5.6.13	Whilst the focus within scrutiny committee work programmes is improving, a wide range of topics are included that can impact on the capacity of Committees / Working Groups to review all areas in detail and thereafter assess the extent that Terms of Reference are being delivered.	As part of developing scrutiny work programmes for 2019/20:  <ul style="list-style-type: none"> <li>• More focus should be given to streamlining areas / themes for review to allow for a more outcome based style of reporting; and</li> <li>• More clearly link Committees' Terms of Reference to reports / areas to be scrutinised (with consideration being given for this to be undertaken as a pilot exercise initially).</li> </ul>	September 2019	Service Director – Democratic Services and Communications
<b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	5.7.7	Although performance indicator targets are reviewed as part of the wider pre-scrutiny of Corporate Plan action plans, no in depth work is undertaken on specific targets to better inform Scrutiny Committees in fulfilling their role.	In addition to the pre-scrutiny of Corporate Plan action plans, coordinate the delivery of a more in depth review of specific targets by Scrutiny Committee(s) as part of effectively scrutinising the Council's performance.	September 2019	Service Director – Finance and Improvement Services
<b>Developing the entity's capacity, including the capability of its leadership and individuals within it</b>	5.9.14	Elected Members - refresh the programme of training available to continue to effectively support elected Members in the discharge of their responsibilities.	Build on the programme of training and support in place for elected Members to ensure other key themes are delivered / refreshed (for example, Code of Conduct refresher training, overview of the Council's budgets / finance training).	From July 2019	Service Director – Democratic Services and Communications

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer
<b>Managing risks and performance through robust internal control and strong public financial management</b>	5.10.18	Although the review of the Council's Financial Procedure Rules has commenced, the exercise has not yet been completed.  Work commenced in 2018/19 – to be carried forward into 2019/20.	Complete the update process of the Financial Procedure Rules and report to the relevant Committee(s) for review and if deemed appropriate, approval (with an approved version incorporated into the Council's Constitution).	October 2019	Head of Procurement Delivery

7.2 The Council's SLT has accepted the proposals for improvement and is committed to their implementation during 2019/20. The SLT 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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