

## Powys County Council

### Annual audit summary 2020

This is our audit summary for Powys County Council. It shows the work completed since the last Annual Improvement Report, which was issued in January 2020. Our audit summary forms part of the Auditor General for Wales' duties.



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

## About the Council

### Some of the Services the Council provides



#### Key facts

The Council is made up of 73 councillors who represent the following political parties:

- Independent Group: 24
- Welsh Conservatives: 17
- Welsh Liberal Democrats / Greens group: 15
- Welsh Labour Group: 8
- Action for Powys: 4
- Plaid Cymru: 2
- Members not aligned to groups within the Council: 3

The Council spent £276.2 million on providing services during 2019-20, the tenth highest spend of the 22 unitary councils in Wales.

As at 31 March 2020 the Council had £28.6 million of usable financial reserves. This is equivalent to 10% of the Council's annual spend on services, joint sixth lowest percentage of the 22 unitary councils in Wales.

## Key facts

Powys County Council has 1 of its 79 areas deemed of the most deprived 10% of areas in Wales, this is the second lowest of the 22 unitary councils in Wales.<sup>1</sup>

The population of Powys is projected to increase by 0.9% between 2020 and 2040 from 132,421 to 133,602, including a 7.6% decrease in the number of children, a 9.6% decrease in the number of working age population and a 27.2% increase in the number of people aged 65 and over.<sup>2</sup>

## The Auditor General's duties

### We complete work each year to meet the following duties

- **Audit of Accounts**

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

- **Value for money**

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

- **Continuous improvement**

The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.

- **Sustainable development principle**

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

<sup>1</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>2</sup> Source: Stats Wales



Since the Spring of 2020, the ongoing pandemic has affected our audit work. We recognise the huge strain on public services and have reshaped our work programme, and found new ways of working to reduce its impact on public bodies' response to COVID-19, while still meeting our statutory duties.



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

## What we found

### Audit of Powys County Council's 2019-20 Accounts

Each year we audit the Council's financial statements.

#### For 2019-20:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 30 September 2020, which was prior to the extended 30 November deadline approved by the Welsh Government.
- whilst our opinion was unqualified it included an Emphasis of Matter paragraph in relation to the uncertainty of valuations relating to Operational properties, Council Dwellings & Investment Properties. It also contained an Emphasis of Matter paragraph regarding the material uncertainty relating to the valuation of Pension Fund Property assets.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- despite the challenges faced by the Council as a result of the COVID-19 pandemic, the Council presented its draft statements of accounts for audit on 15 June which was a significant achievement.
- a number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in September 2020. Our Audit of Financial Statements Report highlighted that the number of errors identified during the course of the audit was higher than in previous years.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims

and returns. Our audit work on grant claims is ongoing, and should we identify any significant issues arising from our work we will inform the Council in due course.

- The Auditor General issued the certificate confirming that the audit of accounts for 2019-20 has been completed.
- Key facts and figures from the 2019-20 financial statements can be accessed [here](#).

## **Well-being of Future Generations Examination – An examination of the Design of the North Powys Well-being Programme (January 2020)**

The examination that we undertook in 2019-20 considered the extent to which the Council has acted in accordance with the sustainable development principle when designing the North Powys Well-being Programme. We concluded that the Council and the Health Board have applied the sustainable development principle and its associated five ways of working in designing the step. However, there are opportunities to further embed the five ways of working into the next phases of the North Powys Wellbeing Programme. This report can be viewed [here](#).

## **Continuous Improvement (August 2020)**

The Auditor General certified that the Council has met its legal duties for improvement planning and reporting, and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.

## **Financial Sustainability (June 2020)**

During 2019-20 we examined the financial sustainability of each Council in Wales. We concluded that due to the considerable challenges the Council has faced over recent years, its financial performance has not been sustainable, however the Council understands the significant financial challenges it faces over the medium term and is working to strengthen its overall financial resilience. This report can be viewed [here](#).

## **National Fraud Initiative (November 2020)**

In October 2020, the Auditor General published his report on the findings of the latest National Fraud Initiative (NFI) data-matching exercise in Wales. The exercise helped public bodies in Wales, including the 22 unitary authorities, identify fraud and overpayments amounting to £8m. The report can be accessed on our website [here](#). NFI continues to be developed and in the forthcoming NFI exercise (NFI 2020-22), local authorities will have access to matches designed to help identify potential fraudulent applications for Covid-19 business support grants.

## **Environmental Health Services (February 2020)**

We examined the Council's environmental health services during 2018-19. We concluded that overall, the Council has been able to reduce expenditure on environmental health services whilst maintaining its performance. To achieve likely further savings, the Council will need to be innovative in transforming environmental health services at pace to maximise their resilience over the medium term. This report can be viewed [here](#).

## Workforce Planning (July 2020)

During 2018-19 we reviewed workforce planning at Powys. We concluded that stronger workforce planning means the Council is better placed to support its transformation objectives. This report can be viewed [here](#).

## Transformation (December 2020)

We reviewed transformation at Powys County Council during 2019-20. We concluded that overall, the Council is well placed to deliver its transformation programme, however COVID-19 presents new challenges and risks to the programme. This report can be viewed [here](#).

## COVID-19 response and recovery

Since March 2020, we have examined and reviewed arrangements in response to the COVID-19 pandemic at each of the Councils in Wales. We previously issued in July 2020 a summary note on digital democracy at the Council. We have further engaged with the Council throughout the year around this work.

## Other Inspectorates

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

An Improvement and Assurance Board for Social Care was previously set up in 2018 to provide challenge and support following CIW's reports relating to [Children's services](#) and [Adult services](#). A further Improvement and Assurance Board for Education was formed in October 2019 in response to [Estyn's Inspection of Local Government Education Services](#).

Following an Independent Review of progress made on organisational improvement and following the Minister for Housing and Local Government's approval, the Improvement and Assurance Board formally met for the last time at the end of September 2020. Alternative arrangements are now in place at the Council to replace the Improvement and Assurance Board and for the Council to manage its own improvement.

In [October 2020 CIW issued a letter summarising the findings of their performance evaluation inspection that took place in September 2020](#). CIW have identified that the local authority has made significant progress since their last inspections and that enhanced monitoring arrangements at Powys County Council social services are no longer required.

In November 2020 Estyn held a virtual post-inspection progress conference with Powys County Council. During the conference, the Local Authority demonstrated that it has begun to make sound progress since the inspection. It is showing a clear commitment to addressing the issues that were raised as well as evaluating its progress against its plans. Importantly, it is building leadership capacity which has the potential to secure sustainable improvements. Overall, the Local Authority has identified sufficient resources to implement its plans as well as considering the barriers to progress and associated risks appropriately.

In January 2021, Estyn released a report on '[Local authority and regional consortia support for schools and PRUs in response to COVID-19](#)'. The report covers the ways councils across Wales have adapted their work to respond to the challenges from COVID-19. Although the report is a national report, it does reference Powys County Council's work during the pandemic. For example the report includes reference to the Council's work around support and learning for post-16 learners. This includes work to support pupils through the Powys Learning Pathways website, bridging units for pupils about to start post-16 courses and the streaming of online learning to pupils accessing classes from teachers based outside their main school campuses.

## **Local Government Studies**

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report we have published the following reports:

### **The effectiveness of local Planning authorities (June 2019)**

We reviewed progress of local planning authorities in delivering their new responsibilities. We conclude that Planning Authorities are not resilient enough to deliver long-term improvements because of their limited capacity and the challenge of managing a complex system. The full report can be viewed [here](#).

### **The 'Front Door' to Social Care (September 2019)**

We considered the effectiveness of the new 'front door' to social care, looking specifically at services for adults. We found that whilst councils are preventing social-care demand, information, advice and assistance are not consistently effective. The full report can be viewed [here](#).

### **Review of Public Services Boards (October 2019)**

We inspected how Public Service Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements. We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. The full report can be viewed [here](#).

### **Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)**

We examined how the new duties and responsibilities of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act are being rolled out and delivered. We found that victims and survivors of domestic abuse and sexual violence are often let down by an inconsistent, complex and fragmented system. The full report can be viewed [here](#).

### **Rough Sleeping in Wales – Everyone's Problem; No One's Responsibility (July 2020)**

We looked at how well public services are responding to the issue of rough sleeping. Overall, we found that responding to COVID-19 is an opportunity for public bodies to start addressing long standing weaknesses in partnership working which has stopped them from tackling rough sleeping in the past. The full report can be viewed [here](#).

## **Better Law Making (September 2020)**

This report draws on five reports published between 2019 and today looking at how local authorities are responding to the challenge of implementing new legislation. Implementation is a complex task which needs to be fully thought through by the Welsh Government and the Senedd whenever they bring forward and make any new legislation. The paper highlights the difficulties faced by local authorities and their public sector partners in implementing their new responsibilities. The full report can be viewed [here](#).

## **Commercialisation in Local Government (October 2020)**

Councils have conducted commercial activity for a long time, and many councils are exploring additional commercial opportunities to mitigate against the financial pressures they face. Our report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation. It will also help councils to demonstrate how well they are discharging their value for money responsibilities. The full report can be viewed [here](#).

## **Planned work for 2020-21**

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

The most significant risk and issue facing councils and the wider public sector during 2020-21 is the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our work for 2020-21 includes:

- **Recovery planning in response to the COVID-19 pandemic;**
- **Covid-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic;**
- **Assurance and risk assessment;**
- **A review of the Council's financial sustainability;**
- **A follow-up review of Transformation;**
- **A follow-up review of Scrutiny; and**
- **A review of Safeguarding.**

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

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

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

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

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

This document is also available in Welsh.