

Cyngor Sir CEREDIGION County Council

REPORT TO:	Governance and Audit Committee
DATE:	24th January 2024
LOCATION:	Remotely by Video Conference
TITLE:	Regulator & Inspectorate Reports & Council Responses
PURPOSE OF REPORT:	To provide the Governance and Audit Committee with updates on the progress of regulator/inspectorate reports and Council responses.
For:	Decision

Introduction

This Report sets out Regulator and Inspectorate Reports and updates along with Council responses regarding progress made against proposals and recommendation. It has 3 parts:

- a) Audit Wales quarterly update to Governance and Audit Committee*
- b) Any local risk work issued/published since the last Governance and Audit Committee meeting*
- c) Audit Wales National Reports*

Current Position

a) Audit Wales quarterly update to Governance and Audit Committee

- Audit Wales Work Programme and Timetable – Ceredigion County Council (**appendix 1**)

b) Any local risk work issued/published since the last Governance and Audit Committee meeting

- Audit Wales – Project Brief - Assurance and Risk Assessment – Ceredigion County Council (**appendix 2**)
- Audit Wales – Digital Strategy Review – Ceredigion County Council (appendix 3a)
- ORF – Digital Strategy Review (**appendix 3b**)
- Audit Wales – Cracks in the Foundations – Building Safety in Wales Report (**appendix 4a**)
- MRF – Cracks in the Foundations – Ceredigion County Council Response to Building Safety in Wales Report (Updated September 2023) (**appendix 4b**)
- Audit Wales - Equality Impact Assessment (**appendix 5a**)
- MRF – Equality Impact Assessment (updated December 2023) (**appendix 5b**)
- Audit Wales - Springing Forward – Strategic Workforce Management – Ceredigion County Council (**appendix 6a**)
- MRF – Springing Forward – Review of Strategic Workforce Management – Ceredigion County Council (Updated January 2024) (**appendix 6b**)
- Audit Wales – Setting of Well-being Objectives (**appendix 7a**)

- ORF – Setting of Well-being Objectives (**appendix 7b**)
- Audit Wales – Time for Change – Poverty in Wales (**appendix 8a**)
- MRF – Time for change – Poverty in Wales (January 2024 update) (**appendix 8b**)
- Audit Wales – ‘Raising out Game’ Tackling Fraud in Wales – Update due 2024

c) Audit Wales National Reports

- Audit Wales – Corporate Joint Committees report (**appendix 9**)
- Audit Wales – A Missed Opportunity Social Enterprises (**appendix 10a**)
- MRF – A Missed Opportunity Social Enterprises (**appendix 10b**)

RECOMMENDATIONS:

- 1) To consider the Regulator and Inspectorate reports and Updates
- 2) To Consider the Council’s response
(Management/Organisational Response Forms)

Reasons for Recommendation To keep the Governance and Audit Committee informed of reports, proposals and work being undertaken

Appendices: Appendix 1	Audit Wales – Work Programme and Timetable – Ceredigion County Council
Appendix 2	Audit Wales – Project Brief – Assurance and Risk Assessment – Ceredigion County Council
Appendix 3a	Audit Wales – Digital Strategy Review – Ceredigion County Council
Appendix 3b	ORF – Digital Strategy Review
Appendix 4a	Audit Wales – Cracks in the Foundations – Building Safety in Wales
Appendix 4b	MRF – Cracks in the Foundations – Building Safety in Wales
Appendix 5a	Audit Wales – Equality Impact Assessment
Appendix 5b	MRF – Equality Impact Assessment
Appendix 6a	Audit Wales – Springing Forward Workforce Management Report – Ceredigion County Council
Appendix 6b	MRF – Springing Forward – Review of Strategic Workforce Management – Ceredigion County Council
Appendix 7a	Audit Wales – Setting of Well-being Objectives – Ceredigion County Council
Appendix 7b	ORF – Setting of Well-being Objectives
Appendix 8a	Audit Wales – Time for Change – Poverty in Wales
Appendix 8b	MRF – Time for Change – Poverty in Wales
Appendix 9	Audit Wales – Corporate Joint Committees report
Appendix 10a	A Missed Opportunity – Social Enterprises
Appendix 10b	MRF – A Missed Opportunity – Social Enterprises

Contact Name: Elin Prysor
Designation: Corporate Lead Officer: Legal & Governance & Monitoring Officer
Date of Report 24/01/2024

Audit Wales Work Programme and Timetable – Ceredigion County Council

Quarterly Update: 30 September 2023

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in February 2022.	March 2023	Complete Ceredigion County Council – Annual Audit Summary 2022

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 statement of accounts	To confirm whether the statement of accounts provides a true and fair view.	Audit Opinion by 28 February 2024	In progress
Audit of the 2022-23 Annual Return for Ceredigion Harbour	To confirm that the return has been properly completed.	Audit Opinion by 28 February 2024	In progress
Audit of the 2022-3 Annual Returns for Growing Mid Wales and Mid Wales Corporate Joint Committee	To confirm that the returns have been properly completed.	Audit Opinion by 28 February 2024	In progress

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 Grants and Returns	Audit of the grants and returns as required by their terms and conditions.	In line with the deadlines for each individual grant and return.	Not yet started

Performance Audit work

2022-23 Performance Audit work	Scope	Timetable	Status
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	ongoing	In progress
	<ul style="list-style-type: none"> Financial position 	Ongoing monitoring of financial position	Ongoing

2022-23 Performance Audit work	Scope	Timetable	Status
	<ul style="list-style-type: none"> • Capital programme management • Use of performance information – with a focus on service user feedback and outcomes • Setting of well-being objectives 	<p>September – December 2023</p> <p>February – September 2023</p> <p>July 2023</p>	<p>AW will not undertake detailed work at all councils as part of our 2022-23 work programme. We are currently exploring our options for undertaking a detailed piece of work on this topic either in 2023-24 or future years.</p> <p>Report being drafted</p> <p>Complete <u>Setting of Well-being Objectives</u></p>
<p>Thematic Review – Unscheduled Care</p>	<p>A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>	<p>August 2022 – July 2023</p>	<p>Fieldwork nearing completion, reporting from September 2023 onward.</p>

2022-23 Performance Audit work	Scope	Timetable	Status
Thematic review – Digital	A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.	January – September.	Report being finalised
Local risk work: Planning review – follow up	To follow up the Council’s progress in relation to addressing the recommendations in our Planning review published in November 2021. Review of the Planning Service – Ceredigion County Council	Autumn 2022 – Summer 2023	Report Published Planning Service Follow-up review

2023-24 Performance Audit work	Scope	Timetable	Status
Assurance and Risk Assessment including any follow-up work	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	Ongoing	In progress
Thematic review – Financial Sustainability	A review of councils' financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	March – June 2024	Scoping
Thematic review – commissioning and contract management	A review focusing on how councils' arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.	January – July 2024	Scoping

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Ceredigion County Council
Planning for sustainable development – Brownfield regeneration	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Report drafting – publication due November/December 2023	Yes – interview with nominated officer at seven councils and survey.
Governance of special purpose authorities – National Parks	Review of systems and effectiveness of governance	November 2022 – September 2023	Report drafting – publication due November/December 2023.	No
Corporate Joint Committees (CJCs)	Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.	September 2022 – August 2023	individual letters have been issued to the four CJCs. National summary report due for publication October/November 2023.	Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.

Study	Scope	Timetable	Status	Fieldwork planned at Ceredigion County Council
Governance in Fire and Rescue Authorities	Review of systems and effectiveness of governance	September 2023 – March 2024	Project brief issued	No
Homelessness	Examining how services are working together to progress the response to homelessness.	tbc	Scoping	tbc

Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority was removed from the causing significant concern category following a monitoring visit in July. We inspected Gwynedd in the week beginning 26 June and Carmarthenshire in the week beginning 10 July. Both reports have been published on our website. We will be inspecting Conwy local government education service on the week beginning 6 November.

Field work being carried out across local authorities during the autumn term includes a focus on attendance, school improvement and the work of the local authority to mitigate the impact of poverty on learners' attainment.

Care Inspectorate Wales (CIW)

CIW planned work 2023-25	Scope	Timetable	Status
Thematic reviews			
CLDT	Working with HIW we will complete a small sample of joint CLDT inspections in 2024. We will use this approach to evaluate and consider our approach to joint inspection.	2024-25	Planning
Deprivation of Liberty Safeguards – 10 years on	We are working in partnership with HIW to consider our approach and follow up on the report: <u>A National Review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales (hiw.org.uk)</u> undertaken in 2014.	2024-25	Scoping
Stoke pathway	Working in collaboration with HIW a <u>National Review of Patient Flow: a journey through the stroke pathway (hiw.org.uk)</u> has recently been published.	Complete	Published

CIW planned work 2023-25	Scope	Timetable	Status
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre-proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	In progress	Publication November 2023
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2022-23	<p>The <u>2020-21 report</u> was published on 7 February 2021</p> <p>The 2021-2022 report is underway</p>	<p>Published</p> <p>To be confirmed</p>	<p>Published</p> <p>Preparing</p>

CIW planned work 2023-25	Scope	Timetable	Status
Joint Inspection Child Protection Arrangements (JICPA)	<p>We will complete a further two multi-agency joint inspections in total.</p> <p>The findings following Denbighshire County Council have been published - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Denbighshire 2023 Care Inspectorate Wales</p> <p>The findings following Bridgend County Borough Council have been published - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Bridgend 2023 Care Inspectorate Wales</p> <p>We will publish a national report in late spring 2024.</p>	<p>April 2023 – April 2024</p>	<p>Delivery</p>
Performance review of Local Authorities	<p>We continue to inspect Local Authorities in line with our updated Code of Practice for our local authority inspection activity Care Inspectorate Wales</p> <p>How we inspect local authority services and CAFCASS Cymru</p>	<p>Ongoing</p>	<p>Ongoing</p>

Audit Wales national reports and other outputs published since September 2022

Report title	Publication date and link to report
NHS workforce – data briefing	September 2023
Income Diversification for National Park Authorities in Wales	September 2023
Approaches to achieving net zero across the UK	September 2023
Springing Forward: Lessons learnt from our work on workforce and assets (in local government)	September 2023
Local Government Financial Sustainability Data tool update (further update planned autumn 2023)	September 2023
NHS finances data tool – to 31 March 2023	September 2023
Public interest reports – Ammanford Town Council and Llanferres Community Council	September 2023
Cwm Taf Morgannwg University Health Board - Quality Governance Arrangements Joint Review Follow-up	August 2023
'Cracks in the Foundations' – Building Safety in Wales	August 2023
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	June 2023
Digital inclusion in Wales (including key questions for public bodies)	March 2023

Report title	Publication date and link to report
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	February 2023
Welsh Government purchase of Gilestone Farm	January 2023
Together we can – Community resilience and self-reliance	January 2023
A Picture of Flood Risk Management	December 2022
'A missed opportunity' – Social Enterprises	December 2022
Poverty Data Tool	November 2022
'Time for change' – Poverty in Wales	November 2022
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)
National Fraud Initiative 2020-21	October 2022
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	October 2022
Payment to the Welsh Government's Former Permanent Secretary on Termination of Employment	September 2022

Report title	Publication date and link to report
Equality Impact Assessments: More than a Tick Box Exercise?	September 2022
Welsh Government – setting of well-being objectives	September 2022
Welsh Government workforce planning and management	September 2022

Audit Wales national reports and other outputs (work in progress / planned)^{1, 2}

Title	Indicative publication date
Covering teachers' absence – follow-up (letter to the Public Accounts and Public Administration Committee)	October 2023
NHS quality governance	October/December 2023
A465 Section 2 – update	November/December 2023
Ukrainian refugee services	December 2023/January 2024

¹ We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind.

² We have also published to our website a paper – [Our work programme for 2023-2026](#) – that provides additional detail about our national work (including local thematic reviews). In addition to new work that we will be taking forward in 2023-24, the paper includes details about indicative topics for work to start in 2024-24 or 2025-26.

Title	Indicative publication date
Local government digital strategy review – national summary	January 2024
Local government use of performance information, outcomes and service user perspective – national summary	November/December 2022
Affordable housing	February/March 2024
Active travel	Spring 2024
Cancer services	To be confirmed (scoping)
Velindre Cancer Centre	To be confirmed (scoping)
Welsh Government capital and infrastructure investment	To be confirmed (scoping)
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	R&D work underway September to December 2023. Data gathering with representative groups. Outputs will inform any further audit work.
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (scoping)
The senior public service	To be confirmed (scoping early 2024)
Challenges for the cultural sector	To be confirmed (starting in 2023-24)
Rebalancing care and support	To be confirmed (starting in 2023-24)

Title	Indicative publication date
Tackling NHS waiting lists	To be confirmed (starting in 2023-24)
Access to education for children with Additional Learning Needs	To be confirmed (starting in 2023-24)
Audit Committees. 'What does good look like?'. R&D work to understand the broad audit committee landscape across all sectors in Wales. Outputs to support Good Practice Exchange events and potential future audit work.	R&D work Sept – Dec 2023 Good Practice Event Spring 2024

Good Practice Exchange events and resources

Title	Link to resource
<p>Strategy to Action: How digital makes a difference to everyday lives This event will take a practical and honest view at the digital landscape in Wales and will offer practical ideas for public and third sector organisations which will help them achieve the best value for money.</p>	<p>27 September 2023 09:00 – 13:00 – North Wales – To register for North Wales</p> <p>5 October 2023 09:00 – 13:00 – Cardiff – To register for Cardiff</p>
<p>Working in partnership to improve wellbeing This event will bring together the North Wales Insight Partnership, the Public Service Boards and the C4C community to share wellbeing plans across the North Wales region, as well as sharing the innovative work being undertaken by a range of sectors around wellbeing in our communities. The event will provide opportunities to discuss how we can connect all of this work to deliver real change.</p>	<p>24 October 2023 09:30 – 16:30 To register for North Wales Cardiff date TBC</p>

Title	Link to resource
<p>Integrity in the Public Sector ‘Trust is built and maintained through competence, reliability, and honesty, as well as the building of genuine and sound relationships between the public sector and the public it serves. That means the public sector must be accountable for the management and delivery of public services and outcomes, for the direction and control of the work it does, the resources it manages, and for its behaviour and ethics.’ This event will look at how public services can promote a culture of integrity.</p>	<p>5 December 2023 10:00 – 12:00 Online To register</p>
<p>Podcast: Auditing Community Resilience In this edition of The Exchange, our Local Government team discuss some of the factors that cause poverty in Wales, as well as the value provided by social enterprises, and the importance of keeping wealth in communities.</p>	<p>To listen</p>

Recent Audit Wales blogs

Title	Publication date
Building Safety – Have we learnt from Grenfell?	1 August 2023
Helping people to help themselves	15 February 2023
A perfect storm – the cost of living crisis and domestic abuse	21 November 2022
Tackling poverty means tackling poverty data	11 November 2022
Cost of living and putting away the bayonet	21 September 2022
Heat is on to tackle Climate Change	18 August 2022
Direct Payments in Wales	15 June 2022

Title	Publication date
<u>Unscheduled Care in Wales – a system under real pressure</u>	21 April 2022

Project Brief – Assurance and Risk Assessment – Ceredigion County Council

Audit year: 2023-24

Date issued: August 2023

Publication reference number: 3659A2023

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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.

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Background

- 1 The Auditor General has a duty under the Public Audit (Wales) Act to assure himself each year that councils have put in place proper arrangements to secure value for money in the use of their resources. A similar project is being undertaken at each council to help to fulfil this duty through a review of the arrangements that the Council has put in place, as well as to identify arrangements where we intend to undertake more detailed audit work. We are undertaking a similar project across all principal councils in Wales. This audit will also help the Auditor General to assure himself that councils are acting in accordance with the sustainable development principle and to identify where we intend to undertake further work to test its application.

Legislative basis

- 2 This project is being undertaken to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015. It may also inform audit work carried out under other powers and duties.
- 3 Our privacy notice is included on pages 10-11 of this project brief and it provides information about the potential collection of personal information by the Auditor General as part of this work.

Audit objectives

- 4 Our objectives for this audit are to:
 - help discharge the Auditor General's duty to satisfy himself that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources;
 - help discharge the Auditor General's duties under the Well-being of Future Generations Act; and
 - inform our work planning for future years.

Audit questions and criteria

- 5 **Exhibit 4** contains the audit questions and audit criteria.

Audit scope

- 7 This project will cover key corporate and service arrangements, although the extent to which we review each arrangement each year varies according to our assessment of audit risk.
- 8 As part of our Assurance and Risk Assessment (ARA) work, we may also undertake follow-up work on proposals for improvement/recommendations issued in previous Audit Wales reports.

Audit methods

- 9 We will follow a risk-based approach to reviewing the Council's arrangements. For some aspects of the Council's arrangements, our work may be limited to high-level document reviews. For other arrangements, we may undertake more substantive work including, for example, interviews and meeting observations. As a minimum, we will interview the Chief Executive, Corporate Directors and some Corporate Lead Officers. We intend to deliver this work on an ongoing basis during 2023-24.
- 10 In undertaking this project, we will also draw on the findings of our other ongoing and recent work, the findings of other Inspectors and Regulators, and the work of the Council's own internal review mechanisms, such as the Council's internal audit and overview and scrutiny functions.
- 11 We will also hold a workshop with senior management to discuss a summary of our emerging findings, our planned future work, and gain the perspective of senior managers on the Council's key risks and areas of focus. This workshop will also involve Estyn and Care Inspectorate Wales and is likely to be in early 2024.

Output

- 12 We will feed back emerging findings from this work to the Council as appropriate and summarise our assessment of key audit risks at the workshop referred to above.

Timetable

13 **Exhibit 1** shows the high-level timetable of the main audit stages.

Exhibit 1: audit timetable

Stage	Date
Issue project brief	July 2023
Document reviews	Ongoing over 2023-24
Interviews with senior officers	September – December 2023
Workshop with senior officers	Early 2024

Audit Wales contacts

14 **Exhibit 2** sets out the Audit Wales team that will be working on this audit.

Exhibit 2: Audit Wales contacts

Name	Contact details
Gary Emery – Audit Director	Gary.Emery@audit.wales
Non Jenkins	Non.Jenkins@audit.wales
Bethan Roberts	Bethan.Roberts@audit.wales
Jason Blewitt	Jason.Blewitt@audit.wales

Fieldwork

- 15 We will conduct our fieldwork in line with the organisation’s stated language preference. We will make every reasonable effort to accommodate language preferences of individuals during the audit if we receive these at the point of setting up fieldwork.

Document request

- 16 We will review a range of documents as part of our ongoing document reviews, the majority of which are likely to already be in the public domain. If we would like to request additional documents or are unaware of where to access them, we will communicate this through our usual contact(s) for performance audit work.

Interviews

- 17 **Exhibit 3** sets out the initial list of people we would like to interview during our work. We will confirm specific details of who we would like to interview during the project set-up meeting and contact you again to arrange mutually convenient dates and times when we begin the evidence gathering stage.

Exhibit 3: interviewees

Title
Chief Executive
Corporate Directors
Corporate Lead Officers

Appendix 1

Audit questions and criteria

Main audit question: **Do the Council's arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?**

Exhibit 4: audit questions and criteria

Level 2 questions	Criteria
1. Do Governance arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?	<ul style="list-style-type: none">• Arrangements are in place.• There is appropriate oversight of arrangements.• Evidence that arrangements are effective.
2. Do Strategic planning arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?	<ul style="list-style-type: none">• Arrangements are in place.• There is appropriate oversight of arrangements.• Evidence that arrangements are effective.
3. Do Resource Planning and Management arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?	Arrangements are in place. There is appropriate oversight of arrangements. Evidence that arrangements are effective.

Level 2 questions	Criteria
<p>4. Do collaboration and partnership arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?</p>	<ul style="list-style-type: none"> • Arrangements are in place. • There is appropriate oversight of arrangements. • Evidence that arrangements are effective.
<p>5. Do Performance Management arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?</p>	<ul style="list-style-type: none"> • Arrangements are in place. • There is appropriate oversight of arrangements. • Evidence that arrangements are effective.
<p>6. Do Risk Management arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?</p>	<ul style="list-style-type: none"> • Arrangements are in place. • There is appropriate oversight of arrangements. • Evidence that arrangements are effective.
<p>7. Does service performance indicate that proper arrangements to secure value for money are in place and that the sustainable development principle is being applied?</p>	<ul style="list-style-type: none"> • Arrangements are in place. • There is appropriate oversight of arrangements. • Evidence that arrangements are effective.

Appendix 2

Fair processing notice

Date issued: August 2021

Auditor General for Wales – Privacy Notice

This privacy notice tells you about how the Auditor General for Wales and staff of the Wales Audit Office process personal information collected in connection with our work.

Who we are and what we do

The Auditor General for Wales' work includes examining how public bodies manage and spend public money, and the Wales Audit Office provides the staff and resources to enable him to carry out his work. 'Audit Wales' is a trademark of the Wales Audit Office, and is the umbrella identity of the Auditor General for Wales and the Wales Audit Office.

Data Protection Officer (DPO)

Our DPO can be contacted by telephone on 029 2032 0500 or by email at infoofficer@audit.wales

The relevant laws

We process your personal data in accordance with data protection legislation, including the Data Protection Act 2018 (DPA) and the UK General Data Protection Regulation (GDPR). Our lawful bases for processing are the powers and duties set out in the Public Audit (Wales) Acts 2004 and 2013, the Government of Wales Acts 1998 and 2006, the Local Government (Wales) Measure 2009, the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015. Depending on the particular power or function, these statutory bases fall with Article 6(c) and (e) of the UK GDPR—processing necessary for compliance with a legal obligation, for the performance of a task carried out in the public interest or in the exercise of official authority.

Who will see the data?

The Auditor General and relevant Wales Audit Office staff, such as the study team, will have access to the information you provide.

Our published report may include some of your information, but we will contact you before any publication of information that identifies you—see also 'your rights' below.

We may share information with:

- a) senior management at the audited body/bodies as far as this is necessary for exercising our powers and duties; and

- b) certain other public bodies/ public service review bodies such as the Office of the Future Generations Commissioner, Care Inspectorate Wales (Welsh Ministers), Estyn and the Public Services Ombudsman for Wales, where the law permits or requires this, such as under section 15 of the Well-being of Future Generations (Wales) Act 2015.

How long we keep the data

We will generally keep your data for six years, though this may increase to 25 years if it supports a published report—we will contact you before any publication of information that identifies you—see also ‘your rights’ below. After 25 years, the records are either transferred to the UK National Archive or securely destroyed. In practice, very little personal information is retained beyond six years.

Our rights

The Auditor General has rights to information, explanation and assistance under paragraph 17 of schedule 8 Government of Wales Act 2006, section 52 Public Audit (Wales) Act 2004, section 26 of the Local Government (Wales) Measure 2009 and section 98 of the Local Government and Elections (Wales) Act 2021. It may be a criminal offence, punishable by a fine, for a person to fail to provide information.

Your rights

You have rights to ask for a copy of the current personal information held about you and to object to data processing that causes unwarranted and substantial damage and distress.

To obtain a copy of the personal information we hold about you or discuss any objections or concerns, please write to The Information Officer, Wales Audit Office, 1 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ or email infoofficer@audit.wales. You can also contact our Data Protection Officer at this address.

Information Commissioner’s Office

To obtain further information about data protection law or to complain to complain about how we are handling your personal data, you may contact the Information Commissioner at: Information Commissioner’s Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF, or by email at casework@ico.gsi.gov.uk or by telephone 01625 545745.



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Digital Strategy Review – Ceredigion County Council

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Report summary

Report summary

Exhibit 1: report summary

The exhibit below summarises the reason we undertook this audit, our key findings and recommendations for the Council.

Why a strategic approach to digital is important

- 1 Digital technology is key to delivering a wide range of council services in a more economic, efficient and effective way, is also an important means of councils delivering their wellbeing objectives and carrying out sustainable development.
- 2 Having a clearly articulated strategic approach to digital can bring several benefits such as:
 - establishing a common vision for use of digital and the intended outcomes for local communities linked to the council's strategic objectives;
 - helping to ensure that councils' use of digital technology is aligned with their key strategic objectives and other plans and strategies and is informed by a good understanding of current and future trends;
 - reducing the risk of duplication both within councils and with partners;
 - consideration of resourcing digital over the short, medium and longer term together; and
 - providing a framework against which to monitoring progress over the short, long and medium term.

The focus of our audit

- 3 We looked at the extent to which the Council's strategic approach to digital has been developed in accordance with the sustainable development principle and that it will help to secure value for money in the use of the Council's resources.

Our key findings

- 4 We found that the Council does not have a current digital strategy and is in the process of developing its next digital strategy. To inform its future strategy, the Council is using relevant internal data and is considering external data and intelligence, but the Council is uncertain on involving the public. Despite not having a strategy, the Council is aligning the importance of digital to support delivery of corporate priorities. Despite the absence of a strategy, the Council allocated specific resources to fund its delivery once finalised. However, the Council does not have in place arrangements to monitor, assess and report progress and these arrangements were not in place for the Council's previous strategy which ended in 2022. Without these arrangements, it is difficult for the Council to demonstrate the impact and value for money of its approach.

Our recommendation for the Council

- R1 To help ensure that the Council's next digital strategy supports the achievement of its objectives and secures value for money, in developing its next digital strategy the Council should:
- gain an understanding of the needs of citizens by involving them in the design of its next strategy; and
 - review its previous digital strategy including its governance, monitoring, and reporting arrangements to inform arrangements to support delivery of its next strategy to include enabling it to:
 - monitor its impact;
 - monitor the extent to which it provides value for money; and
 - assess if intended benefits are being realised.

Detailed report

What we looked at and why – the scope of this audit

- 1 We reviewed the Council's strategic approach to digital and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the Council's resources.
- 2 Our findings are based on document reviews and interviews with a sample of Cabinet Members and senior officers. The evidence we have used to inform our findings is limited to these sources. We undertook this review in June 2023.
- 3 We set out to answer the question '**In developing its digital strategy has the Council acted in accordance with the sustainable development principle and put in place proper arrangements to secure value for money in the use of its resources?**' We did this by exploring the following questions:
 - Is the Council's digital strategy informed by a good understanding of current and future trends?
 - Does the Council have a clear vision of what it wants to achieve through the use of digital technology?
 - Is the Council working effectively with the right people and partners to design and deliver its digital strategy?
 - Has the Council resourced delivery of its digital strategy so it can deliver long-term/preventative benefits?
 - Is the Council monitoring and reviewing progress?
 - Is the Council learning lessons from how it works?
- 4 **Appendix 1** sets out the detailed questions we set out to answer along with the audit criteria we used to arrive at our findings.

Why we undertook this audit

- 5 This audit was undertaken to help fulfil the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 6 We sought to:
 - provide assurance that councils' digital strategies will help to deliver well-being objectives in a way that secures value for money in the use of resources;
 - provide assurance that councils are acting in accordance with the sustainable development principle in the design of their digital strategies;
 - explain how councils are using/planning to use digital technology to meet people's needs and deliver better outcomes; and

- inspire and empower councils and other public sector bodies by identifying and sharing examples of notable practice/approaches where relevant.

The Council's digital strategy

- 7 The Council does not have a current digital strategy. The Council's previous strategy 'Information Communication Technology and Digital Strategy 2018-2022' concluded in 2022.
- 8 At the time of our fieldwork in June 2023, the Council were actively preparing a new digital strategy. This report reflects the Council's progress at that time while recognising the Council had more work to do before the new strategy would be available for member scrutiny. In June 2023, Officers intended to present a new digital strategy to members in Autumn 2023.

What we found: the Council is taking an integrated approach to developing its digital strategy and is using internal and external data to inform it but does not yet have arrangements in place to assess its value for money or impact

In developing its next digital strategy the Council is ensuring it aligns with its strategic objectives, the priorities of its partners and is using internal and external data to inform it

- 9 Despite the absence of a current digital strategy, there is strong evidence of the Council's commitment to digital and alignment with partners. The Council's Corporate Plan commits to improving digital connectivity and digital infrastructure as well as alignment with the Public's Services Board (PSB) digital commitments in its 2023-2028 Local Wellbeing Plan. There is a clear focus on digital supporting the Council's Well-being Objective of 'Boosting the Economy, supporting business and enabling employment'. The 'Boosting Ceredigion's Economy - A Strategy for Action 2020-35' clearly states the importance of digital as well as identifying digital as a key enabler in the Council's Hybrid Working Strategy approved by Council in July 2022. The Council and the Local Health Board are consulting each other on their emerging digital ambitions with a view to ensuring integration between the two public bodies. At the time of the fieldwork, this work was not complete. The Council is also reviewing the Growing Mid Wales partnership and Welsh Government Digital Strategy for Wales in its consideration of its own digital ambitions and priorities. Consideration of other stakeholders' digital intentions and alignment of internal and external strategies can help the Council in sharing of resources, avoid duplication of efforts and help to identify opportunities to deliver multiple benefits.

- 10 The Council is gaining a good understanding of its current situation to help inform its future digital strategy. The Council commissioned an external consultant to complete a digital audit of all its services including services' current digital arrangements, assessing the digital maturity of these as well as understanding services' future digital requirements. In addition, the Council commissioned a data maturity review on its current and future workloads resulting in recommendations for the Council to consider for its future approach to data. The Council has also completed a digital self-evaluation with the Welsh Local Government Association (WLGA) and piloted a Cyber Assessment Framework self-assessment. This information is key in helping the Council understand its current situation which should inform its future digital strategy.
- 11 The Council is currently drawing on internal data and is exploring external sources of data and intelligence to gain a broader view of the current situation in the County. The Council is reviewing the latest census results to gain a better understanding of the County's demographic profile. It is also reviewing different types of broadband availability across the County and economic factors influencing access to digital technology. Drawing on information from a wide range of sources and through collaborative activity, this increases the Council's ability to plan its strategic approach based on a good understanding of current and likely future trends in the County.
- 12 As the Council develops its future digital strategy, it is important for the Council to understand who will be directly affected by it. The Council is uncertain as to whether to consult with the public on its next digital strategy. Therefore, the Council runs the risk of not involving the full diversity of people potentially affected by its future digital strategy to help ensure the strategy meets their needs. Not involving citizens in developing the Council's strategic digital approach, or the delivery of it, risks designing approaches that do not meet citizens' needs, and therefore may not secure value for money.
- 13 It is currently unclear how far into the future the Council is planning for with regard to digital. With a lack of a current digital strategy, the Council does not have a vision for digital nor does it have measures and milestones reflecting short, medium and long-term outcomes for digital. Once the Council has a clear vision for digital and has identified the outcomes it is seeking to achieve, it will be important for the Council to clearly communicate this across the organisation, including elected members as well as the wider public and partners to ensure there is a wide and common understanding of what the Council is trying to achieve.
- 14 At this stage of its future digital strategy development, the Council has not finalised how it will contribute to the National Well-being goals.

The Council does not have arrangements to assess or monitor the impact and value for money of its strategic approach to digital

- 15 The Council has set aside £1 million for an unspecified period to help fund delivery of its future digital strategy. While this demonstrates the Council's commitment and recognition of the importance of digital, the Council allocated this amount without having a digital strategy. Therefore, the Council cannot be assured it has allocated a suitable amount of funding to deliver its digital ambitions. The Council has also not finalised the arrangements for how services can access this funding, nor has the Council finalised the monitoring and reporting arrangements that will determine progress and value for money of projects resourced from this fund.
- 16 At the time of our fieldwork, the Council had not allocated any funding from this pot. The establishment of proper monitoring arrangements would help the Council to assure itself that value for money is being secured from the fund.
- 17 There is no formal corporate oversight for the monitoring and reviewing of the collective progress, impact and value for money of all current digital projects. The Council does have a Corporate Project Management Panel (CPMP), but it does not have a role in monitoring any projects, including digital projects. The Corporate Performance Board and individual scrutiny committees can request to review and challenge the progress of individual digital projects. However, without monitoring the combined progress and impact, it will be difficult for the Council to gain assurance its digital strategic approach is securing value for money.
- 18 At the time of our fieldwork, the Council were considering the CPMP as the right forum to assess, monitor and oversee the future digital strategy, or whether it needs to set up a specific Digital Board with responsibility for the corporate oversight. The lack of current monitoring arrangements means the Council cannot provide assurance that the benefits of individual digital projects, or their collective benefit are being delivered.
- 19 A key element in understanding the future success and impact of a digital project and wider strategy is understanding the perceived financial and/or non-financial benefits at the outset. The Council recognises that the intended benefits were not clearly articulated for its previous Information Communication Technology and Digital Strategy. Without clearly articulating the intended benefits of its digital strategy and individual digital projects it is difficult for the Council to monitor progress in delivering them, and the extent to which the strategy is helping the Council to secure value for money.
- 20 At the time of our fieldwork, the Council was reviewing its previous digital strategy to help inform its future digital strategy by assessing what the Council delivered. However, this review centres on whether the Council delivered its previous digital actions and projects. The Council should take this opportunity to strengthen its review and consider the effectiveness of the previous strategy's governance arrangements. This could include consideration of the monitoring and reporting of progress and whether the Council had sufficient information at the outset of the strategy, to be able to understand and monitor its intended impact. This learning

can help the Council to shape the appropriate arrangements to support delivery of its future digital strategy.

Appendix 1

Audit questions and audit criteria

Below are the questions we sought to answer in carrying out this audit, along with the audit criteria we used to arrive at our findings.

Main audit question: **In developing its digital strategy has the Council acted in accordance with the sustainable development principle and put in place proper arrangements to secure value for money in the use of its resources?**

Exhibit 2: audit questions and audit criteria

Level 2 questions	Level 3 questions	Criteria
1. Is the Council's digital strategy informed by a good understanding of current and future trends?	1.1 Is there is a thorough understanding of the 'as is' (ie current demand/issues to be addressed) and the reasons why/underlying causes?	<ul style="list-style-type: none"> • The Council has drawn on a broad range of information from internal and external sources to develop a thorough understanding of the 'as is' and how it is likely to change. This includes information (including data) relating to: <ul style="list-style-type: none"> – service sustainability/resilience and resourcing challenges. – the needs of citizens and communities. – the underlying causes of current demand/issues to be addressed. – analysis of future trends and how they might impact, eg social, economic/political, environmental, cultural or technological. They might include known trends eg ageing population, depleting natural resources and particularly technological advances. They might also include those with a higher level of uncertainty eg jobs and skills needed in the future. • The analysis of the 'as is' and how it is likely to change is well informed by involvement activity, as appropriate, that reflects recognised good practice (eg National Principles for Public Engagement in Wales, Future Generations Commissioner for Wales advice and guidance). • The Council uses its evidence base effectively to:
	1.2 Is there a thorough understanding of the long-term factors that will impact and the challenges and opportunities that may result (eg risks and opportunities)?	

Level 2 questions	Level 3 questions	Criteria
		<ul style="list-style-type: none"> – identify actions in its strategic approach to digital that are likely to be most effective and why, including how they could address the root causes of problems; – inform decisions around its use of digital technology that seek to balance the need to meet short and longer-term objectives.
<p>2. Does the Council have a clear vision of what it wants to achieve through the use of digital technology?</p>	<p>2.1 Is the Council planning over an appropriate timescale?</p>	<ul style="list-style-type: none"> • The Council has considered what long term means in planning its approach to digital – ie how far ahead it can/should plan and why (at least ten years with consideration of longer-term trends as appropriate). • The Council has considered how actions can deliver the best impact over that timeframe in terms of outcomes and most effective use of resources. This could include consideration of appropriate intervention points linked to the Commissioner’s definition of prevention. (More details can be found in: Taking account of the Well-being of Future Generations Act in the budget process – The Future Generations Commissioner for Wales). • The Council has set out measures for its digital strategy that reflect short and long-term impacts and value for money, with milestones that reflect progress as appropriate. • The Council has set out how its digital strategy will be resourced over the longer term as far as is practical (see also criteria relating to integration).
	<p>2.2 Has the Council thought about the wider impacts its digital strategy could have, including:</p>	<ul style="list-style-type: none"> • The Council has considered how its digital strategy can make a contribution across the well-being goals. • Staff developing the digital strategy understand what colleagues and partners do and how their work relates, and have sought to integrate their

Level 2 questions	Level 3 questions	Criteria
	<ul style="list-style-type: none"> • how it could contribute to each of the seven national well-being goals? • how delivery will impact on the other things it is trying to achieve (ie its well-being objectives and wider priorities)? • how delivery will impact on other what other public bodies are trying to achieve (ie their well-being objectives)? 	<p>work with that of their colleagues from across the Council and with partner organisations.</p> <ul style="list-style-type: none"> • Integration is evident in the alignment of the digital strategy with other key corporate strategies and service plans. For example medium-term financial plan, workforce plan, asset management strategies, well-being statement and carbon reduction plans. • The digital strategy is aligned with other strategic intents such as: <ul style="list-style-type: none"> – customer experience; – management of demand/reductions in demand failure and prevention; and – design and implementation of new service delivery models. • The Council's digital strategy aligns with the plans/strategies of local and national partners including the Welsh Government's Digital Strategy for Wales Digital strategy and well-being plans.
	<p>2.3 Is there a wide and common understanding of what the Council is trying to achieve?</p>	<ul style="list-style-type: none"> • Councillors and senior officers responsible for implementing the digital strategy have a common and clear understanding of what the Council is trying to achieve and the intended impact on service delivery. • The Council's digital strategy is clearly communicated to staff and partners who may help deliver it.

Level 2 questions	Level 3 questions	Criteria
<p>3. Is the Council working effectively with the right people and partners to design and deliver its digital strategy</p>	<p>3.1 Has the Council identified who it needs to involve?</p>	<ul style="list-style-type: none"> • The Council has a good understanding of who will be directly and indirectly affected by its digital strategy and who it needs to involve. • The Council has effectively involved the full diversity of views in developing its digital strategy, including from non-traditional sources and from those it may have previously failed to reach.
	<p>3.2 Is the Council effectively involving the full diversity of people affected by its digital strategy?</p>	<ul style="list-style-type: none"> • The Council has provided genuine opportunities for people to influence the design and delivery of its digital strategy from an early stage, including representatives of groups who share protected characteristics. • The Council has used the results of involvement to shape the design and delivery of its digital strategy.
	<p>3.3 Is the Council collaborating effectively with the right partners?</p>	<ul style="list-style-type: none"> • The Council is collaborating to ensure it delivers better outcomes and value for money through its digital strategy and has put appropriate arrangements in place to support this, for example for: <ul style="list-style-type: none"> – sharing or pooling expertise and resources; – sharing information; – ensuring effective monitoring, evaluation and accountability including consideration of value for money.

Level 2 questions	Level 3 questions	Criteria
<p>4. Has the Council resourced delivery of its digital strategy so it can deliver long-term/preventative benefits?</p>	<p>4.1 Does the Council understand long-term resource implications?</p>	<ul style="list-style-type: none"> • The Council has assessed the costs and benefits of using digital technology to invest in long-term, preventative approaches and the cost (both financial and in terms of outcomes) of not doing so. • The Council has thought about the resources it will need to deliver its digital strategy over the medium and longer term (whole life costs) and how it could manage risks/meet those costs including, for example, planned 'invest to save' initiatives and managed reductions in technical debt. • The Council has calculated and set out any savings it intends to make through implementing its digital strategy.
	<p>4.2 Does the Council allocate resources to deliver better outcomes over the long-term?</p>	<ul style="list-style-type: none"> • Action (including preventative action) that is likely to contribute to better outcomes and/or use of resources over the longer term is promoted and supported, even: <ul style="list-style-type: none"> – where this may limit the ability to meet some short-term needs; – where the benefits are likely to be accrued by or attributed to another organisation.

Level 2 questions	Level 3 questions	Criteria
5. Is the Council monitoring and reviewing progress?	5.1 Is the Council monitoring and reviewing progress towards, short, medium and longer-term objectives?	<ul style="list-style-type: none"> • The Council monitors the costs and benefits of delivering its digital strategy from a value for money perspective. • The Council is measuring the wider contribution the digital strategy is making across its own/partnership objectives. • Progress is measured against short, medium and long-term objectives.
6. Is the Council learning lessons from how it works?	6.1 Does the Council review the effectiveness of its digital strategy?	<ul style="list-style-type: none"> • The Council regularly reviews the effectiveness of its digital strategy including: <ul style="list-style-type: none"> – effectiveness of its collaborative activity; – effectiveness of its involvement activity, including the impact of the strategy on service users including those who are digitally excluded; – the impact of the strategy on those who share protected characteristics; – the economy, efficiency and effectiveness of the digital strategy overall in helping the Council to achieve its strategic objectives. • The Council has reviewed lessons learned from its response to the pandemic and is applying this learning to its digital strategy.
	6.2 Does the Council share lessons learned from its approach to its digital strategy?	<ul style="list-style-type: none"> • The Council shares and applies any lessons learned from the development and delivery of its digital strategy widely across the organisation, and with partners where relevant.



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Organisational response

Report title: Digital Strategy Review

Completion date: November 2023

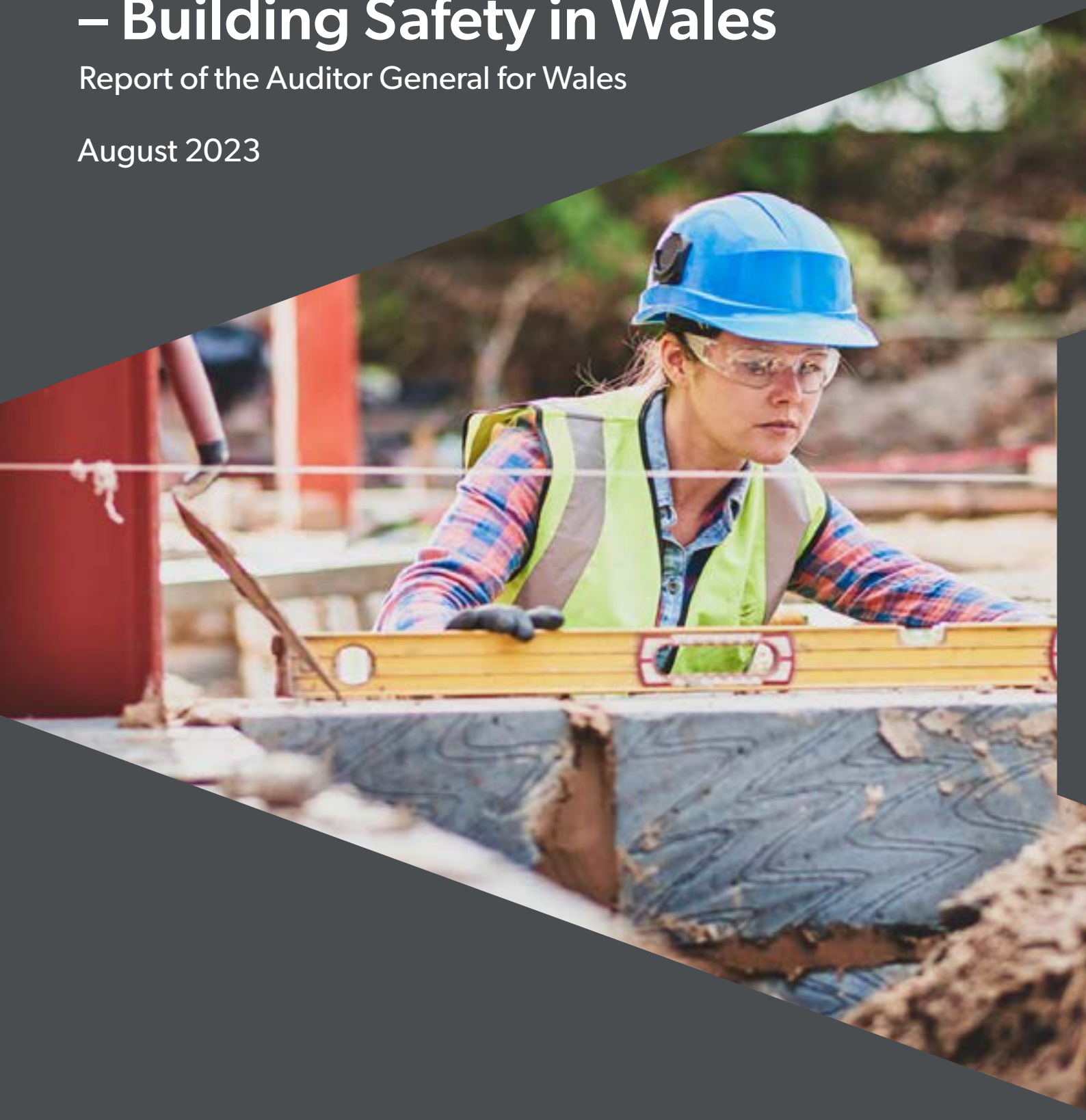
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Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>To help ensure that the Council's next digital strategy supports the achievement of its objectives and secures value for money, in developing its next digital strategy the Council should:</p> <ul style="list-style-type: none"> • gain an understanding of the needs of citizens by involving them in the design of its next strategy; and • review its previous digital strategy including its governance, monitoring, and reporting arrangements to inform arrangements to support delivery of its next strategy to include enabling it to; <ul style="list-style-type: none"> – monitor its impact; – monitor the extent to which it provides value for money; and – asses if intended benefits are being realised. 	<p>A consultation on our next digital strategy will be carried out.</p> <p>Work continues reviewing our previous strategy and this work along with Wales Audit recommendations will feed into the development of our upcoming strategy and its governance arrangements.</p>	31/03/2024	Alan Morris

'Cracks in the Foundations' – Building Safety in Wales

Report of the Auditor General for Wales

August 2023



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Summary report

Context

Building Control and Building Safety in Wales

- 1 Building Regulations are a set of legal requirements for the design and construction of new buildings, extensions, and material alterations to, and certain changes of use of, existing buildings. Building regulations help ensure that new buildings, conversions, renovations, and extensions (domestic or commercial) are safe, accessible and energy efficient.
- 2 The building regulations are defined by the Welsh Government and cover specific topics including structural integrity, fire protection, accessibility, energy performance, electrical and installation of combustion appliances. They also lay, for example, standards for drains, ventilation, protection against the ingress of water and protection against contamination including methane and radon gas. To help people to comply with them, the Welsh Government produces Approved Documents which offer detailed guidance and show ways of achieving compliance, expressed in simple functional statements – see **Appendix 2** for further information.
- 3 The primary responsibility for compliance with Building Regulations rests with designers, builders and building owners, and there are two routes open to them when seeking approval for their work¹. They can choose to pay for either:
 - a local authority inspector from the local council and run through Local Authority Building Control (LABC); or
 - an approved inspector from a government-approved private building control company.
- 4 In practical terms, if construction work is proposed, the work must comply with these Regulations. Although work on a new build or extension may proceed before any formal consent, nothing can proceed beyond the inspection stages without the approval of an inspector. When the building is completed to the satisfaction of an inspector, a Completion or Final Certificate is issued (depending on who has approved the work). This certificate is only provided when all work has been approved and a final site inspection has passed.

¹ The system in Wales mirrors England and has largely been unchanged since the adoption of Part 2 of the Building Act 1984 which allowed for the introduction of approved inspectors as an alternative to obtaining building regulations approval from a local authority. In Scotland, all building control activities rest with local government and there are no private building approved inspectors.

- 5 They both work in the same way, checking plans prior to works commencing, physically inspecting work during the development, advising any changes as necessary to ensure compliance, before re-inspecting the job prior to signing the project off. However, only a local authority has powers of enforcement and prosecution where breaches of the Regulations occur. An approved inspector should hand the project over to the local authority if there are problems with the project that cannot be resolved informally. There can be heavy penalties, including fines and imprisonment, for breaches of the Regulations, although in practice this rarely happens.

The Grenfell disaster and the Hackitt Inquiry

- 6 The building regulation regime was unchanged for many years until the Grenfell Tower Fire of 2017, in which 72 people died. Following this tragedy, an independent review into Building Regulations and fire safety was commissioned by the UK (United Kingdom) Government. Chaired by Dame Judith Hackitt, the review's report² was published in May 2018 and exposed long standing and serious issues³ with the building safety system, including:
- **Ignorance** – regulations and guidance were not always read by those who needed to, and when they did the guidance was misunderstood and misinterpreted.
 - **Indifference** – the primary motivation of the system was to do things as quickly and cheaply as possible rather than to deliver quality homes which are safe for people to live in. When concerns were raised by others involved in building work or by residents, they were often ignored. Some of those undertaking building work failed to prioritise safety, using the ambiguity of regulations and guidance to 'game' the system.
 - **Lack of clarity on roles and responsibilities** – there was ambiguity over where responsibility lay, exacerbated by a level of fragmentation within the industry, and precluding robust ownership of accountability.
 - **Inadequate regulatory oversight and enforcement tools** – the size or complexity of a project did not seem to inform the way in which it was overseen by the regulator. Where enforcement was necessary, it was often not pursued. Where it was pursued, the penalties were so small as to be an ineffective deterrent.

2 Judith Hackitt, [Building a Safer Future](#), May 2018

3 Sir John Egan, [Rethinking Construction: Report of the Construction Task Force](#), November 1998

- 7 The report recommended a new framework to replace the complex system that had grown over decades, along with a need to change culture from one that prioritises structural integrity and design to one which has equal emphasis on fire safety quality controls. Following the Hackitt Inquiry, both the Welsh and UK governments prioritised work on addressing the review findings culminating in the Building Safety Act 2022 (the 'Act')⁴. The Act represents the biggest shake-up of building safety regulation since 1984 in England and Wales.
- 8 This report looks at how the Welsh Government, local authorities and their key partners are implementing the requirements of the Building Safety Act 2022. The focus of our review has been on assessing the preparedness of bodies to take on their new and enhanced responsibilities, the resilience of existing services, and the robustness of building safety assurance systems. **Appendix 1** sets out our audit approach and methods.

4 [Building Safety Act 2022](#).

Key Conclusions

- 9 Our overall conclusion is that responsible bodies – particularly local authorities and fire and rescue – are unable to effectively discharge their responsibilities and ensure buildings in Wales are safe.
- 10 In **Part 1** of the report, we consider the priorities set by the Welsh Government in respect of the Act and how well prepared local authorities are to deliver these. We found the Welsh Government prioritised responding to the Grenfell disaster, working with the UK Government. This resulted in the Building Safety Act 2022 which seeks to address longstanding problems in the regulation and oversight of building design and construction.
- 11 We found that the Welsh and UK governments are diverging in key policy areas, and some doubt remains on how the Act will be implemented in Wales, mainly because decisions in key areas are yet to be decided and agreed. This is creating uncertainty, with most local authorities who are responsible for delivering these changes and, by extension in terms of joint working, fire and rescue services, who are yet to develop comprehensive plans that set out how they intend to deliver their new and revised responsibilities.
- 12 In **Part 2** we consider the strength of local authority building control and enforcement services, the effectiveness of the fee-setting regime and how services are changing to strengthen resilience. We conclude that as a profession, building control and building safety face significant staffing challenges. An ageing workforce (see Key Facts below), poor succession planning, a wider lack of investment in services and training and development highlight that these services are neither resilient nor fit for the future.

- 13 We also have concerns with the financial management of building control, concluding that in some authorities current practices are potentially unlawful with services not operating in line with regulations and guidance. While the pandemic has helped local authorities modernise their services, utilising cloud-based IT (Information Technology) and remote working, their resilience nonetheless remains weak. Opportunities to strengthen services through collaboration and regionalisation are not being prioritised and little work has taken place in these areas.
- 14 Finally, in **Part 3** we examine building safety assurance arrangements. We found that the absence of a national framework for monitoring and evaluating building control and building safety means that local authorities and their partners are not working to agreed appropriate outcome measures, targets, or benchmarks. Coupled with limited scrutiny and evaluation of building control and building safety, and poor management of risk, we conclude that assurance systems are inadequate.



The Grenfell Tower fire was a national tragedy, the impact of which we continue to feel today. My report highlights major concerns with the implementation of the new system for Building Safety. Although it's heartening to see the passion and commitment from those working in the sector, I am concerned that not enough priority is being given to these services on the ground. The absence of robust plans, clear decision making, and adequate resources raises real fears that the new legislation will not be delivered and the problems it is seeking to address will remain.

Adrian Crompton

Auditor General for Wales

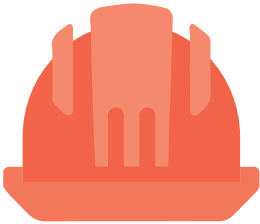


Key facts

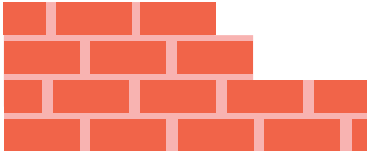


177 total number of staff in building control

11 total number of staff replaced in 2021-22

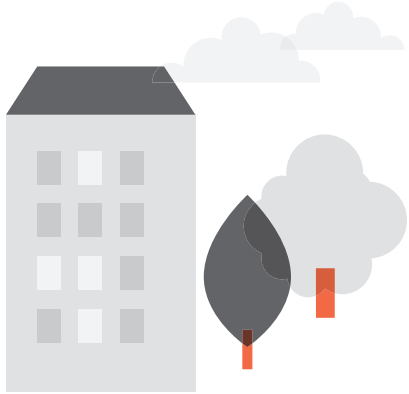


0 number of surveyors or managers who have a disability

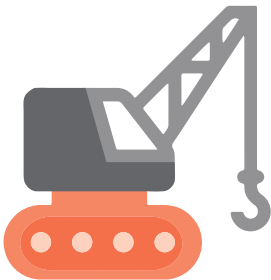


Of the of the **133** FTE surveyors and managers, **54.4%** are over the age of 50 and only **10%** under 30

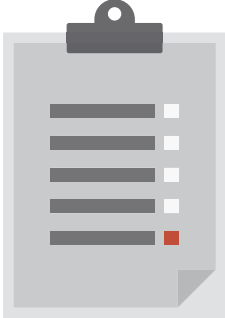
96% proportion of surveyors and managers that are white



21 total number of staff who left building control in 2021-22

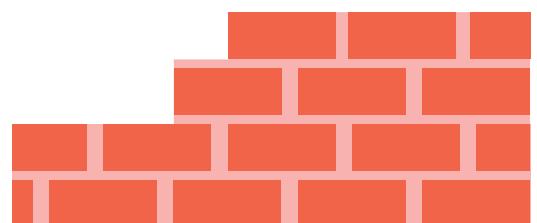
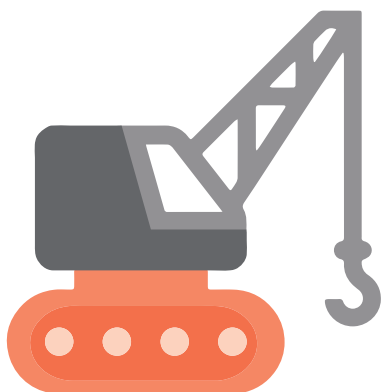
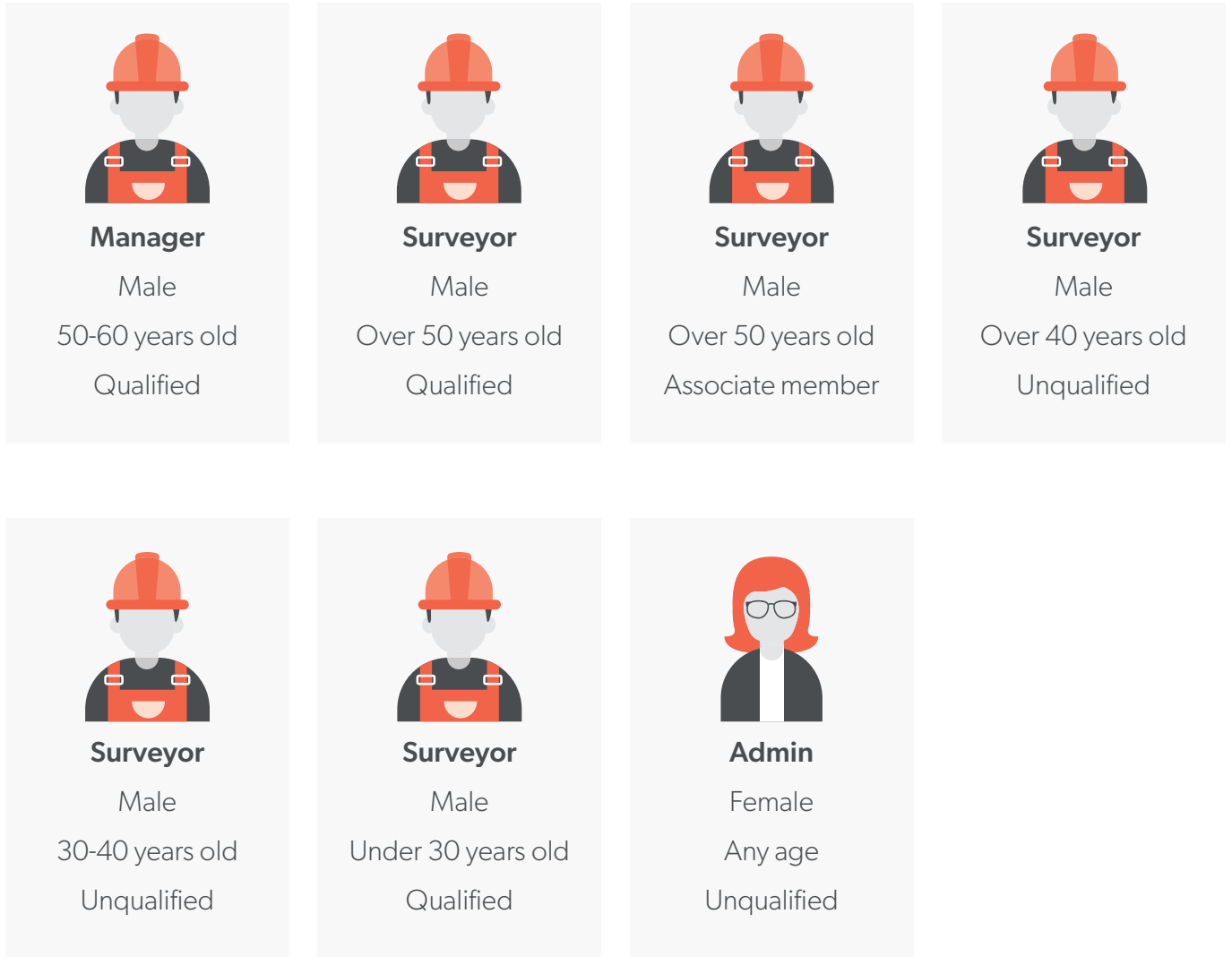


118 Average applications handled per surveyor/manager



100% proportion of admin staff that are white

The average local authority building control team is composed of:



Recommendations

- 15 Our recommendations are set out below. We expect the Welsh Government and individual local authorities to consider the findings of this review and our recommendations and to complete an organisational response form and publish this. We also expect each local authority governance and audit committee will receive the report and monitor their response to our recommendations in a timely way.

Exhibit 1: recommendations

Recommendations

- R1 The Welsh Government should provide greater clarity on the implementation and expectations of the Building Safety Act to ensure local authorities are able to deliver their new responsibilities and duties. This should include:
- clarifying the detailed requirements for competency and registration to enable local authorities to plan for these changes;
 - a specific timetable for development and adoption of Welsh guidance to ensure local authorities and others can deliver their duties; and
 - the Welsh Government should work with key stakeholders, such as LABC Cymru, to support understanding and implementation when guidance is issued.
- R2 The Welsh Government should ensure that it has sufficient resources to deliver the legislative and policy changes for Building Safety to reduce implementation risks.

Recommendations

- R3 The Welsh Government should review the mixed market approach to building control and conclude whether it continues to be appropriate and effective in keeping buildings in Wales safe. This should:
- assess the status quo against potential changes, such as the model of delivery in Scotland;
 - be framed around a SWOT analysis of costs, benefits, threats, and risks;
 - draw on existing research to identify good practice; and
 - be published and agree a way forward.
- R4 The Welsh Government should increase its oversight and management of the building control sector to ensure there is a robust assurance system in place for building control and safety by:
- creating a national performance framework with clear service standards to promote consistency of service. This should also include outcome measures to monitor performance and an evaluation and reporting framework for scrutiny.
 - developing a national building safety workforce plan to address the most significant risks facing the sector. This should include regular data collection and publication, as well as coverage of priorities, such as:
 - a greater focus on trainees to mitigate succession risks;
 - establishing aligned, national job roles matched to competency levels;
 - increasing the diversity of the sector to ensure it reflects modern Wales; and
 - specific funding to enable surveyors to obtain and maintain competence should also be considered.
 - the Welsh Government should explore with the further education sector how best to provide building control training in Wales to support succession planning, skills development, and competency.

Recommendations

- R5 Local authorities should develop local action plans that articulate a clear vision for building control to be able to plan effectively to implement the requirements of the Act. The Plans should:
- be based on an assessment of local risks and include mitigation actions;
 - set out how building control services will be resourced to deliver all their statutory responsibilities;
 - illustrate the key role of building control in ensuring safe buildings and be linked to well-being objectives and other corporate objectives; and
 - include outcome measures that are focused on all building control services, not just dangerous structures.
- R6 Local authorities should urgently review their financial management of building control and ensure they are fully complying with Regulations. This should include:
- establishing a timetable of regular fee reviews to ensure charges reflect the cost of services and comply with the Regulations;
 - annually reporting and publishing financial performance in line with the Regulations;
 - ensuring relevant staff are provided with training to ensure they apply the Regulations and interpret financial reporting correctly; and
 - revise fees to ensure services are charged for in accordance with the Regulations.
- R7 Local authorities should work with partners to make better use of limited resources by exploring the potential for collaboration and regionalisation to strengthen resilience through a cost benefit analysis of partnering with neighbouring authorities, establishing joint ventures and/or adopting a regional model where beneficial.

Recommendations

- R8 Local authorities should review risk management processes to ensure that risks are systematically identified, recorded, assessed, mitigated and subject to regular evaluation and scrutiny.



Responsible bodies are yet to develop comprehensive plans that set out how the new and revised responsibilities introduced by the Building Safety Act will be addressed

01

- 1.1 In this section of the report, we consider the Welsh Government's response to Grenfell and the changes introduced, and planned, in the Act. We identify how local authorities and their partners are preparing for these changes and provide an analysis of how well placed they are to deliver them.

The Welsh Government prioritised work on responding to the Grenfell disaster and elected to work with the UK Government on the Building Safety Act 2022

- 1.2 Following the Grenfell tragedy and the findings of Dame Judith Hackitt's inquiry, the Welsh Government established a Building Safety Expert Group. The view of the Expert Group was that while the flaws in the system are equally valid in Wales as they are in England, the context and therefore the solutions need to be different.
- 1.3 The scale of the high-rise landscape in Wales is not comparable to England where there are estimated to be over 11,000 high-rise buildings. At the time of the Expert Group work there were 147⁵ high-rise residential buildings in Wales with up to five additional high-rise buildings being built each year.
- 1.4 In March 2019, the Expert Group published a roadmap⁶ for making buildings in Wales safer, setting out both longer-term priorities but also shorter-term interventions that could be implemented immediately to ensure the failings of Grenfell were not replayed in the future. The Expert Group recommended:
- clarifying key roles and responsibilities;
 - ensuring the imbalance between building designers, contractors and regulators is tackled;
 - creating a single system with consistent standards by addressing the mixed economy of the two-tier system for building control with both public and private building control;
 - improving capacity and competence of building control officers;
 - creating an enforcement and sanctions regime which is delivering effective compliance and guaranteeing safety; and
 - raising standards with non-safe buildings being improved.

5 As of March 2023 there are 171 high-rise residential buildings.

6 Building Safety Expert Group, [A Road Map to safer buildings in Wales](#), March 2019.

- 1.5 In January 2021, following the work of the Expert Group, the Welsh Government published its 'Safer Buildings in Wales white paper'⁷. The White Paper proposed revisions to the building safety regime and the separation of roles between duty holders and residents. Following consultation, most respondents agreed with the proposed approach but wanted, as much as possible, the Welsh policy regime to be consistent with England. Consequently, the Welsh Government elected to proceed jointly on some aspects of the UK Government's planned legislation, to take advantage of economies of scale and ensure appropriate alignment across England and Wales.

There is uncertainty as to how key elements of the Building Safety Act 2022 are being implemented in Wales

- 1.6 The [Act](#) received Royal Assent on 28 April 2022 and focuses on the following key areas:
- the safety and standards of all buildings;
 - assuring the safety of higher-risk buildings, both in construction and occupation;
 - improving the competence of the people responsible for overseeing, managing, and delivering works to higher-risk buildings;
 - ensuring clearer standards and guidance; and
 - putting residents at the heart of a new system of building safety.
- 1.7 Alongside the Act, there have also been changes to fire safety law for buildings containing two or more sets of domestic premises in England and Wales. The Fire Safety Act 2021⁸ clarifies application of the Fire Safety Order on who is responsible for managing and reducing fire risks in different parts of multi-occupied residential buildings and the parts of the building it relates to – for instance, the external wall, and doors between domestic premises and common parts.

7 Welsh Government, [Safer Buildings in Wales: A Consultation: A Building Safety White Paper](#), 12 January 2021

8 [The Fire Safety Act 2021](#)

- 1.8 Through these changes, the Welsh Government wants to ensure there is absolute clarity about who has responsibility for the safety of a building at each different point in the process. The Construction (Design and Management) Regulations 2015 already set out who the key people are during a construction or refurbishment project. The Client, Principal Designer, Principal Contractor, designers, and contractors are all identified as 'dutyholders.'
- 1.9 Additional duties have now been placed on dutyholders in relation to building safety. Looking forward, they will be required to cooperate and share information with relevant regulatory bodies and will be responsible for ensuring compliance with building regulations. They will also need to ensure that they, and the people they employ, are competent to do the work they are undertaking. They will also have to comply with the regulatory requirements imposed on them.

The Building Safety Act 2022 came into force in April 2023. All aspects of the Act apply to England, but only Part 3 (with some minor exceptions) applies to Wales. Subsidiary legislation and guidance on Part 3 are currently being introduced by the Welsh Government, with full implementation and compliance set for April 2025. In addition, the Welsh Government is also developing legislation that will deal with the areas covered in Part 4 of the Building Safety Act 2022. This includes introducing a new Regulator for Wales (yet to be decided) and equivalent duty holder roles such as the Accountable Person.



1.10 These reforms apply to every eligible building project, whether it is building an extension, a block of flats or a shopping centre. The Welsh Government will therefore require that higher-risk buildings⁹ within the scope of the different changes taking place to the various Building Safety Regimes will pass through stop points or 'Gateway points' before they can pass to the next stage of works. On its current timetable, the Welsh Government anticipates the new design and construction (building control) regime that covers Gateways will come into force in April 2025. The three Gateways are:



1.11 When passing through a Gateway point, those designing and constructing the building will have to evidence that the design and construction meet, and continue to meet, regulatory requirements and ensure that adequate safety measures and building information are in place so that they can be appropriately managed, maintained, and improved. They will also have to think about how building safety will be managed when the building is occupied. Consequently, the Act and subordinate legislation are aimed at creating a universal change in responsibility and culture within the building industry through the introduction of clearer standards and guidance and the establishment of a more effective regulatory and responsibility framework for the construction industry.

⁹ The definition of 'Higher-risk building' differs between England and Wales. In early 2023, the Welsh Government consulted on their proposed definition of 'a building that is at least 18 metres in height or has at least seven storeys where it also contains at least one residential unit or is a hospital or a care home'. The outcome of the consultation has not yet been published. In England, a building requires at least two residential units.

- 1.12 Importantly, the Act clarifies who has responsibility for fire and building safety throughout the life cycle of a higher-risk building and establishes two new roles to make this ambition a reality – in England this will be the Building Safety Regulator and the Accountable Person. In respect of the Building Safety Regulator, the UK Government has elected to appoint the Health and Safety Executive to deliver this function (see **Appendix 4** for further detail).
- 1.13 At present, the Welsh Government is planning to make the Building Control functions of the regulator for high-risk buildings a role for local authorities, but is yet to set out how this element of the new regime will work or what its expectations of local authority services are. The Welsh Government's decision to make local authorities the Building Safety Regulator for oversight of high-risk buildings is viewed with unease by some we have interviewed. Several approved inspector bodies (who work across England and Wales) and some fire and rescue service staff raised concerns that local authorities are not sufficiently resourced or suitably experienced to deliver this role. Instead, they would prefer to see Wales adopt the Building Safety Regulator system planned in England.
- 1.14 Overwhelmingly, local authorities and fire and rescue services are concerned about the late development and/or notification of policy decisions and options in implementing changes to the building safety regime introduced by the Act. For instance, every local authority officer interviewed raised concerns over the lack of detail on the process for registration of the Building Control profession, one of the most significant features of the Act, and something which will affect all Welsh local authorities, not just those with tall residential buildings.
- 1.15 Everyone working in building control, in both the private and public sector, will soon have to register if they want to continue to practise. In addition, all local authority building control surveyors will need to complete a regular formal assessment of their competence. Building surveyors and managers will need to be suitably qualified before they can practice, although there may be some transition time for this to take place. If training is required before they can undertake work, then this will take resources out of already stretched teams and backfilling may be needed to cover for this.
- 1.16 Taken together, these changes will have a significant impact on local authorities. However, at the time of our audit the new system had not been set out in draft nor consulted on. The Welsh Government plans to introduce the registration of all Building Inspectors and Building Control Approvers from October 2023. This is creating uncertainty and ambiguity and is reducing buy-in from those with building safety responsibilities, especially given the ever-decreasing window of opportunity.

1.17 Welsh Government officials we interviewed acknowledge that they have not been able to resource policy work as quickly as they would like, and this has not been helped by the recent retirement of two key members of staff who have been central to driving the changes in Wales. Consequently, many local authority officers noted a growing unease that progress in Scotland is well ahead of England and Wales, and England is now advancing more rapidly than Wales. This uncertainty is adding to their already challenging operating environment.

Most local authorities and fire and rescue services have a good understanding of local building safety risks but are yet to set out how they plan to deliver the requirements of the Act

- 1.18 The implications of the Act are wide ranging and local government needs to be well advanced in its preparation for delivering these enhanced responsibilities. Even though key policy choices are yet to be finalised in Wales, we would still expect to find those who manage building control and safety teams to understand the impact of the Act, especially the consistent Welsh Government messaging on the increased level of expertise that will now be needed to achieve and demonstrate competence and compliance.
- 1.19 Through our fieldwork we found that in general, both local authority and fire and rescue building safety staff have a good understanding of the number and locations of high-risk buildings. However, many admit that the level of detail and knowledge of design, construction and maintenance of these buildings varies and not all those we interviewed felt confident that they had an accurate and up to date picture. Despite this, we found that there is limited action taking place or planned in terms of updating and improving knowledge of the potential high-risk buildings within each area.
- 1.20 Many interviewees also flagged a lack of understanding on the potential implications of the Act both at a corporate level but also directly in key areas of operational activity, such as housing services. While most officers noted that there was an increased awareness in building safety immediately following the Grenfell disaster, the overwhelming majority noted that over time attention has since waned. Indeed, most noted that building control as an area of work rarely features as a corporate priority, and there is poor knowledge and understanding of the implications of the Act.

- 1.21 Very few local authorities have developed a specific plan to implement the changes being made to the building safety regime. In addition, no one we interviewed in local government could articulate a clear vision on what their service will need to achieve in terms of the Act and their enhanced responsibilities, nor a route map for its achievement. This reflects the low corporate priority given to building control. This is something that was echoed in our interviews with fire and rescue service staff, several of whom raised concerns with both the Welsh Government's and local government's prioritisation of building control services.
- 1.22 For example, building control is not a standalone service in 21 of the 22 local authorities and is most usually located in planning services and overseen by the lead officer for planning. There are also no member champions for building control. This means that the service often lacks agency, profile, and recognition. This contributes to building control officers feeling powerless, with most left to get on with it and manage as best they can, focusing on addressing day-to-day issues, rather than being able to invest time in planning for the medium to long term.
- 1.23 Overall, managers are focussed on maintaining service delivery and are not preparing or planning for the Act's reform of services. This is partly a result of the significant uncertainties that remain about how the Act will be implemented in Wales. The result is that local authority building control services have little influence and no prioritisation and are working in a very uncertain environment.



Resourcing issues make it unlikely that local authorities can successfully implement the new building safety regime or that services are fit for purpose

02

- 2.1 In **Part 2** of the report, we set out how building control services are currently provided, primarily looking at the operating environment for local authorities but also considering the role of approved inspectors. We summarise the staffing and resource challenges facing the profession and how well positioned services are to overcome these.

Building control as a profession faces significant staffing challenges

- 2.2 To effectively implement the Act requires local authorities and others to have staff who are competent, appropriately qualified, and adequately supported to maintain and update their skills and knowledge. In addition, it is also important that staff have opportunities to develop their experience, particularly in more complex buildings and changing construction standards, to be able to provide efficient and effective services.

Building control is no longer seen as a good career choice and the challenging demographics are severely impacting the short and long-term resilience of services

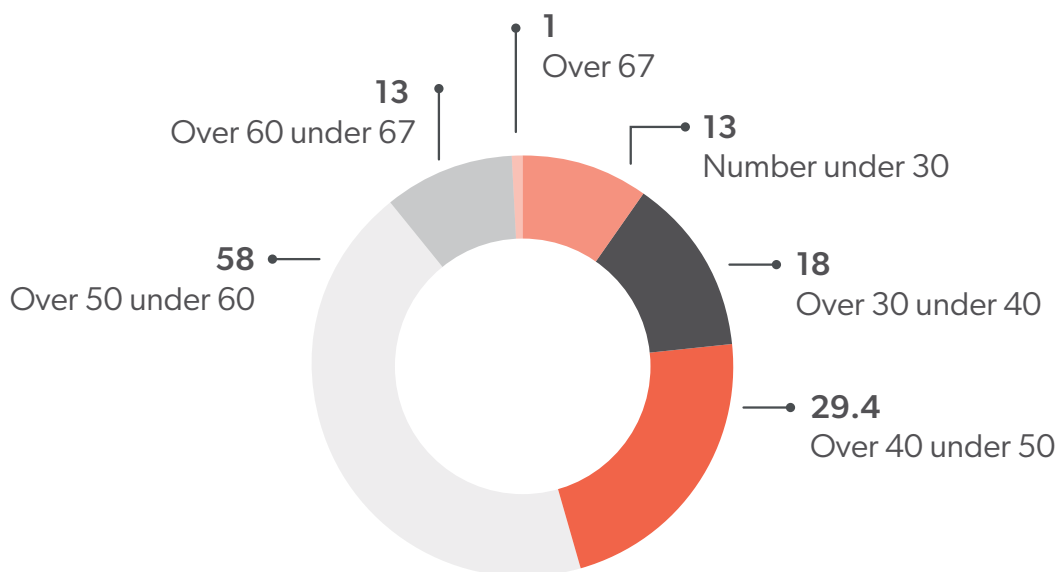
- 2.3 Historically, building control was seen as a positive career role. Many managers we interviewed noted that they had joined their local authority as a trainee and had benefitted from opportunities to progress their knowledge and responsibilities over time and had been supported to develop their careers within the organisation. However, in recent years this has changed. The impact of austerity has suppressed wages and reduced staff numbers to the extent that local authority building control roles are no longer seen as financially attractive and with less opportunity for career progression than in the past.
- 2.4 This is borne out by the ongoing recruitment challenge facing local authorities who struggle to fill vacant posts, even where market supplements are offered. For instance, at the end of March 2022, there were 18.5 Full-time Equivalent (FTE) vacant roles across Wales, including 14 building surveyors. Despite the detrimental impact on service delivery, only 2.2 FTE agency staff were appointed to bolster services and despite the increase in building control applications made during the pandemic and 2021-22.

2.5 Our survey of local authority building control services found that at the end of March 2022, there were 133 FTE building surveyors and managers and 44 admin staff working in these services. This translates to a surveyor or manager for every 23,361 residents in Wales. In comparison, the most recent published data in Scotland reported 498 building surveyors and managers and 134 admin staff¹⁰, which equates to one surveyor or manager for every 10,633 residents.

2.6 In addition to the ongoing recruitment and retention challenge, the age profile of local authority building surveyors is also concerning. **Exhibit 1** shows that of the 133 FTE surveyors and managers, 54.4% are over the age of 50 and only 10% under 30. This highlights operational and service continuity risks for local authorities which are likely to see a major loss of experience and knowledge when people retire in the next decade.

Exhibit 1: building control managers and surveyors by age March 2022

The ageing building control workforce represents a major risk for the implementation and delivery of the new building safety regime.



Source: Audit Wales survey

10 Data for 2021-22 not yet available. No comparative data for England exists. Scottish Government, Building Standards Workforce Data Collection Analysis Report 2021, June 2022

- 2.7 In particular, the loss of experience in the manager cohort is a significant risk. Of all managers, 10 (46%) have worked in local authority building control services for over 30 years, while 15 are over the age of 50. There is a widespread expectation that significant numbers of managers and surveyors will retire due to the uncertainty surrounding the registration and competency requirements (see above **paragraphs 1.15 – 1.17**). This will lead to a further reduction in capacity, and a loss of experience and leadership during a critical time of change when expectations and demands on services are increasing.
- 2.8 At the other end of the career cycle, very few trainees are being recruited to bolster services and address looming resource and experience gaps. Just seven trainees were in place in 2022, with only four in permanent roles following the completion of their studies¹¹. Managers cited a lack of corporate support to take on trainees and the risk of losing newly qualified staff to approved inspectors as key barriers. This makes succession planning extremely challenging for all local authorities. More widely, the lack of fire engineers, a shortage of surveyors and assessors with sufficient knowledge of both high-rise structural safety and cladding systems, continue to be a concern.
- 2.9 The Local Government Association¹² in England has reported similar recruitment and retainment issues, noting that 43% of authorities struggle to recruit building control officers. Likewise in Scotland, similar demographic and succession issues were also identified but the earlier implementation of key changes has resulted in a more directive approach from the Scottish Government.
- 2.10 The Scottish Government developed a national workforce strategy¹³ and had a vision to establish a sustainable, skilled workforce that makes building control 'a profession for everyone'. To support this ambition in Scotland, a Professional Competency Framework was introduced in May 2021. The framework helps to ensure that building verifiers at each level can demonstrate being suitably competent and is embedded through the Competency Assessment System¹⁴. This drives improvement based on current skills and is supported by other developments in the sector, such as a local authority hub (see **Appendix 4** for further information).

11 Training for apprentices and new entrants is mainly provided under the National LABC programmes hosted by the University of Wolverhampton. The [Building Control Surveying Degree Apprenticeship](#) can train surveyors to different levels of competency related to their role. As a surveyor progresses through the levels, they can assess more complex buildings and obtain higher-level roles.

12 Local Government Association, [Local Government Workforce Survey 2022](#), May 2022

13 Scottish Government, [Building standards verification service: workforce strategy](#), October 2020

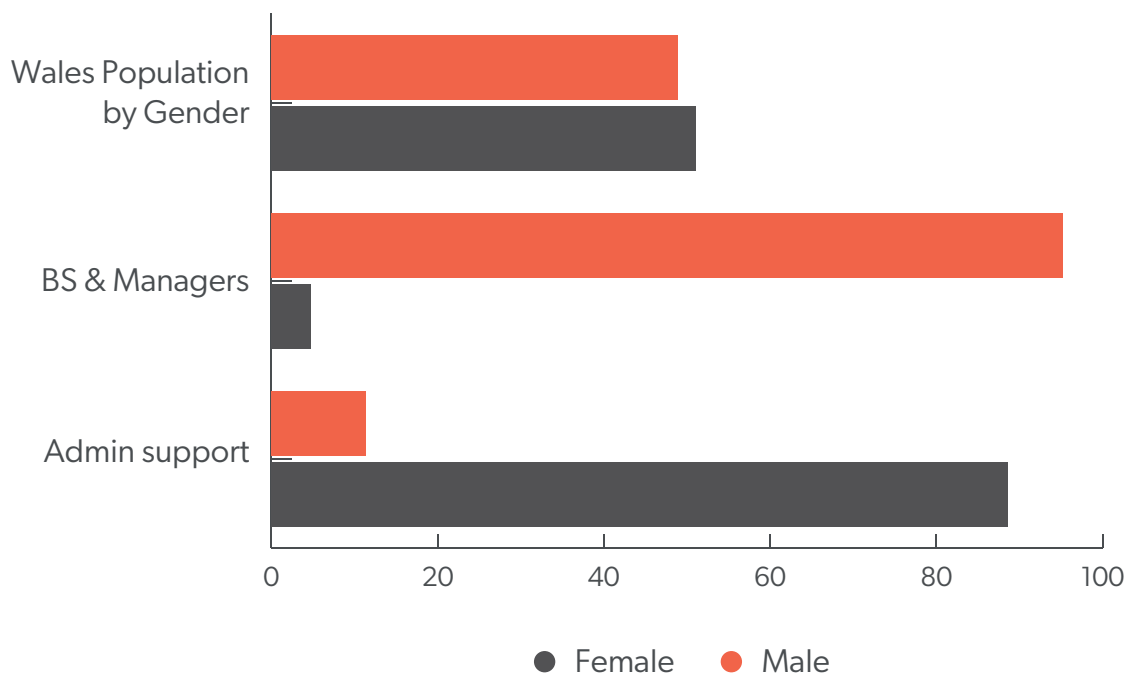
14 Scottish Government, [Building standards - verifiers: professional competency framework](#), May 2021

2.11 Scottish Government officials believe that the loss of experienced staff – 48 people (primarily building surveyors and managers) resigned from Scottish local authority building control services in 2021, following the quicker implementation of the new regulatory regime – is now being addressed. Through its workforce strategy and competency framework, local authorities are prioritising the upskilling of people and recruiting more apprentices. At this time, there are no mitigatory actions akin to the Scottish Government’s work planned in Wales.

2.12 The building control workforce also lacks diversity and is not representative of modern Wales. Our survey found that 100% of administrative staff and 96% of building surveyors and managers classify themselves as ethnically white Welsh or white British, and only 5% of administrative staff and no building surveyors or managers self-identify as having a disability. In addition, the roles within the workforce are clearly split along gender lines – **Exhibit 2**.

Exhibit 2: the gender of building surveyors, managers, and administrative staff in Welsh local authorities in March 2022

Professional building surveyor and manager roles are overwhelmingly occupied by men and lower-paid administrative roles by women.



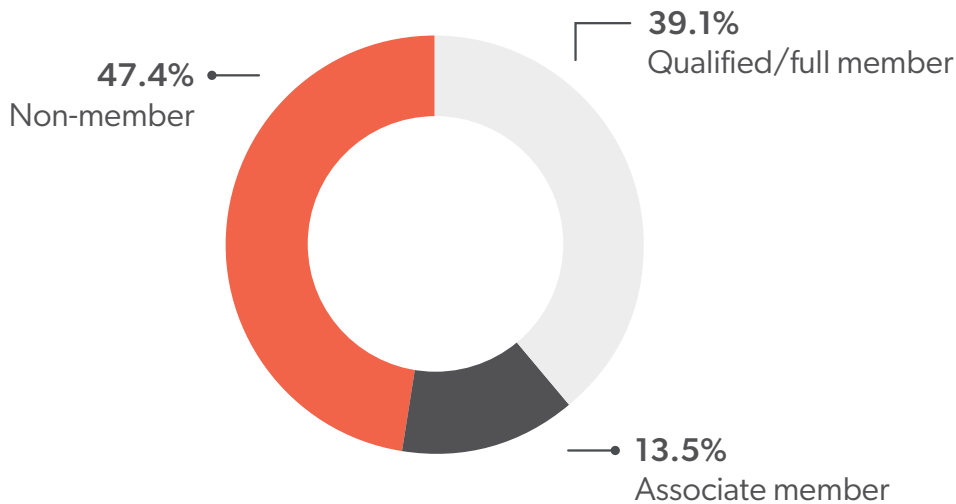
Source: Audit Wales survey and ONS (Office for National Statistics), [Population and household estimates, Wales: Census 2021](#)

Access to training is limited and staff are not being supported to enhance and maintain their skills and knowledge

2.13 To meet the registration requirements of the new building safety regime and ensure staff are competent to practise requires local authorities and their partners to invest in sufficient and timely training. Carefully planned and recorded continuing professional development and technical training are essential to keep abreast of modern technology and changing legislative requirements and their practical application. Importantly, professional accreditation such as membership of the Chartered Institute of Building, the Chartered Association of Building Engineers and Royal Institute of Chartered Surveyors is recognised as crucial to demonstrate competence. **Exhibit 3** shows that in March 2022 less than half of building surveyors and managers in Wales were full qualified members of a recognised and appropriate professional body.

Exhibit 3: the proportion of building surveyors and managers who are members of professional bodies and their grade at the end of March 2022

Less than 40% of building surveyors and managers are qualified and full members of professional bodies.



Source: Audit Wales survey

- 2.14 Additionally, some staff noted a growing problem of local authorities no longer paying for professional subscription fees because of pressures on finances. However, the need to demonstrate competence to meet the new registration standards is likely to place additional demands on local authority budgets to increase resources in professional training and qualifications to ensure they can deliver their statutory responsibilities. Most of the local authority officers we interviewed noted that this is not being factored into future budget setting.
- 2.15 The average number of training days taken by local authority staff in 2021-22 was five days for managers, six days for building surveyors and two days for administrative staff. Building Control officers we interviewed were clear that opportunities to train were, however, continuing to be limited by ongoing budget pressures and are often not actively promoted to avoid frontline staff being taken out of service delivery, even for short periods of time.
- 2.16 The building control fee setting guidance allows local authorities to increase their charges to pay for training and development to ensure they maintain a competent and skilled workforce. However, despite building control officers highlighting the importance of accruing money to fund training for staff, they noted that surpluses are often taken to fund other corporate priorities.
- 2.17 In March 2023, the UK Government provided a £16.5 million grant to the LABC to fund 110 new building control trainees for England to support the implementation of the Building Safety Act. No such funding has been provided by the Welsh Government. Despite a lack of investment, the LABC in England continues to make available training opportunities for Welsh local authority staff.
- 2.18 The resilience issues affecting Welsh local authority building control services are being felt in other parts of the industry. We found that the retention and recruitment issues facing local authorities are similarly being experienced by Welsh fire and rescue service. The lack of competitive reward packages and an ageing workforce with increasing numbers likely to take retirement in the short term is a growing challenge. Similarly, there are ongoing problems with the availability of qualified fire engineers and competition with the private sector, which offers better terms, conditions, and salaries, continues to encourage experienced fire and rescue service staff to leave.

2.19 Historically, where Welsh local authority staff have left, it has been most usually to join approved inspectors who offer more attractive salaries, terms of conditions of service, such as bonuses and company cars; have less responsibility for dangerous structures and enforcement cases; and are not dealing with the ongoing pressures created by austerity. However, in recent years the flow of staff from local authorities to approved inspectors has reduced and private sector building inspection services are also beginning to struggle to recruit sufficiently qualified and experienced staff. Representatives of several approved inspector bodies we interviewed noted that they have now begun to focus on growing their future workforce through trainee programmes due to a lack of available qualified staff in both England and Wales.

The pandemic has helped local authorities modernise their services, but enforcement remains a problem

- 2.20 Despite the resourcing pressures faced by local authority building control teams, most continue to deliver their work effectively. This continued throughout the pandemic, which helped to accelerate efficiency improvements with the switch to home based working and digitisation of services.
- 2.21 At the time of the pandemic most building control surveyors used to travel to sites, meeting people face to face and making decisions on the ground, but with COVID-19 most of these processes could not be continued. Instead, building control services focused on finding solutions to their traditional ways of working by updating and changing services. Whilst some authorities were fully digital, for others the pandemic created an opportunity to improve their use of technology and switch to cloud-based services to both optimise efficiency and performance, but also bring working practices into line with the private sector. Several interviewees noted that without the pandemic, these developments would not have happened as quickly, if at all.
- 2.22 Enforcement is an important part of ensuring that buildings are safe and compliant. Activity can range from persuasion and dialogue to encourage change, to more hard-edged measures such as prosecution or the refusing to issue a completion notice. Through our fieldwork we found that enforcement remains problematic, mainly because local authority building control has two potentially conflicting functions.

- 2.23 Firstly, they are the local regulator of all building work in their area ensuring issues raised in the design and construction of buildings that do not meet the required standard are addressed. However, they are also secondly in competition with approved inspectors for work and need to generate sufficient income to pay for all their services. This is an inherent weakness of the mixed market system introduced in the 1980s and reflects the conflicting role of local authorities which have both a responsibility for policing building control but are also in competition with approved inspectors to secure work.
- 2.24 Given approved inspectors are required to refer individual cases of non-compliance with building regulations to local authorities to take enforcement action, similar disincentives are also in play. As with local authorities, maintaining relationships is an important consideration in maximising income and can discourage approved inspectors from wanting to take enforcement action.
- 2.25 Capacity, resources and capability are also significant barriers that can limit enforcement action. Officers cited the demands and cost of taking developers, property owners or managers to court as a barrier to local authorities in the current financial climate. Several approved inspectors echoed these views, expressing scepticism that local authorities have the resources or capacity to effectively enforce standards and take quick and decisive action.
- 2.26 Overall, we found that the relationship between local authorities and approved inspectors, which is critical to ensuring buildings are safe, is at best limited and at worst epitomised by a lack of trust and scepticism about the actions of each other. Indeed, several fire and rescue service officers we interviewed raised concerns over the robustness of building enforcement regulation more generally, both within local authorities but also in respect of approved inspectors.

Some financial management practices in relation to building control appear to be unlawful

- 2.27 The Building (Local Authority Charges) Regulations 2010 (the 'Regulations') set the legal framework for the financial governance of local authority building control. The Regulations are intended to enable local authorities to be fair and transparent in how fees for services are charged.
- 2.28 The key principle of the Regulations is that authorities should recover their full costs and service users should only pay for the service they receive. Consequently, the Regulations split activities into chargeable, non-chargeable work and other building control services. Chargeable activity must be funded by fees, non-chargeable and other building control services are to be funded by the local authority general fund. **Exhibit 4** provides examples of activities.

Exhibit 4: examples of chargeable, non-chargeable, and other building control activities

Chargeable activity	Non-chargeable activity	Other building control services
Approving or rejecting plans	Liaison with other authorities, eg Fire and Rescue Services	Dangerous buildings
Site inspections	Enforcement on behalf of Approved Inspectors	Demolitions
Consideration of work referred from AIs (Approved Inspectors)	Identifying unauthorised building work	Advice to other departments
Consideration of a regularisation certificate	Functions to support disabled people	Administration of safety at sports grounds
More than 30 minutes of pre-application advice	First 30 minutes of pre-application advice	Street naming or numbering

Source: CIPFA (Chartered Institute of Public Finance and Accountancy), Local authority building control accounting, 2010

- 2.29 To aid local authorities in setting and properly accounting for their fees and charges, the Chartered Institute of Public Finance and Accountancy (CIPFA) developed detailed guidance¹⁵. Taken together, the Regulations and CIPFA guidance require local authorities to:
- set and publish standard fees and means of calculating bespoke fees;
 - set hourly rate fees for both officers and specific, set factors;
 - monitor the breakeven position of the service with the aim to break even over a 'reasonable period;'
 - revise fees to prevent surpluses or deficits;
 - publish an annual financial statement for building control; and
 - consider establishing an earmarked reserve in the event of a surplus or deficit.
- 2.30 Additionally, the CIPFA guidance refers to proposals for regular monitoring from 2010 by 'the Department/National Assembly' to assess the impact of the Regulations overall and particularly to see whether local authorities were meeting the breakeven principle. Given that the building control functions under the Regulations exercisable by the National Assembly were transferred to Welsh Ministers by the Government of Wales Act 2006¹⁶, and the reference to 'the Department' appears to be a reference to the then UK Department of Communities and Local Government, it would seem that the reference to 'National Assembly' is erroneous and should have been a reference to the Welsh Government. [We understand, however, that neither the National Assembly (now the Senedd) nor the Welsh Government have undertaken such monitoring.]

Fee-setting approaches vary significantly and many are not compliant with Regulations

- 2.31 Local authorities are required to review their fees each year to ensure that the income from chargeable activity is as close to the costs incurred in delivering services as possible. This makes ongoing monitoring of the breakeven position and regular recalculation of fees critical. It would be contrary to the Regulations for fees to be deliberately set above the estimated costs to be incurred (taking account of any estimated prior surplus or deficit) or knowingly allowed to fall below what it costs to deliver services.

15 CIPFA, [Local authority building control accounting](#), 2010

16 Government for Wales Act 2006, Schedule 11, paragraph 30

- 2.32 Factors that should be considered when setting fees are specified in the regulations. Apart from the principle of breaking even and staff costs, the factors include use of the building, floor size, and cost. However, other potential considerations such as the competitiveness of fees and comparing with others are not specified in the Regulations. Such other considerations therefore appear not to be relevant considerations that may be considered. The CIPFA guidance sets out the process for calculating the fees and provides examples on how to do this.
- 2.33 We found that the process for deciding fees by local authorities varies, often significantly, from the guidance and Regulations. Of the 12 authorities that responded to our data collection exercise and provided information describing their fee-setting process, nine were not compliant. Most usually because they applied fixed inflationary uplifts; copied neighbouring authority fee revisions; used average national schedules of rates to set their own charges; and/or did not show how they had factored in specific local circumstances that underpin charging such as their staffing structure, central recharges and local operating context.
- 2.34 At the time of our fieldwork, several authorities noted that they were not reviewing fees annually and a smaller number admitted that they had not adjusted fees to reflect the actual cost of services for many years. In one case, fees had not changed since 2012. In addition, despite the requirement to base fees on hourly rates, two authorities were unable to provide this information. We have concluded that many local authorities' building control services are not charging and setting fees in line with the Regulations and CIPFA guidance. We also note that the published fee scales show significant variations for individual activities – **Exhibit 5**.

Exhibit 5: example of fee differentials for Welsh local authority Building Control services 2022-23

Fee type	Lowest fee	Highest fee	Differential	Median
Single dwelling plan fee	£117	£288	145.6%	£210
Single dwelling inspection fee	£274	£510	86.4%	£414
Single dwelling notice fee	£391	£915	134.1%	£671
Composite single dwelling fee	£495	£1,830	269.7%	£1,155

Source: Audit Wales analysis of published fee scales

2.35 Awareness of this issue was mixed among officers. Some are unaware of the financial performance of their service primarily because management of finances sits outside the service with non-building control specialists. Others were aware of the requirements of the regulations but described pressure on budgets which encouraged raising fees or a lack of knowledge of the requirements of the regulations corporately. This is extremely concerning and poses significant risks to achieving value for money from the service.

Financial management of surpluses and deficits is unclear and potentially unlawful

- 2.36 Our survey of local authority officers found that of the 15 who provided a response, only five reported that their chargeable income is safeguarded (ie earmarked for application to building control services), one that only some is protected and nine reported that no income is safeguarded.
- 2.37 Where surpluses occur, authorities are encouraged, but not required, to create an earmarked reserve. Our review found that only four local authorities disclosed earmarked reserves for building control, although others may have deemed the sums involved financially immaterial and have not reported them. Regarding the financial performance of services, we found that 11 authorities were making a deficit at the end of 2021-22 and seven a surplus. Four were unable to provide this information.
- 2.38 The principles of the 2010 Regulations require that building control income, including surpluses, is to be used to provide building control activities. The CIPFA guidance notes that when calculating the total costs of the building control function, authorities are allowed to include training as an indirect employee cost when calculating fees. In addition, where surpluses are generated, these can be used to invest in service quality or to address regulatory changes.
- 2.39 We found that most building control officers were not uplifting fees to reflect the need to fund training and development for their staff due to wider corporate budget pressures. Indeed, some officers we interviewed anecdotally noted that building control fees were used to create surpluses to pay for other council services, although we saw no evidence of this in practice.

2.40 Overall, we have concluded that the implementation of the Regulations and the setting of building control charges more generally by local authorities fall short of legal and practical requirements. Our analysis highlights that most fees are not being set correctly and, where surpluses and deficits occur, these are not actively managed nor used for the purpose intended. This is particularly worrying because the Regulations were introduced to support good financial management and governance in building control services and correct implementation would help address some of the workforce, recruitment and training issues identified above.

In almost all cases, financial reporting does not meet regulatory requirements and this hinders scrutiny of Building Control fee setting, income, and expenditure

2.41 To demonstrate their financial governance of building control income and expenditure, the Regulations require local authorities to publish annual financial statements for these services. The Regulations require that, as a minimum, these Statements disclose the chargeable costs and income, any surplus or deficit, be published within six months of the financial year-end and signed off by the Section 151 officer. The CIPFA guidance includes a template that mirrors these requirements and a completed example to help local authorities demonstrate their compliance. As publishing a financial statement is a requirement of the regulations, failing to do so is unlawful.

2.42 From our review of local authority websites and financial statements, we found that only four have publicly available statements and only two of these met the reporting deadline. As noted at above, CIPFA guidance refers to proposals for scrutiny of whether authorities are meeting the breakeven principle. Welsh Government officials have, however, confirmed to us that this monitoring has not taken place in recent years and there remains a lack of oversight of building control financial performance and fee setting at both a national and local level.

Progress on collaboration and regionalisation has been slow

- 2.43 Overall, local authority building control has not significantly changed despite the pressure on resources, capacity, and skills. Some authorities have made some innovations, such as Monmouthshire which has partnered with an estate agent to find new clients. Most authorities also operate the Partnership Authority scheme. This allows professionals, such as architects, to use the local authority of their choice to approve plans and the local authority where the site is located to undertake on the on-site inspections. For example, a supermarket chain may be based in England and can elect to use their local LABC team to approve plans but then use a Welsh authority to inspect a new store in Wales.
- 2.44 While the work of LABC Cymru – the pan-Wales officer network – is seen as positive, offering support, learning and the opportunity to share information, this has not translated into more formal change to help improve efficiency and strengthen resilience. The group has proven successful at keeping teams informed and supported, and there are several positive one-off instances of 'collaboration in crises'. For example, neighbouring authorities helping to deliver inspections and plan approval activities in Blaenau Gwent to help address short-term resource pressures in that authority. While we acknowledge that these are positive steps in the right direction, they fall short of addressing the significant challenges facing the sector, and greater, more fundamental change is needed.
- 2.45 There are opportunities to improve efficiency and effectiveness of services through greater collaboration and regionalisation of services. This can help local authorities to compete more effectively, meet the challenge of the new building safety regime and provide solutions to address the sector's many serious resourcing issues. For example:
- pooling staff to ease capacity issues and to mitigate the retirement risks inherent in the sector's demographics;
 - increasing spending power and opportunities to make savings through the joint commissioning and procurement of goods, services, and establishment of uniform charges for activities that cost the same (for example, external training);
 - enabling staff to develop specialisms, such as fire safety, to better manage high-risk buildings; and
 - strengthening capacity in back-office functions.

- 2.46 Despite stakeholders across the building control and safety sectors recognising and articulating the benefits of collaboration and regionalisation, we found little progress has been made to drive this forward. While many building control staff we interviewed can identify the potential benefits of collaborating with other building control teams, this has not led to more formal partnerships such as joint investigation teams. We acknowledge that the demands currently being placed on building control managers as individuals, and their reduced capacity to prioritise these activities, is clearly limiting opportunities to drive change. But given the challenges facing building control services, change is needed to prevent an escalation of the issues already present in the sector.
- 2.47 In Scotland, by comparison, the Local Authority Building Standards Scotland (LABSS) have established a hub model for the 32 local authorities to collaborate and implement improvement recommendations (see **Appendix 4**). The Hub acts as a central collaborator to move the sector in the same direction in the response to improvement recommendations. This has the potential to set a consistent service and standard across Scotland, supported by Scottish Government operational and performance frameworks. It is also helping authorities experiencing a staffing issue to broker support from another.
- 2.48 In response to the similar challenges that they face, Fire and Rescue Services are changing how they provide services. For instance, South Wales Fire and Rescue Service has moved from a dedicated specialist team to a larger team of Business Fire Safety officers. This is allowing the service to better manage the impact of staff turnover and create a more resilient workforce, by widening out the pool of staff who are gaining experience in building fire safety design and construction. Similarly, North Wales Fire and Rescue Service has switched from a service of uniformed fire officers delivering fire safety work to a service which increasingly draws on corporate staff to bolster performance. This is helping to improve efficiency and increase capacity.



**There is little evaluation
of building control
services across Wales
and no national
comprehensive
system of building
safety assurance**

03

- 3.1 In this final Part of the report, we set out how management and evaluation of building control and building safety performance work and how risks are identified and mitigated.

There is limited understanding of how well services are performing

- 3.2 Performance management and reporting are an essential element of good governance. Having a good range of key data allows you to understand the services you manage and helps underpin evidence-based decisions by providing insight and knowledge. The right data is also a precursor to feed-forward plans and helps organisations to learn from the past to inform the future.

The lack of a national performance management framework for building control and building safety makes it difficult to evaluate the performance of services

- 3.3 At the time of our work there is no agreed national performance reporting framework for building control and building safety services in Wales. In the absence of a robust suite of national measures to manage and evaluate the performance of services, most local authorities focus on reporting against a narrow group of measures. We found that the key indicators most used relate to:
- timeliness measures such as the length of time taken to acknowledge and check applications, whether a site application is carried out on the agreed date, recording the site application notes within two days of an inspection and the number of completion certificates issued within a given period;
 - monitoring levels of customer satisfaction with the response of the service; and
 - market share – the proportion of the building control market a local authority covers.
- 3.4 While each of these are important and relevant, they do not provide sufficient detail to understand or judge the effectiveness of building control services. Whilst timeliness is a key factor in administering an efficient building control system, the measure places importance on dealing with large volumes of applications in the shortest time possible, without any consideration of the quality of the work carried out and does not provide any assurance that the work was carried out safely, risks were reduced and that the overall safety of a building's occupants was improved.

- 3.5 Because of these weaknesses, local authorities are unable to demonstrate that building control work is reducing risk and improving the built and natural environment and the quality of life in the area. For instance, we found that:
- no data is collected on the work of approved inspectors and fire and rescue services, and benchmarking to compare performance is not routinely undertaken. Consequently, performance reporting remains fragmented and does not provide adequate assurance – a major risk flagged in the Hackitt Report.
 - public reporting – notifying key stakeholders on the effectiveness of services and the service 'offer' – is similarly limited. This does not help to provide a comprehensive oversight of all building control and safety activity in an area, or nationally.
 - although there are some measures relating to risk, these are limited to buildings that have been recorded as dangerous structures. Risk, especially service resilience risk, is not something that is built into the performance framework as a central consideration of effectiveness.
 - little attention is given to actively managing financial performance and reporting against the requirements of the finance regulations, fee setting, comparison of costs, recharges, and deficits.
- 3.6 In addition, building control teams told us reporting was mainly responsive where concerns were raised rather than a routine part of their role. Where performance measures are recorded and monitored, this is often done on a team's own initiative, for their own purposes, and can be a lengthy manual process, due to poor integration between IT platforms. Where IT tools for automatic reporting do exist, we heard of examples where the system was underutilised or used inconsistently, due to weak processes or operating difficulties. In several cases, analysis is compiled on spreadsheets held locally by individuals, posing a risk to resilience and continuity when staff are absent.
- 3.7 The Scottish Government have a national framework to monitor and analyse performance. Measures were introduced in 2012 embedding learning from research that analysed previous performance reviews. Building safety is a ministerial responsibility in Scotland and providers are 'appointed' as verifiers (see **Appendix 4**). Although local authorities are typically selected, the appointment and reappointment process is driving consistency and standards, and provides a robust framework to assess performance.

Some local authorities work to the ISO 9001 quality management standard, but this does not provide sufficient assurance that services are working effectively

- 3.8 Several local authorities have accredited themselves with ISO 9001, the international standard for Quality Management. The standard uses seven quality management principles focussed on:
- customer focus;
 - leadership;
 - engagement of people;
 - process approach;
 - improvement;
 - evidence-based decision making; and
 - relationship management.
- 3.9 The measures aim to promote understanding and provide consistency, adding value, effective performance, and improvement of processes. The standard also encourages organisations to adopt a risk-based approach, ensuring that preventative measures are taken before risks arise. Once an organisation receives accreditation, they are required to evaluate their compliance with the standard annually.
- 3.10 While authorities have found ISO 9001 helpful for raising standards and levels of consistency, we found that some authorities have chosen to opt out of the standard due to cost and the challenge of ongoing evaluation to demonstrate compliance. It is also questionable how useful the standard is in judging the effectiveness, efficiency and robustness of services given the many challenges facing building control we have reported on.

Scrutiny and evaluation of building control and building safety are limited

- 3.11 Effective scrutiny is an essential element of good governance and helps provide assurance that things are working well or need to improve. Without a robust performance management system, scrutiny can only be as effective as the information and measures that are regularly scrutinised. We found that many local authorities' building control services do not formally report to a scrutiny committee on a regular basis to demonstrate the work, impact and risks facing the service.

- 3.12 For instance, we found that scrutiny is inconsistent across Wales, with many teams only being required to report their performance twice yearly and against a very narrow set of measures and information. In several authorities, there is no formal scrutiny of services. Several local authority officers we interviewed noted that from their experience, after the initial heightened interest in building control and building safety arising from the Grenfell disaster, member and senior officer contact is mostly limited and focussed on single issues of concern – a dangerous structure or a constituent's building control application. Several noted that member knowledge and understanding of building control are low and the risks and issues facing services mostly unknown.
- 3.13 In contrast, Scottish local authorities are required to annually report their performance against a series of key performance outcomes. These outcomes are then assessed alongside customer feedback and plans are developed to help drive improvement. Staff are encouraged to link these with improvement actions which can be used to monitor progress and identify key lines of enquiry for those charged with scrutiny. The assessment output is designed to be accessible to various levels of stakeholder, identifying strategic trends to government, promoting improvement operationally to verifiers, whilst also providing a transparent assessment for public consumption.

Risk management processes are inadequate

- 3.14 There is a mixed approach to assessing risk, with some teams having their own risk registers, some feeding into corporate registers, whilst some do not formally record risks or track how they are mitigating them. Indeed, several officers we interviewed noted that known risks are often noted informally within teams and these are considered in isolation from other corporate wide risks.
- 3.15 This siloed approach poses a threat to resilience as the system relies too much on a small number of individuals who hold substantial amounts of knowledge without formally being recorded, shared with colleagues for information, or escalated for action. Only a small minority of local authorities we spoke with could describe the formal procedure of escalating risks, with many acknowledging such protocols do not exist. Without proper identification and recording of emerging risks, authorities are unable to make longer-term plans and prepare for future scenarios.

- 3.16 As contextual information is not routinely integrated with other service areas, it is not clear that sufficient understanding is present amongst accountable officers at each level of escalation. Where risks are raised, they will rarely meet the threshold required to be considered a corporate risk. Poor audit trails mean risks are not proactively mitigated, in an environment where capacity to provide this mitigation is often limited.
- 3.17 With teams often left to operate in isolation, raising corporate and other significant risks is likely to be more challenging than for higher profile services which figure more prominently and are fully integrated into the corporate reporting structure. Consequently, local authorities at their highest level may not be sighted of the many risks facing building control – poor succession planning, an ageing workforce, lack of diversity, insufficient skill mix, along with the implications of the new Building Safety Act.



Appendices

- 1 Audit Approach and Methods**
- 2 Building Regulations Approved Documents**
- 3 The Building Safety Regulator and Accountable Person**
- 4 Scottish approach**

1 Audit Approach and Methods

Approach

For this work our approach has been to understand how well the Welsh Government, local authorities and their partners are strengthening and improving building control and building safety services following the Building Safety Act 2022. We have looked at the robustness of needs information, strategies, plans and policies; assessed the resilience of existing services and plans to strengthen these; and considered the robustness of assurance systems.

We examined all 22 principal local authorities in Wales at a high level, managing delivery to be mindful of the pressures local authority officers are under during post-pandemic recovery and the cost-of-living crisis. We ensured coverage was sufficient to draw a view on the whole sector but not to significantly detract from officers' service delivery responsibilities. Our approach was flexible to fit around officers when agreeing and delivering our fieldwork.

Methods

We completed our review between January 2023 and August 2023 and used a range of methods in delivering our work:

- **document review:** we reviewed documentation from the Welsh Government, local authorities, Fire and Rescue Services and other relevant organisations. This included, relevant committee minutes, corporate strategies, business plans and policy documentation. We also reviewed information published by the UK Government and the Scottish Government.
- **interviews** – we undertook a range of different interviews:
 - **officer interviews** – we interviewed Building Safety lead officers in all 22 Welsh principal local authorities and all three Fire and Rescue Authorities. These interviews took place between January and April 2023.
 - **national interviews** – we interviewed representatives of the Welsh Government, the Scottish Government, private sector approved building inspectors, think tanks, academic institutions, and research bodies. These took place between March and April 2023.
- **focus groups** – in line with our approach, some local authorities felt it was more appropriate for us to speak to a range of officers in focus groups to reduce our impact on service delivery.
- **data collection** – we undertook a data collection exercise with local authority officers. This ran from January to April 2023, and we received responses from all local authorities. Some local authorities were unable to provide the information we requested, and we note this in the body of the report where relevant.
- **survey** – working with Community Housing Cymru we surveyed all housing associations in Wales but only received two responses. Consequently, we have not used this information in drawing together our findings.
- **websites** – local authority and external resources, eg CICAIR (Construction Industry Council Approved Inspectors Register), LABC, etc.

2 Building Regulations Approved Documents

The approved documents address the following matters and were last updated on the date listed:

- Part A – [Structural safety](#) – last updated April 2017
- Part B – [Fire Safety](#) – last updated December 2021
- Part C – [Resistance to contamination and moisture](#) – last updated April 2017
- Part D – [Toxic substances](#) – last updated April 2017
- Part E – [Resistance to passage of sound](#) – last updated April 2022
- Part F – [Ventilation](#) – last updated October 2022
- Part G – [Sanitation, hot water safety and water efficiency](#) – last updated May 2023
- Part H – [Drainage and waste disposal](#) – last updated April 2017
- Part J – [Heat producing appliances](#) – last updated April 2017
- Part K – [Protection from falling, collision and impact](#) – last updated April 2017
- Part L – [Conservation of Fuel and Power](#) – last updated March 2023
- Part M – [Access to land and use of buildings](#) – last updated April 2017
- Part N – [Glazing safety](#) – last updated April 2017
- Part O – [Overheating](#) – last updated October 2022
- Part P – [Electrical safety](#) – last updated April 2017
- Part Q – [Security](#) – last updated May 2018
- Part R – [Physical infrastructure for high-speed electronic communications networks](#) – last updated April 2016

3 The Building Safety Regulator and Accountable Person

The Act introduces two new roles – the Building Safety Regulator and Accountable Person – which are due to come into force in October 2023.

The Building Safety Regulator

The Building Safety Regulator will have three core responsibilities: overseeing the safety and standards of all buildings; helping and encouraging the built environment industry and building control professionals to improve their competence; and leading implementation of the new regulatory framework for high-rise buildings in England. The Building Safety Regulator is also responsible for the performance of the building control sector to ensure standards are met, and for setting building standards.

The Building Safety Regulator (BSR) will be responsible for overseeing the safety and performance systems of all buildings. They will be given powers to enforce the rules and act against those that break them. And for high-risk properties, they will be able to implement more stringent rules, including how they are designed, constructed, and occupied. The three main functions of the BSR:

- oversee the safety and performance system for all buildings: this will be done through overseeing the performance of building control bodies across the public and private sectors, and by understanding and advising on existing and emerging building standards and safety risks;
- encourage increased competence by setting the direction of an industry-led competence committee and establishing competence requirements for registration of building control professionals; and
- lead the implementation of the new regulatory regime for higher-risk buildings, including having the powers to involve other teams, including the Fire Service, when making regulatory decisions regarding Building Safety.

The new BSR is under the control of the Health & Safety Executive (HSE) which is responsible for overseeing and driving improvements in the safety and performance of all buildings, and for enforcing a more stringent regime for higher-risk buildings.

Importantly, the provisions of the Act concerning the new Regulator only apply in part to Wales and the devolved government's exact position is still to be determined on this point.

Accountable Person

For all higher-risk buildings, the appointment of an identifiable 'Accountable Person', who is responsible for ensuring that the fire and structural safety is effectively managed for the whole building.

The Accountable Person (building owner, freeholder, or management company) will have an ongoing duty to assess Building Safety risks and provide a 'Safety Case Report' which demonstrates how Building Safety risks are being identified, mitigated, and managed on an ongoing basis. They will also have to demonstrate how they are ensuring residents' safety. In buildings where ownership structures are complex, there may be more than one Accountable Person, in which case there will be a Principal Accountable Person.

4 Scottish approach

Operating model

Within the Scottish system, building verifiers (surveyors) are appointed by the Minister for Local Government Empowerment and Planning under the Building (Scotland) Act 2003. This allows the Minister to appoint any building verifiers for a six-year term. Since the implementation of the Act in 2005, only local authorities have been appointed to undertake this role.

Prior to appointment, the Minister must consider the competence, qualifications, public accountability, and impartiality of the potential verifiers. To demonstrate these, an Operating Framework has been published to clarify how verifiers can demonstrate these behaviours.

After appointment, performance is monitored under a Performance Framework. There are seven key performance outcomes within the updated framework published in 2021:

- minimise time taken to issue a first report or to issue a building warrant or amendment to building warrant;
- increase quality of compliance assessment during the construction processes;
- commit to the building standards customer charter;
- understand and respond to the customer experience;
- maintain financial governance;
- commit to eBuilding Standards; and
- commit to objectives outlined in the annual verification performance report.

The Act also allows Scottish Ministers to set building regulations, the process for approval, enforcement, and set fees. Fees are set centrally and are determined by the Minister for all authorities. A calculator is provided within the online eBuildingStandards system to enable applicants to access the system and determine their fee.

Response to Grenfell

Following Grenfell, a ministerial working group was set up in July 2017 to oversee reviews into building and fire safety. Review panels were formed to cover different issues and made a series of recommendations for stakeholders. The Building Standards Futures Programme Board (BSFPB) was established to provide guidance and direction on the implementation of these recommendations.

Chaired by a local authority chief executive, the Board is comprised of:

- Local Authority Building Standards Scotland (LABSS);
- Homes for Scotland;
- Royal Institute of Chartered Surveyors;
- Construction Scotland;
- Convention of Scottish Local Authorities;
- Scottish Futures Trust;
- Chartered Institute of Buildings;
- Federation of Master Builders;
- Royal Incorporation of Architects in Scotland; and
- Scottish Government.

The Board has seven workstreams underway to support implementation – **Exhibit 6**.

Exhibit 6: Scotland's Building Standards Futures Programme Board workstreams

Workstream	Explanation
Workforce strategy	To support the adoption of the workforce strategy developed in response to the demographic challenges faced by the sector.
Compliance plan	To develop an approach for high-value and complex public buildings to ensure a planned approach to compliance throughout development.
Certification strategy	Development of a strategy for future appointment of verifiers.
Digital transformation	To support the implementation of the eBuildingStandards platform, launched in 2016.
Technical strategy	A review of how building standards are developed and communicated to promote compliance.
Verification standards	A review of the operating and performance frameworks to help verifier assessment against requirements and linking to skills.
Delivery models	A review to consider changes to business models within the 32 local authorities, including the hub project.

Source: [BSFPB](#)

Additionally, to ensure greater compliance and a response to recommendations, a Professional Competency Framework was introduced in May 2021. This established standardised job roles matched against educational awards and professional qualifications. It also provides examples of competencies based on experience to match existing staff, such as proven management and financial governance skills or specific niche training such as safety at sports grounds. The framework helps to ensure that building verifiers at each level can demonstrate being suitably competent.

To embed the Framework, a Competency Assessment System (CAS) was published. This enables individuals to identify their learning and experience gaps to better target training and development of the workforce.

Local hub model

From the BSFPB, a new delivery model was developed through the Delivery Model Development Group (DMDG), comprising the Scottish Government's Building Standards Division, Local Authority Building Standards Scotland (LABSS), the host local authority (Fife Council) and the Hub Directors, to foster collaboration and implement the recommendations for improving building safety and increasing compliance. This was launched in May 2022 and is being rolled out in a phased approach and is centred on six business units – **Exhibit 7**.

Exhibit 7: Scotland's Building Standards Futures Programme Board workstreams

Business unit	Function and services
Operational Partnership Unit	<ul style="list-style-type: none"> • Maintaining network of bodies • Workload sharing • Access to expert structure and fire hubs • Best practice facilitation
Scottish Type Approval Scheme Unit	<ul style="list-style-type: none"> • Scheme management • Marketing • Fee setting
Technical and Procedure Unit	<ul style="list-style-type: none"> • Technical research • Information paper production • Technical support to the hub
Digital Transformation Unit	<ul style="list-style-type: none"> • Support digital delivery group • Liaison and support roles with stakeholders, LABSS, and other stakeholders

Business unit	Function and services
Learning and Development Unit	<ul style="list-style-type: none">• Management and operation of a virtual learning environment• Management and operation of a learning management system• Assistance with apprentice schemes• Assistance with CPD (Continuing Professional Development)• Management of the verifier position in relation to the Competency Assessment Scheme (CAS)
Core Business Unit	<ul style="list-style-type: none">• Hub management• Business and admin support• Engagement with stakeholders

Source: BSFPB



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Council Response Form

Council action planned in response to the recommendations issued by Audit Wales

Council: Ceredigion County Council

Report title: 'Cracks in the Foundations' – Building Safety in Wales

Issue date: August 2023

Document reference:

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	The Welsh Government should provide greater clarity on the implementation and expectations of the Building Safety Act to ensure local authorities are able to deliver their new responsibilities and duties. This should include: <ul style="list-style-type: none"> • clarifying the detailed requirements for competency and registration to enable local authorities to plan for these changes; 	Not applicable as this recommendation is for Welsh Government, not the Local Authority.	N/A	N/A

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> • a specific timetable for development and adoption of Welsh guidance to ensure local authorities and others can deliver their duties; and • the Welsh Government should work with key stakeholders, such as LABC Cymru, to support understanding and implementation when guidance is issued. 			
R2	The Welsh Government should ensure that it has sufficient resources to deliver the legislative and policy changes for Building Safety to reduce implementation risks.	Not applicable as this recommendation is for Welsh Government, not the Local Authority.	N/A	N/A
R3	The Welsh Government should review the mixed market approach to building control and conclude whether it	Not applicable as this recommendation is for Welsh Government, not the Local Authority.	N/A	N/A

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>continues to be appropriate and effective in keeping buildings in Wales safe. This should:</p> <ul style="list-style-type: none"> • assess the status quo against potential changes, such as the model of delivery in Scotland; • be framed around a SWOT analysis of costs, benefits, threats, and risks; • draw on existing research to identify good practice; <p>and</p> <ul style="list-style-type: none"> • be published and agree a way forward. 			
R4	<p>The Welsh Government should increase its oversight and management of the building control sector to ensure there is a robust assurance system in place for building control and safety by:</p> <ul style="list-style-type: none"> • creating a national performance framework with clear 	<p>Not applicable as this recommendation is for Welsh Government, not the Local Authority.</p>	N/A	N/A

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>service standards to promote consistency of service.</p> <p>This should also include outcome measures to monitor performance and an evaluation and reporting framework for scrutiny.</p> <ul style="list-style-type: none"> • developing a national building safety workforce plan to address the most significant risks facing the sector. This should include regular data collection and publication, as well as coverage of priorities, such as: <ul style="list-style-type: none"> - a greater focus on trainees to mitigate succession risks; - establishing aligned, national job roles matched to competency levels; - increasing the diversity of the sector to ensure it reflects modern Wales; and 			

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>- specific funding to enable surveyors to obtain and maintain competence should also be considered.</p> <ul style="list-style-type: none"> • the Welsh Government should explore with the further education sector how best to provide building control training in Wales to support succession planning, skills development, and competency. 			
R5	<p>Local authorities should develop local action plans that articulate a clear vision for building control to be able to plan effectively to implement the requirements of the Act.</p> <p>The Plans should:</p> <ul style="list-style-type: none"> • be based on an assessment of local risks and include mitigation actions; • set out how building control services will be resourced to deliver all their statutory responsibilities; 	<p>Ceredigion County Council will establish a Working Group that will develop a plan for the Building Control Section to effectively implement the requirements of the Act. This will fully consider the nature of the construction industry in Ceredigion and the needs of the local population and deliver a service in accordance with the requirements of new operational standards for building control in Wales and the Corporate objectives of the authority.</p>	March 2024	Roget Turner (RT)

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> • illustrate the key role of building control in ensuring safe buildings and be linked to well-being objectives and other corporate objectives; and • include outcome measures that are focused on all building control services, not just dangerous structures. 			
R6	<p>Local authorities should urgently review their financial management of building control and ensure they are fully complying with Regulations. This should include:</p> <ul style="list-style-type: none"> • establishing a timetable of regular fee reviews to ensure charges reflect the cost of services and comply with the Regulations; • annually reporting and publishing financial performance in line with the Regulations; 	<p>The Council intend to urgently review all aspects of our financial management of Building Control to ensure that we are compliant with the Building (Local Authority Charges) Regulations 2010.</p>	December 2023	RT

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> • ensuring relevant staff are provided with training to ensure they apply the Regulations and interpret financial reporting correctly; and • revise fees to ensure services are charged for in accordance with the Regulations. 			
R7	<p>Local authorities should work with partners to make better use of limited resources by exploring the potential for collaboration and regionalisation to strengthen resilience through a cost benefit analysis of partnering with neighbouring authorities, establishing joint ventures and/or adopting a regional model where beneficial.</p>	<p>Ceredigion is a rural county and whilst not unique it is vastly different to the more populous and geographically smaller authorities in the north and particularly the south of the country. Population centres are generally located away from the more rural boundaries with neighbouring authorities. This set of circumstances inhibits cross boundary co-operation in 'site based' functions. Opportunities may exist for co-operation in training events and plan checking. The latter already exists to an extent in that most authorities appear to be signed up to the LABC Partnership scheme and a further enhancement could be envisaged if</p>	December 2023	RT

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
		<p>and when resources necessitate cross border assistance.</p> <p>It is envisaged that cross border support will be necessary in the unlikely event of the construction of any High Risk Buildings (HRB's) as Ceredigion Building Control staff are unlikely to seek to achieve competency at a level not currently experienced in the county.</p> <p>Despite the limitations outlined above Ceredigion remains open to the feasibility of alternative delivery methods if they should become apparent.</p>		
R8	<p>Local authorities should review risk management processes to ensure that risks are systematically identified, recorded, assessed, mitigated and subject to regular evaluation and scrutiny.</p>	<p>“The Council conducts a 3-yearly review of its Risk Management Policy, Strategy and Framework to ensure they are up to date and reflect best practice. The latest review was recently conducted and the updated drafts of the Policy, Strategy and Framework are being consulted on with key stakeholders between July and August, before going through the democratic process in the autumn. The Risk Management Policy and</p>	December 2023	Rob Starr

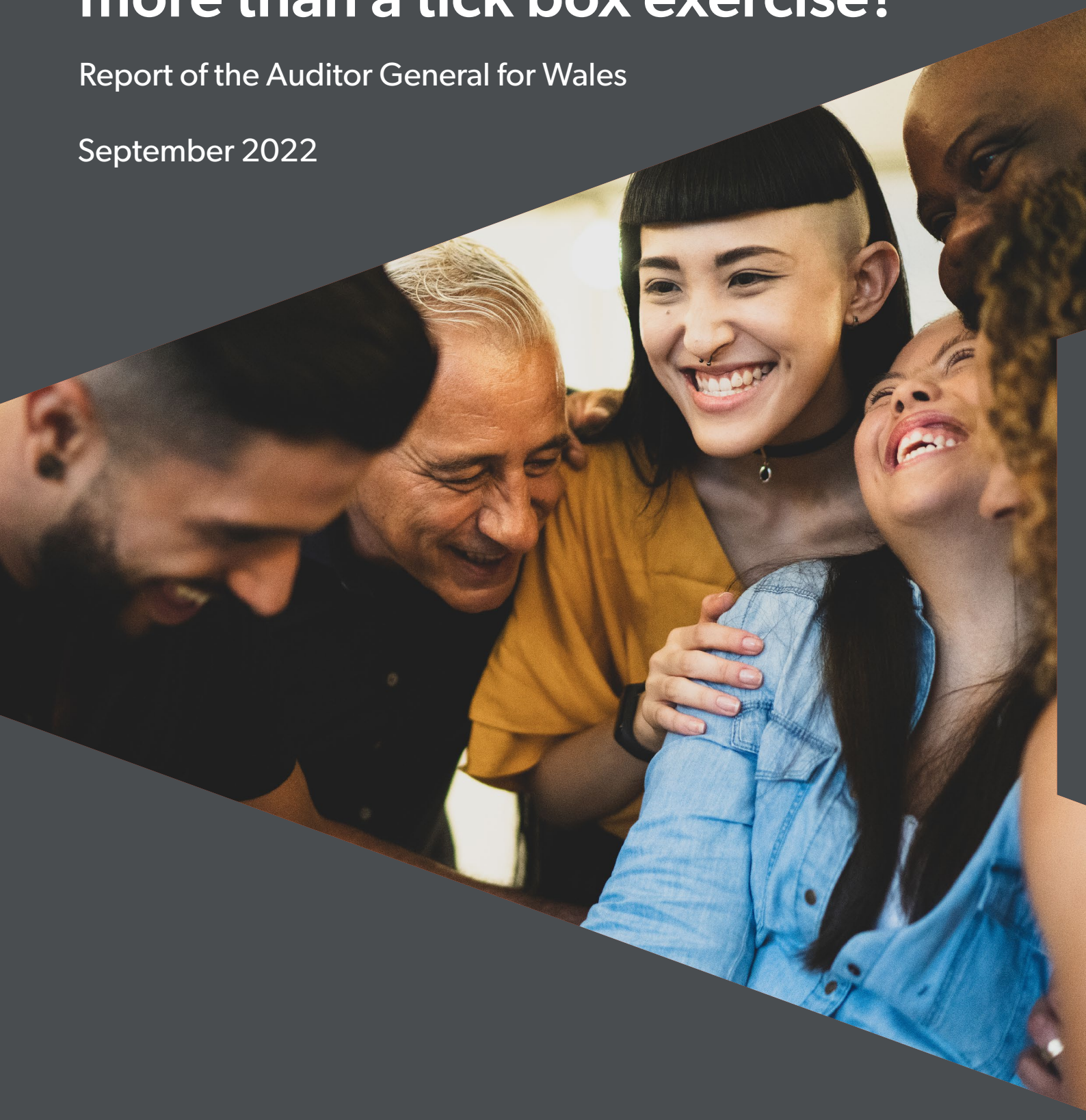
Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
		<p>Strategy provides a comprehensive framework and process designed to support Members and Officers in ensuring that the Council is able to discharge its risk management responsibilities fully. This includes a standard approach to identifying, assessing and responding to risks. The implication of the new Building Safety Act has introduced additional risks specific to the Building Control function. To this end staff are to be supported to ensure they are competent and appropriately qualified to maintain and update their skills and knowledge such that the statutory functions may be carried out.</p> <p>The Corporate Risk Register is evaluated on an ongoing basis by Leadership Group and quarterly by the Governance and Audit Committee. The updated documents include strengthened monitoring of service risks, clarification of roles and responsibilities and further guidance on the escalation/de-escalation of risks. Ceredigion County Council recognises that a proactive approach</p>		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
		<p>to risk management is a vital aspect to achieving its vision and improving the well-being of its communities and residents.</p> <p>Action: Publish updated Risk Management Policy, Strategy and Framework by December 2023.”</p>		

Equality Impact Assessments: more than a tick box exercise?

Report of the Auditor General for Wales

September 2022



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Auditor General's foreword

Discrimination and inequality continue to impact on the quality of life and life chances of people in Wales. My Picture of Public Services 2021 report highlighted that the COVID-19 pandemic had amplified some of the entrenched inequalities in our communities. Black Lives Matter, MeToo and other social movements have brought issues of discrimination and inequality to the forefront of public policy and debate.

Equality Impact Assessment (EIA) is an important part of the approach to tackling inequality in Wales. EIAs help public services meet their legal duties to avoid discrimination in the decisions they make and to promote equality of opportunity and cohesion.

Done well, EIAs are more than a means to show compliance. They support the growth of a mind-set and culture that put issues of equality at the heart of decision-making and policy development.

Our work shows that within individual public bodies there are good examples of aspects of the process of conducting an EIA. Through this report, I want to help all public bodies learn from those that are doing well and trying new approaches.

However, what we have seen and heard tells us that public bodies in Wales tend to use their EIAs defensively. Too often, they seem like a tick box exercise to show that the body has thought about equality issues in case of challenge. While legal challenge is of course an important risk to manage, this approach means public bodies are not using EIAs to their full potential, especially in terms of promoting equality and cohesion.

I hope this report will be of interest to anybody involved in public services and with an interest in tackling inequality and promoting equality. However, I want this work to be more than interesting. It needs to have an impact. Specifically, I expect:

- the Welsh Government to respond to the recommendations to work with partners to improve and update the overall approach to EIAs;
- all public bodies to respond to the recommendation that they review their own approaches to EIAs, including mindset and culture, drawing on the findings of this report; and
- those involved in scrutiny to use this report to challenge their organisation's overall approach to EIAs and the quality of individual EIAs used to inform their decisions.

I am pleased to say that this work has already had positive impacts. Our fieldwork questions have prompted some public bodies to check aspects of their own arrangements. And we have shared emerging findings with some public bodies that were updating their approach to EIAs. Closer to home, at Audit Wales, we are looking closely at our own processes and procedures to reflect the lessons identified in this work.

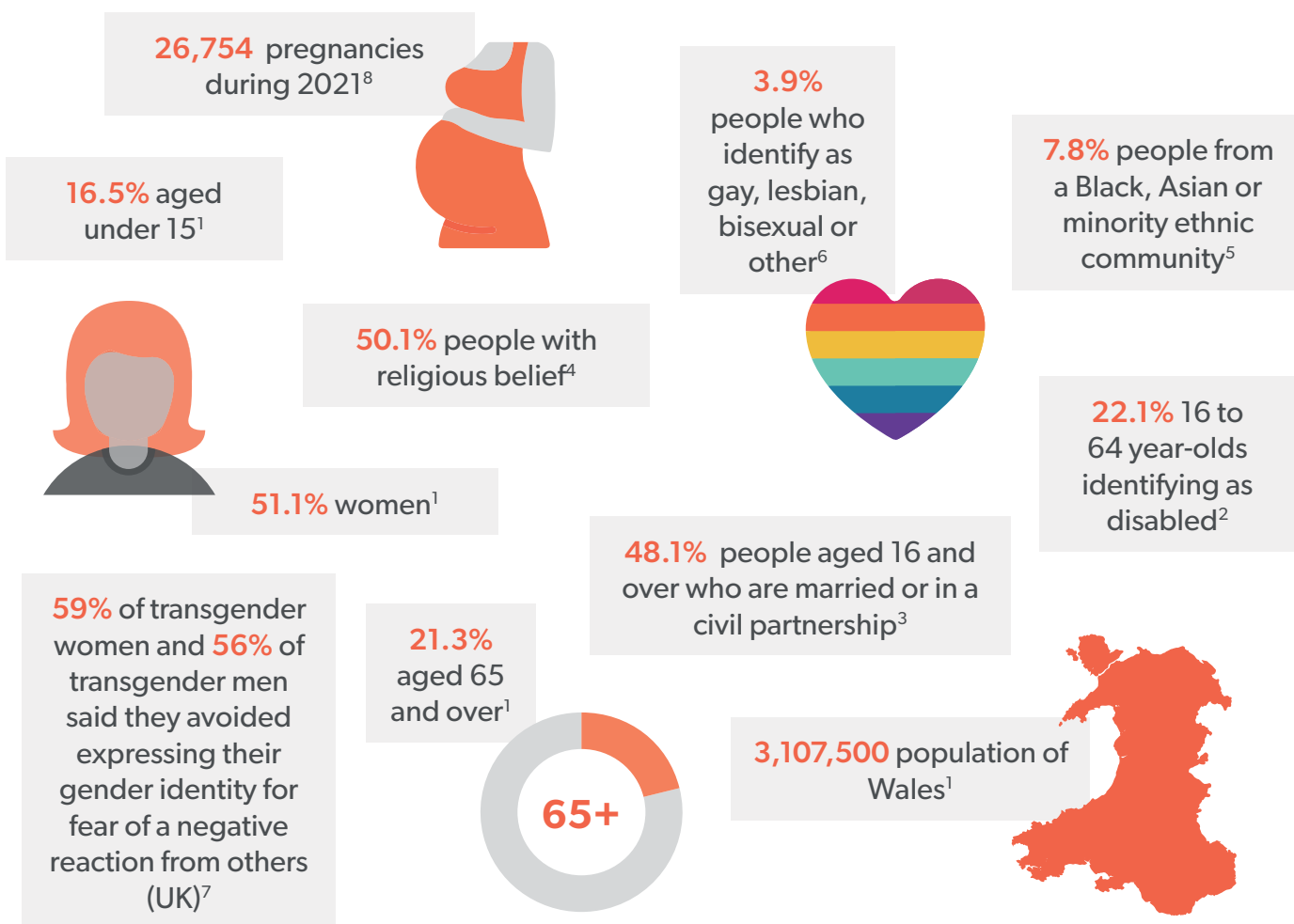


Adrian Crompton

Auditor General for Wales

Key facts

We set out below some key facts about the population in Wales in the context of the nine protected characteristics under the Equality Act 2010.



Sources:

- 1 Office of National Statistics (ONS), Population and household estimates, Census 2021, June 2022
- 2 StatsWales, Disability by age and sex (Equality Act definition) (2018-2020)
- 3 StatsWales, Marital status by age and sex (2018-2020)
- 4 StatsWales, Religion status by age (2018-2020)
- 5 ONS, Population estimates by ethnic group, England and Wales December 2021 (data for 2019)
- 6 StatsWales, Sexual identity by year, 2019
- 7 Government Equalities Office, National LGBT Survey, July 2018 (survey ran for 12 weeks from July 2017)
- 8 StatsWales, Initial assessment indicators for Wales, by mother's age, 2021

Key messages

Context

- 1 Tackling inequality is a long-standing goal of the Welsh Government. It features prominently in the 2021-2026 Programme for Government which includes the objective to ‘celebrate diversity and move to eliminate inequality in all of its forms’¹. The Well-being of Future Generations (Wales) Act 2015 makes ‘A more equal Wales’ a national goal. It defines this as ‘a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio-economic background and circumstances)’.
- 2 Equality Impact Assessment (EIA) is an important part of the approach to tackling discrimination and promoting equality in Wales. The Equality Act 2010 introduced the Public Sector Equality Duty (PSED) across Great Britain (**Exhibit 1**). The Welsh Government has made its own regulations² setting out some Wales specific duties that bodies listed in the Act need to follow to meet the PSED. Public bodies subject to the Act must assess the likely impacts of proposed policies or practices or proposed changes to existing policies or practices on their ability to meet the PSED. In doing so, they must comply with specific requirements to engage with groups likely to be impacted and monitor actual impacts.

1 Welsh Government, Programme for Government: update, December 2021

2 The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011

Exhibit 1: the Public Sector Equality Duty and protected characteristics

The PSED requires public bodies, in exercising their functions, to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

The Act and the Wales specific duties apply to public bodies including councils, NHS bodies, fire and rescue services, national parks, education bodies (further and higher education bodies and maintained schools), and the Welsh Government and some of its sponsored bodies.

- 3 An EIA can provide evidence that the body has met the PSED. There have been legal challenges to decisions based on the lack or adequacy of an EIA. Moreover, EIAs support good policy and decision-making more generally by:
 - **ensuring decisions impact protected groups in a fair way** – EIAs can demonstrate what, if any, action could be taken to mitigate the impact on one or more protected groups negatively affected by a decision and to promote equality and cohesion;
 - **support evidence-based policy or decision-making** – EIA is a clear and structured way to collect, assess and present relevant evidence to support decisions; and
 - **making decision-making more transparent** – EIAs must be published where they show there is or is likely to be a substantial impact.

- 4 As well as the PSED, the Equality Act 2010 included provision for a new socio-economic duty for public bodies³. The socio-economic duty came into force in Wales on 31 March 2021. It requires that public bodies, ‘when making decisions of a strategic nature about how to exercise its functions, have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage’. The Welsh Government advises public bodies to consider the socio-economic duty as part of existing processes, including impact assessments. We are currently reviewing local government’s work to tackle poverty, including aspects of the socio-economic duty and the lived experience of people experiencing poverty.

About this report

- 5 We looked at the overall approach to undertaking EIAs in public bodies in Wales. To focus our work, we concentrated on the 44 public bodies originally subject to the Well-being of Future Generations (Wales) Act 2015. The main groups covered by the PSED that we did not include were the education bodies – further and higher education institutions and maintained schools – and Corporate Joint Committees.
- 6 We focused primarily on understanding public bodies’ approaches with a view to finding good or interesting practice and identifying any common areas for improvement. We did not evaluate individual public bodies’ approaches in detail. **Appendix 1** has more detail on our audit approach and methods. Where we identify individual bodies’ practices, this is not to say that they are necessarily alone in having good or interesting practices in that area.
- 7 Parts one to three of this report set out the findings from our consideration of the EIA process at the 44 public bodies. Below, we set out the main areas for improvement we identified. These include issues that go beyond how public bodies are conducting specific parts of the processes and offer insight about the overall approach to assessing the impacts of policies and practices and the underpinning mindset and culture.
- 8 The Welsh Government is currently reviewing the PSED Wales specific regulations. We have framed our key improvement areas and recommendations in the context of the opportunity the review offers to clarify aspects of the overall approach to EIAs in Wales.

3 The duty lay dormant on the statute book as the UK Government did not commence it. The Wales Act 2017 gave new powers to the Welsh Ministers and allowed them to commence the duty in Wales. It covers most types of public bodies subject to the PSED.

Key improvement areas

- 9 Positively, there are examples of good practice in aspects of the EIA process across the public bodies we looked at. There is also non-statutory guidance from the Equality and Human Rights Commission (EHRC)⁴ and on the [Equality Impact Assessment In Wales Practice Hub](#) (the Practice Hub) about the detailed processes for conducting an EIA. Many public bodies use this guidance to shape their approaches. However, there are areas for improvement (**Exhibit 2**).

Exhibit 2: key improvement areas for EIA



Greater clarity over which type of policies and practices must be impact assessed



Greater clarity about the arrangements for assessing the impact of collaborative policies and practices



Greater clarity about expectations to consider the PSED as part of an integrated impact assessment



Better and more timely identification of the practical impacts of decisions on people and how different protected characteristics intersect



More engagement and involvement of people with protected characteristics



Better monitoring of the actual impacts of policies and practices on people



A shift in the mindsets and cultures to move EIA away from being seen as an add-on 'tick box' exercise

4 Equality and Human Rights Commission, *Assessing Impact and the Equality Duty: A Guide for Listed Public Authorities in Wales*, October 2014; and Equality and Human Rights Commission, *Technical Guidance on the Public Sector Equality Duty: Wales*, August 2014.

Greater clarity over which type of policies and practices must be impact assessed

- 10 There is scope for the Welsh Government, working with partners, to clarify its expectations around which type of policies and practices must be impact assessed. As drafted, the Welsh specific duties require public bodies to assess all new policies or practices, or those under review. However, the EHRC's non-statutory guidance recognises that 'policies and practices' is a broad category and says public bodies may need to prioritise. It introduces the concepts of 'proportionality' and 'relevance', which it says public bodies can apply through a process known as 'screening'.
- 11 We think the current position is open to interpretation in terms of whether proportionality and relevance mean public bodies should: (a) prioritise big decisions, like budget decisions or major service change; or (b) prioritise decisions that are likely to have a big impact on certain groups, for example, small scale decisions could have a large impact on one section of the population. Further, many bodies have interpreted proportionality as determining the amount of work needing to be done to assess impacts, rather than whether a policy or practice needs an EIA.
- 12 The EIAs or screening decisions that public bodies publish are usually those that go to their boards or cabinets. They therefore tend to be at the more strategic or impactful end of the scale. While we did not examine in detail practices at individual bodies, we think there is a risk that public bodies may be informally filtering out smaller scale policies and practices that do not require decisions from boards or cabinet, even though they may impact on people with protected characteristics.

Greater clarity about the arrangements for assessing the impact of collaborative policies and practices

- 13 There is scope to clarify how public bodies should do EIAs in an environment of increasing collaboration. The law places duties on individual public bodies. Since the legislation came into force, public bodies are increasingly developing plans and delivering services through collaborative arrangements. The Welsh Government updated the legislation to extend the PSED and Wales specific duties to Corporate Joint Committees in local government, but there are other collaborative arrangements not covered. These include Public Services Boards and Regional Partnership Boards as well as multiple service specific collaborations.

- 14 The Welsh Government has not produced stand-alone guidance on the use of EIAs by collaborative arrangements, although guidance for Public Services Boards highlights EIA requirements for individual public bodies⁵. The EHRC's 2014 guidance predates the creation of many of these arrangements and offers high level advice that there should be a shared approach but does not say how this should work in practice.

Greater clarity about expectations to consider the PSED as part of an integrated impact assessment

- 15 Increasingly, public bodies are integrating their EIAs with other impact assessments. While there is no legal requirement to integrate assessments, the Welsh Government's guidance on the Well-being of Future Generations (Wales) Act⁶ emphasises the opportunities for bodies to integrate their approach to different duties, including those under the Equality Act 2010. Many of the equality officers⁷ we spoke to said that integrating impact assessments led to a streamlined process and a more rounded approach to thinking about impacts. The key downside can be that the assessment is longer and can appear daunting. Our review of EIAs also identified a risk that integrated impact assessments dilute the focus on the impacts of policies and practices on people with protected characteristics.
- 16 Public bodies are inconsistent in what they include in an integrated impact assessment. Mostly, they collate separate assessments in one document, rather than produce a truly integrated analysis of impacts. There is no specific guidance to support public bodies in conducting integrated impact assessments. Many equality officers would welcome clearer guidance from the Welsh Government about its expectations.

Better and more timely identification of the practical impacts of decisions on people and how different protected characteristics intersect

- 17 There are examples of EIAs that clearly identify likely impacts on groups of people. However, many EIAs we reviewed were descriptive. They identified that a policy or practice might impact on a group of people. But they did not show how it would impact people's lives in practice. This makes it more difficult for decision-makers to assess how important the likely impacts are and if any mitigating measures proposed would be sufficient.

5 Welsh Government, Shared Purpose: Shared Future Statutory Guidance on the Well-being of Future Generations (Wales) Act 2015 (SFSP 3: Collective Role (public service boards)), February 2016.

6 Welsh Government, Shared Purpose: Shared Future Statutory Guidance on the Well-being of Future Generations (Wales) Act 2015 (SFSP 2: Individual Role (public bodies)), February 2016.

7 We have used the term 'equality officer' throughout this report to refer to staff in public bodies with specific lead specialist roles for equality, whether that be their full-time job or part of their role. The way these roles are structured, and their seniority, varies.

- 18 In general, public bodies tend to identify negative impacts that they need to mitigate where possible. They are less likely to identify potential ways that the policy or practice could positively promote equality of opportunity and cohesion, even though this is a requirement of the PSED. Few public bodies have fully grasped the complexity of identifying likely impacts of policies and practices. None of the EIAs we looked at considered what is known as 'intersectionality'; the way that different protected characteristics combine. For example, while an EIA may identify impacts for Muslim people, it may not recognise that impacts could be very different for a Muslim woman compared to a Muslim man.
- 19 Many public bodies are thinking about how to identify the cumulative impacts of multiple decisions but few are doing so. Most do not have supporting systems that would enable those conducting EIAs to access the information needed about other decisions.
- 20 Most public bodies' formal processes and guidance say they will start thinking about impacts very early in the policy development process. However, many of the equality officers recognised that in practice EIAs often start late in the process, sometimes very shortly before a decision is due to be taken. This reduces the scope to shape the policy or practice and to mitigate impacts.

More engagement and involvement of people with protected characteristics

- 21 There are examples of public bodies seeking views from people with protected characteristics and drawing on their lived experience as part of the EIA. However, some third sector bodies are concerned that this does not happen nearly enough. We found that where public bodies seek views these often form part of a broader open consultation rather than focussing on specific groups with protected characteristics.
- 22 Some third sector organisations said that listening to people with protected characteristics was the action that would most improve EIAs. National representative public bodies could not always respond to the number of requests to take part in EIAs they receive and did not always have knowledge or information to respond to local issues.

Better monitoring of the actual impacts of policies and practices on people

- 23 Public bodies need to do more to monitor the impact of policies or decisions on protected groups. Equality officers at individual public bodies identified very few examples of public bodies monitoring the actual impacts of a policy or decision once implemented. Those examples put forward generally reflected broader monitoring of a policy's objectives rather than whether the impacts identified in the EIA materialised or whether there were other unanticipated impacts.

A shift in the mindsets and cultures that moves EIA away from being seen as an add-on 'tick box' exercise

- 24 From what we have seen there has not been a sufficient change in the mindset and culture in public services to put issues of equality at the heart of policy making. The mindset revealed by the EIA is often defensive: using EIAs to prove the body has paid due regard to equality in case of political or legal challenge. Often, the EIA seems like an additional 'tick box' exercise to be complied with rather than a tool to promote equality.

Recommendations

Recommendations

Clarifying the scope of the duty to impact assess policies and practices

R1 There is scope for confusion about which type of policies and practices must be subject to an assessment for their impact on the public sector equality duty. **The Welsh Government should clarify its interpretation of the duty, including whether and how it expects public bodies to apply any test of proportionality and relevance.**

Building a picture of what good integrated impact assessment looks like

R2 Many public bodies carry out integrated impact assessments that include consideration of the PSED alongside other duties. But practice is inconsistent and often involved collating multiple assessments in one place, rather than being truly integrated, **to help maximise the intended benefits of integrated impact assessments, the Welsh Government should work with key stakeholders with an interest in the areas commonly covered by integrated impact assessments and those with lived experiences, to share learning and work towards a shared understanding of what good looks like for an integrated impact assessment.**

Recommendations

Applying the equality duties to collaborative public bodies and partnerships

R3 The public sector landscape has changed since the introduction of the PSED and the Welsh specific duties, with an increasing focus on collaborative planning and delivery. **The Welsh Government should review whether it needs to update the Wales specific regulations to cover a wider range of collaborative and partnership arrangements. These include public services boards, regional partnership boards and other service specific partnerships.**

Reviewing public bodies' current approach for conducting EIAs

R4 While there are examples of good practice related to distinct stages of the EIA process, all public bodies have lessons to learn about their overall approach. **Public bodies should review their overall approach to EIAs considering the findings of this report and the detailed guidance available from the EHRC and the Practice Hub. We recognise that developments in response to our other recommendations and the Welsh Government's review of the PSED Wales specific regulations may have implications for current guidance in due course.**



Supporting arrangements for conducting EIAs

01

- 1.1 Conducting an EIA can be complicated. Good support can help make the process of conducting EIAs easier and more effective by having a clearly spelled-out approach and process, underpinned by clear guidance and training. And public bodies can have expert advice to hand to support those involved in assessing the impacts of decisions.

Setting out the organisation's approach to EIA

What we looked for

A clearly spelled-out approach to EIA for the organisation, including whether the EIA should form part of a wider integrated impact assessment.

What we found

Almost all public bodies had a set process for conducting an EIA, although these vary from a stand-alone EIA to producing integrated impact assessments covering a wide and varying range of other legal duties and policy priorities.



Strategic equality plans

- 1.2 All 44 public bodies met the requirement to produce a Strategic Equality Plan (SEP). The SEP must include an organisation's equality objectives, how they will measure progress on meeting objectives, and how they will promote knowledge and understanding of the general and specific duty. The SEP must also set out the public bodies' arrangements for assessing the likely impact of policies and practices on their ability to meet the PSED. However, in our review of SEPs we found that only 17 of the 44 bodies did so and to varying degrees of detail.
- 1.3 A few public bodies have gone further than simply describing arrangements. For example, Conwy County Borough Council's SEP describes in detail its process for EIA, how its Cabinet uses EIAs to support decision-making, and scrutiny committees' role in ensuring the quality of EIAs. The Council's SEP also explains how it has used EIAs to inform its equality objectives.

Organisational approach – integrated and stand-alone assessments

- 1.4 Nearly all public bodies (42 of 44) have a set process for undertaking EIAs. Most said that they put information on intranet sites, alongside supporting documents, contacts and most often a Word template for completion. Our review of EIAs found no standard format across public bodies, although most closely followed the approach set out in the Practice Hub. Members of the North Wales Public Sector Equality Network⁸ have worked together to develop a standard template which most members of the network have adopted at least in part.
- 1.5 In around two-thirds (30 of 44) of public bodies we spoke to, the EIA forms part of a wider integrated impact assessment. There is no common approach to integrated impact assessments and no national guidance on what should be covered. There are some assessments that public bodies commonly include alongside the PSED (**Exhibit 3**). Some include other legal duties as well as policy priorities and practical considerations, such as finance. For example, the Welsh Government's integrated impact assessments sometimes cover climate change impacts, health impacts and economic impacts as well as a wide range of other legal duties, depending on the nature of the policy or practice.

8 The North Wales Public Sector Equality Network is an informal network of public bodies working together to advance equality. Representation includes North Wales local authorities, Betsi Cadwaladr University Health Board, North Wales Police and Police Authority, North Wales Fire and Rescue Service, Welsh Ambulance Services NHS Trust, and Snowdonia National Park Authority.

Exhibit 3: assessments commonly included in an integrated impact assessment alongside the EIA

Well-being of Future Generations	The Well-being of Future Generations (Wales) Act 2015 introduced seven well-being goals for Wales. It also established the sustainable development principle and five ways of working – long-term, integration, involvement, collaboration, and prevention – to demonstrate application of the principle. An integrated impact assessment may also include an assessment of the policy or practice against the seven goals, public bodies' individual well-being objectives and/or the five ways of working specified in the Act.
Welsh Language	The Welsh Language (Wales) Measure 2011 declares that the Welsh language has official status in Wales. It makes provision to promote and facilitate the use of the Welsh language and to treat Welsh no less favourably than English through the Welsh language standards. Part of applying the standards means that public bodies must consider the effects their policy decisions on the Welsh language.
Environmental impacts	There are various duties to carry out environmental impact assessments depending on the nature of the proposed policy or practice. These range from strategic assessments of plans and programmes to assessments of projects that potentially impact on habitats and biodiversity.
UN Convention on the Rights of the Child	The Rights of Children and Young Persons (Wales) Measure 2011 embeds consideration of the United Nations Convention on the Rights of the Child and the optional protocols into Welsh law. The UN Convention consists of 41 articles, which set out a wide range of types of rights including rights to life and basic survival needs, rights to development including education and play, rights to protection, including safeguarding from abuse and exploitation, and rights to participation and express opinions.

Socio-economic	The Socio-economic duty came into force on 31 March 2021. When making strategic decisions, such as deciding priorities and setting objectives, public bodies must consider how they can reduce inequalities associated with socio-economic disadvantage.
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- 1.6 Most integrated impact assessments involve collating separate impact assessments into a document template. Few seem to be a truly integrated impact assessment. Some public bodies are trying to make the connections between assessments and reduce duplication. For example, Carmarthenshire County Council, Powys County Council, Gwynedd Council, Denbighshire County Council and Wrexham County Borough Council have each developed, or are developing, an IT solution to bring together the relevant information needed to inform an integrated impact assessment.
- 1.7 Very few public bodies solely assess the impact on the PSED even when they do not consider their assessments to be integrated. In those public bodies that report having a standalone EIA process, the EIA often also includes Welsh-language and socio-economic impacts.
- 1.8 Previous research has found length is a barrier to the use of impact assessments in decision-making⁹. It was hard for us to judge any EIA or integrated impact assessment as too long as many factors affect the length including the nature of the policy or decision and the number of assessments undertaken. We reviewed some documents that were very long; for example, the integrated impact assessment of the Welsh Government's remote working policy was 45,000 words (average reading time 2.5 hours). The majority for which a word count was easily identifiable ranged between 2,500 and 7,500 words (average reading time 8 to 25 minutes).
- 1.9 Most public bodies that have chosen not to integrate their assessments had considered the option. Reasons for not integrating assessments included a concern that there would be insufficient regard to the PSED. This may be a valid concern. Our review suggests that, in some cases, the PSED is covered in limited detail and appeared secondary to other considerations even though all the public bodies we spoke to who conduct integrated impact assessments felt they sufficiently covered the equality element.

⁹ Grace, C., Reducing Complexity and Adding Value: A Strategic Approach to Impact Assessment in the Welsh Government, Public Policy Institute for Wales, February 2016.

Specialist support and expertise

What we looked for

That there is specialist support and expertise available in the organisation to those conducting EIAs.

What we found

In most cases, policy leads are responsible for conducting EIAs and can access support from colleagues with knowledge in equality related issues and an in-depth understanding of the organisation's process for conducting an EIA.



- 1.10 In almost all public bodies, responsibility to undertake an EIA lies with the lead officer developing or reviewing a policy or practice. This is partly pragmatic, due to the number of EIAs public bodies conduct. Equality officers told us this approach meant that EIAs benefitted from policy leads' expertise on the topic area. However, they identified drawbacks, including the difficulty of ensuring consistency, getting EIAs started at the right time and ensuring quality.
- 1.11 All public bodies have equality officers (or equivalent) with knowledge in general equality issues and a detailed understanding of the organisation's EIA process. In all public bodies, staff conducting EIAs can ask equality officers for guidance when required. EIAs are mostly conducted without the input of an equality officer. The process at Aneurin Bevan University Health Board is one exception to this, where the first step for anyone who thinks they need to undertake an EIA is to contact the Equality Diversity and Inclusion specialist to discuss the proposed policy or practice and agree what actions they need to take, with ongoing support also provided. In smaller public bodies, where an EIA is more likely to relate to staff policies and decisions, the lead for conducting the EIA is frequently an HR officer who is also the equality officer.

Guidance to support those conducting an EIA

What we looked for

That there is guidance to support those conducting an EIA, setting out what they need to do and when, in line with the duties and their organisation's chosen approach.

What we found

There is non-statutory national guidance and support available setting out some good practice in the stages of an EIA, although there are gaps, notably in terms of integrated impact assessments. Most public bodies have also produced their own guidance to support their EIA process.



External guidance

- 1.12 The Welsh Government has not published statutory guidance on the application of the PSED in Wales or the Welsh specific duties. The EHRC published non-statutory guidance on the Welsh specific duties in 2014. Welsh Government guidance encourages public bodies to integrate different duties. But there is no specific national guidance on how to conduct integrated impact assessments and what should be included.
- 1.13 The Welsh Government, Welsh Local Government Association, and NHS Centre for Equality and Human Rights jointly developed the Practice Hub in 2015-16. This online resource provides information and support to public bodies in Wales to undertake EIAs. It provides a detailed eight step guide to good practice in undertaking EIA and gives information on the Welsh specific duties.

Internal guidance

- 1.14 Internally, most public bodies have produced guidance to support their EIA process. The format and detail of the guidance and quality vary across public bodies. Some provide step-by-step guidance which outlines the process and steps for completing an EIA. Some embed practical information and links within templates.
- 1.15 A few public bodies do not provide guidance on their individual processes. Some of these provide direct one-to-one support from an equality officer (or equivalent) to the individual completing the assessment. Others signpost staff to the external guidance on the Practice Hub.

Training

What we looked for

That training on conducting an EIA is available for staff involved in developing EIAs and those that use them for decision-making.

What we found

Most public bodies offer training to those involved with EIAs through a variety of media.



- 1.16 Around two-thirds (31 of 44) public bodies we spoke to provide formal training to officers who are likely to complete or have an interest in EIA. This training frequently extends to elected members, board members and decision-makers.
- 1.17 Methods of training vary. Some offer face-to-face delivery of training, with much of this via video calls since the start of the COVID-19 pandemic. Many public bodies include online modules and e-learning tools on equality, and EIAs as part of their general staff training. Those public bodies that do not offer formal training nevertheless provide one-to-one support to individuals conducting EIAs and upskill them through the process.

Quality assurance

What we looked for

An approach to ensuring the quality of the EIA process.

What we found

Half of public bodies had an approach to quality assurance, which varied from a simple sign-off on individual EIAs to more comprehensive peer learning to support improvement of the whole EIA process.



- 1.18 Half (22) of the public bodies have a quality assurance process in place for their EIA. The approach varies greatly. For some, quality assurance is about the quality of individual EIAs. Some require an EIA to be signed off by a senior officer. In Cardiff and Vale University Health Board, the lead officer conducting the EIA will work with an equality officer and a representative from Public Health Wales to review and interrogate the content of the EIA during its development. Other public bodies have begun to take a 'peer review' approach to developing EIA with input from experts from across the organisation.
- 1.19 A small number of public bodies use quality assurance to test the quality of their overall approach. For example, the Arts Council of Wales conducts an annual sample review of EIAs and uses the findings to improve the process.



Assessing impacts



02

- 2.1 The Wales specific duties require listed public bodies to assess the likely impact of proposed policies and practices, or those under review, on their ability to comply with the PSED. In doing so, they must have regard to certain types of information that they hold and meet specific requirements to engage with people or organisations that represent people with one or more protected characteristics. EHRC guidance and the Practice Hub set out in detail the steps public bodies can take to fulfil these requirements.

Screening

What we looked for

A clear approach to determining if an equality impact assessment is required.

What we found

Just over half of public bodies have a process for screening although many have stopped using screening, some due to risk of confusion or 'gaming' by staff.



- 2.2 There are no statutory exemptions setting out policies and practices that do not need to be assessed. However, the EHRC guidance and the practice hub include a 'screening' process to determine which policies or practices should have a full EIA.
- 2.3 Just over half (24 of 44) of public bodies we spoke to said that they have a screening process. Screening is most often a document template which an officer developing or reviewing a process or policy uses to determine whether they anticipate any impact on protected groups. The approach ranges in practice from a separate short impact assessment to a set of screening questions at the beginning of the full assessment template which determine whether to proceed with the full EIA.
- 2.4 Where a body decides it does not need a full EIA, they will usually retain a copy of the screening tool as evidence that it has considered the PSED. Most public bodies with a screening process will document the decision not to go ahead with a full EIA in the supporting papers that go to the cabinet or board.

- 2.5 Most often, the policy lead keeps the detailed record of screening. However, a few public bodies are trying to strengthen practice and ensure central records are maintained. For example, Cardiff Council has developed an online assessment tool to support policy leads through the process and encourage consideration of impact at the earliest stages of policy development. As well as sending advice and guidance to the officer completing the online assessment, the tool also sends a copy of the screening information to the equality officers.
- 2.6 The 20 public bodies who do not have a screening process had often consciously removed the screening step. Many said screening was an unnecessary step, as there are very few of their decisions that will not have potential to impact on the PSED. Some public bodies said that there was also scope for confusion, with lead officers completing a screening form, thinking it was an EIA. Others were concerned that some officers may 'game' the process: tailoring their responses to screening in a way designed to result in a decision that no further assessment was required.
- 2.7 Those public bodies that do not have a screening process usually provide additional guidance or a process chart, clarifying when to conduct a full EIA. All public bodies also offer the lead officer an opportunity to consult with an equality officer.

Timing

What we looked for

EIAs being started at an early stage to inform the development of a policy or decision.

What we found

All public bodies intend to carry out an EIA as early as possible, but many recognise this is often not the case in practice, and in some cases EIAs are very late in the policy development or decision-making process.



- 2.8 All 44 public bodies intend that EIAs should be started as early in the development or review of a policy as possible. But many public bodies acknowledged that this often does not happen in practice.
- 2.9 The timing of EIAs is affected by whether policy leads know that they are required to do an EIA and if resources – staff and time – are available at the appropriate point. Sometimes, if public bodies must make decisions very quickly, they either do not do an EIA or do them late in the decision-making process. This can be too late to consider changing a policy to lessen any possible negative impact or to build on positive impacts.
- 2.10 Decisions at the start of the COVID-19 pandemic were often made without an EIA. This reflected the urgency of decisions but meant that the impact on vulnerable people was not formally assessed. In August 2020, the Senedd’s Equality, Local Government and Communities Committee¹⁰ recommended that the Welsh Government should ensure that each major policy or legislative decision is accompanied by an effective equality impact assessment, and an analysis of the impact on human rights. The Welsh Government accepted the recommendation, and since August 2020 has published dozens of impact assessments related to the COVID-19 pandemic on its website.

¹⁰ Senedd Equality, Local Government and Communities Committee, Into sharp relief: inequality and the pandemic, August 2020.

- 2.11 In most public bodies, papers accompanying decisions that go to cabinets or boards contain a box or section that refers to consideration of the equality duties. This serves as a backstop to prevent public bodies from making decisions without any regard to the duties, even though this generally would be very late in the process.

Use of evidence

What we looked for

Use of a range of evidence to support the assessment, including the views of those likely to be impacted and data on lived experience.

What we found

Public bodies use a mix of evidence, although there are gaps in available data on some protected characteristics and the inclusion of the views and lived experiences of people with protected characteristics is patchy.



Quantitative data

- 2.12 EIAs need a sound evidence base to inform their conclusions. The depth and detail of the information base vary across organisations and by assessment. The depth of information and analysis often depends on the scale of the decision and the availability of relevant and specific evidence.
- 2.13 All public bodies expect to include some quantitative data, such as demographic information or service level data. Around two-thirds (29 out of 44) of public bodies include at least some examples of internal information sources and point to publicly available data in their guidance and templates. Some go further. For example, Merthyr Tydfil County Borough Council includes in its guidance a detailed list of sources where policy leads can find relevant evidence, with embedded links to external data sources.
- 2.14 There are some significant data gaps in the data that is available to public bodies. Generally, there is little information available about some protected characteristics, particularly sexual orientation, gender reassignment, and pregnancy and maternity. Data that is available at a national level is sometimes not available at a health board, council, or ward level, which makes it difficult for public bodies to understand their local populations with protected characteristics.

Qualitative information

- 2.15 The inclusion of qualitative information based on the views and experiences of people with protected characteristics is also patchy. When introducing new policies or changing services public bodies often undertake a consultation exercise. In the examples we saw, these were often targeted to the public in general, and it was difficult to see if the public body had sought to engage specifically with people from protected groups.
- 2.16 Nonetheless, we did see examples of EIAs where evidence from engagement with groups was covered. For example, when Snowdonia National Park Authority undertook an EIA on its communication and engagement strategy, the assessment considered how the strategy could engage with people who speak languages other than English or Welsh. It also considered impacts on those who were digitally excluded, a group that is more likely to include older people and more women than men.
- 2.17 Some respondents to our general call for evidence said that drawing more on the views and experience of people with protected characteristics would improve the quality of EIAs. This includes engaging with individuals and grassroots organisations as well as national organisations representing protected groups. Some respondents said that public bodies should do more to publicise consultations by a range of means, including but not restricted to social media.
- 2.18 Some all-Wales third sector bodies responding to our call for evidence said that they were often asked to provide views for EIA and that some cannot respond to all the requests they receive. Sometimes they do not have information on local services and impacts.
- 2.19 A few public bodies are trying to draw on the lived experience of people with protected characteristics through different forms of consultation. Some use existing networks for staff with protected characteristics to understand different perspectives. Others, draw on existing relationships with third sector groups to understand the lived experience.

Identifying and mitigating likely impacts

What we looked for

Clear identification of likely impacts, including positive impacts in promoting equality, as well as negative ones.

Some consideration of cumulative impacts arising from other decisions that impact the same group or groups and how different protected characteristics combine (intersectionality).

Clear recommendations for mitigating negative impacts that have been acted on before the decision is made.

What we found

While there are examples of public bodies identifying specific impacts, often EIAs describe impacts in very broad terms. Very few identify the cumulative impacts of multiple decisions on groups or consider how different protected characteristics intersect. Very few can show how recommendations for mitigating impacts are followed through.



Specific impacts

- 2.20 Positively, our review of EIAs found examples of public bodies clearly identifying specific likely impact of policies or practices on protected groups. However, many EIAs included statistics to describe the population of people with protected characteristics without being clear how the policy or practice would likely impact on them. We also observed a tendency for EIAs to focus on negative impacts, thereby missing positive impacts and opportunities to improve cohesion and reduce inequalities.
- 2.21 We found that most EIAs reviewed provided data and information on each protected group separately. For example, the EIA on Conwy County Borough Council's Older Peoples' Domiciliary Care Finance and Commissioning Project set out the likely impact on people with each protected characteristic.

2.22 Most public bodies' approaches to EIA involve making recommendations to overcome negative impacts. Public bodies should incorporate mitigating actions into the policy development process, recognising it is not always possible to mitigate all negative impacts, such as with reductions in service. Very few public bodies have a process in place to track whether they have implemented the mitigating actions, after a decision is taken. In Hywel Dda University Health Board, the EIA has an associated action plan with a review date. In Aneurin Bevan University Health Board the Equality, Diversity, and Inclusion specialist keeps a database of actions arising from EIAs for monitoring purposes.

Intersectionality

2.23 Increasingly, it is understood that inequality is intersectional. People's characteristics interact in a complex way to give a unique experience of inequality. For example, the experience of a Muslim woman cannot separate 'female' and her experience as a Muslim. It will differ from that of a Muslim man and of a non-Muslim woman. However, we did not see examples of such nuanced understandings of inequality in the examples we reviewed.

Cumulative impacts

2.24 Public bodies in Wales make many decisions each year that, taken together, can be very detrimental to people from protected groups. For example, one respondent to our call for evidence gave the example of how individual decisions to reduce or close facilities and services such as public toilets, library services, day centres, and bus services had a cumulative impact on many older people who use the services. They said that, while each individual decision might not be significant, together they meant that some older people were becoming isolated.

2.25 The few instances we found where public bodies have begun to give thought to cumulative impacts tend to be when public bodies are making several decisions at the same time. For example, councils usually undertake a cumulative approach to assessing the impacts of their proposed budget each year. Individual service changes being proposed because of budget changes are assessed simultaneously allowing a better overview of potential impacts for the budget.

2.26 Typically, however, public bodies make decisions separately. One of the respondents to our call for evidence to decision-makers highlighted that it is difficult in principle to predict the likely impacts of multiple decisions in a complex landscape. Practically, the ability to take account of impacts from other decisions relies on the policy lead knowing about other decisions within an organisation and having access to the EIAs. A small number of public bodies are trying to address this information gap by using an IT solution to undertake the EIA (**paragraph 1.6**). This way, the assessment of impact for each policy change and decision is held centrally, making it easier for policy leads to bring together the information.

Decision-making

What we looked for

That the EIA and likely impacts it identifies are considered at the point of decision-making.

What we found

Equality officers' views varied around the extent to which their organisations prioritised the EIA in decision-making. Most respondents to our general call for evidence said public bodies did not pay sufficient regard to protected characteristics. The small number of responses from decision-makers suggest a view that the EIA is seen as a 'tick box exercise'.



- 2.27 The consideration given to EIAs in decision-making varies across public bodies in Wales. In general, equality officers felt that decision-makers take assurance in knowing that the policy lead has completed an EIA. Decision-makers will have access to a summary or the complete EIA accompanying each decision in their cabinet or board papers.
- 2.28 The equality officers we spoke to had mixed views over the extent to which their organisations placed sufficient weight on the EIA in decision-making. Over three-quarters of respondents to our general call for evidence who answered the question (29 of 37) disagreed that public bodies in Wales give appropriate due regard to people with protected characteristics when developing policies or making changes to services.
- 2.29 Generally, equality officers were not aware of instances where decision-makers challenged the content or recommendations of an EIA at the point of decision. Most felt that the accompanying EIA should have considered and shaped the policy sufficiently that there would be no need for such challenge at that late stage.
- 2.30 We only received ten responses to our call for evidence from decision-makers. While it is hard to draw conclusions from such a limited evidence base, it is notable that three of the ten referred to EIAs being used like a 'tick box'.



Reporting and monitoring impacts

03

- 3.1 Public bodies must publish reports of the assessments where they show a substantial impact (or likely impact) on their ability to meet the PSED. They must also monitor the actual impact of the policies and practices subject to an equality impact assessment.

Reporting

What we looked for

Public information about decisions and a clear description of how the EIA has influenced the decision-making.

What we found

Most public bodies publish some of their EIAs as part of a wider set of papers and they are often not easy to find.



- 3.2 Almost all public bodies in Wales publish their EIAs, at least in part. Typically, they publish EIAs with decision-related papers, such as cabinet or board papers. There is usually a section on the body's website which holds all the papers for each meeting and is accessible to the public¹¹. There are a few exceptions in some of the smaller public bodies, who do not routinely publish their EIAs.
- 3.3 It can often be difficult to find EIAs which relate to a specific decision on public bodies' websites. The EIAs which feature more prominently and are easier to locate often relate to strategic decisions such as budgets or key corporate strategies. Newport City Council have tried to bring EIAs into a central location on their website to make them more easily accessible, while recognising that this approach relies on the individuals completing EIAs sharing them for publication, which sometimes does not happen.

¹¹ In some instances, bodies do not publish EIAs if they form part of a paper that is held back from publication due to its confidential or sensitive nature. However, these EIAs can sometimes be obtained via a Freedom of Information request if someone has a particular interest in seeing them.

Monitoring impacts

What we looked for

A clear approach to monitoring the impacts of the decision after it is implemented, including those identified as part of EIA as well as any unexpected impacts.

What we found

Very few public bodies monitor the impact of the decisions in the context of the PSED.



- 3.4 Some public bodies require those completing EIAs to identify a review date when monitoring is supposed to occur. We saw examples where EIAs set out plans for monitoring. For example, a Powys Teaching Health Board EIA included plans for monitoring service use after a change in surgery opening hours and for an independent evaluation of the service change. Also, Conwy County Borough Council's EIA for its review of domiciliary care included detailed arrangements for monitoring the impact using data and information that are routinely reported, including individual feedback from people receiving care.
- 3.5 However, equality officers had seen little evidence of the impact of policies and practices being monitored in light of the EIA. Those public bodies that outlined a monitoring process were often referring to the monitoring of an implementation of a policy or practice against its objectives or targets, not the impact that the decision had on people with protected characteristics.
- 3.6 In general, public bodies do not consider the impacts of policies and practices in terms of the PSED until there is another decision due on the same policy or practice. At that point, the body conducts a new EIA. Many of the equality officers we spoke to seemed unsure about how, in practice, they would monitor the impact of a decision on protected groups and would welcome more guidance.

Challenging EIAs

What we looked for

That the organisation identifies and applies lessons from any challenge to decisions on the basis of equality or the quality of the EIA.

What we found

Many equality officers did not think there had been any challenges to EIAs conducted by their organisation, but where there has been challenge some public bodies are using it as a learning opportunity.



- 3.7 Decisions made by public bodies can be challenged based on the EIA. Public bodies that do not have a clear record showing that they have considered the likely impacts of their decisions for people with protected characteristics leave themselves open to challenge. This could potentially include a judicial review. Some equality officers did not know what process someone would use to challenge an EIA. The majority said that any challenges would go through their general complaints process, with the involvement of the relevant service, equality officers and legal team.
- 3.8 Many equality officers thought there had not been any challenge to an EIA conducted by their organisation. Those that were aware of challenge taking place said that it was something that happens infrequently. Almost half of respondents to our general call for evidence who answered the question (17 of 35) said they had challenged some aspect of an EIA. We do not know if this was a formal or informal challenge.
- 3.9 Equality officers who had experienced challenge to an EIA said their organisation can resolve the issues either by making changes to a policy or practice, or by providing evidence that they had considered the impacts. Respondents to our general call for evidence gave examples of issues they raised being resolved. For example, one had objected to the EIA conducted on a new bus interchange because the council had not sought the views of people with protected characteristics on the proposals. Following their intervention, people with low vision visited the site and suggested changes to make the interchange more accessible.

3.10 While there are positive examples of public bodies responding to challenge, several respondents to our general call for evidence who had challenged aspects of an EIA reported not receiving any response to their challenge. A few equality officers told us that their organisation had learnt from the experience of having an EIA challenged. One had used examples of challenge from other public bodies to inform its EIA training as a particularly useful way of making impacts more easily understood to lead officers conducting EIAs.



Appendices

1 Audit approach and methods

1 Audit approach and methods

Audit approach

Our main aim was to provide insight about the approach to EIAs undertaken across the public sector in Wales. We wanted to highlight good practice and identify opportunities to improve. To help shape our thinking about what good practice to look for, we drew heavily on existing guidance materials, in particular that produced by the Equality and Human Rights Commission (EHRC) and the [Equality Impact Assessment in Wales Practice Hub](#) hosted by Public Health Wales NHS Trust.

We set out to explore to what extent public bodies have integrated their approach to undertaking EIAs, including the new socio-economic duty and the cumulative impact of decisions. We also explored what difficulties public bodies experience that affect the quality and timeliness of EIAs. We looked at how public bodies monitor the impact of decisions on their population. Each of the sub-sections in the main body of this report describes what we were looking for through our work.

In looking across the public bodies, we focused on the 44 public bodies originally subject to the Well-being of Future Generations (Wales) Act 2015. The Auditor General for Wales is the external auditor of each of these bodies, which include local authorities, health boards and some NHS trusts, national parks, and fire and rescue services. They also include the Welsh Government and some of its sponsored bodies. Our audit coverage did not include education bodies – further education, higher education or maintained schools – that are subject to the PSED. It also did not include the four Corporate Joint Committees (CJCs) established by the Local Government and Elections (Wales) Act 2021 and which are subject to the PSED.

Audit methods

Document review: We reviewed documents from each of the 44 public bodies, including those relating to the equality plans and details of the organisation's EIA process. We also reviewed details of their process for integrated impact assessments. We reviewed a sample of 29 EIAs provided by public bodies: 11 by local authorities, eight by health bodies, two fire and rescue, two national parks and six by the Welsh Government or its sponsored bodies.

Interviews: We interviewed the equality officers or their equivalent in each of the 44 bodies. We have used the term 'equality officer' throughout this report to refer to staff in public bodies with specific lead specialist roles for equality, whether that be their full-time job or part of their role. The way these roles are structured, and their seniority, varies.

Call for evidence: We sought wider views about people's experience of EIAs through a call for evidence between October 2021 and June 2022. We publicised this generally and in particular to third sector organisations. We received 40 responses, 23 from individuals and 15 responding on behalf of an organisation (two did not say).

We also sought the views of decision-makers through a separate call for evidence open between February and June 2022. We received ten responses (eight from individuals working in local authorities, one health and one fire and rescue).

While the responses we received to the calls for evidence are not necessarily representative of individuals, the third sector or decision-makers, they have provided useful detail which we have included through the report and which informed our overall analysis.

Stakeholder engagement: The EHRC is responsible for promoting and enforcing equality and non-discrimination laws. We met with officials in the EHRC Wales Team regularly throughout our work, discussing our scope and emerging findings. We also met with the Welsh Local Government Association's equality network and the Chair of the All-Wales NHS Equality Leadership Group. We interviewed officials from the Welsh Government with responsibility for equality policy.

Wider audit intelligence: We drew on existing intelligence from our local financial and performance audit work, where that was relevant to equality impact assessments.



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Council Response Form

Council action planned in response to the recommendations issued by Audit Wales

Council: Ceredigion County Council

Report title: Equality Impact Assessments: more than a tick box exercise?

Issue date: September 2022

Document reference:

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p>Clarifying the scope of the duty to impact assess policies and practices</p> <p>There is scope for confusion about which type of policies and practices must be subject to an assessment for their impact on the public sector equality duty. The Welsh Government should clarify its interpretation of the duty, including whether and how it expects public bodies to apply any</p>	Not applicable as this recommendation is for Welsh Government, not the Local Authority.		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	test of proportionality and relevance.			
R2	<p>Building a picture of what good integrated impact assessment looks like</p> <p>Many public bodies carry out integrated impact assessments that include consideration of the PSED alongside other duties. But practice is inconsistent and often involved collating multiple assessments in one place, rather than being truly integrated, to help maximise the intended benefits of integrated impact assessments, the Welsh Government should work with key stakeholders with an interest in the areas commonly covered by integrated impact assessments and those with lived experiences, to share learning and work towards a shared understanding of what good looks like for an integrated impact assessment.</p>	Not applicable as this recommendation is for Welsh Government, not the Local Authority.		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R3	<p>Applying the equality duties to collaborative public bodies and partnerships</p> <p>The public sector landscape has changed since the introduction of the PSED and the Welsh specific duties, with an increasing focus on collaborative planning and delivery. The Welsh Government should review whether it needs to update the Wales specific regulations to cover a wider range of collaborative and partnership arrangements. These include public services boards, regional partnership boards and other service specific partnerships.</p>	<p>Not applicable as this recommendation is for Welsh Government, not the Local Authority.</p>		
R4	<p>Reviewing public bodies' current approach for conducting EIAs</p> <p>While there are examples of good practice related to distinct stages of the EIA process, all public bodies have lessons to learn about their overall approach. Public bodies</p>	<p>Our current IIA template is structured around the seven National Well-being goals. The equalities section is completed as part of the goal to create a 'more equal Wales'.</p> <p>We have reviewed our IIA tool and used the findings from the Audit Wales report and Welsh Government's review of their guidance to inform the process. As a result, the format of the template has been revised and</p>	Complete	Alun Williams

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>should review their overall approach to EIAs considering the findings of this report and the detailed guidance available from the EHRC and the Practice Hub. We recognise that developments in response to our other recommendations and the Welsh Government’s review of the PSED Wales specific regulations may have implications for current guidance in due course.</p>	<p>additional guidance tips and background information have been included in order to ease the process of completing the IIA.</p> <p>The revised IIA tool was scrutinised by Overview & Scrutiny Co-ordinating Committee on 11/09/23 and approved by Cabinet on 03/10/23. It is now available on our intranet for all staff to use.</p> <p>Ceredigion County Council has joined the Equality and Human Rights Exchange network and refers regularly to the Practice Hub to ensure continued improvement of our practice.</p>		

Cyngor Sir CEREDIGION County Council

REPORT TO:	Governance and Audit Committee
DATE:	24th January 2024
LOCATION:	Remotely by Video Conference
TITLE:	Regulator & Inspectorate Reports & Council Responses
PURPOSE OF REPORT:	To provide the Governance and Audit Committee with updates on the progress of regulator/inspectorate reports and Council responses.
For:	Decision

Introduction

This Report sets out Regulator and Inspectorate Reports and updates along with Council responses regarding progress made against proposals and recommendation. It has 3 parts:

- a) Audit Wales quarterly update to Governance and Audit Committee*
- b) Any local risk work issued/published since the last Governance and Audit Committee meeting*
- c) Audit Wales National Reports*

Current Position

a) Audit Wales quarterly update to Governance and Audit Committee

- Audit Wales Work Programme and Timetable – Ceredigion County Council (**appendix 1**)

b) Any local risk work issued/published since the last Governance and Audit Committee meeting

- Audit Wales – Project Brief - Assurance and Risk Assessment – Ceredigion County Council (**appendix 2**)
- Audit Wales – Digital Strategy Review – Ceredigion County Council (appendix 3a)
- ORF – Digital Strategy Review (**appendix 3b**)
- Audit Wales – Cracks in the Foundations – Building Safety in Wales Report (**appendix 4a**)
- MRF – Cracks in the Foundations – Ceredigion County Council Response to Building Safety in Wales Report (Updated September 2023) (**appendix 4b**)
- Audit Wales - Equality Impact Assessment (**appendix 5a**)
- MRF – Equality Impact Assessment (updated December 2023) (**appendix 5b**)
- Audit Wales - Springing Forward – Strategic Workforce Management – Ceredigion County Council (**appendix 6a**)
- MRF – Springing Forward – Review of Strategic Workforce Management – Ceredigion County Council (Updated January 2024) (**appendix 6b**)
- Audit Wales – Setting of Well-being Objectives (**appendix 7a**)

- ORF – Setting of Well-being Objectives (**appendix 7b**)
- Audit Wales – Time for Change – Poverty in Wales (**appendix 8a**)
- MRF – Time for change – Poverty in Wales (January 2024 update) (**appendix 8b**)
- Audit Wales – ‘Raising out Game’ Tackling Fraud in Wales – Update due 2024

c) Audit Wales National Reports

- Audit Wales – Corporate Joint Committees report (**appendix 9**)
- Audit Wales – A Missed Opportunity Social Enterprises (**appendix 10a**)
- MRF – A Missed Opportunity Social Enterprises (**appendix 10b**)

RECOMMENDATIONS: 1) To consider the Regulator and Inspectorate reports and Updates
 2) To Consider the Council’s response
 (Management/Organisational Response Forms)

Reasons for Recommendation To keep the Governance and Audit Committee informed of reports, proposals and work being undertaken

Appendices: Appendix 1	Audit Wales – Work Programme and Timetable – Ceredigion County Council
Appendix 2	Audit Wales – Project Brief – Assurance and Risk Assessment – Ceredigion County Council
Appendix 3a	Audit Wales – Digital Strategy Review – Ceredigion County Council
Appendix 3b	ORF – Digital Strategy Review
Appendix 4a	Audit Wales – Cracks in the Foundations – Building Safety in Wales
Appendix 4b	MRF – Cracks in the Foundations – Building Safety in Wales
Appendix 5a	Audit Wales – Equality Impact Assessment
Appendix 5b	MRF – Equality Impact Assessment
Appendix 6a	Audit Wales – Springing Forward Workforce Management Report – Ceredigion County Council
Appendix 6b	MRF – Springing Forward – Review of Strategic Workforce Management – Ceredigion County Council
Appendix 7a	Audit Wales – Setting of Well-being Objectives – Ceredigion County Council
Appendix 7b	ORF – Setting of Well-being Objectives
Appendix 8a	Audit Wales – Time for Change – Poverty in Wales
Appendix 8b	MRF – Time for Change – Poverty in Wales
Appendix 9	Audit Wales – Corporate Joint Committees report
Appendix 10a	A Missed Opportunity – Social Enterprises
Appendix 10b	MRF – A Missed Opportunity – Social Enterprises

Contact Name: Elin Prysor
Designation: Corporate Lead Officer: Legal & Governance & Monitoring Officer
Date of Report 24/01/2024

Audit Wales Work Programme and Timetable – Ceredigion County Council

Quarterly Update: 30 September 2023

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in February 2022.	March 2023	Complete Ceredigion County Council – Annual Audit Summary 2022

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 statement of accounts	To confirm whether the statement of accounts provides a true and fair view.	Audit Opinion by 28 February 2024	In progress
Audit of the 2022-23 Annual Return for Ceredigion Harbour	To confirm that the return has been properly completed.	Audit Opinion by 28 February 2024	In progress
Audit of the 2022-3 Annual Returns for Growing Mid Wales and Mid Wales Corporate Joint Committee	To confirm that the returns have been properly completed.	Audit Opinion by 28 February 2024	In progress

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 Grants and Returns	Audit of the grants and returns as required by their terms and conditions.	In line with the deadlines for each individual grant and return.	Not yet started

Performance Audit work

2022-23 Performance Audit work	Scope	Timetable	Status
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	ongoing	In progress
	<ul style="list-style-type: none"> Financial position 	Ongoing monitoring of financial position	Ongoing

2022-23 Performance Audit work	Scope	Timetable	Status
	<ul style="list-style-type: none"> • Capital programme management • Use of performance information – with a focus on service user feedback and outcomes • Setting of well-being objectives 	<p>September – December 2023</p> <p>February – September 2023</p> <p>July 2023</p>	<p>AW will not undertake detailed work at all councils as part of our 2022-23 work programme. We are currently exploring our options for undertaking a detailed piece of work on this topic either in 2023-24 or future years.</p> <p>Report being drafted</p> <p>Complete <u>Setting of Well-being Objectives</u></p>
<p>Thematic Review – Unscheduled Care</p>	<p>A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>	<p>August 2022 – July 2023</p>	<p>Fieldwork nearing completion, reporting from September 2023 onward.</p>

2022-23 Performance Audit work	Scope	Timetable	Status
Thematic review – Digital	A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.	January – September.	Report being finalised
Local risk work: Planning review – follow up	To follow up the Council’s progress in relation to addressing the recommendations in our Planning review published in November 2021. Review of the Planning Service – Ceredigion County Council	Autumn 2022 – Summer 2023	Report Published Planning Service Follow-up review

2023-24 Performance Audit work	Scope	Timetable	Status
Assurance and Risk Assessment including any follow-up work	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	Ongoing	In progress
Thematic review – Financial Sustainability	A review of councils’ financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	March – June 2024	Scoping
Thematic review – commissioning and contract management	A review focusing on how councils’ arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.	January – July 2024	Scoping

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Ceredigion County Council
Planning for sustainable development – Brownfield regeneration	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Report drafting – publication due November/December 2023	Yes – interview with nominated officer at seven councils and survey.
Governance of special purpose authorities – National Parks	Review of systems and effectiveness of governance	November 2022 – September 2023	Report drafting – publication due November/December 2023.	No
Corporate Joint Committees (CJCs)	Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.	September 2022 – August 2023	individual letters have been issued to the four CJCs. National summary report due for publication October/November 2023.	Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.

Study	Scope	Timetable	Status	Fieldwork planned at Ceredigion County Council
Governance in Fire and Rescue Authorities	Review of systems and effectiveness of governance	September 2023 – March 2024	Project brief issued	No
Homelessness	Examining how services are working together to progress the response to homelessness.	tbc	Scoping	tbc

Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority was removed from the causing significant concern category following a monitoring visit in July. We inspected Gwynedd in the week beginning 26 June and Carmarthenshire in the week beginning 10 July. Both reports have been published on our website. We will be inspecting Conwy local government education service on the week beginning 6 November.

Field work being carried out across local authorities during the autumn term includes a focus on attendance, school improvement and the work of the local authority to mitigate the impact of poverty on learners' attainment.

Care Inspectorate Wales (CIW)

CIW planned work 2023-25	Scope	Timetable	Status
Thematic reviews			
CLDT	Working with HIW we will complete a small sample of joint CLDT inspections in 2024. We will use this approach to evaluate and consider our approach to joint inspection.	2024-25	Planning
Deprivation of Liberty Safeguards – 10 years on	We are working in partnership with HIW to consider our approach and follow up on the report: <u>A National Review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales (hiw.org.uk)</u> undertaken in 2014.	2024-25	Scoping
Stoke pathway	Working in collaboration with HIW a <u>National Review of Patient Flow: a journey through the stroke pathway (hiw.org.uk)</u> has recently been published.	Complete	Published

CIW planned work 2023-25	Scope	Timetable	Status
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre-proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	In progress	Publication November 2023
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2022-23	<p>The <u>2020-21 report</u> was published on 7 February 2021</p> <p>The 2021-2022 report is underway</p>	<p>Published</p> <p>To be confirmed</p>	<p>Published</p> <p>Preparing</p>

CIW planned work 2023-25	Scope	Timetable	Status
<p>Joint Inspection Child Protection Arrangements (JICPA)</p>	<p>We will complete a further two multi-agency joint inspections in total.</p> <p>The findings following Denbighshire County Council have been published - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Denbighshire 2023 Care Inspectorate Wales</p> <p>The findings following Bridgend County Borough Council have been published - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Bridgend 2023 Care Inspectorate Wales</p> <p>We will publish a national report in late spring 2024.</p>	<p>April 2023 – April 2024</p>	<p>Delivery</p>
<p>Performance review of Local Authorities</p>	<p>We continue to inspect Local Authorities in line with our updated Code of Practice for our local authority inspection activity Care Inspectorate Wales</p> <p>How we inspect local authority services and CAFCASS Cymru</p>	<p>Ongoing</p>	<p>Ongoing</p>

Audit Wales national reports and other outputs published since September 2022

Report title	Publication date and link to report
NHS workforce – data briefing	September 2023
Income Diversification for National Park Authorities in Wales	September 2023
Approaches to achieving net zero across the UK	September 2023
Springing Forward: Lessons learnt from our work on workforce and assets (in local government)	September 2023
Local Government Financial Sustainability Data tool update (further update planned autumn 2023)	September 2023
NHS finances data tool – to 31 March 2023	September 2023
Public interest reports – Ammanford Town Council and Llanferres Community Council	September 2023
Cwm Taf Morgannwg University Health Board - Quality Governance Arrangements Joint Review Follow-up	August 2023
'Cracks in the Foundations' – Building Safety in Wales	August 2023
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	June 2023
Digital inclusion in Wales (including key questions for public bodies)	March 2023

Report title	Publication date and link to report
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	February 2023
Welsh Government purchase of Gilestone Farm	January 2023
Together we can – Community resilience and self-reliance	January 2023
A Picture of Flood Risk Management	December 2022
'A missed opportunity' – Social Enterprises	December 2022
Poverty Data Tool	November 2022
'Time for change' – Poverty in Wales	November 2022
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)
National Fraud Initiative 2020-21	October 2022
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	October 2022
Payment to the Welsh Government's Former Permanent Secretary on Termination of Employment	September 2022

Report title	Publication date and link to report
Equality Impact Assessments: More than a Tick Box Exercise?	September 2022
Welsh Government – setting of well-being objectives	September 2022
Welsh Government workforce planning and management	September 2022

Audit Wales national reports and other outputs (work in progress / planned)^{1, 2}

Title	Indicative publication date
Covering teachers' absence – follow-up (letter to the Public Accounts and Public Administration Committee)	October 2023
NHS quality governance	October/December 2023
A465 Section 2 – update	November/December 2023
Ukrainian refugee services	December 2023/January 2024

¹ We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind.

² We have also published to our website a paper – [Our work programme for 2023-2026](#) – that provides additional detail about our national work (including local thematic reviews). In addition to new work that we will be taking forward in 2023-24, the paper includes details about indicative topics for work to start in 2024-24 or 2025-26.

Title	Indicative publication date
Local government digital strategy review – national summary	January 2024
Local government use of performance information, outcomes and service user perspective – national summary	November/December 2022
Affordable housing	February/March 2024
Active travel	Spring 2024
Cancer services	To be confirmed (scoping)
Velindre Cancer Centre	To be confirmed (scoping)
Welsh Government capital and infrastructure investment	To be confirmed (scoping)
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	R&D work underway September to December 2023. Data gathering with representative groups. Outputs will inform any further audit work.
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (scoping)
The senior public service	To be confirmed (scoping early 2024)
Challenges for the cultural sector	To be confirmed (starting in 2023-24)
Rebalancing care and support	To be confirmed (starting in 2023-24)

Title	Indicative publication date
Tackling NHS waiting lists	To be confirmed (starting in 2023-24)
Access to education for children with Additional Learning Needs	To be confirmed (starting in 2023-24)
Audit Committees. 'What does good look like?'. R&D work to understand the broad audit committee landscape across all sectors in Wales. Outputs to support Good Practice Exchange events and potential future audit work.	R&D work Sept – Dec 2023 Good Practice Event Spring 2024

Good Practice Exchange events and resources

Title	Link to resource
<p>Strategy to Action: How digital makes a difference to everyday lives This event will take a practical and honest view at the digital landscape in Wales and will offer practical ideas for public and third sector organisations which will help them achieve the best value for money.</p>	<p>27 September 2023 09:00 – 13:00 – North Wales – To register for North Wales</p> <p>5 October 2023 09:00 – 13:00 – Cardiff – To register for Cardiff</p>
<p>Working in partnership to improve wellbeing This event will bring together the North Wales Insight Partnership, the Public Service Boards and the C4C community to share wellbeing plans across the North Wales region, as well as sharing the innovative work being undertaken by a range of sectors around wellbeing in our communities. The event will provide opportunities to discuss how we can connect all of this work to deliver real change.</p>	<p>24 October 2023 09:30 – 16:30 To register for North Wales Cardiff date TBC</p>

Title	Link to resource
<p>Integrity in the Public Sector ‘Trust is built and maintained through competence, reliability, and honesty, as well as the building of genuine and sound relationships between the public sector and the public it serves. That means the public sector must be accountable for the management and delivery of public services and outcomes, for the direction and control of the work it does, the resources it manages, and for its behaviour and ethics.’ This event will look at how public services can promote a culture of integrity.</p>	<p>5 December 2023 10:00 – 12:00 Online To register</p>
<p>Podcast: Auditing Community Resilience In this edition of The Exchange, our Local Government team discuss some of the factors that cause poverty in Wales, as well as the value provided by social enterprises, and the importance of keeping wealth in communities.</p>	<p>To listen</p>

Recent Audit Wales blogs

Title	Publication date
Building Safety – Have we learnt from Grenfell?	1 August 2023
Helping people to help themselves	15 February 2023
A perfect storm – the cost of living crisis and domestic abuse	21 November 2022
Tackling poverty means tackling poverty data	11 November 2022
Cost of living and putting away the bayonet	21 September 2022
Heat is on to tackle Climate Change	18 August 2022
Direct Payments in Wales	15 June 2022

Title	Publication date
<u>Unscheduled Care in Wales – a system under real pressure</u>	21 April 2022

Project Brief – Assurance and Risk Assessment – Ceredigion County Council

Audit year: 2023-24

Date issued: August 2023

Publication reference number: 3659A2023

This document has been prepared for the internal use of Ceredigion County Council as part of work to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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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.

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Background

- 1 The Auditor General has a duty under the Public Audit (Wales) Act to assure himself each year that councils have put in place proper arrangements to secure value for money in the use of their resources. A similar project is being undertaken at each council to help to fulfil this duty through a review of the arrangements that the Council has put in place, as well as to identify arrangements where we intend to undertake more detailed audit work. We are undertaking a similar project across all principal councils in Wales. This audit will also help the Auditor General to assure himself that councils are acting in accordance with the sustainable development principle and to identify where we intend to undertake further work to test its application.

Legislative basis

- 2 This project is being undertaken to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015. It may also inform audit work carried out under other powers and duties.
- 3 Our privacy notice is included on pages 10-11 of this project brief and it provides information about the potential collection of personal information by the Auditor General as part of this work.

Audit objectives

- 4 Our objectives for this audit are to:
 - help discharge the Auditor General's duty to satisfy himself that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources;
 - help discharge the Auditor General's duties under the Well-being of Future Generations Act; and
 - inform our work planning for future years.

Audit questions and criteria

- 5 **Exhibit 4** contains the audit questions and audit criteria.

Audit scope

- 7 This project will cover key corporate and service arrangements, although the extent to which we review each arrangement each year varies according to our assessment of audit risk.
- 8 As part of our Assurance and Risk Assessment (ARA) work, we may also undertake follow-up work on proposals for improvement/recommendations issued in previous Audit Wales reports.

Audit methods

- 9 We will follow a risk-based approach to reviewing the Council's arrangements. For some aspects of the Council's arrangements, our work may be limited to high-level document reviews. For other arrangements, we may undertake more substantive work including, for example, interviews and meeting observations. As a minimum, we will interview the Chief Executive, Corporate Directors and some Corporate Lead Officers. We intend to deliver this work on an ongoing basis during 2023-24.
- 10 In undertaking this project, we will also draw on the findings of our other ongoing and recent work, the findings of other Inspectors and Regulators, and the work of the Council's own internal review mechanisms, such as the Council's internal audit and overview and scrutiny functions.
- 11 We will also hold a workshop with senior management to discuss a summary of our emerging findings, our planned future work, and gain the perspective of senior managers on the Council's key risks and areas of focus. This workshop will also involve Estyn and Care Inspectorate Wales and is likely to be in early 2024.

Output

- 12 We will feed back emerging findings from this work to the Council as appropriate and summarise our assessment of key audit risks at the workshop referred to above.

Timetable

13 **Exhibit 1** shows the high-level timetable of the main audit stages.

Exhibit 1: audit timetable

Stage	Date
Issue project brief	July 2023
Document reviews	Ongoing over 2023-24
Interviews with senior officers	September – December 2023
Workshop with senior officers	Early 2024

Audit Wales contacts

14 **Exhibit 2** sets out the Audit Wales team that will be working on this audit.

Exhibit 2: Audit Wales contacts

Name	Contact details
Gary Emery – Audit Director	Gary.Emery@audit.wales
Non Jenkins	Non.Jenkins@audit.wales
Bethan Roberts	Bethan.Roberts@audit.wales
Jason Blewitt	Jason.Blewitt@audit.wales

Fieldwork

- 15 We will conduct our fieldwork in line with the organisation’s stated language preference. We will make every reasonable effort to accommodate language preferences of individuals during the audit if we receive these at the point of setting up fieldwork.

Document request

- 16 We will review a range of documents as part of our ongoing document reviews, the majority of which are likely to already be in the public domain. If we would like to request additional documents or are unaware of where to access them, we will communicate this through our usual contact(s) for performance audit work.

Interviews

- 17 **Exhibit 3** sets out the initial list of people we would like to interview during our work. We will confirm specific details of who we would like to interview during the project set-up meeting and contact you again to arrange mutually convenient dates and times when we begin the evidence gathering stage.

Exhibit 3: interviewees

Title
Chief Executive
Corporate Directors
Corporate Lead Officers

Appendix 1

Audit questions and criteria

Main audit question: **Do the Council's arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?**

Exhibit 4: audit questions and criteria

Level 2 questions	Criteria
1. Do Governance arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?	<ul style="list-style-type: none">• Arrangements are in place.• There is appropriate oversight of arrangements.• Evidence that arrangements are effective.
2. Do Strategic planning arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?	<ul style="list-style-type: none">• Arrangements are in place.• There is appropriate oversight of arrangements.• Evidence that arrangements are effective.
3. Do Resource Planning and Management arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?	Arrangements are in place. There is appropriate oversight of arrangements. Evidence that arrangements are effective.

Level 2 questions	Criteria
<p>4. Do collaboration and partnership arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?</p>	<ul style="list-style-type: none"> • Arrangements are in place. • There is appropriate oversight of arrangements. • Evidence that arrangements are effective.
<p>5. Do Performance Management arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?</p>	<ul style="list-style-type: none"> • Arrangements are in place. • There is appropriate oversight of arrangements. • Evidence that arrangements are effective.
<p>6. Do Risk Management arrangements demonstrate that the Council is applying the Sustainable Development principle and has put in place proper arrangements to secure value for money in the use of its resources?</p>	<ul style="list-style-type: none"> • Arrangements are in place. • There is appropriate oversight of arrangements. • Evidence that arrangements are effective.
<p>7. Does service performance indicate that proper arrangements to secure value for money are in place and that the sustainable development principle is being applied?</p>	<ul style="list-style-type: none"> • Arrangements are in place. • There is appropriate oversight of arrangements. • Evidence that arrangements are effective.

Appendix 2

Fair processing notice

Date issued: August 2021

Auditor General for Wales – Privacy Notice

This privacy notice tells you about how the Auditor General for Wales and staff of the Wales Audit Office process personal information collected in connection with our work.

Who we are and what we do

The Auditor General for Wales' work includes examining how public bodies manage and spend public money, and the Wales Audit Office provides the staff and resources to enable him to carry out his work. 'Audit Wales' is a trademark of the Wales Audit Office, and is the umbrella identity of the Auditor General for Wales and the Wales Audit Office.

Data Protection Officer (DPO)

Our DPO can be contacted by telephone on 029 2032 0500 or by email at infoofficer@audit.wales

The relevant laws

We process your personal data in accordance with data protection legislation, including the Data Protection Act 2018 (DPA) and the UK General Data Protection Regulation (GDPR). Our lawful bases for processing are the powers and duties set out in the Public Audit (Wales) Acts 2004 and 2013, the Government of Wales Acts 1998 and 2006, the Local Government (Wales) Measure 2009, the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015. Depending on the particular power or function, these statutory bases fall with Article 6(c) and (e) of the UK GDPR—processing necessary for compliance with a legal obligation, for the performance of a task carried out in the public interest or in the exercise of official authority.

Who will see the data?

The Auditor General and relevant Wales Audit Office staff, such as the study team, will have access to the information you provide.

Our published report may include some of your information, but we will contact you before any publication of information that identifies you—see also 'your rights' below.

We may share information with:

- a) senior management at the audited body/bodies as far as this is necessary for exercising our powers and duties; and

- b) certain other public bodies/ public service review bodies such as the Office of the Future Generations Commissioner, Care Inspectorate Wales (Welsh Ministers), Estyn and the Public Services Ombudsman for Wales, where the law permits or requires this, such as under section 15 of the Well-being of Future Generations (Wales) Act 2015.

How long we keep the data

We will generally keep your data for six years, though this may increase to 25 years if it supports a published report—we will contact you before any publication of information that identifies you—see also ‘your rights’ below. After 25 years, the records are either transferred to the UK National Archive or securely destroyed. In practice, very little personal information is retained beyond six years.

Our rights

The Auditor General has rights to information, explanation and assistance under paragraph 17 of schedule 8 Government of Wales Act 2006, section 52 Public Audit (Wales) Act 2004, section 26 of the Local Government (Wales) Measure 2009 and section 98 of the Local Government and Elections (Wales) Act 2021. It may be a criminal offence, punishable by a fine, for a person to fail to provide information.

Your rights

You have rights to ask for a copy of the current personal information held about you and to object to data processing that causes unwarranted and substantial damage and distress.

To obtain a copy of the personal information we hold about you or discuss any objections or concerns, please write to The Information Officer, Wales Audit Office, 1 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ or email infoofficer@audit.wales. You can also contact our Data Protection Officer at this address.

Information Commissioner’s Office

To obtain further information about data protection law or to complain to complain about how we are handling your personal data, you may contact the Information Commissioner at: Information Commissioner’s Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF, or by email at casework@ico.gsi.gov.uk or by telephone 01625 545745.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Digital Strategy Review – Ceredigion County Council

Audit year: 2022-23

Date issued: November 2023

Document reference: 3941A2023

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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This document is also available in Welsh.

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Report summary

Report summary

Exhibit 1: report summary

The exhibit below summarises the reason we undertook this audit, our key findings and recommendations for the Council.

Why a strategic approach to digital is important

- 1 Digital technology is key to delivering a wide range of council services in a more economic, efficient and effective way, is also an important means of councils delivering their wellbeing objectives and carrying out sustainable development.
- 2 Having a clearly articulated strategic approach to digital can bring several benefits such as:
 - establishing a common vision for use of digital and the intended outcomes for local communities linked to the council's strategic objectives;
 - helping to ensure that councils' use of digital technology is aligned with their key strategic objectives and other plans and strategies and is informed by a good understanding of current and future trends;
 - reducing the risk of duplication both within councils and with partners;
 - consideration of resourcing digital over the short, medium and longer term together; and
 - providing a framework against which to monitoring progress over the short, long and medium term.

The focus of our audit

- 3 We looked at the extent to which the Council's strategic approach to digital has been developed in accordance with the sustainable development principle and that it will help to secure value for money in the use of the Council's resources.

Our key findings

- 4 We found that the Council does not have a current digital strategy and is in the process of developing its next digital strategy. To inform its future strategy, the Council is using relevant internal data and is considering external data and intelligence, but the Council is uncertain on involving the public. Despite not having a strategy, the Council is aligning the importance of digital to support delivery of corporate priorities. Despite the absence of a strategy, the Council allocated specific resources to fund its delivery once finalised. However, the Council does not have in place arrangements to monitor, assess and report progress and these arrangements were not in place for the Council's previous strategy which ended in 2022. Without these arrangements, it is difficult for the Council to demonstrate the impact and value for money of its approach.

Our recommendation for the Council

- R1 To help ensure that the Council's next digital strategy supports the achievement of its objectives and secures value for money, in developing its next digital strategy the Council should:
- gain an understanding of the needs of citizens by involving them in the design of its next strategy; and
 - review its previous digital strategy including its governance, monitoring, and reporting arrangements to inform arrangements to support delivery of its next strategy to include enabling it to:
 - monitor its impact;
 - monitor the extent to which it provides value for money; and
 - assess if intended benefits are being realised.

Detailed report

What we looked at and why – the scope of this audit

- 1 We reviewed the Council's strategic approach to digital and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the Council's resources.
- 2 Our findings are based on document reviews and interviews with a sample of Cabinet Members and senior officers. The evidence we have used to inform our findings is limited to these sources. We undertook this review in June 2023.
- 3 We set out to answer the question '**In developing its digital strategy has the Council acted in accordance with the sustainable development principle and put in place proper arrangements to secure value for money in the use of its resources?**' We did this by exploring the following questions:
 - Is the Council's digital strategy informed by a good understanding of current and future trends?
 - Does the Council have a clear vision of what it wants to achieve through the use of digital technology?
 - Is the Council working effectively with the right people and partners to design and deliver its digital strategy?
 - Has the Council resourced delivery of its digital strategy so it can deliver long-term/preventative benefits?
 - Is the Council monitoring and reviewing progress?
 - Is the Council learning lessons from how it works?
- 4 **Appendix 1** sets out the detailed questions we set out to answer along with the audit criteria we used to arrive at our findings.

Why we undertook this audit

- 5 This audit was undertaken to help fulfil the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 6 We sought to:
 - provide assurance that councils' digital strategies will help to deliver well-being objectives in a way that secures value for money in the use of resources;
 - provide assurance that councils are acting in accordance with the sustainable development principle in the design of their digital strategies;
 - explain how councils are using/planning to use digital technology to meet people's needs and deliver better outcomes; and

- inspire and empower councils and other public sector bodies by identifying and sharing examples of notable practice/approaches where relevant.

The Council's digital strategy

- 7 The Council does not have a current digital strategy. The Council's previous strategy 'Information Communication Technology and Digital Strategy 2018-2022' concluded in 2022.
- 8 At the time of our fieldwork in June 2023, the Council were actively preparing a new digital strategy. This report reflects the Council's progress at that time while recognising the Council had more work to do before the new strategy would be available for member scrutiny. In June 2023, Officers intended to present a new digital strategy to members in Autumn 2023.

What we found: the Council is taking an integrated approach to developing its digital strategy and is using internal and external data to inform it but does not yet have arrangements in place to assess its value for money or impact

In developing its next digital strategy the Council is ensuring it aligns with its strategic objectives, the priorities of its partners and is using internal and external data to inform it

- 9 Despite the absence of a current digital strategy, there is strong evidence of the Council's commitment to digital and alignment with partners. The Council's Corporate Plan commits to improving digital connectivity and digital infrastructure as well as alignment with the Public's Services Board (PSB) digital commitments in its 2023-2028 Local Wellbeing Plan. There is a clear focus on digital supporting the Council's Well-being Objective of 'Boosting the Economy, supporting business and enabling employment'. The 'Boosting Ceredigion's Economy - A Strategy for Action 2020-35' clearly states the importance of digital as well as identifying digital as a key enabler in the Council's Hybrid Working Strategy approved by Council in July 2022. The Council and the Local Health Board are consulting each other on their emerging digital ambitions with a view to ensuring integration between the two public bodies. At the time of the fieldwork, this work was not complete. The Council is also reviewing the Growing Mid Wales partnership and Welsh Government Digital Strategy for Wales in its consideration of its own digital ambitions and priorities. Consideration of other stakeholders' digital intentions and alignment of internal and external strategies can help the Council in sharing of resources, avoid duplication of efforts and help to identify opportunities to deliver multiple benefits.

- 10 The Council is gaining a good understanding of its current situation to help inform its future digital strategy. The Council commissioned an external consultant to complete a digital audit of all its services including services' current digital arrangements, assessing the digital maturity of these as well as understanding services' future digital requirements. In addition, the Council commissioned a data maturity review on its current and future workloads resulting in recommendations for the Council to consider for its future approach to data. The Council has also completed a digital self-evaluation with the Welsh Local Government Association (WLGA) and piloted a Cyber Assessment Framework self-assessment. This information is key in helping the Council understand its current situation which should inform its future digital strategy.
- 11 The Council is currently drawing on internal data and is exploring external sources of data and intelligence to gain a broader view of the current situation in the County. The Council is reviewing the latest census results to gain a better understanding of the County's demographic profile. It is also reviewing different types of broadband availability across the County and economic factors influencing access to digital technology. Drawing on information from a wide range of sources and through collaborative activity, this increases the Council's ability to plan its strategic approach based on a good understanding of current and likely future trends in the County.
- 12 As the Council develops its future digital strategy, it is important for the Council to understand who will be directly affected by it. The Council is uncertain as to whether to consult with the public on its next digital strategy. Therefore, the Council runs the risk of not involving the full diversity of people potentially affected by its future digital strategy to help ensure the strategy meets their needs. Not involving citizens in developing the Council's strategic digital approach, or the delivery of it, risks designing approaches that do not meet citizens' needs, and therefore may not secure value for money.
- 13 It is currently unclear how far into the future the Council is planning for with regard to digital. With a lack of a current digital strategy, the Council does not have a vision for digital nor does it have measures and milestones reflecting short, medium and long-term outcomes for digital. Once the Council has a clear vision for digital and has identified the outcomes it is seeking to achieve, it will be important for the Council to clearly communicate this across the organisation, including elected members as well as the wider public and partners to ensure there is a wide and common understanding of what the Council is trying to achieve.
- 14 At this stage of its future digital strategy development, the Council has not finalised how it will contribute to the National Well-being goals.

The Council does not have arrangements to assess or monitor the impact and value for money of its strategic approach to digital

- 15 The Council has set aside £1 million for an unspecified period to help fund delivery of its future digital strategy. While this demonstrates the Council's commitment and recognition of the importance of digital, the Council allocated this amount without having a digital strategy. Therefore, the Council cannot be assured it has allocated a suitable amount of funding to deliver its digital ambitions. The Council has also not finalised the arrangements for how services can access this funding, nor has the Council finalised the monitoring and reporting arrangements that will determine progress and value for money of projects resourced from this fund.
- 16 At the time of our fieldwork, the Council had not allocated any funding from this pot. The establishment of proper monitoring arrangements would help the Council to assure itself that value for money is being secured from the fund.
- 17 There is no formal corporate oversight for the monitoring and reviewing of the collective progress, impact and value for money of all current digital projects. The Council does have a Corporate Project Management Panel (CPMP), but it does not have a role in monitoring any projects, including digital projects. The Corporate Performance Board and individual scrutiny committees can request to review and challenge the progress of individual digital projects. However, without monitoring the combined progress and impact, it will be difficult for the Council to gain assurance its digital strategic approach is securing value for money.
- 18 At the time of our fieldwork, the Council were considering the CPMP as the right forum to assess, monitor and oversee the future digital strategy, or whether it needs to set up a specific Digital Board with responsibility for the corporate oversight. The lack of current monitoring arrangements means the Council cannot provide assurance that the benefits of individual digital projects, or their collective benefit are being delivered.
- 19 A key element in understanding the future success and impact of a digital project and wider strategy is understanding the perceived financial and/or non-financial benefits at the outset. The Council recognises that the intended benefits were not clearly articulated for its previous Information Communication Technology and Digital Strategy. Without clearly articulating the intended benefits of its digital strategy and individual digital projects it is difficult for the Council to monitor progress in delivering them, and the extent to which the strategy is helping the Council to secure value for money.
- 20 At the time of our fieldwork, the Council was reviewing its previous digital strategy to help inform its future digital strategy by assessing what the Council delivered. However, this review centres on whether the Council delivered its previous digital actions and projects. The Council should take this opportunity to strengthen its review and consider the effectiveness of the previous strategy's governance arrangements. This could include consideration of the monitoring and reporting of progress and whether the Council had sufficient information at the outset of the strategy, to be able to understand and monitor its intended impact. This learning

can help the Council to shape the appropriate arrangements to support delivery of its future digital strategy.

Appendix 1

Audit questions and audit criteria

Below are the questions we sought to answer in carrying out this audit, along with the audit criteria we used to arrive at our findings.

Main audit question: **In developing its digital strategy has the Council acted in accordance with the sustainable development principle and put in place proper arrangements to secure value for money in the use of its resources?**

Exhibit 2: audit questions and audit criteria

Level 2 questions	Level 3 questions	Criteria
1. Is the Council's digital strategy informed by a good understanding of current and future trends?	1.1 Is there is a thorough understanding of the 'as is' (ie current demand/issues to be addressed) and the reasons why/underlying causes?	<ul style="list-style-type: none"> • The Council has drawn on a broad range of information from internal and external sources to develop a thorough understanding of the 'as is' and how it is likely to change. This includes information (including data) relating to: <ul style="list-style-type: none"> – service sustainability/resilience and resourcing challenges. – the needs of citizens and communities. – the underlying causes of current demand/issues to be addressed. – analysis of future trends and how they might impact, eg social, economic/political, environmental, cultural or technological. They might include known trends eg ageing population, depleting natural resources and particularly technological advances. They might also include those with a higher level of uncertainty eg jobs and skills needed in the future. • The analysis of the 'as is' and how it is likely to change is well informed by involvement activity, as appropriate, that reflects recognised good practice (eg National Principles for Public Engagement in Wales, Future Generations Commissioner for Wales advice and guidance). • The Council uses its evidence base effectively to:
	1.2 Is there a thorough understanding of the long-term factors that will impact and the challenges and opportunities that may result (eg risks and opportunities)?	

Level 2 questions	Level 3 questions	Criteria
		<ul style="list-style-type: none"> – identify actions in its strategic approach to digital that are likely to be most effective and why, including how they could address the root causes of problems; – inform decisions around its use of digital technology that seek to balance the need to meet short and longer-term objectives.
<p>2. Does the Council have a clear vision of what it wants to achieve through the use of digital technology?</p>	<p>2.1 Is the Council planning over an appropriate timescale?</p>	<ul style="list-style-type: none"> • The Council has considered what long term means in planning its approach to digital – ie how far ahead it can/should plan and why (at least ten years with consideration of longer-term trends as appropriate). • The Council has considered how actions can deliver the best impact over that timeframe in terms of outcomes and most effective use of resources. This could include consideration of appropriate intervention points linked to the Commissioner’s definition of prevention. (More details can be found in: Taking account of the Well-being of Future Generations Act in the budget process – The Future Generations Commissioner for Wales). • The Council has set out measures for its digital strategy that reflect short and long-term impacts and value for money, with milestones that reflect progress as appropriate. • The Council has set out how its digital strategy will be resourced over the longer term as far as is practical (see also criteria relating to integration).
	<p>2.2 Has the Council thought about the wider impacts its digital strategy could have, including:</p>	<ul style="list-style-type: none"> • The Council has considered how its digital strategy can make a contribution across the well-being goals. • Staff developing the digital strategy understand what colleagues and partners do and how their work relates, and have sought to integrate their

Level 2 questions	Level 3 questions	Criteria
	<ul style="list-style-type: none"> • how it could contribute to each of the seven national well-being goals? • how delivery will impact on the other things it is trying to achieve (ie its well-being objectives and wider priorities)? • how delivery will impact on other what other public bodies are trying to achieve (ie their well-being objectives)? 	<p>work with that of their colleagues from across the Council and with partner organisations.</p> <ul style="list-style-type: none"> • Integration is evident in the alignment of the digital strategy with other key corporate strategies and service plans. For example medium-term financial plan, workforce plan, asset management strategies, well-being statement and carbon reduction plans. • The digital strategy is aligned with other strategic intents such as: <ul style="list-style-type: none"> – customer experience; – management of demand/reductions in demand failure and prevention; and – design and implementation of new service delivery models. • The Council's digital strategy aligns with the plans/strategies of local and national partners including the Welsh Government's Digital Strategy for Wales Digital strategy and well-being plans.
	<p>2.3 Is there a wide and common understanding of what the Council is trying to achieve?</p>	<ul style="list-style-type: none"> • Councillors and senior officers responsible for implementing the digital strategy have a common and clear understanding of what the Council is trying to achieve and the intended impact on service delivery. • The Council's digital strategy is clearly communicated to staff and partners who may help deliver it.

Level 2 questions	Level 3 questions	Criteria
<p>3. Is the Council working effectively with the right people and partners to design and deliver its digital strategy</p>	<p>3.1 Has the Council identified who it needs to involve?</p>	<ul style="list-style-type: none"> • The Council has a good understanding of who will be directly and indirectly affected by its digital strategy and who it needs to involve. • The Council has effectively involved the full diversity of views in developing its digital strategy, including from non-traditional sources and from those it may have previously failed to reach.
	<p>3.2 Is the Council effectively involving the full diversity of people affected by its digital strategy?</p>	<ul style="list-style-type: none"> • The Council has provided genuine opportunities for people to influence the design and delivery of its digital strategy from an early stage, including representatives of groups who share protected characteristics. • The Council has used the results of involvement to shape the design and delivery of its digital strategy.
	<p>3.3 Is the Council collaborating effectively with the right partners?</p>	<ul style="list-style-type: none"> • The Council is collaborating to ensure it delivers better outcomes and value for money through its digital strategy and has put appropriate arrangements in place to support this, for example for: <ul style="list-style-type: none"> – sharing or pooling expertise and resources; – sharing information; – ensuring effective monitoring, evaluation and accountability including consideration of value for money.

Level 2 questions	Level 3 questions	Criteria
<p>4. Has the Council resourced delivery of its digital strategy so it can deliver long-term/preventative benefits?</p>	<p>4.1 Does the Council understand long-term resource implications?</p>	<ul style="list-style-type: none"> • The Council has assessed the costs and benefits of using digital technology to invest in long-term, preventative approaches and the cost (both financial and in terms of outcomes) of not doing so. • The Council has thought about the resources it will need to deliver its digital strategy over the medium and longer term (whole life costs) and how it could manage risks/meet those costs including, for example, planned 'invest to save' initiatives and managed reductions in technical debt. • The Council has calculated and set out any savings it intends to make through implementing its digital strategy.
	<p>4.2 Does the Council allocate resources to deliver better outcomes over the long-term?</p>	<ul style="list-style-type: none"> • Action (including preventative action) that is likely to contribute to better outcomes and/or use of resources over the longer term is promoted and supported, even: <ul style="list-style-type: none"> – where this may limit the ability to meet some short-term needs; – where the benefits are likely to be accrued by or attributed to another organisation.

Level 2 questions	Level 3 questions	Criteria
5. Is the Council monitoring and reviewing progress?	5.1 Is the Council monitoring and reviewing progress towards, short, medium and longer-term objectives?	<ul style="list-style-type: none"> • The Council monitors the costs and benefits of delivering its digital strategy from a value for money perspective. • The Council is measuring the wider contribution the digital strategy is making across its own/partnership objectives. • Progress is measured against short, medium and long-term objectives.
6. Is the Council learning lessons from how it works?	6.1 Does the Council review the effectiveness of its digital strategy?	<ul style="list-style-type: none"> • The Council regularly reviews the effectiveness of its digital strategy including: <ul style="list-style-type: none"> – effectiveness of its collaborative activity; – effectiveness of its involvement activity, including the impact of the strategy on service users including those who are digitally excluded; – the impact of the strategy on those who share protected characteristics; – the economy, efficiency and effectiveness of the digital strategy overall in helping the Council to achieve its strategic objectives. • The Council has reviewed lessons learned from its response to the pandemic and is applying this learning to its digital strategy.
	6.2 Does the Council share lessons learned from its approach to its digital strategy?	<ul style="list-style-type: none"> • The Council shares and applies any lessons learned from the development and delivery of its digital strategy widely across the organisation, and with partners where relevant.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Organisational response

Report title: Digital Strategy Review

Completion date: November 2023

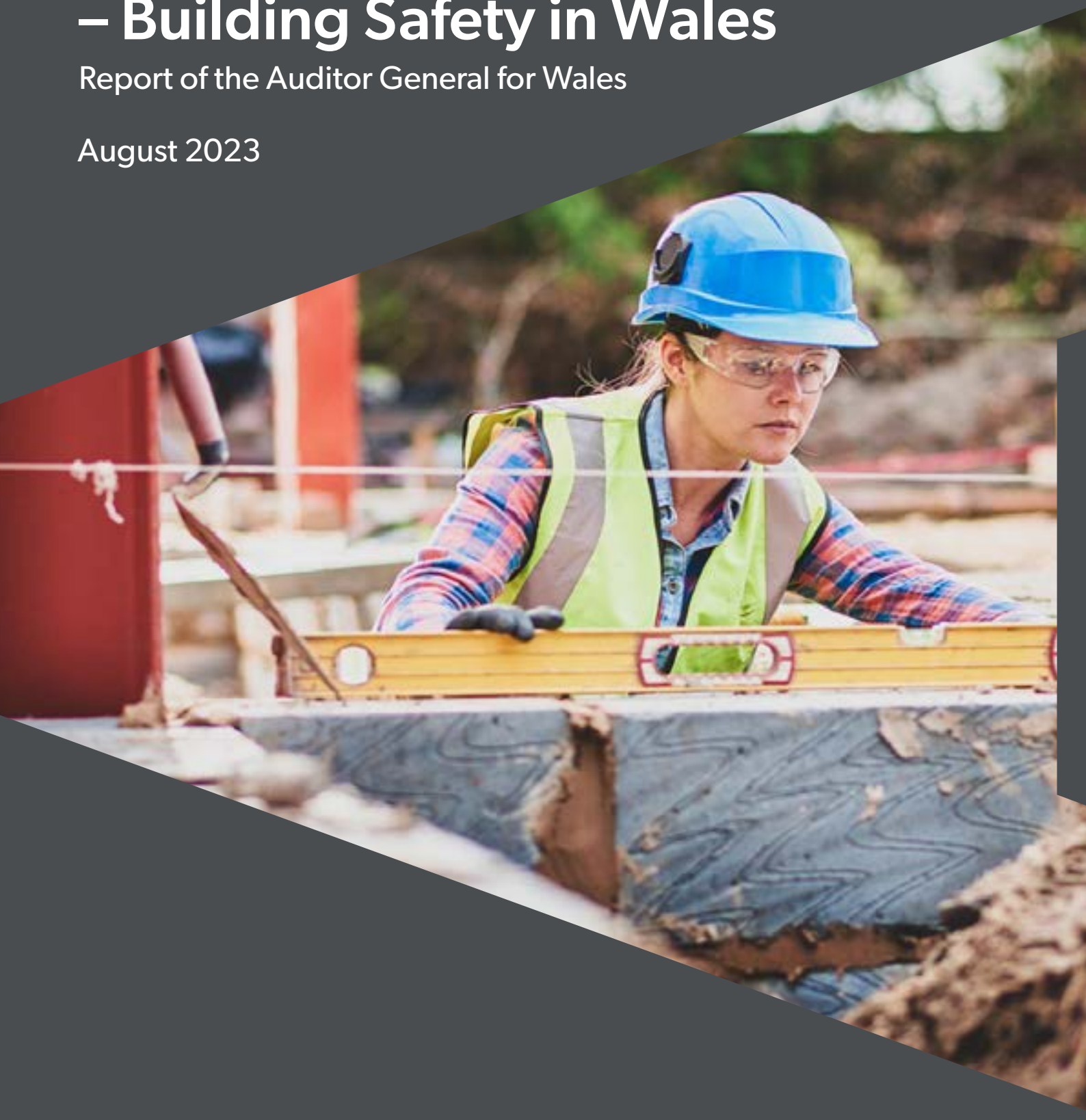
Document reference: 3941A2023

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>To help ensure that the Council's next digital strategy supports the achievement of its objectives and secures value for money, in developing its next digital strategy the Council should:</p> <ul style="list-style-type: none"> • gain an understanding of the needs of citizens by involving them in the design of its next strategy; and • review its previous digital strategy including its governance, monitoring, and reporting arrangements to inform arrangements to support delivery of its next strategy to include enabling it to; <ul style="list-style-type: none"> – monitor its impact; – monitor the extent to which it provides value for money; and – asses if intended benefits are being realised. 	<p>A consultation on our next digital strategy will be carried out.</p> <p>Work continues reviewing our previous strategy and this work along with Wales Audit recommendations will feed into the development of our upcoming strategy and its governance arrangements.</p>	31/03/2024	Alan Morris

'Cracks in the Foundations' – Building Safety in Wales

Report of the Auditor General for Wales

August 2023



This report has been prepared for presentation to the Senedd under the Government of Wales Act 2006.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Summary report

Context

Building Control and Building Safety in Wales

- 1 Building Regulations are a set of legal requirements for the design and construction of new buildings, extensions, and material alterations to, and certain changes of use of, existing buildings. Building regulations help ensure that new buildings, conversions, renovations, and extensions (domestic or commercial) are safe, accessible and energy efficient.
- 2 The building regulations are defined by the Welsh Government and cover specific topics including structural integrity, fire protection, accessibility, energy performance, electrical and installation of combustion appliances. They also lay, for example, standards for drains, ventilation, protection against the ingress of water and protection against contamination including methane and radon gas. To help people to comply with them, the Welsh Government produces Approved Documents which offer detailed guidance and show ways of achieving compliance, expressed in simple functional statements – see **Appendix 2** for further information.
- 3 The primary responsibility for compliance with Building Regulations rests with designers, builders and building owners, and there are two routes open to them when seeking approval for their work¹. They can choose to pay for either:
 - a local authority inspector from the local council and run through Local Authority Building Control (LABC); or
 - an approved inspector from a government-approved private building control company.
- 4 In practical terms, if construction work is proposed, the work must comply with these Regulations. Although work on a new build or extension may proceed before any formal consent, nothing can proceed beyond the inspection stages without the approval of an inspector. When the building is completed to the satisfaction of an inspector, a Completion or Final Certificate is issued (depending on who has approved the work). This certificate is only provided when all work has been approved and a final site inspection has passed.

¹ The system in Wales mirrors England and has largely been unchanged since the adoption of Part 2 of the Building Act 1984 which allowed for the introduction of approved inspectors as an alternative to obtaining building regulations approval from a local authority. In Scotland, all building control activities rest with local government and there are no private building approved inspectors.

- 5 They both work in the same way, checking plans prior to works commencing, physically inspecting work during the development, advising any changes as necessary to ensure compliance, before re-inspecting the job prior to signing the project off. However, only a local authority has powers of enforcement and prosecution where breaches of the Regulations occur. An approved inspector should hand the project over to the local authority if there are problems with the project that cannot be resolved informally. There can be heavy penalties, including fines and imprisonment, for breaches of the Regulations, although in practice this rarely happens.

The Grenfell disaster and the Hackitt Inquiry

- 6 The building regulation regime was unchanged for many years until the Grenfell Tower Fire of 2017, in which 72 people died. Following this tragedy, an independent review into Building Regulations and fire safety was commissioned by the UK (United Kingdom) Government. Chaired by Dame Judith Hackitt, the review's report² was published in May 2018 and exposed long standing and serious issues³ with the building safety system, including:
- **Ignorance** – regulations and guidance were not always read by those who needed to, and when they did the guidance was misunderstood and misinterpreted.
 - **Indifference** – the primary motivation of the system was to do things as quickly and cheaply as possible rather than to deliver quality homes which are safe for people to live in. When concerns were raised by others involved in building work or by residents, they were often ignored. Some of those undertaking building work failed to prioritise safety, using the ambiguity of regulations and guidance to 'game' the system.
 - **Lack of clarity on roles and responsibilities** – there was ambiguity over where responsibility lay, exacerbated by a level of fragmentation within the industry, and precluding robust ownership of accountability.
 - **Inadequate regulatory oversight and enforcement tools** – the size or complexity of a project did not seem to inform the way in which it was overseen by the regulator. Where enforcement was necessary, it was often not pursued. Where it was pursued, the penalties were so small as to be an ineffective deterrent.

2 Judith Hackitt, [Building a Safer Future](#), May 2018

3 Sir John Egan, [Rethinking Construction: Report of the Construction Task Force](#), November 1998

- 7 The report recommended a new framework to replace the complex system that had grown over decades, along with a need to change culture from one that prioritises structural integrity and design to one which has equal emphasis on fire safety quality controls. Following the Hackitt Inquiry, both the Welsh and UK governments prioritised work on addressing the review findings culminating in the Building Safety Act 2022 (the 'Act')⁴. The Act represents the biggest shake-up of building safety regulation since 1984 in England and Wales.
- 8 This report looks at how the Welsh Government, local authorities and their key partners are implementing the requirements of the Building Safety Act 2022. The focus of our review has been on assessing the preparedness of bodies to take on their new and enhanced responsibilities, the resilience of existing services, and the robustness of building safety assurance systems. **Appendix 1** sets out our audit approach and methods.

4 [Building Safety Act 2022](#).

Key Conclusions

- 9 Our overall conclusion is that responsible bodies – particularly local authorities and fire and rescue – are unable to effectively discharge their responsibilities and ensure buildings in Wales are safe.
- 10 In **Part 1** of the report, we consider the priorities set by the Welsh Government in respect of the Act and how well prepared local authorities are to deliver these. We found the Welsh Government prioritised responding to the Grenfell disaster, working with the UK Government. This resulted in the Building Safety Act 2022 which seeks to address longstanding problems in the regulation and oversight of building design and construction.
- 11 We found that the Welsh and UK governments are diverging in key policy areas, and some doubt remains on how the Act will be implemented in Wales, mainly because decisions in key areas are yet to be decided and agreed. This is creating uncertainty, with most local authorities who are responsible for delivering these changes and, by extension in terms of joint working, fire and rescue services, who are yet to develop comprehensive plans that set out how they intend to deliver their new and revised responsibilities.
- 12 In **Part 2** we consider the strength of local authority building control and enforcement services, the effectiveness of the fee-setting regime and how services are changing to strengthen resilience. We conclude that as a profession, building control and building safety face significant staffing challenges. An ageing workforce (see Key Facts below), poor succession planning, a wider lack of investment in services and training and development highlight that these services are neither resilient nor fit for the future.

- 13 We also have concerns with the financial management of building control, concluding that in some authorities current practices are potentially unlawful with services not operating in line with regulations and guidance. While the pandemic has helped local authorities modernise their services, utilising cloud-based IT (Information Technology) and remote working, their resilience nonetheless remains weak. Opportunities to strengthen services through collaboration and regionalisation are not being prioritised and little work has taken place in these areas.
- 14 Finally, in **Part 3** we examine building safety assurance arrangements. We found that the absence of a national framework for monitoring and evaluating building control and building safety means that local authorities and their partners are not working to agreed appropriate outcome measures, targets, or benchmarks. Coupled with limited scrutiny and evaluation of building control and building safety, and poor management of risk, we conclude that assurance systems are inadequate.



The Grenfell Tower fire was a national tragedy, the impact of which we continue to feel today. My report highlights major concerns with the implementation of the new system for Building Safety. Although it's heartening to see the passion and commitment from those working in the sector, I am concerned that not enough priority is being given to these services on the ground. The absence of robust plans, clear decision making, and adequate resources raises real fears that the new legislation will not be delivered and the problems it is seeking to address will remain.

Adrian Crompton

Auditor General for Wales

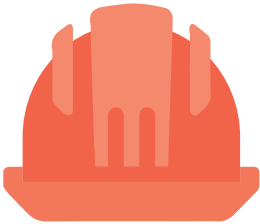


Key facts

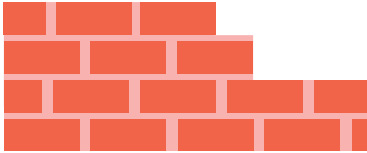


177 total number of staff in building control

11 total number of staff replaced in 2021-22

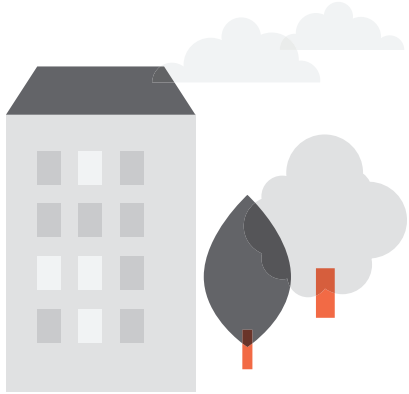


0 number of surveyors or managers who have a disability

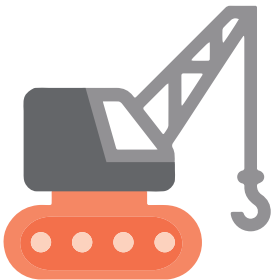


96% proportion of surveyors and managers that are white

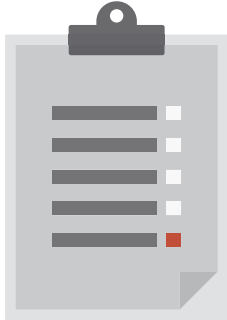
Of the of the **133** FTE surveyors and managers, **54.4%** are over the age of 50 and only **10%** under 30



21 total number of staff who left building control in 2021-22

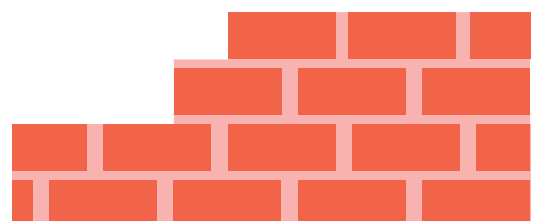
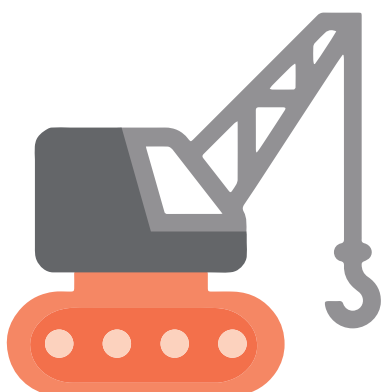
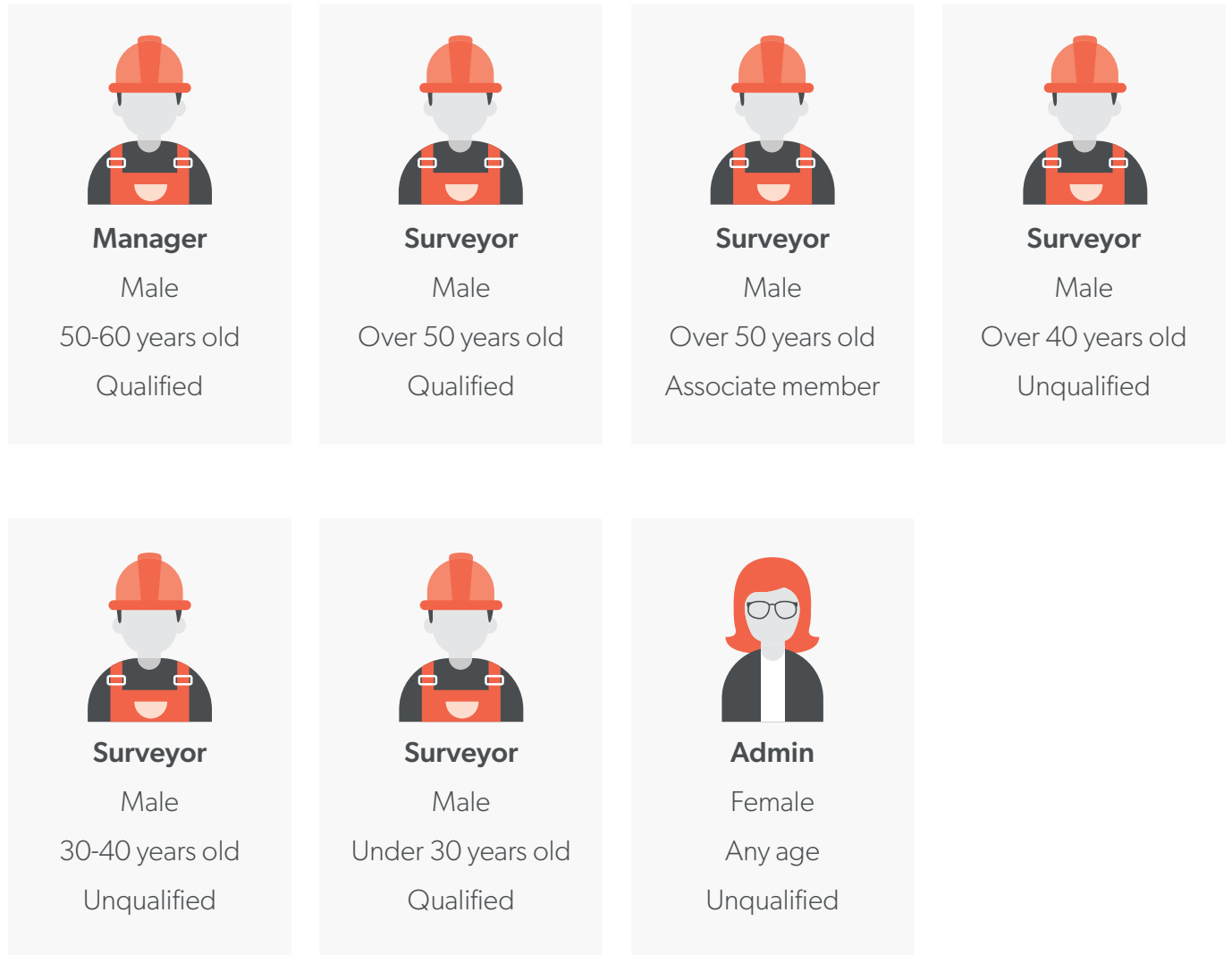


118 Average applications handled per surveyor/manager



100% proportion of admin staff that are white

The average local authority building control team is composed of:



Recommendations

- 15 Our recommendations are set out below. We expect the Welsh Government and individual local authorities to consider the findings of this review and our recommendations and to complete an organisational response form and publish this. We also expect each local authority governance and audit committee will receive the report and monitor their response to our recommendations in a timely way.

Exhibit 1: recommendations

Recommendations

- R1 The Welsh Government should provide greater clarity on the implementation and expectations of the Building Safety Act to ensure local authorities are able to deliver their new responsibilities and duties. This should include:
- clarifying the detailed requirements for competency and registration to enable local authorities to plan for these changes;
 - a specific timetable for development and adoption of Welsh guidance to ensure local authorities and others can deliver their duties; and
 - the Welsh Government should work with key stakeholders, such as LABC Cymru, to support understanding and implementation when guidance is issued.
- R2 The Welsh Government should ensure that it has sufficient resources to deliver the legislative and policy changes for Building Safety to reduce implementation risks.

Recommendations

- R3 The Welsh Government should review the mixed market approach to building control and conclude whether it continues to be appropriate and effective in keeping buildings in Wales safe. This should:
- assess the status quo against potential changes, such as the model of delivery in Scotland;
 - be framed around a SWOT analysis of costs, benefits, threats, and risks;
 - draw on existing research to identify good practice; and
 - be published and agree a way forward.
- R4 The Welsh Government should increase its oversight and management of the building control sector to ensure there is a robust assurance system in place for building control and safety by:
- creating a national performance framework with clear service standards to promote consistency of service. This should also include outcome measures to monitor performance and an evaluation and reporting framework for scrutiny.
 - developing a national building safety workforce plan to address the most significant risks facing the sector. This should include regular data collection and publication, as well as coverage of priorities, such as:
 - a greater focus on trainees to mitigate succession risks;
 - establishing aligned, national job roles matched to competency levels;
 - increasing the diversity of the sector to ensure it reflects modern Wales; and
 - specific funding to enable surveyors to obtain and maintain competence should also be considered.
 - the Welsh Government should explore with the further education sector how best to provide building control training in Wales to support succession planning, skills development, and competency.

Recommendations

- R5 Local authorities should develop local action plans that articulate a clear vision for building control to be able to plan effectively to implement the requirements of the Act. The Plans should:
- be based on an assessment of local risks and include mitigation actions;
 - set out how building control services will be resourced to deliver all their statutory responsibilities;
 - illustrate the key role of building control in ensuring safe buildings and be linked to well-being objectives and other corporate objectives; and
 - include outcome measures that are focused on all building control services, not just dangerous structures.
- R6 Local authorities should urgently review their financial management of building control and ensure they are fully complying with Regulations. This should include:
- establishing a timetable of regular fee reviews to ensure charges reflect the cost of services and comply with the Regulations;
 - annually reporting and publishing financial performance in line with the Regulations;
 - ensuring relevant staff are provided with training to ensure they apply the Regulations and interpret financial reporting correctly; and
 - revise fees to ensure services are charged for in accordance with the Regulations.
- R7 Local authorities should work with partners to make better use of limited resources by exploring the potential for collaboration and regionalisation to strengthen resilience through a cost benefit analysis of partnering with neighbouring authorities, establishing joint ventures and/or adopting a regional model where beneficial.

Recommendations

- R8 Local authorities should review risk management processes to ensure that risks are systematically identified, recorded, assessed, mitigated and subject to regular evaluation and scrutiny.



Responsible bodies are yet to develop comprehensive plans that set out how the new and revised responsibilities introduced by the Building Safety Act will be addressed

01

- 1.1 In this section of the report, we consider the Welsh Government's response to Grenfell and the changes introduced, and planned, in the Act. We identify how local authorities and their partners are preparing for these changes and provide an analysis of how well placed they are to deliver them.

The Welsh Government prioritised work on responding to the Grenfell disaster and elected to work with the UK Government on the Building Safety Act 2022

- 1.2 Following the Grenfell tragedy and the findings of Dame Judith Hackitt's inquiry, the Welsh Government established a Building Safety Expert Group. The view of the Expert Group was that while the flaws in the system are equally valid in Wales as they are in England, the context and therefore the solutions need to be different.
- 1.3 The scale of the high-rise landscape in Wales is not comparable to England where there are estimated to be over 11,000 high-rise buildings. At the time of the Expert Group work there were 147⁵ high-rise residential buildings in Wales with up to five additional high-rise buildings being built each year.
- 1.4 In March 2019, the Expert Group published a roadmap⁶ for making buildings in Wales safer, setting out both longer-term priorities but also shorter-term interventions that could be implemented immediately to ensure the failings of Grenfell were not replayed in the future. The Expert Group recommended:
- clarifying key roles and responsibilities;
 - ensuring the imbalance between building designers, contractors and regulators is tackled;
 - creating a single system with consistent standards by addressing the mixed economy of the two-tier system for building control with both public and private building control;
 - improving capacity and competence of building control officers;
 - creating an enforcement and sanctions regime which is delivering effective compliance and guaranteeing safety; and
 - raising standards with non-safe buildings being improved.

5 As of March 2023 there are 171 high-rise residential buildings.

6 Building Safety Expert Group, [A Road Map to safer buildings in Wales](#), March 2019.

1.5 In January 2021, following the work of the Expert Group, the Welsh Government published its 'Safer Buildings in Wales white paper'⁷. The White Paper proposed revisions to the building safety regime and the separation of roles between duty holders and residents. Following consultation, most respondents agreed with the proposed approach but wanted, as much as possible, the Welsh policy regime to be consistent with England. Consequently, the Welsh Government elected to proceed jointly on some aspects of the UK Government's planned legislation, to take advantage of economies of scale and ensure appropriate alignment across England and Wales.

There is uncertainty as to how key elements of the Building Safety Act 2022 are being implemented in Wales

1.6 The [Act](#) received Royal Assent on 28 April 2022 and focuses on the following key areas:

- the safety and standards of all buildings;
- assuring the safety of higher-risk buildings, both in construction and occupation;
- improving the competence of the people responsible for overseeing, managing, and delivering works to higher-risk buildings;
- ensuring clearer standards and guidance; and
- putting residents at the heart of a new system of building safety.

1.7 Alongside the Act, there have also been changes to fire safety law for buildings containing two or more sets of domestic premises in England and Wales. The Fire Safety Act 2021⁸ clarifies application of the Fire Safety Order on who is responsible for managing and reducing fire risks in different parts of multi-occupied residential buildings and the parts of the building it relates to – for instance, the external wall, and doors between domestic premises and common parts.

7 Welsh Government, [Safer Buildings in Wales: A Consultation: A Building Safety White Paper](#), 12 January 2021

8 [The Fire Safety Act 2021](#)

- 1.8 Through these changes, the Welsh Government wants to ensure there is absolute clarity about who has responsibility for the safety of a building at each different point in the process. The Construction (Design and Management) Regulations 2015 already set out who the key people are during a construction or refurbishment project. The Client, Principal Designer, Principal Contractor, designers, and contractors are all identified as 'dutyholders.'
- 1.9 Additional duties have now been placed on dutyholders in relation to building safety. Looking forward, they will be required to cooperate and share information with relevant regulatory bodies and will be responsible for ensuring compliance with building regulations. They will also need to ensure that they, and the people they employ, are competent to do the work they are undertaking. They will also have to comply with the regulatory requirements imposed on them.

The Building Safety Act 2022 came into force in April 2023. All aspects of the Act apply to England, but only Part 3 (with some minor exceptions) applies to Wales. Subsidiary legislation and guidance on Part 3 are currently being introduced by the Welsh Government, with full implementation and compliance set for April 2025. In addition, the Welsh Government is also developing legislation that will deal with the areas covered in Part 4 of the Building Safety Act 2022. This includes introducing a new Regulator for Wales (yet to be decided) and equivalent duty holder roles such as the Accountable Person.



1.10 These reforms apply to every eligible building project, whether it is building an extension, a block of flats or a shopping centre. The Welsh Government will therefore require that higher-risk buildings⁹ within the scope of the different changes taking place to the various Building Safety Regimes will pass through stop points or 'Gateway points' before they can pass to the next stage of works. On its current timetable, the Welsh Government anticipates the new design and construction (building control) regime that covers Gateways will come into force in April 2025. The three Gateways are:



1.11 When passing through a Gateway point, those designing and constructing the building will have to evidence that the design and construction meet, and continue to meet, regulatory requirements and ensure that adequate safety measures and building information are in place so that they can be appropriately managed, maintained, and improved. They will also have to think about how building safety will be managed when the building is occupied. Consequently, the Act and subordinate legislation are aimed at creating a universal change in responsibility and culture within the building industry through the introduction of clearer standards and guidance and the establishment of a more effective regulatory and responsibility framework for the construction industry.

⁹ The definition of 'Higher-risk building' differs between England and Wales. In early 2023, the Welsh Government consulted on their proposed definition of 'a building that is at least 18 metres in height or has at least seven storeys where it also contains at least one residential unit or is a hospital or a care home'. The outcome of the consultation has not yet been published. In England, a building requires at least two residential units.

- 1.12 Importantly, the Act clarifies who has responsibility for fire and building safety throughout the life cycle of a higher-risk building and establishes two new roles to make this ambition a reality – in England this will be the Building Safety Regulator and the Accountable Person. In respect of the Building Safety Regulator, the UK Government has elected to appoint the Health and Safety Executive to deliver this function (see **Appendix 4** for further detail).
- 1.13 At present, the Welsh Government is planning to make the Building Control functions of the regulator for high-risk buildings a role for local authorities, but is yet to set out how this element of the new regime will work or what its expectations of local authority services are. The Welsh Government's decision to make local authorities the Building Safety Regulator for oversight of high-risk buildings is viewed with unease by some we have interviewed. Several approved inspector bodies (who work across England and Wales) and some fire and rescue service staff raised concerns that local authorities are not sufficiently resourced or suitably experienced to deliver this role. Instead, they would prefer to see Wales adopt the Building Safety Regulator system planned in England.
- 1.14 Overwhelmingly, local authorities and fire and rescue services are concerned about the late development and/or notification of policy decisions and options in implementing changes to the building safety regime introduced by the Act. For instance, every local authority officer interviewed raised concerns over the lack of detail on the process for registration of the Building Control profession, one of the most significant features of the Act, and something which will affect all Welsh local authorities, not just those with tall residential buildings.
- 1.15 Everyone working in building control, in both the private and public sector, will soon have to register if they want to continue to practise. In addition, all local authority building control surveyors will need to complete a regular formal assessment of their competence. Building surveyors and managers will need to be suitably qualified before they can practice, although there may be some transition time for this to take place. If training is required before they can undertake work, then this will take resources out of already stretched teams and backfilling may be needed to cover for this.
- 1.16 Taken together, these changes will have a significant impact on local authorities. However, at the time of our audit the new system had not been set out in draft nor consulted on. The Welsh Government plans to introduce the registration of all Building Inspectors and Building Control Approvers from October 2023. This is creating uncertainty and ambiguity and is reducing buy-in from those with building safety responsibilities, especially given the ever-decreasing window of opportunity.

1.17 Welsh Government officials we interviewed acknowledge that they have not been able to resource policy work as quickly as they would like, and this has not been helped by the recent retirement of two key members of staff who have been central to driving the changes in Wales. Consequently, many local authority officers noted a growing unease that progress in Scotland is well ahead of England and Wales, and England is now advancing more rapidly than Wales. This uncertainty is adding to their already challenging operating environment.

Most local authorities and fire and rescue services have a good understanding of local building safety risks but are yet to set out how they plan to deliver the requirements of the Act

1.18 The implications of the Act are wide ranging and local government needs to be well advanced in its preparation for delivering these enhanced responsibilities. Even though key policy choices are yet to be finalised in Wales, we would still expect to find those who manage building control and safety teams to understand the impact of the Act, especially the consistent Welsh Government messaging on the increased level of expertise that will now be needed to achieve and demonstrate competence and compliance.

1.19 Through our fieldwork we found that in general, both local authority and fire and rescue building safety staff have a good understanding of the number and locations of high-risk buildings. However, many admit that the level of detail and knowledge of design, construction and maintenance of these buildings varies and not all those we interviewed felt confident that they had an accurate and up to date picture. Despite this, we found that there is limited action taking place or planned in terms of updating and improving knowledge of the potential high-risk buildings within each area.

1.20 Many interviewees also flagged a lack of understanding on the potential implications of the Act both at a corporate level but also directly in key areas of operational activity, such as housing services. While most officers noted that there was an increased awareness in building safety immediately following the Grenfell disaster, the overwhelming majority noted that over time attention has since waned. Indeed, most noted that building control as an area of work rarely features as a corporate priority, and there is poor knowledge and understanding of the implications of the Act.

- 1.21 Very few local authorities have developed a specific plan to implement the changes being made to the building safety regime. In addition, no one we interviewed in local government could articulate a clear vision on what their service will need to achieve in terms of the Act and their enhanced responsibilities, nor a route map for its achievement. This reflects the low corporate priority given to building control. This is something that was echoed in our interviews with fire and rescue service staff, several of whom raised concerns with both the Welsh Government's and local government's prioritisation of building control services.
- 1.22 For example, building control is not a standalone service in 21 of the 22 local authorities and is most usually located in planning services and overseen by the lead officer for planning. There are also no member champions for building control. This means that the service often lacks agency, profile, and recognition. This contributes to building control officers feeling powerless, with most left to get on with it and manage as best they can, focusing on addressing day-to-day issues, rather than being able to invest time in planning for the medium to long term.
- 1.23 Overall, managers are focussed on maintaining service delivery and are not preparing or planning for the Act's reform of services. This is partly a result of the significant uncertainties that remain about how the Act will be implemented in Wales. The result is that local authority building control services have little influence and no prioritisation and are working in a very uncertain environment.



Resourcing issues make it unlikely that local authorities can successfully implement the new building safety regime or that services are fit for purpose

02

- 2.1 In **Part 2** of the report, we set out how building control services are currently provided, primarily looking at the operating environment for local authorities but also considering the role of approved inspectors. We summarise the staffing and resource challenges facing the profession and how well positioned services are to overcome these.

Building control as a profession faces significant staffing challenges

- 2.2 To effectively implement the Act requires local authorities and others to have staff who are competent, appropriately qualified, and adequately supported to maintain and update their skills and knowledge. In addition, it is also important that staff have opportunities to develop their experience, particularly in more complex buildings and changing construction standards, to be able to provide efficient and effective services.

Building control is no longer seen as a good career choice and the challenging demographics are severely impacting the short and long-term resilience of services

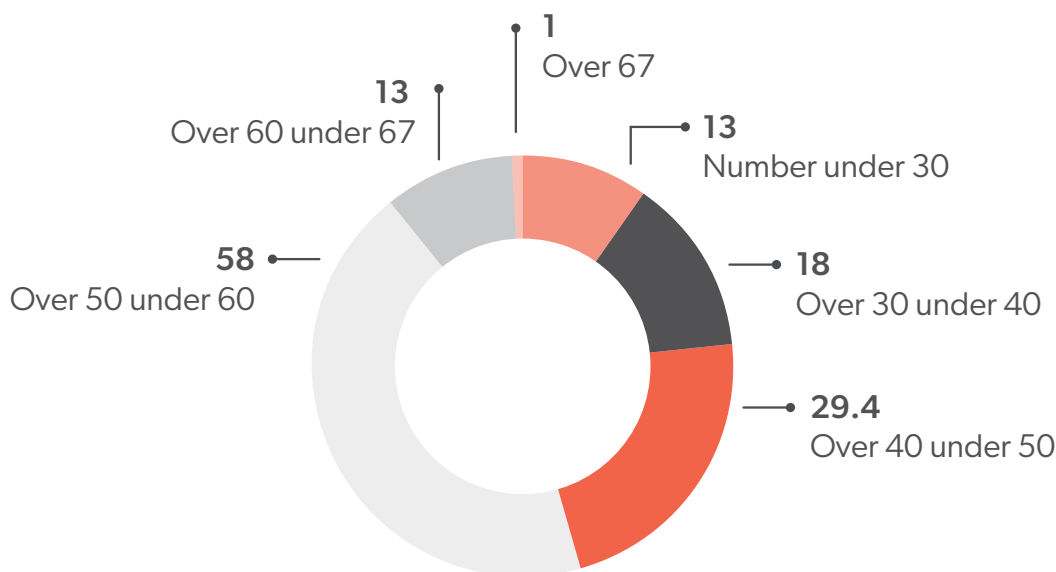
- 2.3 Historically, building control was seen as a positive career role. Many managers we interviewed noted that they had joined their local authority as a trainee and had benefitted from opportunities to progress their knowledge and responsibilities over time and had been supported to develop their careers within the organisation. However, in recent years this has changed. The impact of austerity has suppressed wages and reduced staff numbers to the extent that local authority building control roles are no longer seen as financially attractive and with less opportunity for career progression than in the past.
- 2.4 This is borne out by the ongoing recruitment challenge facing local authorities who struggle to fill vacant posts, even where market supplements are offered. For instance, at the end of March 2022, there were 18.5 Full-time Equivalent (FTE) vacant roles across Wales, including 14 building surveyors. Despite the detrimental impact on service delivery, only 2.2 FTE agency staff were appointed to bolster services and despite the increase in building control applications made during the pandemic and 2021-22.

2.5 Our survey of local authority building control services found that at the end of March 2022, there were 133 FTE building surveyors and managers and 44 admin staff working in these services. This translates to a surveyor or manager for every 23,361 residents in Wales. In comparison, the most recent published data in Scotland reported 498 building surveyors and managers and 134 admin staff¹⁰, which equates to one surveyor or manager for every 10,633 residents.

2.6 In addition to the ongoing recruitment and retention challenge, the age profile of local authority building surveyors is also concerning. **Exhibit 1** shows that of the 133 FTE surveyors and managers, 54.4% are over the age of 50 and only 10% under 30. This highlights operational and service continuity risks for local authorities which are likely to see a major loss of experience and knowledge when people retire in the next decade.

Exhibit 1: building control managers and surveyors by age March 2022

The ageing building control workforce represents a major risk for the implementation and delivery of the new building safety regime.



Source: Audit Wales survey

10 Data for 2021-22 not yet available. No comparative data for England exists. Scottish Government, Building Standards Workforce Data Collection Analysis Report 2021, June 2022

- 2.7 In particular, the loss of experience in the manager cohort is a significant risk. Of all managers, 10 (46%) have worked in local authority building control services for over 30 years, while 15 are over the age of 50. There is a widespread expectation that significant numbers of managers and surveyors will retire due to the uncertainty surrounding the registration and competency requirements (see above **paragraphs 1.15 – 1.17**). This will lead to a further reduction in capacity, and a loss of experience and leadership during a critical time of change when expectations and demands on services are increasing.
- 2.8 At the other end of the career cycle, very few trainees are being recruited to bolster services and address looming resource and experience gaps. Just seven trainees were in place in 2022, with only four in permanent roles following the completion of their studies¹¹. Managers cited a lack of corporate support to take on trainees and the risk of losing newly qualified staff to approved inspectors as key barriers. This makes succession planning extremely challenging for all local authorities. More widely, the lack of fire engineers, a shortage of surveyors and assessors with sufficient knowledge of both high-rise structural safety and cladding systems, continue to be a concern.
- 2.9 The Local Government Association¹² in England has reported similar recruitment and retainment issues, noting that 43% of authorities struggle to recruit building control officers. Likewise in Scotland, similar demographic and succession issues were also identified but the earlier implementation of key changes has resulted in a more directive approach from the Scottish Government.
- 2.10 The Scottish Government developed a national workforce strategy¹³ and had a vision to establish a sustainable, skilled workforce that makes building control 'a profession for everyone'. To support this ambition in Scotland, a Professional Competency Framework was introduced in May 2021. The framework helps to ensure that building verifiers at each level can demonstrate being suitably competent and is embedded through the Competency Assessment System¹⁴. This drives improvement based on current skills and is supported by other developments in the sector, such as a local authority hub (see **Appendix 4** for further information).

11 Training for apprentices and new entrants is mainly provided under the National LABC programmes hosted by the University of Wolverhampton. The [Building Control Surveying Degree Apprenticeship](#) can train surveyors to different levels of competency related to their role. As a surveyor progresses through the levels, they can assess more complex buildings and obtain higher-level roles.

12 Local Government Association, [Local Government Workforce Survey 2022](#), May 2022

13 Scottish Government, [Building standards verification service: workforce strategy](#), October 2020

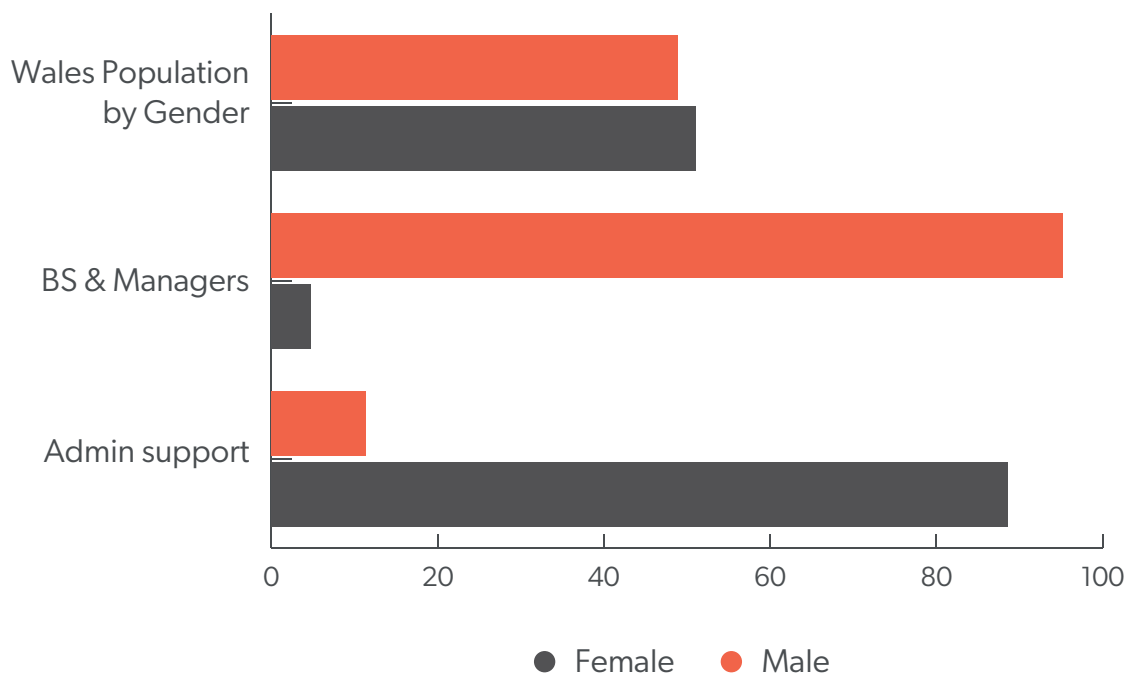
14 Scottish Government, [Building standards - verifiers: professional competency framework](#), May 2021

2.11 Scottish Government officials believe that the loss of experienced staff – 48 people (primarily building surveyors and managers) resigned from Scottish local authority building control services in 2021, following the quicker implementation of the new regulatory regime – is now being addressed. Through its workforce strategy and competency framework, local authorities are prioritising the upskilling of people and recruiting more apprentices. At this time, there are no mitigatory actions akin to the Scottish Government’s work planned in Wales.

2.12 The building control workforce also lacks diversity and is not representative of modern Wales. Our survey found that 100% of administrative staff and 96% of building surveyors and managers classify themselves as ethnically white Welsh or white British, and only 5% of administrative staff and no building surveyors or managers self-identify as having a disability. In addition, the roles within the workforce are clearly split along gender lines – **Exhibit 2**.

Exhibit 2: the gender of building surveyors, managers, and administrative staff in Welsh local authorities in March 2022

Professional building surveyor and manager roles are overwhelmingly occupied by men and lower-paid administrative roles by women.



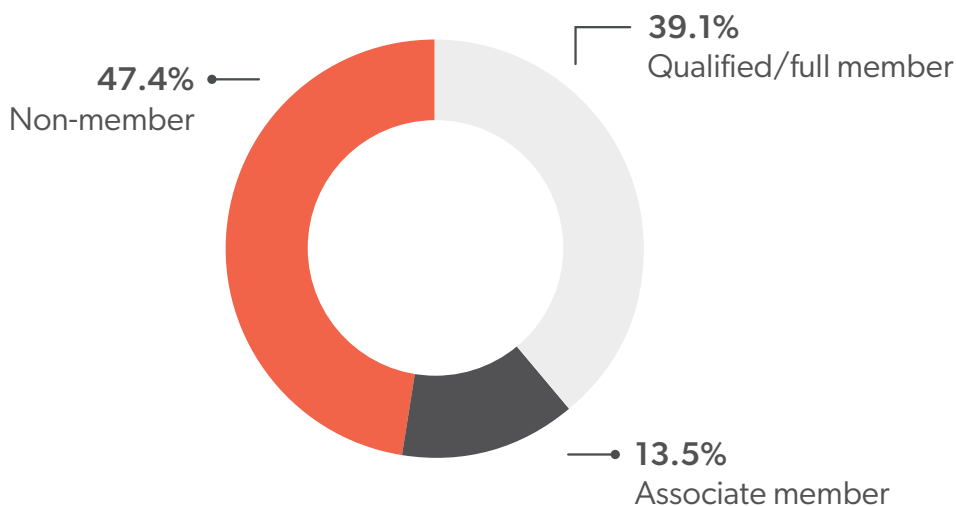
Source: Audit Wales survey and ONS (Office for National Statistics), [Population and household estimates, Wales: Census 2021](#)

Access to training is limited and staff are not being supported to enhance and maintain their skills and knowledge

2.13 To meet the registration requirements of the new building safety regime and ensure staff are competent to practise requires local authorities and their partners to invest in sufficient and timely training. Carefully planned and recorded continuing professional development and technical training are essential to keep abreast of modern technology and changing legislative requirements and their practical application. Importantly, professional accreditation such as membership of the Chartered Institute of Building, the Chartered Association of Building Engineers and Royal Institute of Chartered Surveyors is recognised as crucial to demonstrate competence. **Exhibit 3** shows that in March 2022 less than half of building surveyors and managers in Wales were full qualified members of a recognised and appropriate professional body.

Exhibit 3: the proportion of building surveyors and managers who are members of professional bodies and their grade at the end of March 2022

Less than 40% of building surveyors and managers are qualified and full members of professional bodies.



Source: Audit Wales survey

- 2.14 Additionally, some staff noted a growing problem of local authorities no longer paying for professional subscription fees because of pressures on finances. However, the need to demonstrate competence to meet the new registration standards is likely to place additional demands on local authority budgets to increase resources in professional training and qualifications to ensure they can deliver their statutory responsibilities. Most of the local authority officers we interviewed noted that this is not being factored into future budget setting.
- 2.15 The average number of training days taken by local authority staff in 2021-22 was five days for managers, six days for building surveyors and two days for administrative staff. Building Control officers we interviewed were clear that opportunities to train were, however, continuing to be limited by ongoing budget pressures and are often not actively promoted to avoid frontline staff being taken out of service delivery, even for short periods of time.
- 2.16 The building control fee setting guidance allows local authorities to increase their charges to pay for training and development to ensure they maintain a competent and skilled workforce. However, despite building control officers highlighting the importance of accruing money to fund training for staff, they noted that surpluses are often taken to fund other corporate priorities.
- 2.17 In March 2023, the UK Government provided a £16.5 million grant to the LABC to fund 110 new building control trainees for England to support the implementation of the Building Safety Act. No such funding has been provided by the Welsh Government. Despite a lack of investment, the LABC in England continues to make available training opportunities for Welsh local authority staff.
- 2.18 The resilience issues affecting Welsh local authority building control services are being felt in other parts of the industry. We found that the retention and recruitment issues facing local authorities are similarly being experienced by Welsh fire and rescue service. The lack of competitive reward packages and an ageing workforce with increasing numbers likely to take retirement in the short term is a growing challenge. Similarly, there are ongoing problems with the availability of qualified fire engineers and competition with the private sector, which offers better terms, conditions, and salaries, continues to encourage experienced fire and rescue service staff to leave.

2.19 Historically, where Welsh local authority staff have left, it has been most usually to join approved inspectors who offer more attractive salaries, terms of conditions of service, such as bonuses and company cars; have less responsibility for dangerous structures and enforcement cases; and are not dealing with the ongoing pressures created by austerity. However, in recent years the flow of staff from local authorities to approved inspectors has reduced and private sector building inspection services are also beginning to struggle to recruit sufficiently qualified and experienced staff. Representatives of several approved inspector bodies we interviewed noted that they have now begun to focus on growing their future workforce through trainee programmes due to a lack of available qualified staff in both England and Wales.

The pandemic has helped local authorities modernise their services, but enforcement remains a problem

2.20 Despite the resourcing pressures faced by local authority building control teams, most continue to deliver their work effectively. This continued throughout the pandemic, which helped to accelerate efficiency improvements with the switch to home based working and digitisation of services.

2.21 At the time of the pandemic most building control surveyors used to travel to sites, meeting people face to face and making decisions on the ground, but with COVID-19 most of these processes could not be continued. Instead, building control services focused on finding solutions to their traditional ways of working by updating and changing services. Whilst some authorities were fully digital, for others the pandemic created an opportunity to improve their use of technology and switch to cloud-based services to both optimise efficiency and performance, but also bring working practices into line with the private sector. Several interviewees noted that without the pandemic, these developments would not have happened as quickly, if at all.

2.22 Enforcement is an important part of ensuring that buildings are safe and compliant. Activity can range from persuasion and dialogue to encourage change, to more hard-edged measures such as prosecution or the refusing to issue a completion notice. Through our fieldwork we found that enforcement remains problematic, mainly because local authority building control has two potentially conflicting functions.

- 2.23 Firstly, they are the local regulator of all building work in their area ensuring issues raised in the design and construction of buildings that do not meet the required standard are addressed. However, they are also secondly in competition with approved inspectors for work and need to generate sufficient income to pay for all their services. This is an inherent weakness of the mixed market system introduced in the 1980s and reflects the conflicting role of local authorities which have both a responsibility for policing building control but are also in competition with approved inspectors to secure work.
- 2.24 Given approved inspectors are required to refer individual cases of non-compliance with building regulations to local authorities to take enforcement action, similar disincentives are also in play. As with local authorities, maintaining relationships is an important consideration in maximising income and can discourage approved inspectors from wanting to take enforcement action.
- 2.25 Capacity, resources and capability are also significant barriers that can limit enforcement action. Officers cited the demands and cost of taking developers, property owners or managers to court as a barrier to local authorities in the current financial climate. Several approved inspectors echoed these views, expressing scepticism that local authorities have the resources or capacity to effectively enforce standards and take quick and decisive action.
- 2.26 Overall, we found that the relationship between local authorities and approved inspectors, which is critical to ensuring buildings are safe, is at best limited and at worst epitomised by a lack of trust and scepticism about the actions of each other. Indeed, several fire and rescue service officers we interviewed raised concerns over the robustness of building enforcement regulation more generally, both within local authorities but also in respect of approved inspectors.

Some financial management practices in relation to building control appear to be unlawful

- 2.27 The Building (Local Authority Charges) Regulations 2010 (the 'Regulations') set the legal framework for the financial governance of local authority building control. The Regulations are intended to enable local authorities to be fair and transparent in how fees for services are charged.
- 2.28 The key principle of the Regulations is that authorities should recover their full costs and service users should only pay for the service they receive. Consequently, the Regulations split activities into chargeable, non-chargeable work and other building control services. Chargeable activity must be funded by fees, non-chargeable and other building control services are to be funded by the local authority general fund. **Exhibit 4** provides examples of activities.

Exhibit 4: examples of chargeable, non-chargeable, and other building control activities

Chargeable activity	Non-chargeable activity	Other building control services
Approving or rejecting plans	Liaison with other authorities, eg Fire and Rescue Services	Dangerous buildings
Site inspections	Enforcement on behalf of Approved Inspectors	Demolitions
Consideration of work referred from AIs (Approved Inspectors)	Identifying unauthorised building work	Advice to other departments
Consideration of a regularisation certificate	Functions to support disabled people	Administration of safety at sports grounds
More than 30 minutes of pre-application advice	First 30 minutes of pre-application advice	Street naming or numbering

Source: CIPFA (Chartered Institute of Public Finance and Accountancy), Local authority building control accounting, 2010

- 2.29 To aid local authorities in setting and properly accounting for their fees and charges, the Chartered Institute of Public Finance and Accountancy (CIPFA) developed detailed guidance¹⁵. Taken together, the Regulations and CIPFA guidance require local authorities to:
- set and publish standard fees and means of calculating bespoke fees;
 - set hourly rate fees for both officers and specific, set factors;
 - monitor the breakeven position of the service with the aim to break even over a 'reasonable period;'
 - revise fees to prevent surpluses or deficits;
 - publish an annual financial statement for building control; and
 - consider establishing an earmarked reserve in the event of a surplus or deficit.
- 2.30 Additionally, the CIPFA guidance refers to proposals for regular monitoring from 2010 by 'the Department/National Assembly' to assess the impact of the Regulations overall and particularly to see whether local authorities were meeting the breakeven principle. Given that the building control functions under the Regulations exercisable by the National Assembly were transferred to Welsh Ministers by the Government of Wales Act 2006¹⁶, and the reference to 'the Department' appears to be a reference to the then UK Department of Communities and Local Government, it would seem that the reference to 'National Assembly' is erroneous and should have been a reference to the Welsh Government. [We understand, however, that neither the National Assembly (now the Senedd) nor the Welsh Government have undertaken such monitoring.]

Fee-setting approaches vary significantly and many are not compliant with Regulations

- 2.31 Local authorities are required to review their fees each year to ensure that the income from chargeable activity is as close to the costs incurred in delivering services as possible. This makes ongoing monitoring of the breakeven position and regular recalculation of fees critical. It would be contrary to the Regulations for fees to be deliberately set above the estimated costs to be incurred (taking account of any estimated prior surplus or deficit) or knowingly allowed to fall below what it costs to deliver services.

15 CIPFA, [Local authority building control accounting](#), 2010

16 Government for Wales Act 2006, Schedule 11, paragraph 30

- 2.32 Factors that should be considered when setting fees are specified in the regulations. Apart from the principle of breaking even and staff costs, the factors include use of the building, floor size, and cost. However, other potential considerations such as the competitiveness of fees and comparing with others are not specified in the Regulations. Such other considerations therefore appear not to be relevant considerations that may be considered. The CIPFA guidance sets out the process for calculating the fees and provides examples on how to do this.
- 2.33 We found that the process for deciding fees by local authorities varies, often significantly, from the guidance and Regulations. Of the 12 authorities that responded to our data collection exercise and provided information describing their fee-setting process, nine were not compliant. Most usually because they applied fixed inflationary uplifts; copied neighbouring authority fee revisions; used average national schedules of rates to set their own charges; and/or did not show how they had factored in specific local circumstances that underpin charging such as their staffing structure, central recharges and local operating context.
- 2.34 At the time of our fieldwork, several authorities noted that they were not reviewing fees annually and a smaller number admitted that they had not adjusted fees to reflect the actual cost of services for many years. In one case, fees had not changed since 2012. In addition, despite the requirement to base fees on hourly rates, two authorities were unable to provide this information. We have concluded that many local authorities' building control services are not charging and setting fees in line with the Regulations and CIPFA guidance. We also note that the published fee scales show significant variations for individual activities – **Exhibit 5**.

Exhibit 5: example of fee differentials for Welsh local authority Building Control services 2022-23

Fee type	Lowest fee	Highest fee	Differential	Median
Single dwelling plan fee	£117	£288	145.6%	£210
Single dwelling inspection fee	£274	£510	86.4%	£414
Single dwelling notice fee	£391	£915	134.1%	£671
Composite single dwelling fee	£495	£1,830	269.7%	£1,155

Source: Audit Wales analysis of published fee scales

2.35 Awareness of this issue was mixed among officers. Some are unaware of the financial performance of their service primarily because management of finances sits outside the service with non-building control specialists. Others were aware of the requirements of the regulations but described pressure on budgets which encouraged raising fees or a lack of knowledge of the requirements of the regulations corporately. This is extremely concerning and poses significant risks to achieving value for money from the service.

Financial management of surpluses and deficits is unclear and potentially unlawful

- 2.36 Our survey of local authority officers found that of the 15 who provided a response, only five reported that their chargeable income is safeguarded (ie earmarked for application to building control services), one that only some is protected and nine reported that no income is safeguarded.
- 2.37 Where surpluses occur, authorities are encouraged, but not required, to create an earmarked reserve. Our review found that only four local authorities disclosed earmarked reserves for building control, although others may have deemed the sums involved financially immaterial and have not reported them. Regarding the financial performance of services, we found that 11 authorities were making a deficit at the end of 2021-22 and seven a surplus. Four were unable to provide this information.
- 2.38 The principles of the 2010 Regulations require that building control income, including surpluses, is to be used to provide building control activities. The CIPFA guidance notes that when calculating the total costs of the building control function, authorities are allowed to include training as an indirect employee cost when calculating fees. In addition, where surpluses are generated, these can be used to invest in service quality or to address regulatory changes.
- 2.39 We found that most building control officers were not uplifting fees to reflect the need to fund training and development for their staff due to wider corporate budget pressures. Indeed, some officers we interviewed anecdotally noted that building control fees were used to create surpluses to pay for other council services, although we saw no evidence of this in practice.

2.40 Overall, we have concluded that the implementation of the Regulations and the setting of building control charges more generally by local authorities fall short of legal and practical requirements. Our analysis highlights that most fees are not being set correctly and, where surpluses and deficits occur, these are not actively managed nor used for the purpose intended. This is particularly worrying because the Regulations were introduced to support good financial management and governance in building control services and correct implementation would help address some of the workforce, recruitment and training issues identified above.

In almost all cases, financial reporting does not meet regulatory requirements and this hinders scrutiny of Building Control fee setting, income, and expenditure

2.41 To demonstrate their financial governance of building control income and expenditure, the Regulations require local authorities to publish annual financial statements for these services. The Regulations require that, as a minimum, these Statements disclose the chargeable costs and income, any surplus or deficit, be published within six months of the financial year-end and signed off by the Section 151 officer. The CIPFA guidance includes a template that mirrors these requirements and a completed example to help local authorities demonstrate their compliance. As publishing a financial statement is a requirement of the regulations, failing to do so is unlawful.

2.42 From our review of local authority websites and financial statements, we found that only four have publicly available statements and only two of these met the reporting deadline. As noted at above, CIPFA guidance refers to proposals for scrutiny of whether authorities are meeting the breakeven principle. Welsh Government officials have, however, confirmed to us that this monitoring has not taken place in recent years and there remains a lack of oversight of building control financial performance and fee setting at both a national and local level.

Progress on collaboration and regionalisation has been slow

- 2.43 Overall, local authority building control has not significantly changed despite the pressure on resources, capacity, and skills. Some authorities have made some innovations, such as Monmouthshire which has partnered with an estate agent to find new clients. Most authorities also operate the Partnership Authority scheme. This allows professionals, such as architects, to use the local authority of their choice to approve plans and the local authority where the site is located to undertake on the on-site inspections. For example, a supermarket chain may be based in England and can elect to use their local LABC team to approve plans but then use a Welsh authority to inspect a new store in Wales.
- 2.44 While the work of LABC Cymru – the pan-Wales officer network – is seen as positive, offering support, learning and the opportunity to share information, this has not translated into more formal change to help improve efficiency and strengthen resilience. The group has proven successful at keeping teams informed and supported, and there are several positive one-off instances of 'collaboration in crises'. For example, neighbouring authorities helping to deliver inspections and plan approval activities in Blaenau Gwent to help address short-term resource pressures in that authority. While we acknowledge that these are positive steps in the right direction, they fall short of addressing the significant challenges facing the sector, and greater, more fundamental change is needed.
- 2.45 There are opportunities to improve efficiency and effectiveness of services through greater collaboration and regionalisation of services. This can help local authorities to compete more effectively, meet the challenge of the new building safety regime and provide solutions to address the sector's many serious resourcing issues. For example:
- pooling staff to ease capacity issues and to mitigate the retirement risks inherent in the sector's demographics;
 - increasing spending power and opportunities to make savings through the joint commissioning and procurement of goods, services, and establishment of uniform charges for activities that cost the same (for example, external training);
 - enabling staff to develop specialisms, such as fire safety, to better manage high-risk buildings; and
 - strengthening capacity in back-office functions.

- 2.46 Despite stakeholders across the building control and safety sectors recognising and articulating the benefits of collaboration and regionalisation, we found little progress has been made to drive this forward. While many building control staff we interviewed can identify the potential benefits of collaborating with other building control teams, this has not led to more formal partnerships such as joint investigation teams. We acknowledge that the demands currently being placed on building control managers as individuals, and their reduced capacity to prioritise these activities, is clearly limiting opportunities to drive change. But given the challenges facing building control services, change is needed to prevent an escalation of the issues already present in the sector.
- 2.47 In Scotland, by comparison, the Local Authority Building Standards Scotland (LABSS) have established a hub model for the 32 local authorities to collaborate and implement improvement recommendations (see **Appendix 4**). The Hub acts as a central collaborator to move the sector in the same direction in the response to improvement recommendations. This has the potential to set a consistent service and standard across Scotland, supported by Scottish Government operational and performance frameworks. It is also helping authorities experiencing a staffing issue to broker support from another.
- 2.48 In response to the similar challenges that they face, Fire and Rescue Services are changing how they provide services. For instance, South Wales Fire and Rescue Service has moved from a dedicated specialist team to a larger team of Business Fire Safety officers. This is allowing the service to better manage the impact of staff turnover and create a more resilient workforce, by widening out the pool of staff who are gaining experience in building fire safety design and construction. Similarly, North Wales Fire and Rescue Service has switched from a service of uniformed fire officers delivering fire safety work to a service which increasingly draws on corporate staff to bolster performance. This is helping to improve efficiency and increase capacity.



**There is little evaluation
of building control
services across Wales
and no national
comprehensive
system of building
safety assurance**

- 3.1 In this final Part of the report, we set out how management and evaluation of building control and building safety performance work and how risks are identified and mitigated.

There is limited understanding of how well services are performing

- 3.2 Performance management and reporting are an essential element of good governance. Having a good range of key data allows you to understand the services you manage and helps underpin evidence-based decisions by providing insight and knowledge. The right data is also a precursor to feed-forward plans and helps organisations to learn from the past to inform the future.

The lack of a national performance management framework for building control and building safety makes it difficult to evaluate the performance of services

- 3.3 At the time of our work there is no agreed national performance reporting framework for building control and building safety services in Wales. In the absence of a robust suite of national measures to manage and evaluate the performance of services, most local authorities focus on reporting against a narrow group of measures. We found that the key indicators most used relate to:
- timeliness measures such as the length of time taken to acknowledge and check applications, whether a site application is carried out on the agreed date, recording the site application notes within two days of an inspection and the number of completion certificates issued within a given period;
 - monitoring levels of customer satisfaction with the response of the service; and
 - market share – the proportion of the building control market a local authority covers.
- 3.4 While each of these are important and relevant, they do not provide sufficient detail to understand or judge the effectiveness of building control services. Whilst timeliness is a key factor in administering an efficient building control system, the measure places importance on dealing with large volumes of applications in the shortest time possible, without any consideration of the quality of the work carried out and does not provide any assurance that the work was carried out safely, risks were reduced and that the overall safety of a building's occupants was improved.

- 3.5 Because of these weaknesses, local authorities are unable to demonstrate that building control work is reducing risk and improving the built and natural environment and the quality of life in the area. For instance, we found that:
- no data is collected on the work of approved inspectors and fire and rescue services, and benchmarking to compare performance is not routinely undertaken. Consequently, performance reporting remains fragmented and does not provide adequate assurance – a major risk flagged in the Hackitt Report.
 - public reporting – notifying key stakeholders on the effectiveness of services and the service 'offer' – is similarly limited. This does not help to provide a comprehensive oversight of all building control and safety activity in an area, or nationally.
 - although there are some measures relating to risk, these are limited to buildings that have been recorded as dangerous structures. Risk, especially service resilience risk, is not something that is built into the performance framework as a central consideration of effectiveness.
 - little attention is given to actively managing financial performance and reporting against the requirements of the finance regulations, fee setting, comparison of costs, recharges, and deficits.
- 3.6 In addition, building control teams told us reporting was mainly responsive where concerns were raised rather than a routine part of their role. Where performance measures are recorded and monitored, this is often done on a team's own initiative, for their own purposes, and can be a lengthy manual process, due to poor integration between IT platforms. Where IT tools for automatic reporting do exist, we heard of examples where the system was underutilised or used inconsistently, due to weak processes or operating difficulties. In several cases, analysis is compiled on spreadsheets held locally by individuals, posing a risk to resilience and continuity when staff are absent.
- 3.7 The Scottish Government have a national framework to monitor and analyse performance. Measures were introduced in 2012 embedding learning from research that analysed previous performance reviews. Building safety is a ministerial responsibility in Scotland and providers are 'appointed' as verifiers (see **Appendix 4**). Although local authorities are typically selected, the appointment and reappointment process is driving consistency and standards, and provides a robust framework to assess performance.

Some local authorities work to the ISO 9001 quality management standard, but this does not provide sufficient assurance that services are working effectively

3.8 Several local authorities have accredited themselves with ISO 9001, the international standard for Quality Management. The standard uses seven quality management principles focussed on:

- customer focus;
- leadership;
- engagement of people;
- process approach;
- improvement;
- evidence-based decision making; and
- relationship management.

3.9 The measures aim to promote understanding and provide consistency, adding value, effective performance, and improvement of processes. The standard also encourages organisations to adopt a risk-based approach, ensuring that preventative measures are taken before risks arise. Once an organisation receives accreditation, they are required to evaluate their compliance with the standard annually.

3.10 While authorities have found ISO 9001 helpful for raising standards and levels of consistency, we found that some authorities have chosen to opt out of the standard due to cost and the challenge of ongoing evaluation to demonstrate compliance. It is also questionable how useful the standard is in judging the effectiveness, efficiency and robustness of services given the many challenges facing building control we have reported on.

Scrutiny and evaluation of building control and building safety are limited

3.11 Effective scrutiny is an essential element of good governance and helps provide assurance that things are working well or need to improve. Without a robust performance management system, scrutiny can only be as effective as the information and measures that are regularly scrutinised. We found that many local authorities' building control services do not formally report to a scrutiny committee on a regular basis to demonstrate the work, impact and risks facing the service.

- 3.12 For instance, we found that scrutiny is inconsistent across Wales, with many teams only being required to report their performance twice yearly and against a very narrow set of measures and information. In several authorities, there is no formal scrutiny of services. Several local authority officers we interviewed noted that from their experience, after the initial heightened interest in building control and building safety arising from the Grenfell disaster, member and senior officer contact is mostly limited and focussed on single issues of concern – a dangerous structure or a constituent's building control application. Several noted that member knowledge and understanding of building control are low and the risks and issues facing services mostly unknown.
- 3.13 In contrast, Scottish local authorities are required to annually report their performance against a series of key performance outcomes. These outcomes are then assessed alongside customer feedback and plans are developed to help drive improvement. Staff are encouraged to link these with improvement actions which can be used to monitor progress and identify key lines of enquiry for those charged with scrutiny. The assessment output is designed to be accessible to various levels of stakeholder, identifying strategic trends to government, promoting improvement operationally to verifiers, whilst also providing a transparent assessment for public consumption.

Risk management processes are inadequate

- 3.14 There is a mixed approach to assessing risk, with some teams having their own risk registers, some feeding into corporate registers, whilst some do not formally record risks or track how they are mitigating them. Indeed, several officers we interviewed noted that known risks are often noted informally within teams and these are considered in isolation from other corporate wide risks.
- 3.15 This siloed approach poses a threat to resilience as the system relies too much on a small number of individuals who hold substantial amounts of knowledge without formally being recorded, shared with colleagues for information, or escalated for action. Only a small minority of local authorities we spoke with could describe the formal procedure of escalating risks, with many acknowledging such protocols do not exist. Without proper identification and recording of emerging risks, authorities are unable to make longer-term plans and prepare for future scenarios.

- 3.16 As contextual information is not routinely integrated with other service areas, it is not clear that sufficient understanding is present amongst accountable officers at each level of escalation. Where risks are raised, they will rarely meet the threshold required to be considered a corporate risk. Poor audit trails mean risks are not proactively mitigated, in an environment where capacity to provide this mitigation is often limited.
- 3.17 With teams often left to operate in isolation, raising corporate and other significant risks is likely to be more challenging than for higher profile services which figure more prominently and are fully integrated into the corporate reporting structure. Consequently, local authorities at their highest level may not be sighted of the many risks facing building control – poor succession planning, an ageing workforce, lack of diversity, insufficient skill mix, along with the implications of the new Building Safety Act.



Appendices

- 1 **Audit Approach and Methods**
- 2 **Building Regulations Approved Documents**
- 3 **The Building Safety Regulator and Accountable Person**
- 4 **Scottish approach**

1 Audit Approach and Methods

Approach

For this work our approach has been to understand how well the Welsh Government, local authorities and their partners are strengthening and improving building control and building safety services following the Building Safety Act 2022. We have looked at the robustness of needs information, strategies, plans and policies; assessed the resilience of existing services and plans to strengthen these; and considered the robustness of assurance systems.

We examined all 22 principal local authorities in Wales at a high level, managing delivery to be mindful of the pressures local authority officers are under during post-pandemic recovery and the cost-of-living crisis. We ensured coverage was sufficient to draw a view on the whole sector but not to significantly detract from officers' service delivery responsibilities. Our approach was flexible to fit around officers when agreeing and delivering our fieldwork.

Methods

We completed our review between January 2023 and August 2023 and used a range of methods in delivering our work:

- **document review:** we reviewed documentation from the Welsh Government, local authorities, Fire and Rescue Services and other relevant organisations. This included, relevant committee minutes, corporate strategies, business plans and policy documentation. We also reviewed information published by the UK Government and the Scottish Government.
- **interviews** – we undertook a range of different interviews:
 - **officer interviews** – we interviewed Building Safety lead officers in all 22 Welsh principal local authorities and all three Fire and Rescue Authorities. These interviews took place between January and April 2023.
 - **national interviews** – we interviewed representatives of the Welsh Government, the Scottish Government, private sector approved building inspectors, think tanks, academic institutions, and research bodies. These took place between March and April 2023.
- **focus groups** – in line with our approach, some local authorities felt it was more appropriate for us to speak to a range of officers in focus groups to reduce our impact on service delivery.
- **data collection** – we undertook a data collection exercise with local authority officers. This ran from January to April 2023, and we received responses from all local authorities. Some local authorities were unable to provide the information we requested, and we note this in the body of the report where relevant.
- **survey** – working with Community Housing Cymru we surveyed all housing associations in Wales but only received two responses. Consequently, we have not used this information in drawing together our findings.
- **websites** – local authority and external resources, eg CICAIR (Construction Industry Council Approved Inspectors Register), LABC, etc.

2 Building Regulations Approved Documents

The approved documents address the following matters and were last updated on the date listed:

- Part A – [Structural safety](#) – last updated April 2017
- Part B – [Fire Safety](#) – last updated December 2021
- Part C – [Resistance to contamination and moisture](#) – last updated April 2017
- Part D – [Toxic substances](#) – last updated April 2017
- Part E – [Resistance to passage of sound](#) – last updated April 2022
- Part F – [Ventilation](#) – last updated October 2022
- Part G – [Sanitation, hot water safety and water efficiency](#) – last updated May 2023
- Part H – [Drainage and waste disposal](#) – last updated April 2017
- Part J – [Heat producing appliances](#) – last updated April 2017
- Part K – [Protection from falling, collision and impact](#) – last updated April 2017
- Part L – [Conservation of Fuel and Power](#) – last updated March 2023
- Part M – [Access to land and use of buildings](#) – last updated April 2017
- Part N – [Glazing safety](#) – last updated April 2017
- Part O – [Overheating](#) – last updated October 2022
- Part P – [Electrical safety](#) – last updated April 2017
- Part Q – [Security](#) – last updated May 2018
- Part R – [Physical infrastructure for high-speed electronic communications networks](#) – last updated April 2016

3 The Building Safety Regulator and Accountable Person

The Act introduces two new roles – the Building Safety Regulator and Accountable Person – which are due to come into force in October 2023.

The Building Safety Regulator

The Building Safety Regulator will have three core responsibilities: overseeing the safety and standards of all buildings; helping and encouraging the built environment industry and building control professionals to improve their competence; and leading implementation of the new regulatory framework for high-rise buildings in England. The Building Safety Regulator is also responsible for the performance of the building control sector to ensure standards are met, and for setting building standards.

The Building Safety Regulator (BSR) will be responsible for overseeing the safety and performance systems of all buildings. They will be given powers to enforce the rules and act against those that break them. And for high-risk properties, they will be able to implement more stringent rules, including how they are designed, constructed, and occupied. The three main functions of the BSR:

- oversee the safety and performance system for all buildings: this will be done through overseeing the performance of building control bodies across the public and private sectors, and by understanding and advising on existing and emerging building standards and safety risks;
- encourage increased competence by setting the direction of an industry-led competence committee and establishing competence requirements for registration of building control professionals; and
- lead the implementation of the new regulatory regime for higher-risk buildings, including having the powers to involve other teams, including the Fire Service, when making regulatory decisions regarding Building Safety.

The new BSR is under the control of the Health & Safety Executive (HSE) which is responsible for overseeing and driving improvements in the safety and performance of all buildings, and for enforcing a more stringent regime for higher-risk buildings.

Importantly, the provisions of the Act concerning the new Regulator only apply in part to Wales and the devolved government's exact position is still to be determined on this point.

Accountable Person

For all higher-risk buildings, the appointment of an identifiable 'Accountable Person', who is responsible for ensuring that the fire and structural safety is effectively managed for the whole building.

The Accountable Person (building owner, freeholder, or management company) will have an ongoing duty to assess Building Safety risks and provide a 'Safety Case Report' which demonstrates how Building Safety risks are being identified, mitigated, and managed on an ongoing basis. They will also have to demonstrate how they are ensuring residents' safety. In buildings where ownership structures are complex, there may be more than one Accountable Person, in which case there will be a Principal Accountable Person.

4 Scottish approach

Operating model

Within the Scottish system, building verifiers (surveyors) are appointed by the Minister for Local Government Empowerment and Planning under the Building (Scotland) Act 2003. This allows the Minister to appoint any building verifiers for a six-year term. Since the implementation of the Act in 2005, only local authorities have been appointed to undertake this role.

Prior to appointment, the Minister must consider the competence, qualifications, public accountability, and impartiality of the potential verifiers. To demonstrate these, an Operating Framework has been published to clarify how verifiers can demonstrate these behaviours.

After appointment, performance is monitored under a Performance Framework. There are seven key performance outcomes within the updated framework published in 2021:

- minimise time taken to issue a first report or to issue a building warrant or amendment to building warrant;
- increase quality of compliance assessment during the construction processes;
- commit to the building standards customer charter;
- understand and respond to the customer experience;
- maintain financial governance;
- commit to eBuilding Standards; and
- commit to objectives outlined in the annual verification performance report.

The Act also allows Scottish Ministers to set building regulations, the process for approval, enforcement, and set fees. Fees are set centrally and are determined by the Minister for all authorities. A calculator is provided within the online eBuildingStandards system to enable applicants to access the system and determine their fee.

Response to Grenfell

Following Grenfell, a ministerial working group was set up in July 2017 to oversee reviews into building and fire safety. Review panels were formed to cover different issues and made a series of recommendations for stakeholders. The Building Standards Futures Programme Board (BSFPB) was established to provide guidance and direction on the implementation of these recommendations.

Chaired by a local authority chief executive, the Board is comprised of:

- Local Authority Building Standards Scotland (LABSS);
- Homes for Scotland;
- Royal Institute of Chartered Surveyors;
- Construction Scotland;
- Convention of Scottish Local Authorities;
- Scottish Futures Trust;
- Chartered Institute of Buildings;
- Federation of Master Builders;
- Royal Incorporation of Architects in Scotland; and
- Scottish Government.

The Board has seven workstreams underway to support implementation – **Exhibit 6**.

Exhibit 6: Scotland's Building Standards Futures Programme Board workstreams

Workstream	Explanation
Workforce strategy	To support the adoption of the workforce strategy developed in response to the demographic challenges faced by the sector.
Compliance plan	To develop an approach for high-value and complex public buildings to ensure a planned approach to compliance throughout development.
Certification strategy	Development of a strategy for future appointment of verifiers.
Digital transformation	To support the implementation of the eBuildingStandards platform, launched in 2016.
Technical strategy	A review of how building standards are developed and communicated to promote compliance.
Verification standards	A review of the operating and performance frameworks to help verifier assessment against requirements and linking to skills.
Delivery models	A review to consider changes to business models within the 32 local authorities, including the hub project.

Source: [BSFPB](#)

Additionally, to ensure greater compliance and a response to recommendations, a Professional Competency Framework was introduced in May 2021. This established standardised job roles matched against educational awards and professional qualifications. It also provides examples of competencies based on experience to match existing staff, such as proven management and financial governance skills or specific niche training such as safety at sports grounds. The framework helps to ensure that building verifiers at each level can demonstrate being suitably competent.

To embed the Framework, a Competency Assessment System (CAS) was published. This enables individuals to identify their learning and experience gaps to better target training and development of the workforce.

Local hub model

From the BSFPB, a new delivery model was developed through the Delivery Model Development Group (DMDG), comprising the Scottish Government’s Building Standards Division, Local Authority Building Standards Scotland (LABSS), the host local authority (Fife Council) and the Hub Directors, to foster collaboration and implement the recommendations for improving building safety and increasing compliance. This was launched in May 2022 and is being rolled out in a phased approach and is centred on six business units – **Exhibit 7**.

Exhibit 7: Scotland’s Building Standards Futures Programme Board workstreams

Business unit	Function and services
Operational Partnership Unit	<ul style="list-style-type: none"> • Maintaining network of bodies • Workload sharing • Access to expert structure and fire hubs • Best practice facilitation
Scottish Type Approval Scheme Unit	<ul style="list-style-type: none"> • Scheme management • Marketing • Fee setting
Technical and Procedure Unit	<ul style="list-style-type: none"> • Technical research • Information paper production • Technical support to the hub
Digital Transformation Unit	<ul style="list-style-type: none"> • Support digital delivery group • Liaison and support roles with stakeholders, LABSS, and other stakeholders

Business unit	Function and services
Learning and Development Unit	<ul style="list-style-type: none">• Management and operation of a virtual learning environment• Management and operation of a learning management system• Assistance with apprentice schemes• Assistance with CPD (Continuing Professional Development)• Management of the verifier position in relation to the Competency Assessment Scheme (CAS)
Core Business Unit	<ul style="list-style-type: none">• Hub management• Business and admin support• Engagement with stakeholders

Source: BSFPB



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Council Response Form

Council action planned in response to the recommendations issued by Audit Wales

Council: Ceredigion County Council

Report title: 'Cracks in the Foundations' – Building Safety in Wales

Issue date: August 2023

Document reference:

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p>The Welsh Government should provide greater clarity on the implementation and expectations of the Building Safety Act to ensure local authorities are able to deliver their new responsibilities and duties. This should include:</p> <ul style="list-style-type: none"> • clarifying the detailed requirements for competency and registration to enable local authorities to plan for these changes; 	Not applicable as this recommendation is for Welsh Government, not the Local Authority.	N/A	N/A

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> • a specific timetable for development and adoption of Welsh guidance to ensure local authorities and others can deliver their duties; and • the Welsh Government should work with key stakeholders, such as LABC Cymru, to support understanding and implementation when guidance is issued. 			
R2	The Welsh Government should ensure that it has sufficient resources to deliver the legislative and policy changes for Building Safety to reduce implementation risks.	Not applicable as this recommendation is for Welsh Government, not the Local Authority.	N/A	N/A
R3	The Welsh Government should review the mixed market approach to building control and conclude whether it	Not applicable as this recommendation is for Welsh Government, not the Local Authority.	N/A	N/A

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>continues to be appropriate and effective in keeping buildings in Wales safe. This should:</p> <ul style="list-style-type: none"> • assess the status quo against potential changes, such as the model of delivery in Scotland; • be framed around a SWOT analysis of costs, benefits, threats, and risks; • draw on existing research to identify good practice; <p>and</p> <ul style="list-style-type: none"> • be published and agree a way forward. 			
R4	<p>The Welsh Government should increase its oversight and management of the building control sector to ensure there is a robust assurance system in place for building control and safety by:</p> <ul style="list-style-type: none"> • creating a national performance framework with clear 	<p>Not applicable as this recommendation is for Welsh Government, not the Local Authority.</p>	N/A	N/A

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>service standards to promote consistency of service.</p> <p>This should also include outcome measures to monitor performance and an evaluation and reporting framework for scrutiny.</p> <ul style="list-style-type: none"> • developing a national building safety workforce plan to address the most significant risks facing the sector. This should include regular data collection and publication, as well as coverage of priorities, such as: <ul style="list-style-type: none"> - a greater focus on trainees to mitigate succession risks; - establishing aligned, national job roles matched to competency levels; - increasing the diversity of the sector to ensure it reflects modern Wales; and 			

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>- specific funding to enable surveyors to obtain and maintain competence should also be considered.</p> <ul style="list-style-type: none"> • the Welsh Government should explore with the further education sector how best to provide building control training in Wales to support succession planning, skills development, and competency. 			
R5	<p>Local authorities should develop local action plans that articulate a clear vision for building control to be able to plan effectively to implement the requirements of the Act.</p> <p>The Plans should:</p> <ul style="list-style-type: none"> • be based on an assessment of local risks and include mitigation actions; • set out how building control services will be resourced to deliver all their statutory responsibilities; 	<p>Ceredigion County Council will establish a Working Group that will develop a plan for the Building Control Section to effectively implement the requirements of the Act. This will fully consider the nature of the construction industry in Ceredigion and the needs of the local population and deliver a service in accordance with the requirements of new operational standards for building control in Wales and the Corporate objectives of the authority.</p>	March 2024	Roget Turner (RT)

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> • illustrate the key role of building control in ensuring safe buildings and be linked to well-being objectives and other corporate objectives; and • include outcome measures that are focused on all building control services, not just dangerous structures. 			
R6	<p>Local authorities should urgently review their financial management of building control and ensure they are fully complying with Regulations. This should include:</p> <ul style="list-style-type: none"> • establishing a timetable of regular fee reviews to ensure charges reflect the cost of services and comply with the Regulations; • annually reporting and publishing financial performance in line with the Regulations; 	<p>The Council intend to urgently review all aspects of our financial management of Building Control to ensure that we are compliant with the Building (Local Authority Charges) Regulations 2010.</p>	December 2023	RT

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> • ensuring relevant staff are provided with training to ensure they apply the Regulations and interpret financial reporting correctly; and • revise fees to ensure services are charged for in accordance with the Regulations. 			
R7	<p>Local authorities should work with partners to make better use of limited resources by exploring the potential for collaboration and regionalisation to strengthen resilience through a cost benefit analysis of partnering with neighbouring authorities, establishing joint ventures and/or adopting a regional model where beneficial.</p>	<p>Ceredigion is a rural county and whilst not unique it is vastly different to the more populous and geographically smaller authorities in the north and particularly the south of the country. Population centres are generally located away from the more rural boundaries with neighbouring authorities. This set of circumstances inhibits cross boundary co-operation in 'site based' functions. Opportunities may exist for co-operation in training events and plan checking. The latter already exists to an extent in that most authorities appear to be signed up to the LABC Partnership scheme and a further enhancement could be envisaged if</p>	December 2023	RT

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
		<p>and when resources necessitate cross border assistance.</p> <p>It is envisaged that cross border support will be necessary in the unlikely event of the construction of any High Risk Buildings (HRB's) as Ceredigion Building Control staff are unlikely to seek to achieve competency at a level not currently experienced in the county.</p> <p>Despite the limitations outlined above Ceredigion remains open to the feasibility of alternative delivery methods if they should become apparent.</p>		
R8	<p>Local authorities should review risk management processes to ensure that risks are systematically identified, recorded, assessed, mitigated and subject to regular evaluation and scrutiny.</p>	<p>“The Council conducts a 3-yearly review of its Risk Management Policy, Strategy and Framework to ensure they are up to date and reflect best practice. The latest review was recently conducted and the updated drafts of the Policy, Strategy and Framework are being consulted on with key stakeholders between July and August, before going through the democratic process in the autumn. The Risk Management Policy and</p>	December 2023	Rob Starr

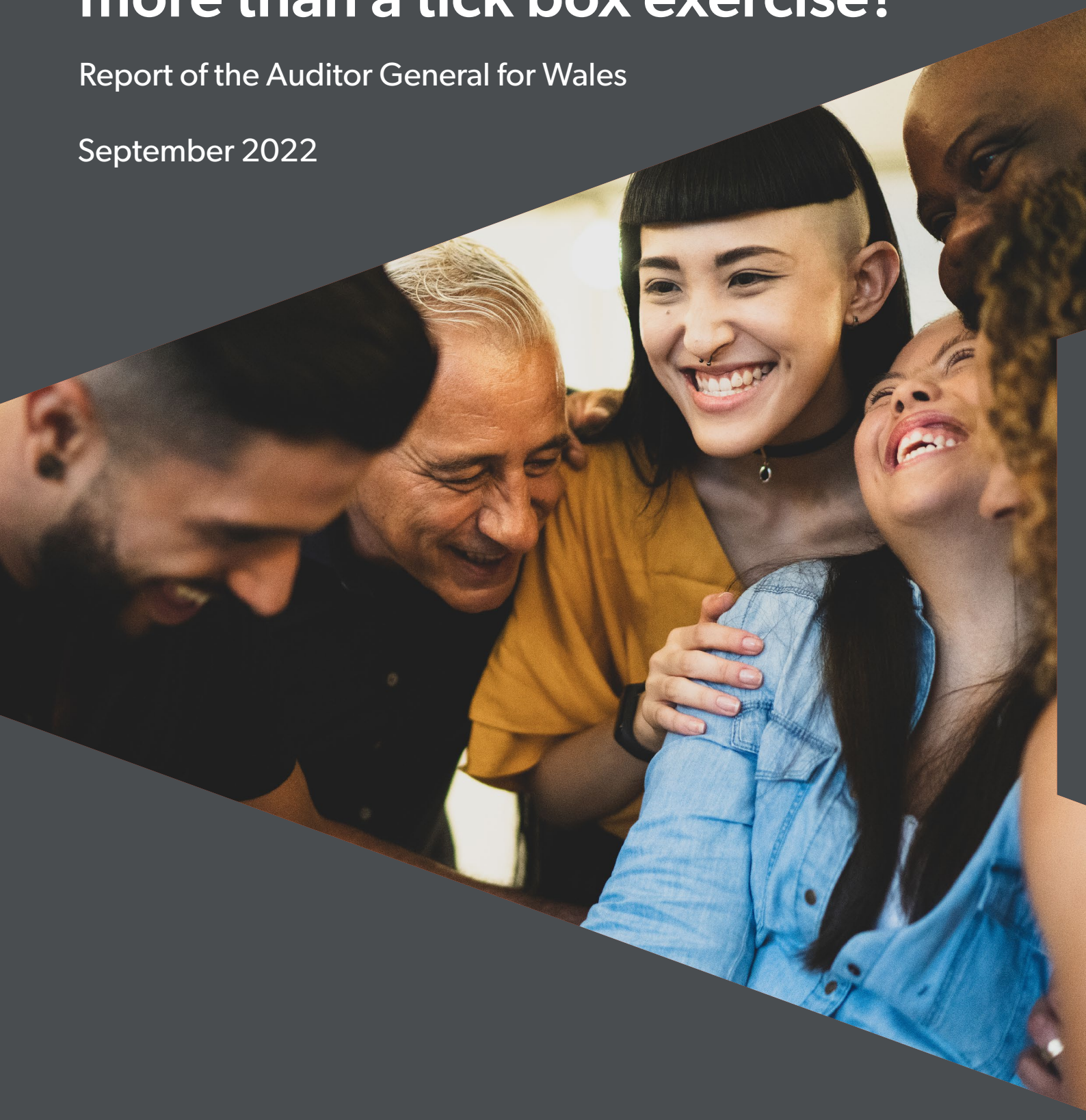
Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
		<p>Strategy provides a comprehensive framework and process designed to support Members and Officers in ensuring that the Council is able to discharge its risk management responsibilities fully. This includes a standard approach to identifying, assessing and responding to risks. The implication of the new Building Safety Act has introduced additional risks specific to the Building Control function. To this end staff are to be supported to ensure they are competent and appropriately qualified to maintain and update their skills and knowledge such that the statutory functions may be carried out.</p> <p>The Corporate Risk Register is evaluated on an ongoing basis by Leadership Group and quarterly by the Governance and Audit Committee. The updated documents include strengthened monitoring of service risks, clarification of roles and responsibilities and further guidance on the escalation/de-escalation of risks. Ceredigion County Council recognises that a proactive approach</p>		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
		<p>to risk management is a vital aspect to achieving its vision and improving the well-being of its communities and residents.</p> <p>Action: Publish updated Risk Management Policy, Strategy and Framework by December 2023.”</p>		

Equality Impact Assessments: more than a tick box exercise?

Report of the Auditor General for Wales

September 2022



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Auditor General's foreword

Discrimination and inequality continue to impact on the quality of life and life chances of people in Wales. My Picture of Public Services 2021 report highlighted that the COVID-19 pandemic had amplified some of the entrenched inequalities in our communities. Black Lives Matter, MeToo and other social movements have brought issues of discrimination and inequality to the forefront of public policy and debate.

Equality Impact Assessment (EIA) is an important part of the approach to tackling inequality in Wales. EIAs help public services meet their legal duties to avoid discrimination in the decisions they make and to promote equality of opportunity and cohesion.

Done well, EIAs are more than a means to show compliance. They support the growth of a mind-set and culture that put issues of equality at the heart of decision-making and policy development.

Our work shows that within individual public bodies there are good examples of aspects of the process of conducting an EIA. Through this report, I want to help all public bodies learn from those that are doing well and trying new approaches.

However, what we have seen and heard tells us that public bodies in Wales tend to use their EIAs defensively. Too often, they seem like a tick box exercise to show that the body has thought about equality issues in case of challenge. While legal challenge is of course an important risk to manage, this approach means public bodies are not using EIAs to their full potential, especially in terms of promoting equality and cohesion.

I hope this report will be of interest to anybody involved in public services and with an interest in tackling inequality and promoting equality. However, I want this work to be more than interesting. It needs to have an impact. Specifically, I expect:

- the Welsh Government to respond to the recommendations to work with partners to improve and update the overall approach to EIAs;
- all public bodies to respond to the recommendation that they review their own approaches to EIAs, including mindset and culture, drawing on the findings of this report; and
- those involved in scrutiny to use this report to challenge their organisation's overall approach to EIAs and the quality of individual EIAs used to inform their decisions.

I am pleased to say that this work has already had positive impacts. Our fieldwork questions have prompted some public bodies to check aspects of their own arrangements. And we have shared emerging findings with some public bodies that were updating their approach to EIAs. Closer to home, at Audit Wales, we are looking closely at our own processes and procedures to reflect the lessons identified in this work.

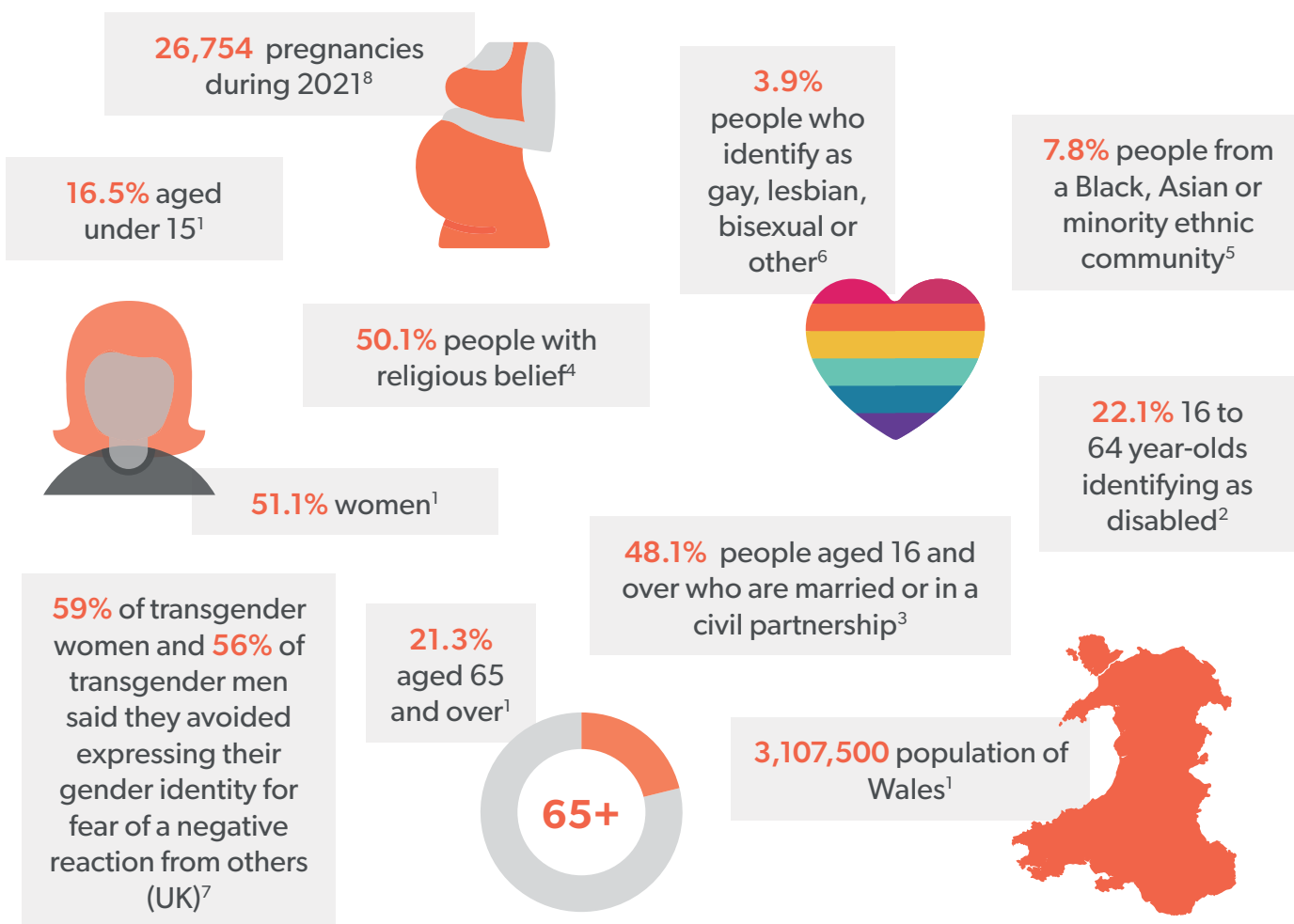


Adrian Crompton

Auditor General for Wales

Key facts

We set out below some key facts about the population in Wales in the context of the nine protected characteristics under the Equality Act 2010.



Sources:

- 1 Office of National Statistics (ONS), Population and household estimates, Census 2021, June 2022
- 2 StatsWales, Disability by age and sex (Equality Act definition) (2018-2020)
- 3 StatsWales, Marital status by age and sex (2018-2020)
- 4 StatsWales, Religion status by age (2018-2020)
- 5 ONS, Population estimates by ethnic group, England and Wales December 2021 (data for 2019)
- 6 StatsWales, Sexual identity by year, 2019
- 7 Government Equalities Office, National LGBT Survey, July 2018 (survey ran for 12 weeks from July 2017)
- 8 StatsWales, Initial assessment indicators for Wales, by mother's age, 2021

Key messages

Context

- 1 Tackling inequality is a long-standing goal of the Welsh Government. It features prominently in the 2021-2026 Programme for Government which includes the objective to ‘celebrate diversity and move to eliminate inequality in all of its forms’¹. The Well-being of Future Generations (Wales) Act 2015 makes ‘A more equal Wales’ a national goal. It defines this as ‘a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio-economic background and circumstances)’.
- 2 Equality Impact Assessment (EIA) is an important part of the approach to tackling discrimination and promoting equality in Wales. The Equality Act 2010 introduced the Public Sector Equality Duty (PSED) across Great Britain (**Exhibit 1**). The Welsh Government has made its own regulations² setting out some Wales specific duties that bodies listed in the Act need to follow to meet the PSED. Public bodies subject to the Act must assess the likely impacts of proposed policies or practices or proposed changes to existing policies or practices on their ability to meet the PSED. In doing so, they must comply with specific requirements to engage with groups likely to be impacted and monitor actual impacts.

1 Welsh Government, Programme for Government: update, December 2021

2 The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011

Exhibit 1: the Public Sector Equality Duty and protected characteristics

The PSED requires public bodies, in exercising their functions, to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

The Act and the Wales specific duties apply to public bodies including councils, NHS bodies, fire and rescue services, national parks, education bodies (further and higher education bodies and maintained schools), and the Welsh Government and some of its sponsored bodies.

- 3 An EIA can provide evidence that the body has met the PSED. There have been legal challenges to decisions based on the lack or adequacy of an EIA. Moreover, EIAs support good policy and decision-making more generally by:
 - **ensuring decisions impact protected groups in a fair way** – EIAs can demonstrate what, if any, action could be taken to mitigate the impact on one or more protected groups negatively affected by a decision and to promote equality and cohesion;
 - **support evidence-based policy or decision-making** – EIA is a clear and structured way to collect, assess and present relevant evidence to support decisions; and
 - **making decision-making more transparent** – EIAs must be published where they show there is or is likely to be a substantial impact.

- 4 As well as the PSED, the Equality Act 2010 included provision for a new socio-economic duty for public bodies³. The socio-economic duty came into force in Wales on 31 March 2021. It requires that public bodies, ‘when making decisions of a strategic nature about how to exercise its functions, have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage’. The Welsh Government advises public bodies to consider the socio-economic duty as part of existing processes, including impact assessments. We are currently reviewing local government’s work to tackle poverty, including aspects of the socio-economic duty and the lived experience of people experiencing poverty.

About this report

- 5 We looked at the overall approach to undertaking EIAs in public bodies in Wales. To focus our work, we concentrated on the 44 public bodies originally subject to the Well-being of Future Generations (Wales) Act 2015. The main groups covered by the PSED that we did not include were the education bodies – further and higher education institutions and maintained schools – and Corporate Joint Committees.
- 6 We focused primarily on understanding public bodies’ approaches with a view to finding good or interesting practice and identifying any common areas for improvement. We did not evaluate individual public bodies’ approaches in detail. **Appendix 1** has more detail on our audit approach and methods. Where we identify individual bodies’ practices, this is not to say that they are necessarily alone in having good or interesting practices in that area.
- 7 Parts one to three of this report set out the findings from our consideration of the EIA process at the 44 public bodies. Below, we set out the main areas for improvement we identified. These include issues that go beyond how public bodies are conducting specific parts of the processes and offer insight about the overall approach to assessing the impacts of policies and practices and the underpinning mindset and culture.
- 8 The Welsh Government is currently reviewing the PSED Wales specific regulations. We have framed our key improvement areas and recommendations in the context of the opportunity the review offers to clarify aspects of the overall approach to EIAs in Wales.

3 The duty lay dormant on the statute book as the UK Government did not commence it. The Wales Act 2017 gave new powers to the Welsh Ministers and allowed them to commence the duty in Wales. It covers most types of public bodies subject to the PSED.

Key improvement areas

- 9 Positively, there are examples of good practice in aspects of the EIA process across the public bodies we looked at. There is also non-statutory guidance from the Equality and Human Rights Commission (EHRC)⁴ and on the [Equality Impact Assessment In Wales Practice Hub](#) (the Practice Hub) about the detailed processes for conducting an EIA. Many public bodies use this guidance to shape their approaches. However, there are areas for improvement (**Exhibit 2**).

Exhibit 2: key improvement areas for EIA



Greater clarity over which type of policies and practices must be impact assessed



Greater clarity about the arrangements for assessing the impact of collaborative policies and practices



Greater clarity about expectations to consider the PSED as part of an integrated impact assessment



Better and more timely identification of the practical impacts of decisions on people and how different protected characteristics intersect



More engagement and involvement of people with protected characteristics



Better monitoring of the actual impacts of policies and practices on people



A shift in the mindsets and cultures to move EIA away from being seen as an add-on 'tick box' exercise

4 Equality and Human Rights Commission, *Assessing Impact and the Equality Duty: A Guide for Listed Public Authorities in Wales*, October 2014; and Equality and Human Rights Commission, *Technical Guidance on the Public Sector Equality Duty: Wales*, August 2014.

Greater clarity over which type of policies and practices must be impact assessed

- 10 There is scope for the Welsh Government, working with partners, to clarify its expectations around which type of policies and practices must be impact assessed. As drafted, the Welsh specific duties require public bodies to assess all new policies or practices, or those under review. However, the EHRC's non-statutory guidance recognises that 'policies and practices' is a broad category and says public bodies may need to prioritise. It introduces the concepts of 'proportionality' and 'relevance', which it says public bodies can apply through a process known as 'screening'.
- 11 We think the current position is open to interpretation in terms of whether proportionality and relevance mean public bodies should: (a) prioritise big decisions, like budget decisions or major service change; or (b) prioritise decisions that are likely to have a big impact on certain groups, for example, small scale decisions could have a large impact on one section of the population. Further, many bodies have interpreted proportionality as determining the amount of work needing to be done to assess impacts, rather than whether a policy or practice needs an EIA.
- 12 The EIAs or screening decisions that public bodies publish are usually those that go to their boards or cabinets. They therefore tend to be at the more strategic or impactful end of the scale. While we did not examine in detail practices at individual bodies, we think there is a risk that public bodies may be informally filtering out smaller scale policies and practices that do not require decisions from boards or cabinet, even though they may impact on people with protected characteristics.

Greater clarity about the arrangements for assessing the impact of collaborative policies and practices

- 13 There is scope to clarify how public bodies should do EIAs in an environment of increasing collaboration. The law places duties on individual public bodies. Since the legislation came into force, public bodies are increasingly developing plans and delivering services through collaborative arrangements. The Welsh Government updated the legislation to extend the PSED and Wales specific duties to Corporate Joint Committees in local government, but there are other collaborative arrangements not covered. These include Public Services Boards and Regional Partnership Boards as well as multiple service specific collaborations.

- 14 The Welsh Government has not produced stand-alone guidance on the use of EIAs by collaborative arrangements, although guidance for Public Services Boards highlights EIA requirements for individual public bodies⁵. The EHRC's 2014 guidance predates the creation of many of these arrangements and offers high level advice that there should be a shared approach but does not say how this should work in practice.

Greater clarity about expectations to consider the PSED as part of an integrated impact assessment

- 15 Increasingly, public bodies are integrating their EIAs with other impact assessments. While there is no legal requirement to integrate assessments, the Welsh Government's guidance on the Well-being of Future Generations (Wales) Act⁶ emphasises the opportunities for bodies to integrate their approach to different duties, including those under the Equality Act 2010. Many of the equality officers⁷ we spoke to said that integrating impact assessments led to a streamlined process and a more rounded approach to thinking about impacts. The key downside can be that the assessment is longer and can appear daunting. Our review of EIAs also identified a risk that integrated impact assessments dilute the focus on the impacts of policies and practices on people with protected characteristics.
- 16 Public bodies are inconsistent in what they include in an integrated impact assessment. Mostly, they collate separate assessments in one document, rather than produce a truly integrated analysis of impacts. There is no specific guidance to support public bodies in conducting integrated impact assessments. Many equality officers would welcome clearer guidance from the Welsh Government about its expectations.

Better and more timely identification of the practical impacts of decisions on people and how different protected characteristics intersect

- 17 There are examples of EIAs that clearly identify likely impacts on groups of people. However, many EIAs we reviewed were descriptive. They identified that a policy or practice might impact on a group of people. But they did not show how it would impact people's lives in practice. This makes it more difficult for decision-makers to assess how important the likely impacts are and if any mitigating measures proposed would be sufficient.

5 Welsh Government, Shared Purpose: Shared Future Statutory Guidance on the Well-being of Future Generations (Wales) Act 2015 (SFSP 3: Collective Role (public service boards)), February 2016.

6 Welsh Government, Shared Purpose: Shared Future Statutory Guidance on the Well-being of Future Generations (Wales) Act 2015 (SFSP 2: Individual Role (public bodies)), February 2016.

7 We have used the term 'equality officer' throughout this report to refer to staff in public bodies with specific lead specialist roles for equality, whether that be their full-time job or part of their role. The way these roles are structured, and their seniority, varies.

- 18 In general, public bodies tend to identify negative impacts that they need to mitigate where possible. They are less likely to identify potential ways that the policy or practice could positively promote equality of opportunity and cohesion, even though this is a requirement of the PSED. Few public bodies have fully grasped the complexity of identifying likely impacts of policies and practices. None of the EIAs we looked at considered what is known as 'intersectionality'; the way that different protected characteristics combine. For example, while an EIA may identify impacts for Muslim people, it may not recognise that impacts could be very different for a Muslim woman compared to a Muslim man.
- 19 Many public bodies are thinking about how to identify the cumulative impacts of multiple decisions but few are doing so. Most do not have supporting systems that would enable those conducting EIAs to access the information needed about other decisions.
- 20 Most public bodies' formal processes and guidance say they will start thinking about impacts very early in the policy development process. However, many of the equality officers recognised that in practice EIAs often start late in the process, sometimes very shortly before a decision is due to be taken. This reduces the scope to shape the policy or practice and to mitigate impacts.

More engagement and involvement of people with protected characteristics

- 21 There are examples of public bodies seeking views from people with protected characteristics and drawing on their lived experience as part of the EIA. However, some third sector bodies are concerned that this does not happen nearly enough. We found that where public bodies seek views these often form part of a broader open consultation rather than focussing on specific groups with protected characteristics.
- 22 Some third sector organisations said that listening to people with protected characteristics was the action that would most improve EIAs. National representative public bodies could not always respond to the number of requests to take part in EIAs they receive and did not always have knowledge or information to respond to local issues.

Better monitoring of the actual impacts of policies and practices on people

- 23 Public bodies need to do more to monitor the impact of policies or decisions on protected groups. Equality officers at individual public bodies identified very few examples of public bodies monitoring the actual impacts of a policy or decision once implemented. Those examples put forward generally reflected broader monitoring of a policy's objectives rather than whether the impacts identified in the EIA materialised or whether there were other unanticipated impacts.

A shift in the mindsets and cultures that moves EIA away from being seen as an add-on 'tick box' exercise

- 24 From what we have seen there has not been a sufficient change in the mindset and culture in public services to put issues of equality at the heart of policy making. The mindset revealed by the EIA is often defensive: using EIAs to prove the body has paid due regard to equality in case of political or legal challenge. Often, the EIA seems like an additional 'tick box' exercise to be complied with rather than a tool to promote equality.

Recommendations

Recommendations

Clarifying the scope of the duty to impact assess policies and practices

R1 There is scope for confusion about which type of policies and practices must be subject to an assessment for their impact on the public sector equality duty. **The Welsh Government should clarify its interpretation of the duty, including whether and how it expects public bodies to apply any test of proportionality and relevance.**

Building a picture of what good integrated impact assessment looks like

R2 Many public bodies carry out integrated impact assessments that include consideration of the PSED alongside other duties. But practice is inconsistent and often involved collating multiple assessments in one place, rather than being truly integrated, **to help maximise the intended benefits of integrated impact assessments, the Welsh Government should work with key stakeholders with an interest in the areas commonly covered by integrated impact assessments and those with lived experiences, to share learning and work towards a shared understanding of what good looks like for an integrated impact assessment.**

Recommendations

Applying the equality duties to collaborative public bodies and partnerships

R3 The public sector landscape has changed since the introduction of the PSED and the Welsh specific duties, with an increasing focus on collaborative planning and delivery. **The Welsh Government should review whether it needs to update the Wales specific regulations to cover a wider range of collaborative and partnership arrangements. These include public services boards, regional partnership boards and other service specific partnerships.**

Reviewing public bodies' current approach for conducting EIAs

R4 While there are examples of good practice related to distinct stages of the EIA process, all public bodies have lessons to learn about their overall approach. **Public bodies should review their overall approach to EIAs considering the findings of this report and the detailed guidance available from the EHRC and the Practice Hub. We recognise that developments in response to our other recommendations and the Welsh Government's review of the PSED Wales specific regulations may have implications for current guidance in due course.**



Supporting arrangements for conducting EIAs

01

- 1.1 Conducting an EIA can be complicated. Good support can help make the process of conducting EIAs easier and more effective by having a clearly spelled-out approach and process, underpinned by clear guidance and training. And public bodies can have expert advice to hand to support those involved in assessing the impacts of decisions.

Setting out the organisation's approach to EIA

What we looked for

A clearly spelled-out approach to EIA for the organisation, including whether the EIA should form part of a wider integrated impact assessment.

What we found

Almost all public bodies had a set process for conducting an EIA, although these vary from a stand-alone EIA to producing integrated impact assessments covering a wide and varying range of other legal duties and policy priorities.



Strategic equality plans

- 1.2 All 44 public bodies met the requirement to produce a Strategic Equality Plan (SEP). The SEP must include an organisation's equality objectives, how they will measure progress on meeting objectives, and how they will promote knowledge and understanding of the general and specific duty. The SEP must also set out the public bodies' arrangements for assessing the likely impact of policies and practices on their ability to meet the PSED. However, in our review of SEPs we found that only 17 of the 44 bodies did so and to varying degrees of detail.
- 1.3 A few public bodies have gone further than simply describing arrangements. For example, Conwy County Borough Council's SEP describes in detail its process for EIA, how its Cabinet uses EIAs to support decision-making, and scrutiny committees' role in ensuring the quality of EIAs. The Council's SEP also explains how it has used EIAs to inform its equality objectives.

Organisational approach – integrated and stand-alone assessments

- 1.4 Nearly all public bodies (42 of 44) have a set process for undertaking EIAs. Most said that they put information on intranet sites, alongside supporting documents, contacts and most often a Word template for completion. Our review of EIAs found no standard format across public bodies, although most closely followed the approach set out in the Practice Hub. Members of the North Wales Public Sector Equality Network⁸ have worked together to develop a standard template which most members of the network have adopted at least in part.
- 1.5 In around two-thirds (30 of 44) of public bodies we spoke to, the EIA forms part of a wider integrated impact assessment. There is no common approach to integrated impact assessments and no national guidance on what should be covered. There are some assessments that public bodies commonly include alongside the PSED (**Exhibit 3**). Some include other legal duties as well as policy priorities and practical considerations, such as finance. For example, the Welsh Government's integrated impact assessments sometimes cover climate change impacts, health impacts and economic impacts as well as a wide range of other legal duties, depending on the nature of the policy or practice.

8 The North Wales Public Sector Equality Network is an informal network of public bodies working together to advance equality. Representation includes North Wales local authorities, Betsi Cadwaladr University Health Board, North Wales Police and Police Authority, North Wales Fire and Rescue Service, Welsh Ambulance Services NHS Trust, and Snowdonia National Park Authority.

Exhibit 3: assessments commonly included in an integrated impact assessment alongside the EIA

Well-being of Future Generations	The Well-being of Future Generations (Wales) Act 2015 introduced seven well-being goals for Wales. It also established the sustainable development principle and five ways of working – long-term, integration, involvement, collaboration, and prevention – to demonstrate application of the principle. An integrated impact assessment may also include an assessment of the policy or practice against the seven goals, public bodies' individual well-being objectives and/or the five ways of working specified in the Act.
Welsh Language	The Welsh Language (Wales) Measure 2011 declares that the Welsh language has official status in Wales. It makes provision to promote and facilitate the use of the Welsh language and to treat Welsh no less favourably than English through the Welsh language standards. Part of applying the standards means that public bodies must consider the effects their policy decisions on the Welsh language.
Environmental impacts	There are various duties to carry out environmental impact assessments depending on the nature of the proposed policy or practice. These range from strategic assessments of plans and programmes to assessments of projects that potentially impact on habitats and biodiversity.
UN Convention on the Rights of the Child	The Rights of Children and Young Persons (Wales) Measure 2011 embeds consideration of the United Nations Convention on the Rights of the Child and the optional protocols into Welsh law. The UN Convention consists of 41 articles, which set out a wide range of types of rights including rights to life and basic survival needs, rights to development including education and play, rights to protection, including safeguarding from abuse and exploitation, and rights to participation and express opinions.

Socio-economic	The Socio-economic duty came into force on 31 March 2021. When making strategic decisions, such as deciding priorities and setting objectives, public bodies must consider how they can reduce inequalities associated with socio-economic disadvantage.
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- 1.6 Most integrated impact assessments involve collating separate impact assessments into a document template. Few seem to be a truly integrated impact assessment. Some public bodies are trying to make the connections between assessments and reduce duplication. For example, Carmarthenshire County Council, Powys County Council, Gwynedd Council, Denbighshire County Council and Wrexham County Borough Council have each developed, or are developing, an IT solution to bring together the relevant information needed to inform an integrated impact assessment.
- 1.7 Very few public bodies solely assess the impact on the PSED even when they do not consider their assessments to be integrated. In those public bodies that report having a standalone EIA process, the EIA often also includes Welsh-language and socio-economic impacts.
- 1.8 Previous research has found length is a barrier to the use of impact assessments in decision-making⁹. It was hard for us to judge any EIA or integrated impact assessment as too long as many factors affect the length including the nature of the policy or decision and the number of assessments undertaken. We reviewed some documents that were very long; for example, the integrated impact assessment of the Welsh Government's remote working policy was 45,000 words (average reading time 2.5 hours). The majority for which a word count was easily identifiable ranged between 2,500 and 7,500 words (average reading time 8 to 25 minutes).
- 1.9 Most public bodies that have chosen not to integrate their assessments had considered the option. Reasons for not integrating assessments included a concern that there would be insufficient regard to the PSED. This may be a valid concern. Our review suggests that, in some cases, the PSED is covered in limited detail and appeared secondary to other considerations even though all the public bodies we spoke to who conduct integrated impact assessments felt they sufficiently covered the equality element.

⁹ Grace, C., Reducing Complexity and Adding Value: A Strategic Approach to Impact Assessment in the Welsh Government, Public Policy Institute for Wales, February 2016.

Specialist support and expertise

What we looked for

That there is specialist support and expertise available in the organisation to those conducting EIAs.

What we found

In most cases, policy leads are responsible for conducting EIAs and can access support from colleagues with knowledge in equality related issues and an in-depth understanding of the organisation's process for conducting an EIA.



- 1.10 In almost all public bodies, responsibility to undertake an EIA lies with the lead officer developing or reviewing a policy or practice. This is partly pragmatic, due to the number of EIAs public bodies conduct. Equality officers told us this approach meant that EIAs benefitted from policy leads' expertise on the topic area. However, they identified drawbacks, including the difficulty of ensuring consistency, getting EIAs started at the right time and ensuring quality.
- 1.11 All public bodies have equality officers (or equivalent) with knowledge in general equality issues and a detailed understanding of the organisation's EIA process. In all public bodies, staff conducting EIAs can ask equality officers for guidance when required. EIAs are mostly conducted without the input of an equality officer. The process at Aneurin Bevan University Health Board is one exception to this, where the first step for anyone who thinks they need to undertake an EIA is to contact the Equality Diversity and Inclusion specialist to discuss the proposed policy or practice and agree what actions they need to take, with ongoing support also provided. In smaller public bodies, where an EIA is more likely to relate to staff policies and decisions, the lead for conducting the EIA is frequently an HR officer who is also the equality officer.

Guidance to support those conducting an EIA

What we looked for

That there is guidance to support those conducting an EIA, setting out what they need to do and when, in line with the duties and their organisation's chosen approach.

What we found

There is non-statutory national guidance and support available setting out some good practice in the stages of an EIA, although there are gaps, notably in terms of integrated impact assessments. Most public bodies have also produced their own guidance to support their EIA process.



External guidance

- 1.12 The Welsh Government has not published statutory guidance on the application of the PSED in Wales or the Welsh specific duties. The EHRC published non-statutory guidance on the Welsh specific duties in 2014. Welsh Government guidance encourages public bodies to integrate different duties. But there is no specific national guidance on how to conduct integrated impact assessments and what should be included.
- 1.13 The Welsh Government, Welsh Local Government Association, and NHS Centre for Equality and Human Rights jointly developed the Practice Hub in 2015-16. This online resource provides information and support to public bodies in Wales to undertake EIAs. It provides a detailed eight step guide to good practice in undertaking EIA and gives information on the Welsh specific duties.

Internal guidance

- 1.14 Internally, most public bodies have produced guidance to support their EIA process. The format and detail of the guidance and quality vary across public bodies. Some provide step-by-step guidance which outlines the process and steps for completing an EIA. Some embed practical information and links within templates.
- 1.15 A few public bodies do not provide guidance on their individual processes. Some of these provide direct one-to-one support from an equality officer (or equivalent) to the individual completing the assessment. Others signpost staff to the external guidance on the Practice Hub.

Training

What we looked for

That training on conducting an EIA is available for staff involved in developing EIAs and those that use them for decision-making.

What we found

Most public bodies offer training to those involved with EIAs through a variety of media.



- 1.16 Around two-thirds (31 of 44) public bodies we spoke to provide formal training to officers who are likely to complete or have an interest in EIA. This training frequently extends to elected members, board members and decision-makers.
- 1.17 Methods of training vary. Some offer face-to-face delivery of training, with much of this via video calls since the start of the COVID-19 pandemic. Many public bodies include online modules and e-learning tools on equality, and EIAs as part of their general staff training. Those public bodies that do not offer formal training nevertheless provide one-to-one support to individuals conducting EIAs and upskill them through the process.

Quality assurance

What we looked for

An approach to ensuring the quality of the EIA process.

What we found

Half of public bodies had an approach to quality assurance, which varied from a simple sign-off on individual EIAs to more comprehensive peer learning to support improvement of the whole EIA process.



- 1.18 Half (22) of the public bodies have a quality assurance process in place for their EIA. The approach varies greatly. For some, quality assurance is about the quality of individual EIAs. Some require an EIA to be signed off by a senior officer. In Cardiff and Vale University Health Board, the lead officer conducting the EIA will work with an equality officer and a representative from Public Health Wales to review and interrogate the content of the EIA during its development. Other public bodies have begun to take a 'peer review' approach to developing EIA with input from experts from across the organisation.
- 1.19 A small number of public bodies use quality assurance to test the quality of their overall approach. For example, the Arts Council of Wales conducts an annual sample review of EIAs and uses the findings to improve the process.



Assessing impacts



02

- 2.1 The Wales specific duties require listed public bodies to assess the likely impact of proposed policies and practices, or those under review, on their ability to comply with the PSED. In doing so, they must have regard to certain types of information that they hold and meet specific requirements to engage with people or organisations that represent people with one or more protected characteristics. EHRC guidance and the Practice Hub set out in detail the steps public bodies can take to fulfil these requirements.

Screening

What we looked for

A clear approach to determining if an equality impact assessment is required.

What we found

Just over half of public bodies have a process for screening although many have stopped using screening, some due to risk of confusion or 'gaming' by staff.



- 2.2 There are no statutory exemptions setting out policies and practices that do not need to be assessed. However, the EHRC guidance and the practice hub include a 'screening' process to determine which policies or practices should have a full EIA.
- 2.3 Just over half (24 of 44) of public bodies we spoke to said that they have a screening process. Screening is most often a document template which an officer developing or reviewing a process or policy uses to determine whether they anticipate any impact on protected groups. The approach ranges in practice from a separate short impact assessment to a set of screening questions at the beginning of the full assessment template which determine whether to proceed with the full EIA.
- 2.4 Where a body decides it does not need a full EIA, they will usually retain a copy of the screening tool as evidence that it has considered the PSED. Most public bodies with a screening process will document the decision not to go ahead with a full EIA in the supporting papers that go to the cabinet or board.

- 2.5 Most often, the policy lead keeps the detailed record of screening. However, a few public bodies are trying to strengthen practice and ensure central records are maintained. For example, Cardiff Council has developed an online assessment tool to support policy leads through the process and encourage consideration of impact at the earliest stages of policy development. As well as sending advice and guidance to the officer completing the online assessment, the tool also sends a copy of the screening information to the equality officers.
- 2.6 The 20 public bodies who do not have a screening process had often consciously removed the screening step. Many said screening was an unnecessary step, as there are very few of their decisions that will not have potential to impact on the PSED. Some public bodies said that there was also scope for confusion, with lead officers completing a screening form, thinking it was an EIA. Others were concerned that some officers may 'game' the process: tailoring their responses to screening in a way designed to result in a decision that no further assessment was required.
- 2.7 Those public bodies that do not have a screening process usually provide additional guidance or a process chart, clarifying when to conduct a full EIA. All public bodies also offer the lead officer an opportunity to consult with an equality officer.

Timing

What we looked for

EIAs being started at an early stage to inform the development of a policy or decision.

What we found

All public bodies intend to carry out an EIA as early as possible, but many recognise this is often not the case in practice, and in some cases EIAs are very late in the policy development or decision-making process.



- 2.8 All 44 public bodies intend that EIAs should be started as early in the development or review of a policy as possible. But many public bodies acknowledged that this often does not happen in practice.
- 2.9 The timing of EIAs is affected by whether policy leads know that they are required to do an EIA and if resources – staff and time – are available at the appropriate point. Sometimes, if public bodies must make decisions very quickly, they either do not do an EIA or do them late in the decision-making process. This can be too late to consider changing a policy to lessen any possible negative impact or to build on positive impacts.
- 2.10 Decisions at the start of the COVID-19 pandemic were often made without an EIA. This reflected the urgency of decisions but meant that the impact on vulnerable people was not formally assessed. In August 2020, the Senedd’s Equality, Local Government and Communities Committee¹⁰ recommended that the Welsh Government should ensure that each major policy or legislative decision is accompanied by an effective equality impact assessment, and an analysis of the impact on human rights. The Welsh Government accepted the recommendation, and since August 2020 has published dozens of impact assessments related to the COVID-19 pandemic on its website.

¹⁰ Senedd Equality, Local Government and Communities Committee, Into sharp relief: inequality and the pandemic, August 2020.

- 2.11 In most public bodies, papers accompanying decisions that go to cabinets or boards contain a box or section that refers to consideration of the equality duties. This serves as a backstop to prevent public bodies from making decisions without any regard to the duties, even though this generally would be very late in the process.

Use of evidence

What we looked for

Use of a range of evidence to support the assessment, including the views of those likely to be impacted and data on lived experience.

What we found

Public bodies use a mix of evidence, although there are gaps in available data on some protected characteristics and the inclusion of the views and lived experiences of people with protected characteristics is patchy.



Quantitative data

- 2.12 EIAs need a sound evidence base to inform their conclusions. The depth and detail of the information base vary across organisations and by assessment. The depth of information and analysis often depends on the scale of the decision and the availability of relevant and specific evidence.
- 2.13 All public bodies expect to include some quantitative data, such as demographic information or service level data. Around two-thirds (29 out of 44) of public bodies include at least some examples of internal information sources and point to publicly available data in their guidance and templates. Some go further. For example, Merthyr Tydfil County Borough Council includes in its guidance a detailed list of sources where policy leads can find relevant evidence, with embedded links to external data sources.
- 2.14 There are some significant data gaps in the data that is available to public bodies. Generally, there is little information available about some protected characteristics, particularly sexual orientation, gender reassignment, and pregnancy and maternity. Data that is available at a national level is sometimes not available at a health board, council, or ward level, which makes it difficult for public bodies to understand their local populations with protected characteristics.

Qualitative information

- 2.15 The inclusion of qualitative information based on the views and experiences of people with protected characteristics is also patchy. When introducing new policies or changing services public bodies often undertake a consultation exercise. In the examples we saw, these were often targeted to the public in general, and it was difficult to see if the public body had sought to engage specifically with people from protected groups.
- 2.16 Nonetheless, we did see examples of EIAs where evidence from engagement with groups was covered. For example, when Snowdonia National Park Authority undertook an EIA on its communication and engagement strategy, the assessment considered how the strategy could engage with people who speak languages other than English or Welsh. It also considered impacts on those who were digitally excluded, a group that is more likely to include older people and more women than men.
- 2.17 Some respondents to our general call for evidence said that drawing more on the views and experience of people with protected characteristics would improve the quality of EIAs. This includes engaging with individuals and grassroots organisations as well as national organisations representing protected groups. Some respondents said that public bodies should do more to publicise consultations by a range of means, including but not restricted to social media.
- 2.18 Some all-Wales third sector bodies responding to our call for evidence said that they were often asked to provide views for EIA and that some cannot respond to all the requests they receive. Sometimes they do not have information on local services and impacts.
- 2.19 A few public bodies are trying to draw on the lived experience of people with protected characteristics through different forms of consultation. Some use existing networks for staff with protected characteristics to understand different perspectives. Others, draw on existing relationships with third sector groups to understand the lived experience.

Identifying and mitigating likely impacts

What we looked for

Clear identification of likely impacts, including positive impacts in promoting equality, as well as negative ones.

Some consideration of cumulative impacts arising from other decisions that impact the same group or groups and how different protected characteristics combine (intersectionality).

Clear recommendations for mitigating negative impacts that have been acted on before the decision is made.

What we found

While there are examples of public bodies identifying specific impacts, often EIAs describe impacts in very broad terms. Very few identify the cumulative impacts of multiple decisions on groups or consider how different protected characteristics intersect. Very few can show how recommendations for mitigating impacts are followed through.



Specific impacts

- 2.20 Positively, our review of EIAs found examples of public bodies clearly identifying specific likely impact of policies or practices on protected groups. However, many EIAs included statistics to describe the population of people with protected characteristics without being clear how the policy or practice would likely impact on them. We also observed a tendency for EIAs to focus on negative impacts, thereby missing positive impacts and opportunities to improve cohesion and reduce inequalities.
- 2.21 We found that most EIAs reviewed provided data and information on each protected group separately. For example, the EIA on Conwy County Borough Council's Older Peoples' Domiciliary Care Finance and Commissioning Project set out the likely impact on people with each protected characteristic.

2.22 Most public bodies' approaches to EIA involve making recommendations to overcome negative impacts. Public bodies should incorporate mitigating actions into the policy development process, recognising it is not always possible to mitigate all negative impacts, such as with reductions in service. Very few public bodies have a process in place to track whether they have implemented the mitigating actions, after a decision is taken. In Hywel Dda University Health Board, the EIA has an associated action plan with a review date. In Aneurin Bevan University Health Board the Equality, Diversity, and Inclusion specialist keeps a database of actions arising from EIAs for monitoring purposes.

Intersectionality

2.23 Increasingly, it is understood that inequality is intersectional. People's characteristics interact in a complex way to give a unique experience of inequality. For example, the experience of a Muslim woman cannot separate 'female' and her experience as a Muslim. It will differ from that of a Muslim man and of a non-Muslim woman. However, we did not see examples of such nuanced understandings of inequality in the examples we reviewed.

Cumulative impacts

2.24 Public bodies in Wales make many decisions each year that, taken together, can be very detrimental to people from protected groups. For example, one respondent to our call for evidence gave the example of how individual decisions to reduce or close facilities and services such as public toilets, library services, day centres, and bus services had a cumulative impact on many older people who use the services. They said that, while each individual decision might not be significant, together they meant that some older people were becoming isolated.

2.25 The few instances we found where public bodies have begun to give thought to cumulative impacts tend to be when public bodies are making several decisions at the same time. For example, councils usually undertake a cumulative approach to assessing the impacts of their proposed budget each year. Individual service changes being proposed because of budget changes are assessed simultaneously allowing a better overview of potential impacts for the budget.

2.26 Typically, however, public bodies make decisions separately. One of the respondents to our call for evidence to decision-makers highlighted that it is difficult in principle to predict the likely impacts of multiple decisions in a complex landscape. Practically, the ability to take account of impacts from other decisions relies on the policy lead knowing about other decisions within an organisation and having access to the EIAs. A small number of public bodies are trying to address this information gap by using an IT solution to undertake the EIA (**paragraph 1.6**). This way, the assessment of impact for each policy change and decision is held centrally, making it easier for policy leads to bring together the information.

Decision-making

What we looked for

That the EIA and likely impacts it identifies are considered at the point of decision-making.

What we found

Equality officers' views varied around the extent to which their organisations prioritised the EIA in decision-making. Most respondents to our general call for evidence said public bodies did not pay sufficient regard to protected characteristics. The small number of responses from decision-makers suggest a view that the EIA is seen as a 'tick box exercise'.



- 2.27 The consideration given to EIAs in decision-making varies across public bodies in Wales. In general, equality officers felt that decision-makers take assurance in knowing that the policy lead has completed an EIA. Decision-makers will have access to a summary or the complete EIA accompanying each decision in their cabinet or board papers.
- 2.28 The equality officers we spoke to had mixed views over the extent to which their organisations placed sufficient weight on the EIA in decision-making. Over three-quarters of respondents to our general call for evidence who answered the question (29 of 37) disagreed that public bodies in Wales give appropriate due regard to people with protected characteristics when developing policies or making changes to services.
- 2.29 Generally, equality officers were not aware of instances where decision-makers challenged the content or recommendations of an EIA at the point of decision. Most felt that the accompanying EIA should have considered and shaped the policy sufficiently that there would be no need for such challenge at that late stage.
- 2.30 We only received ten responses to our call for evidence from decision-makers. While it is hard to draw conclusions from such a limited evidence base, it is notable that three of the ten referred to EIAs being used like a 'tick box'.



Reporting and monitoring impacts

03

- 3.1 Public bodies must publish reports of the assessments where they show a substantial impact (or likely impact) on their ability to meet the PSED. They must also monitor the actual impact of the policies and practices subject to an equality impact assessment.

Reporting

What we looked for

Public information about decisions and a clear description of how the EIA has influenced the decision-making.

What we found

Most public bodies publish some of their EIAs as part of a wider set of papers and they are often not easy to find.



- 3.2 Almost all public bodies in Wales publish their EIAs, at least in part. Typically, they publish EIAs with decision-related papers, such as cabinet or board papers. There is usually a section on the body's website which holds all the papers for each meeting and is accessible to the public¹¹. There are a few exceptions in some of the smaller public bodies, who do not routinely publish their EIAs.
- 3.3 It can often be difficult to find EIAs which relate to a specific decision on public bodies' websites. The EIAs which feature more prominently and are easier to locate often relate to strategic decisions such as budgets or key corporate strategies. Newport City Council have tried to bring EIAs into a central location on their website to make them more easily accessible, while recognising that this approach relies on the individuals completing EIAs sharing them for publication, which sometimes does not happen.

11 In some instances, bodies do not publish EIAs if they form part of a paper that is held back from publication due to its confidential or sensitive nature. However, these EIAs can sometimes be obtained via a Freedom of Information request if someone has a particular interest in seeing them.

Monitoring impacts

What we looked for

A clear approach to monitoring the impacts of the decision after it is implemented, including those identified as part of EIA as well as any unexpected impacts.

What we found

Very few public bodies monitor the impact of the decisions in the context of the PSED.



- 3.4 Some public bodies require those completing EIAs to identify a review date when monitoring is supposed to occur. We saw examples where EIAs set out plans for monitoring. For example, a Powys Teaching Health Board EIA included plans for monitoring service use after a change in surgery opening hours and for an independent evaluation of the service change. Also, Conwy County Borough Council's EIA for its review of domiciliary care included detailed arrangements for monitoring the impact using data and information that are routinely reported, including individual feedback from people receiving care.
- 3.5 However, equality officers had seen little evidence of the impact of policies and practices being monitored in light of the EIA. Those public bodies that outlined a monitoring process were often referring to the monitoring of an implementation of a policy or practice against its objectives or targets, not the impact that the decision had on people with protected characteristics.
- 3.6 In general, public bodies do not consider the impacts of policies and practices in terms of the PSED until there is another decision due on the same policy or practice. At that point, the body conducts a new EIA. Many of the equality officers we spoke to seemed unsure about how, in practice, they would monitor the impact of a decision on protected groups and would welcome more guidance.

Challenging EIAs

What we looked for

That the organisation identifies and applies lessons from any challenge to decisions on the basis of equality or the quality of the EIA.

What we found

Many equality officers did not think there had been any challenges to EIAs conducted by their organisation, but where there has been challenge some public bodies are using it as a learning opportunity.



- 3.7 Decisions made by public bodies can be challenged based on the EIA. Public bodies that do not have a clear record showing that they have considered the likely impacts of their decisions for people with protected characteristics leave themselves open to challenge. This could potentially include a judicial review. Some equality officers did not know what process someone would use to challenge an EIA. The majority said that any challenges would go through their general complaints process, with the involvement of the relevant service, equality officers and legal team.
- 3.8 Many equality officers thought there had not been any challenge to an EIA conducted by their organisation. Those that were aware of challenge taking place said that it was something that happens infrequently. Almost half of respondents to our general call for evidence who answered the question (17 of 35) said they had challenged some aspect of an EIA. We do not know if this was a formal or informal challenge.
- 3.9 Equality officers who had experienced challenge to an EIA said their organisation can resolve the issues either by making changes to a policy or practice, or by providing evidence that they had considered the impacts. Respondents to our general call for evidence gave examples of issues they raised being resolved. For example, one had objected to the EIA conducted on a new bus interchange because the council had not sought the views of people with protected characteristics on the proposals. Following their intervention, people with low vision visited the site and suggested changes to make the interchange more accessible.

3.10 While there are positive examples of public bodies responding to challenge, several respondents to our general call for evidence who had challenged aspects of an EIA reported not receiving any response to their challenge. A few equality officers told us that their organisation had learnt from the experience of having an EIA challenged. One had used examples of challenge from other public bodies to inform its EIA training as a particularly useful way of making impacts more easily understood to lead officers conducting EIAs.



Appendices

1 Audit approach and methods

1 Audit approach and methods

Audit approach

Our main aim was to provide insight about the approach to EIAs undertaken across the public sector in Wales. We wanted to highlight good practice and identify opportunities to improve. To help shape our thinking about what good practice to look for, we drew heavily on existing guidance materials, in particular that produced by the Equality and Human Rights Commission (EHRC) and the [Equality Impact Assessment in Wales Practice Hub](#) hosted by Public Health Wales NHS Trust.

We set out to explore to what extent public bodies have integrated their approach to undertaking EIAs, including the new socio-economic duty and the cumulative impact of decisions. We also explored what difficulties public bodies experience that affect the quality and timeliness of EIAs. We looked at how public bodies monitor the impact of decisions on their population. Each of the sub-sections in the main body of this report describes what we were looking for through our work.

In looking across the public bodies, we focused on the 44 public bodies originally subject to the Well-being of Future Generations (Wales) Act 2015. The Auditor General for Wales is the external auditor of each of these bodies, which include local authorities, health boards and some NHS trusts, national parks, and fire and rescue services. They also include the Welsh Government and some of its sponsored bodies. Our audit coverage did not include education bodies – further education, higher education or maintained schools – that are subject to the PSED. It also did not include the four Corporate Joint Committees (CJCs) established by the Local Government and Elections (Wales) Act 2021 and which are subject to the PSED.

Audit methods

Document review: We reviewed documents from each of the 44 public bodies, including those relating to the equality plans and details of the organisation's EIA process. We also reviewed details of their process for integrated impact assessments. We reviewed a sample of 29 EIAs provided by public bodies: 11 by local authorities, eight by health bodies, two fire and rescue, two national parks and six by the Welsh Government or its sponsored bodies.

Interviews: We interviewed the equality officers or their equivalent in each of the 44 bodies. We have used the term 'equality officer' throughout this report to refer to staff in public bodies with specific lead specialist roles for equality, whether that be their full-time job or part of their role. The way these roles are structured, and their seniority, varies.

Call for evidence: We sought wider views about people's experience of EIAs through a call for evidence between October 2021 and June 2022. We publicised this generally and in particular to third sector organisations. We received 40 responses, 23 from individuals and 15 responding on behalf of an organisation (two did not say).

We also sought the views of decision-makers through a separate call for evidence open between February and June 2022. We received ten responses (eight from individuals working in local authorities, one health and one fire and rescue).

While the responses we received to the calls for evidence are not necessarily representative of individuals, the third sector or decision-makers, they have provided useful detail which we have included through the report and which informed our overall analysis.

Stakeholder engagement: The EHRC is responsible for promoting and enforcing equality and non-discrimination laws. We met with officials in the EHRC Wales Team regularly throughout our work, discussing our scope and emerging findings. We also met with the Welsh Local Government Association's equality network and the Chair of the All-Wales NHS Equality Leadership Group. We interviewed officials from the Welsh Government with responsibility for equality policy.

Wider audit intelligence: We drew on existing intelligence from our local financial and performance audit work, where that was relevant to equality impact assessments.



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Council Response Form

Council action planned in response to the recommendations issued by Audit Wales

Council: Ceredigion County Council

Report title: Equality Impact Assessments: more than a tick box exercise?

Issue date: September 2022

Document reference:

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p>Clarifying the scope of the duty to impact assess policies and practices</p> <p>There is scope for confusion about which type of policies and practices must be subject to an assessment for their impact on the public sector equality duty. The Welsh Government should clarify its interpretation of the duty, including whether and how it expects public bodies to apply any</p>	Not applicable as this recommendation is for Welsh Government, not the Local Authority.		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	test of proportionality and relevance.			
R2	<p>Building a picture of what good integrated impact assessment looks like</p> <p>Many public bodies carry out integrated impact assessments that include consideration of the PSED alongside other duties. But practice is inconsistent and often involved collating multiple assessments in one place, rather than being truly integrated, to help maximise the intended benefits of integrated impact assessments, the Welsh Government should work with key stakeholders with an interest in the areas commonly covered by integrated impact assessments and those with lived experiences, to share learning and work towards a shared understanding of what good looks like for an integrated impact assessment.</p>	Not applicable as this recommendation is for Welsh Government, not the Local Authority.		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R3	<p>Applying the equality duties to collaborative public bodies and partnerships</p> <p>The public sector landscape has changed since the introduction of the PSED and the Welsh specific duties, with an increasing focus on collaborative planning and delivery. The Welsh Government should review whether it needs to update the Wales specific regulations to cover a wider range of collaborative and partnership arrangements. These include public services boards, regional partnership boards and other service specific partnerships.</p>	<p>Not applicable as this recommendation is for Welsh Government, not the Local Authority.</p>		
R4	<p>Reviewing public bodies' current approach for conducting EIAs</p> <p>While there are examples of good practice related to distinct stages of the EIA process, all public bodies have lessons to learn about their overall approach. Public bodies</p>	<p>Our current IIA template is structured around the seven National Well-being goals. The equalities section is completed as part of the goal to create a 'more equal Wales'.</p> <p>We have reviewed our IIA tool and used the findings from the Audit Wales report and Welsh Government's review of their guidance to inform the process. As a result, the format of the template has been revised and</p>	Complete	Alun Williams

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>should review their overall approach to EIAs considering the findings of this report and the detailed guidance available from the EHRC and the Practice Hub. We recognise that developments in response to our other recommendations and the Welsh Government’s review of the PSED Wales specific regulations may have implications for current guidance in due course.</p>	<p>additional guidance tips and background information have been included in order to ease the process of completing the IIA.</p> <p>The revised IIA tool was scrutinised by Overview & Scrutiny Co-ordinating Committee on 11/09/23 and approved by Cabinet on 03/10/23. It is now available on our intranet for all staff to use.</p> <p>Ceredigion County Council has joined the Equality and Human Rights Exchange network and refers regularly to the Practice Hub to ensure continued improvement of our practice.</p>		

Springing Forward – Strategic Workforce Management – Ceredigion County Council

Audit year: 2021-22

Date issued: May 2022

Document reference: 2971A2022

This document has been prepared for the internal use of Ceredigion County Council as part of work performed/to be performed in accordance with Section 17 of the Public Audit (Wales) Act 2004, and Section 15 of the Well-being of Future Generations Act (Wales) 2015].

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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.

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The Council has a clear understanding of how the workforce will need to evolve to deliver its priorities, accelerated in part by the pandemic, and it is aware of where it needs to strengthen its arrangements and is taking steps to manage the associated risks 7

The pandemic has accelerated the move to new ways of working and promoted positive operational and cultural changes within the Council. Continuing to embed these will help it to manage its known workforce risks and support the delivery of its priorities 7

The Council has well developed plans, monitoring, review and improvement arrangements for its workforce 9

Whilst the Council is financially stable, it is aware that projected future efficiency savings represent an ongoing challenge to investing in and continuing to deliver its transformation ambitions at pace 10

The workforce arrangements put in place by the Council to deal with the pandemic have helped to strengthen existing partnerships and promoted further improvements in joint working across key service areas 11

The Council has made use of available workforce benchmarking and learning to support specific workforce decisions and recognises it needs to further strengthen these areas 11

Summary report

Summary

What we reviewed and why

- 1 As the world moves forward, learning from the global pandemic, this review has looked at how the Council is strengthening its ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 2 We reviewed the Council's strategic arrangements for managing its workforce. For the workforce, our focus has been on the challenges and opportunities that have been exacerbated and accelerated by the pandemic.
- 3 We looked at how the Council strategically plans to use its workforce, how it monitors their use and how it reviews and evaluates the effectiveness of its arrangements.
- 4 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015, we recognised that it would take time for public bodies to embed the sustainable development principle, but we also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is now approaching seven years since the Well-being of Future Generations Act was passed and we are now into the second reporting period for the Act. Therefore, we would now expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 5 This project had three main aims:
 - to gain assurance that the Council is putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that the Council is taking both individually and in partnership to strengthen its arrangements as well as further embed the sustainable development principle; and
 - to inspire the Council and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.
- 6 This is important because Ceredigion County Council has the following workforce profile:
 - 66% of the workforce are female and 34% male.
 - 57% of the workforce are over the age of 44. The largest single group within this percentage is in the 45-54 years-old category, which represents 28% of the workforce.
 - nearly 18% of its leavers are in the 16-24 years-old category.
 - 2.2% declare that they have a disability whilst 31.1% preferred not to say.

- 76.9% chose 'White' as their ethnicity, followed by 'Other ethnic group' (0.4%), 'Black/African/Caribbean' (0.2%), 'Mixed ethnicity' (0.2%), and 'Asian' (0.2%). 22% of the workforce chose 'prefer not to say'.

7 We undertook the review during the period January 2022 to March 2022.

What we found

8 Our review sought to answer the question: Is the Council's strategic approach to workforce strengthening its ability to transform, adapt and maintain the delivery of its services in the short and longer term?

9 We have concluded that the Council has a clear understanding of how the workforce will need to evolve to deliver its priorities, accelerated in part by the pandemic, and it is aware of where it needs to strengthen its arrangements and is taking steps to manage the associated risks.

10 We reached this conclusion because:

- the pandemic has accelerated the move to new ways of working and promoted positive operational and cultural changes within the Council. Continuing to embed these will help it to manage its known workforce risks and support the delivery of its priorities.
- the Council has well developed plans, monitoring, review and improvement arrangements for its workforce.
- whilst the Council is financially stable, it is aware that projected future efficiency savings represent an ongoing challenge to investing in and continuing to deliver its transformation ambitions at pace.
- the workforce arrangements put in place by the Council to deal with the pandemic have helped to strengthen existing partnerships and promoted further improvements in joint working across key service areas.
- the Council has made use of available workforce benchmarking and learning to support specific workforce decisions and recognises it needs to further strengthen these areas.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
R1	Workforce vision and planning The Council's workforce vision, planning and monitoring could be strengthened by: <ul style="list-style-type: none">• refreshing its corporate workforce vision;• having a clearer integration with its tier one annual Business Planning process;• an annual review of its strategic workforce plans;• developing a more comprehensive picture of workforce skills and competencies;• more clearly demonstrating how it consistently uses the sustainable development principle to support the delivery of its workforce planning; and• developing specific targets and timescales for its Hybrid Working Strategy success measures.
R2	Benchmarking The Council should undertake more routine workforce benchmarking to strengthen its business planning and self-assessment arrangements.

Detailed report

The Council has a clear understanding of how the workforce will need to evolve to deliver its priorities, accelerated in part by the pandemic, and it is aware of where it needs to strengthen its arrangements and is taking steps to manage the associated risks

The pandemic has accelerated the move to new ways of working and promoted positive operational and cultural changes within the Council. Continuing to embed these will help it to manage its known workforce risks and support the delivery of its priorities

- 11 During 2020-21, the Council established a critical incident command structure, this structure facilitated how the Council made the best use of its workforce and assets to respond to the pandemic and to keep people safe.
- 12 Also, in response to the pandemic's legal requirements to work from home, significant numbers of the Council workforce moved to agile working, with many key services being available within 48 hours of this decision. Whilst agile working was an existing objective within the Council's Workforce Plan, the pandemic accelerated this change.
- 13 As a result, and to manage the significant changes to how the Council makes use of its assets and workforce – both now and in the future – it established a Way we Work Project – now called the New Ways of Working Project. Through extensive consultation with staff, the New Ways of Working project has developed a Hybrid Working Strategy. The Council is developing the way it will deliver the ambitions for hybrid working including projects to consider:
 - the future footprint of the workspace with the immediate focus of this being on the modifications planned for the main Council building in Aberaeron;
 - designing Hub working environments for staff and Council Members;
 - the right digital platforms to support these changes;
 - work to support a better customer experience and how customers/citizens can continue to access the services they need, such as the proposals for digitally enabled virtual meeting spaces in the Council's main libraries;
 - changes to Human Resources policies and procedures to reflect the new hybrid landscape; and
 - virtual learning and improved electronic Human Resources software to support staff and managers in the new agile environment.

- 14 The way in which the Council has and is planning to use its workforce has become more integrated between and within services. This has been helped by the changes to job descriptions to allow greater flexibility for staff to move between roles. This flexibility is an important principle for the transformation being undertaken across adult and children services in the new Through Age Wellbeing Model.
- 15 The Council has told us that the pandemic has also seen a change in the culture of volunteering and flexible working, with very positive responses to recent volunteering campaigns and staff supportive of being redeployed to support other services if needed.
- 16 Other workforce changes brought about by the pandemic have included:
- the acceleration of IT skills across all levels of staff;
 - a legacy of skilled staff from the Ceredigion Track, Trace and Protect team;
 - the appointment of a health professional as a Health and Wellbeing Manager; and
 - mapping community services and continuing to support community groups that were established during the pandemic.
- 17 The Council's single biggest impact on its current and future workforce will be the embedding of its Through Age Wellbeing Model. This transformation programme around social care (adults and children) has and will continue to look at new ways of working, rebalancing its services to shift need from the high-cost intensive services to lower-cost early intervention preventative investment. In doing so, it is expected that this will have a significant positive impact on service users' personal resilience and wellbeing, as well as ensuring that these services are financially sustainable for the future. The pandemic has been a catalyst for an increased speed of change to this new model.
- 18 The Council is aware of several key workforce risks and is managing these to ensure that it can deliver on its priorities, these include:
- the changed needs of citizens as a result of the pandemic and how this changed landscape might impact the workforce planning for the Through Age Wellbeing Model;
 - capacity to concurrently support major corporate changes;
 - sickness absence increases because of COVID-19 and longer-term conditions due to 'long COVID';
 - the ability to recruit and retain staff within the social care sector. The Council told us that some Through Age Wellbeing teams have a vacancy rate of 30%, and that it is already taking steps to try and mitigate this risk. For example: through working with Aberystwyth University to develop training for social care, developing their own staff by increasing the number of social care apprenticeships and by staff working co-operatively and flexibly across the Through Age Wellbeing Model.

The Council has well developed plans, monitoring, review and improvement arrangements for its workforce

- 19 The Council has well developed planning, monitoring and governance arrangements for its workforce which have been supported by:
- undertaking a detailed workforce assessment in 2017, based on current and future requirements, using a Strategic Workforce Development Toolkit;
 - having a Strategic Workforce Plan 2017-2020 which is aligned to the corporate priorities and includes a detailed action plan;
 - ensuring that workforce planning is a primary business planning objective within the key transformative services;
 - workforce planning progress updates presented to the Corporate Resources Committee in October 2019;
 - key workforce objectives and metrics regularly monitored and challenged at the Council's Quarterly Performance Boards;
 - the Council's 2017-2022 Corporate Strategy identifying Workforce Planning as one of the key strategies for delivering the Council's priorities;
 - specific work undertaken as part of the Through Age Wellbeing Model to align citizen need and future workforce models;
 - using data to help shape workforce changes such as in the development of a centralised customer contact service; and
 - developing a Health and Wellbeing Strategy 2021-2027 as a direct response to its staff Health and Wellbeing Survey undertaken in November 2020.
- 20 To support the Council's decision making it has developed an Integrated Impact Assessment. This assessment requires all key decisions and policies to be considered in the light of their impact on the Council's key statutory obligations such as: the Well-being of Future Generations Act, the Socio-Economic Duty and Equality Duty.
- 21 The Council is working to further improve its workforce planning by ensuring that the next iteration of its Strategic Workforce Development tool and the resultant Strategic Workforce Plan:
- reflects the changed environment since it was last completed in 2017;
 - has a clearer integration with the tier one annual Business Planning process;
 - is reviewed at least on an annual basis;
 - builds a more comprehensive picture of skills and competencies;
 - more clearly demonstrates how it consistently uses the sustainable development principle to support the delivery of these future strategies; and
 - reflects any changes to the vision for its workforce since 2017.

- 22 The Council's Draft Hybrid Working strategy has identified several high-level metrics that will be used to measure its success. It will be important for these to have specific targets and be monitored as part of the Council's current performance planning process.
- 23 The timeframes for the Council's strategic review of its workforce planning align with local election cycles. However, many of the transformative changes within the workforce related plans are focused on addressing systemic issues over a much longer time horizon. For example: the Through Age Wellbeing Model which is transforming the Council's workforce in this area, to deal with longer-term need.

Whilst the Council is financially stable, it is aware that projected future efficiency savings represent an ongoing challenge to investing in and continuing to deliver its transformation ambitions at pace

- 24 Our Financial Sustainability report (June 2021)¹ highlights that overall – ‘The Council remains financially stable and is focussed on future challenges and [that] the Council has a good track record of meeting its overall annual budget although there continues to be significant overspends in Social Care. The Council has a good track record of meeting savings targets, however, delivering the required savings will be more challenging going forward specifically in relation the savings in social care.’
- 25 The Council's latest Medium Term Financial Plan 2021-22 to 2024-25 highlights that:
- the Council is required to save at least £15 million by March 2025; and
 - there are some financial risks related to the cost of the Council's workforce, such as pension cost pressures, that are likely to continue due to people living longer, mitigated in some part by new regulations requiring higher pension contributions from employees.
- 26 Whilst there is clear member support for delivering the Through Age Wellbeing Model ambitions, the Council recognises the scale and pace of the significant cost savings required to fund this new approach and other challenges such as:
- the changing needs of the population due to the pandemic – the impact of this is still being evaluated;
 - the requirement to continue to fund care for existing citizens under the old approach whilst still having to reallocate monies to early intervention and prevention during the transition period of the model;
 - factors outside of the Council's control such as the trend for an aging population relocating to Ceredigion; and

¹ Audit Wales, [Ceredigion County Council – Financial Sustainability Assessment](#), June 2021

- recruiting skilled social care staff to service the new approach.

The workforce arrangements put in place by the Council to deal with the pandemic have helped to strengthen existing partnerships and promoted further improvements in joint working across key service areas

- 27 The Council told us that the collaborative public sector response to the pandemic has strengthened some existing relationships, such as those with the Health Board, Registered Social Landlords and Private Care homes.
- 28 At the heart of the Council's Through Age Wellbeing Model is the use of collaborative and co-productive principles, whilst working collaboratively across the internal teams, Health Sector, Third Sector and with other external partners. These include the planned collaboration with other bodies and groups around the development of the Lampeter well-being centre. It is also working with local micro businesses to support the delivery of specific support and thereby promoting a wider positive economic impact.
- 29 There are also several other examples of where the Council is engaged in partnerships and collaborations which impact its workforce planning including:
- its leadership of the Joint Learning and Training Working Group under the West Wales Care Partnership;
 - engagement with Aberystwyth University to develop modules for social care and the relationship with the Business School to offer third-year business-degree students work placements;
 - establishing the Mid-Wales Education Partnership with Powys Council to replace the Education in Regional Working (ERW) consortia, focusing on shared resource around school improvement;
 - working with Powys Council and other partners on the Mid Wales Growth Deal and establishing the Mid Wales Growth Board; and
 - the recently established Mid Wales Corporate Joint Committee with Powys Council and the Brecon Beacons National Park. This Committee will need to make use of a collaborative workforce to deliver its regional transport, development, economic and energy plans.

The Council has made use of available workforce benchmarking and learning to support specific workforce decisions and recognises it needs to further strengthen these areas

- 30 The Council's Annual Report 2020-2021 – Annual Review of Performance and Well-being Objectives – referenced, in its 'Benchmarking Our Performance' section, that due to the COVID-19 pandemic, the reporting of the Performance

Accountability Measures (PAMs) was suspended, for all councils, for the 2020-21 year. Therefore, only a small number of PAMs were collected by the Council during the year. One of these included a Human Resources metric around sickness absence:

- 31 Where the Council had examples of recent benchmarking these tended to be for specific exercises such as salary benchmarking for Social Workers and the Chief Executive.
- 32 The Council's report to the Corporate Resources Oversight and Scrutiny Committee in January 2022 included benchmarking of specific Human Resources metrics between services and several other Human Resources metrics.
- 33 There is currently limited routine workforce benchmarking undertaken by the Council's People and Organisation Service. One of the reasons cited for this was that previous attempts to benchmark had proven difficult due to differences in workforce structures between organisations. Whilst there are always challenges with comparability, having a more routine approach to benchmarking would strengthen its business planning and self-assessment arrangements.
- 34 The evaluation of the Council's workforce Health & Well-Being surveys for 2020 resulted in the development of the new Health & Well-Being Strategy 2021-2026. The Council also plans to evaluate the progress being made against this Strategy and its respective performance measures at the end of 2022-2023.
- 35 There has been significant engagement activity with staff around the Hybrid Working Strategy, with over 74% of staff working from home having engaged in one of the engagement activities. This engagement and learning have helped the Council to shape its Hybrid working approach.
- 36 The Council's Quarterly Performance Boards are also an opportunity for it to learn lessons. Corporate Lead Officers and Members have the opportunity to challenge and suggest changes to address any issues with progress against key objectives and measures.
- 37 The Council has also told us that it uses its appraisal process as a key tool for learning. This process is used to provide evidence of what is and is not working across its services, with this information then being used to support improvement.



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Council Response Form

Council action planned in response to the recommendations issued by Audit Wales

Council: Ceredigion County Council

Report title: Springing Forward – Review of Strategic Workforce Management

Issue date: June 2022

Document reference: 2971A2022

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p>Workforce vision and planning</p> <p>The Council's workforce vision, planning and monitoring could be strengthened by:</p> <ul style="list-style-type: none"> refreshing its corporate workforce vision; having a clearer integration with its tier one annual Business Planning process; an annual review of its strategic workforce plans; 	<p>Development of five-year Strategic Workforce Plan 2022 – 2027 in progress coinciding with new administration and Corporate Strategy.</p> <p>The process will also include the following:</p> <ul style="list-style-type: none"> Review of annual reporting mechanism of strategic workforce plans and integration with business planning process Review of Hybrid Working Strategy including the introduction of targets and timescales 	<p>September/October 2022 - Services to complete Strategic Workforce Planning Toolkit</p> <p>Completed October 2022</p> <p>December 2022 – Implement Hybrid Working Strategy targets and timescales</p> <p>Hybrid working review completed July 2023. Cabinet</p>	Geraint Edwards

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> developing a more comprehensive picture of workforce skills and competencies; more clearly demonstrating how it consistently uses the sustainable development principle to support the delivery of its workforce planning; and developing specific targets and timescales for its Hybrid Working Strategy success measures. 	<ul style="list-style-type: none"> Research skills competency framework and development workforce assessment process 	<p>consideration in Sept 2023. Revised target date March 24.</p> <p>March 2023 – drafting and approval of Strategic Workforce Plan 2022 – 2027</p> <p>Workforce Plan 2023 -2028 completed July 2023. Plan approved by Cabinet in Sept 2023.</p> <p>Completed September 2023.</p> <p>March 2023 – Skills competency framework development and assessment</p> <p>Included in Strategic Workforce Plan. Revised target date March 2024</p>	

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R2	<p>Benchmarking</p> <p>The Council should undertake more routine workforce benchmarking to strengthen its business planning and self-assessment arrangements</p>	<ul style="list-style-type: none"> The Council will review its current benchmarking measures and use of data to inform the preparation of plans and provide a framework for improving future self-assessment arrangements. 	<p>March 2023</p> <p>Working with regional LAs to identify sector-wide benchmarking.</p> <p>Following WLGA work programme, set of benchmarking measures identified which will be adopted for 2024/25.</p>	Geraint Edwards

Setting of well-being objectives – Ceredigion County Council

Audit year: 2022-2023

Date issued: June 2023

Document reference: 3624A2023

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Background: Our examinations of the setting of well-being objectives

- 1 The Well-being of Future Generations (Wales) Act 2015 (the Act) places a ‘well-being duty’ on 48 public bodies. The duty requires those bodies to set and publish ‘well-being objectives’ that are designed to maximise their contribution to achieving each of the Act’s seven national well-being goals.¹ They must also take all reasonable steps, in exercising their functions, to meet those objectives.
- 2 The Auditor General must carry out examinations to assess the extent to which public bodies have acted in accordance with the sustainable development principle when setting their well-being objectives.² We are carrying out a rolling programme of these examinations, up to early 2025.³
- 3 To do something in accordance with the sustainable development principle means acting ‘in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’. To achieve this, a public body must take account of the five ways of working: long term, integration, involvement, collaboration, and prevention.⁴
- 4 We designed an assessment framework to enable us to assess the extent to which public bodies have applied the sustainable development principle when setting their well-being objectives. **Appendix 1** sets out further information on our approach, including a set of ‘positive indicators’ that illustrate what good could look like.
- 5 In designing our approach, we considered what we could reasonably expect from public bodies at this point in time. Public bodies should now be familiar with the sustainable development principle and ways of working and be seeking to apply them in a meaningful way. At the same time, we appreciate that public bodies are still developing their experience in applying the sustainable development principle when setting well-being objectives. Therefore, the examinations include consideration of how public bodies are applying their learning and how they can improve in future.

¹ The seven national well-being goals are; a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales.

² Section 15 (1) (a) Well-being of Future Generations (Wales) Act 2015

³ The Auditor General must carry out examinations over the period set out in the Act, which begins one year before a Senedd election and ends one year and one day before the following Senedd election.

⁴ Section 5 Well-being of Future Generations (Wales) Act 2015

Carrying out our examination at Ceredigion County Council

- 6 The aim of this examination was to:
 - explain how Ceredigion County Council (the Council) applied the sustainable development principle throughout in the process of setting its well-being objectives;
 - provide assurance on the extent that the Council applied the sustainable development principle when setting its well-being objectives; and
 - identify opportunities for the Council to further embed the sustainable development principle when setting well-being objectives in future.
- 7 We set out to answer the question ‘to what extent has the Council acted in accordance with the sustainable development principle when setting its new well-being objectives’. We did this by exploring the following questions:
 - Was the process the Council put in place to set its well-being objectives underpinned by the sustainable development principle?
 - Has the Council considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?
 - Has the Council put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?
- 8 We discussed the timing of the examination with the Council, and we tailored the delivery to reflect its specific circumstances.
- 9 We gathered our evidence in the following ways:
 - reviewing key documents;
 - running a workshop with key officers and Members who were involved with setting the well-being objectives; and
 - carrying out a final clarification meeting on outstanding issues with key individuals in addition to the above.
- 10 We also provided some informal feedback to officers on the key findings from our work prior to sharing the first draft of this report.

How and when the Council set its well-being objectives

- 11 The Council adopted its new Corporate Strategy 2022-2027 (the Strategy) in November 2022. The Strategy has been structured around the Council’s new four Well-being Objectives (WBO), these being:
 - Boosting the Economy, Supporting Businesses and Enabling Employment
 - Creating Caring and Healthy Communities

- Providing the Best Start in Life and Enabling Learning at All Ages
 - Creating Sustainable, Green and Well-connected Communities
- 12 The Council's Strategy is also its well-being statement, which it is required to publish under the Act.' The Council has published the full Strategy on their website, as well as a Summary Strategy and an 'Easy Read' version.
- 13 In setting its new Well-being Objectives (WBO) the Council has applied lessons learned from its previous setting of WBO. These key lessons included:
- developing its new WBO and Corporate priorities to become one in the same, with the aim of ensuring that the Council is well placed to maximise its contribution to the National Goals.
 - being clearer about the rationale and evidence base for its WBO which has ensured that its WBO are focused on those areas that will make the biggest impact and address the most significant issues.
 - a focus on strengthening the links between its WBO and individual service plans. This has ensured that the way the Council delivers its services is better aligned to delivering its WBO.

What we found

The Council has applied the sustainable development principle in setting its well-being objectives however it could draw on more extensive citizen involvement and improve monitoring and reporting.

The process for setting well-being objectives

Evidence Base

- 14 The Council drew from a wide-ranging set of data and intelligence to understand both its current and future needs. For example:
- The regional Well-being Assessment
 - Its annual review of performance against its WBO
 - Its annual self-assessment
 - West Wales Care Partnership Population needs assessment 2022
 - West Wales Care Partnership Area plan
 - The future trends report (Wales) 2021
 - Evidence for the third UK Climate Change Risk Assessment (CCRA3): Summary for Wales 2021

- 15 This wide-ranging intelligence has helped the Council to provide a clear rationale for the setting of its WBO and the steps it is taking to deliver them.
- 16 The Council has used a robust set of evidence to develop a clear understanding of the root causes of the key issues. For example, challenges around local employment opportunities and the availability of affordable housing, being some of the root causes of the migration of young people out of the County. This understanding has then been used to determine which actions it considers will have the greatest positive impact.

Consultation and Involvement

- 17 The Council has recognised the importance of involving citizens, including hard to reach groups, and stakeholders in setting and delivering its WBO. It has consulted on its Corporate Strategy both directly and by drawing on the results of existing engagement exercises, for example, engagement around the Public Service Board Well-being Assessment. However, the Council has recognised that responses to these consultations were limited and didn't reflect the full diversity of citizens.
- 18 There are some good examples in the Council's Corporate Strategy of where engagement is working well, and citizens are involved in the delivery of the steps to deliver the WBO. These include work with service users in the development of the Through Age Well-Being Model (TAWBM) and involving young people and Housing Associations in the Council's affordable and lifetime housing programmes.
- 19 Developing and implementing innovative and different ways to engage citizens to inform the setting of its future WBO will be important if the Council is to improve the levels of engagement and reach the full diversity of the population. The Council's recently launched Participation and Engagement Strategy should assist it with this.
- 20 The narrative within the Council's Corporate Strategy highlights that delivering on the WBO can only be successfully achieved through collaboration with citizens. For example, its WBO "Creating Caring and Healthy Communities" will be underpinned by the delivery of the TAWBM which, in turn, is predicated on early engagement with citizens and citizen families to identify needs and reduce the risk for the provision of high intensity care packages in the future.

Planning to improve well-being

- 21 The Council has a good understanding of how its WBO support the delivery of the National Goals and undertook a specific mapping exercise to determine how its WBO, and the steps it is taking to deliver them best supported each Goal. The Council has also developed a clear correlation between the Public Service Board WBO and its own WBO and has a good understanding of shared regional issues and risks developed in part through the regional PSB well-being assessment.
- 22 When developing its WBO, the Council examined the strategic priorities of other regional organisations, including those in the Dyfed Powys Police and Crime Plan

2021-2025 and the West Wales Care Partnership (Regional Partnership Board) Area Plan, to enable and promote a joined-up approach to improving well-being in Ceredigion.

- 23 There are several examples, including the Growing Mid Wales Partnership and West Wales Care Partnership, which the Council has drawn upon to help inform the setting of its WBO and will also work with to help deliver them. There are also examples, including TAWBM, that show where and how the Council is promoting early intervention and prevention to deliver on improving well-being.
- 24 The Council's four new WBO use a narrative that helps to position them as being relevant to delivering both short term and long-term need. Areas within its Corporate Strategy where this was particularly strong included climate change and carbon reduction, in its focus on affordable housing, in its approach to economic regeneration and its TAWBM.

Delivering the well-being objectives

- 25 A key part of the current process to deliver the Council's WBO is through its Service Business Plans. These form a key part of the Council's 'golden thread' interconnecting individual staff plans through to the priorities within the Corporate Strategy. The Council is continuing to improve the way in which these Service Business Plans clearly demonstrate how individual services support the delivery of the WBO.
- 26 The Council has demonstrated how it has allocated resources to support the delivery of some areas of its WBO. Examples include specific resource allocation to TAWBM and the earmarking of over £9m of reserves to underpin key Mid Wales Growth Deal projects. The Council is developing a new Medium-Term Financial Strategy (MTFS) - that is scheduled for completion by the middle of 2023 - and has developed a multi-year Capital Strategy to improve the long-term alignment of resources to the WBO. The effective development and successful implementation of the new MTFS and Capital Strategies is clearly fundamental to delivering the WBO.
- 27 The Council has recognised that the long-term resourcing for some of the WBO, such as the WBO which incorporates decarbonisation, remains a risk. It will be important that the new version of its MTFS includes an assessment of where there might be future financial risk to the delivery of its WBO.

Monitoring the well-being objectives

- 28 The Council's current process for monitoring progress against its WBO is through a combination of its Quarterly Performance monitoring arrangements and through its annual reporting and self-assessment report. The Council has recognised that its current monitoring approach needs to be improved to ensure that it is able to monitor its WBO progress more effectively and on more regular basis.

- 29 Whilst the Corporate Strategy includes the activity that the Council will undertake to make progress on delivering its WBO and also includes the National Public Accountability Measures, it intends to include a more comprehensive set of measures to determine its progress within its individual Service Business Plans.
- 30 The Council also recognises that it needs to develop a greater range of high-level outcome-based measures to effectively monitor progress against its WBO. It intends to undertake work around both monitoring and measures as part of the ongoing improvements it is making to its performance management arrangements. Refining, regularly reporting and robustly scrutinising, the WBO measures will be a key step in enabling the Council to determine the progress it is making in delivering its WBO and how/whether they are impacting and improving the wellbeing of the citizens of Ceredigion as intended and planned.
- 31 There are some good examples of performance measures and steps, including those around poverty, such as “Create and implement a Rural Deprivation and Equity Action Plan to support schools, non-maintained settings and childcare and play providers to reduce the impact of poverty on all children” that consider the wide impact on wellbeing across the Council’s services.

Recommendations

- R1 The Council should build on the progress it has made in applying the sustainable development principle in the setting of its well-being objectives by:
- exploring new ways of drawing on the full diversity of its population to inform and deliver its WBO.
 - ensuring that its refreshed MTFS shows how it will resource the delivery of its new WBO over the short, medium and longer term and to reflect any potential future financial risks to deliver them.
 - ensuring its evolving performance management arrangements identify the most appropriate outcome measures and provide effective monitoring, reporting and scrutiny of the progress being made on delivering its WBO.

Appendix 1

Key questions and what we looked for

The table below sets out the question we sought to answer in carrying out this examination, along with some sub-questions to guide our evidence gathering. It also includes some 'positive indicators' that have been tailored to this examination, adapted from those we have previously used to inform our sustainable development principle examinations. This list is not a checklist, but rather an illustrative set of characteristics that describe what good could look like.

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?	
Planning: Was the process the body put in place to set its well-being objectives underpinned by the sustainable development principle?	
Has the body used data and other intelligence to understand need, risks and opportunities and how they might change over time?	Positive indicators <ul style="list-style-type: none">• The body has a clear and balanced assessment of progress against previous well-being objectives that has been used to inform the body's understanding of the 'as is'/ short-term need.• The body has set well-being objectives based on a good understanding of current and future need, risk and opportunities, including analysis of future trends. This is likely to be drawn from a range of local and national sources, such as:<ul style="list-style-type: none">– Public Services Boards' well-being assessments– Regional Partnership Boards' population assessments– The results of local involvement/ consultation exercises– Service monitoring and complaints– Future Trends report

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?

	<ul style="list-style-type: none"> – Natural Resources Wales’ State of Natural Resources Report (SoNaRR) for Wales and Area Based Assessments • The body has sought to understand the root causes of problems so that it can address negative cycles and intergenerational challenges through its well-being objectives.
<p>Has the body involved others in developing its well-being objectives?</p>	<ul style="list-style-type: none"> • The body uses the results of involvement to help select its well-being objectives. That involvement – whether primary, secondary or a combination – reflects the full diversity of the population. • Involvement reflects good practice and advice from the Future Generations Commissioner.
<p>Has the body considered how the objectives can improve well-being and have a broad impact?</p>	<ul style="list-style-type: none"> • The well-being objectives have been designed to improve well-being in the broadest sense and make a contribution across the seven national well-being goals. • The well-being objectives have been designed to reflect and capitalise on the connections between different areas of work. • There is a well-developed understanding of how the well-being objectives impact on/ relate to what other public bodies are trying to achieve and opportunities to work together.
<p>Has the body designed the objectives to deliver longer-term benefits, balanced with meeting short-term needs?</p>	<ul style="list-style-type: none"> • The body has set objectives that are sufficiently ambitious and have been designed to drive activity across the organisation. • The objectives are designed to meet short and longer-term need. Where objectives are set over a short to medium timeframe, they are set in the context of longer-term considerations or ambitions.

Resourcing and delivery: Has the body considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?

<p>Has the body considered how it can resource the well-being objectives?</p>	<ul style="list-style-type: none"> Resources have been allocated to ensure the objectives can be delivered over the short and medium-term, but the body has also considered longer-term resources, risks and/or how it can resource longer-term objectives. The body has allocated resources to deliver preventative benefits, where these are described in its well-being objectives.
<p>Has the body considered how it can work with others to deliver their objectives?</p>	<ul style="list-style-type: none"> The body is drawing on its knowledge of partners objectives/ activity, its relationships and collaborative arrangements to make sure it can deliver on cross-cutting ambitions.
<p>Monitor and review: Has the body put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?</p>	
<p>Has the body developed appropriate measures and monitoring arrangements?</p>	<ul style="list-style-type: none"> Performance measures are designed to reflect the sustainable development principle, e.g., by focusing on outcomes that cut across departmental/ organisational boundaries and deliver multiple (including preventative) benefits over the longer term. There is a 'golden thread' that will allow the body to clearly and transparently report on progress to meeting the objectives.
<p>Is the body seeking to learn from and improve how it has applied the sustainable development principle to setting its well-being objectives?</p>	<ul style="list-style-type: none"> The body shows self-awareness and a commitment to improving how it applies the sustainable development principle so that it can do so in a meaningful and impactful way. The body has learnt from setting previous well-being objectives and from applying the sustainable development principle more generally and has improved the process for setting its new well-being objectives. The body has or plans to reflect on how it has applied the sustainable development principle in this round of setting well-being objectives.



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Organisational response

This document is set to read only – use File>Save as / save a copy

Report title: Setting of well-being objectives

Completion date: [TBC]

Document reference: [3624A2023](#)

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>The Council should build on the progress it has made in applying the sustainable development principle in the setting of its well-being objectives by:</p> <ul style="list-style-type: none"> exploring new ways of drawing on the full diversity of its population to inform and deliver its WBO. ensuring that its refreshed MTFS shows how it will resource the delivery of its new WBO over the short, medium and longer term and to reflect any potential future financial risks to deliver them. 	<p>Refresh of our stakeholder list that we use when arranging all engagement and consultation exercises. The stakeholder list has been refreshed and is included in the new Engagement and Consultation Toolkit.</p> <p>Targeted work with the Ceredigion Disability Forum, LGBTQ+ groups and BAME groups in order to improve relationships and regular communication. (Also included in the Draft Strategic Equality Plan 2024-2028).</p> <p>Run a Stakeholder Survey to gain the views of our population on how the Council is delivering its Corporate Well-being Objectives and how we measure our progress. The Corporate Stakeholder Survey was run between June and August 2023 seeking views on the Council's overall performance, the way its measures its performance and its progress in delivering its Corporate Well-being Objectives. There were 148 responses and the Feedback Report was presented to Leadership Group on 22/11/2023.</p>	<p>Complete</p> <p>Ongoing</p> <p>Complete</p>	<p>Diana Davies</p> <p>Diana Davies</p> <p>Diana Davies</p>

<ul style="list-style-type: none"> ensuring its evolving performance management arrangements identify the most appropriate outcome measures and provide effective monitoring, reporting and scrutiny of the progress being made on delivering its WBO. 	<p>The MTFS has been considered by Corporate Resources Scrutiny Committee and was considered by Cabinet and Council in September 2023. The MTFS <i>'outlines the risks to the delivery of these Corporate Well-Being Objectives whilst also setting out how the Council's resources will be utilised to manage and mitigate these risks over the short to medium term.'</i></p> <p>Performance and Research Team to work with Corporate Lead Officers and Corporate Managers to develop and identify additional outcome focused measures to demonstrate progress in delivering the Corporate Well-being Objectives.</p> <p><i>The Team continues to support CLOs and CMs in the setting of their performance measures. This is an ongoing activity and a number of amendments have been made to strengthen the measures during the year, both in terms of general robustness and in measuring outcomes. Further work on supporting and setting outcome-based measures will take pace as part of the Business Planning process due to start in January 2024.</i></p> <p>Develop a Corporate Well-being Objectives Dashboard to monitor, report and scrutinise the progress being made on delivering the objectives. The Dashboards to be presented, monitored, and scrutinised at Performance Board meetings.</p>	<p>September 2023 Complete</p> <p>March 2024 In progress</p> <p>Complete</p>	<p>Duncan Hall</p> <p>Diana Davies</p> <p>Diana Davies</p>
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The Corporate Well-being Objectives Dashboard has been created and provides an at-a-glance summary of progress in delivering the Council's four Corporate Well-being Objectives. The dashboard also demonstrates the 'golden thread' showing how plans link together.

Update Business Planning Guidance for 2024/25 to provide further support for setting performance measures, in particular outcome based measures

The Business Planning Guidance for 2024/25 has been updated to include further emphasis and guidance on the setting of outcome-based measures. The business planning process will commence in January 2024 and this will include a presentation at Corporate Managers which will emphasize these messages. The Performance Team will continue to support CLOs/CMs in setting robust measures and specifically in setting outcome based measures.

Complete

Corporate Joint Committees – commentary on their progress

November 2023

This document has been prepared as part of work performed in accordance with statutory functions.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

Overall finding

- 1 Corporate Joint Committees (CJCs) are still in their infancy. I was initially concerned about their slow and varied progress, and Welsh Government's preparedness to facilitate their implementation, but there have been more positive signs of the CJCs moving forward recently.

What this report covers

- 2 I have issued letters to each of the four CJCs, which set out my views on their progress. In this report, I set out a high-level summary of my cumulative findings and my expectations of the CJCs over the next 12 to 18 months.
- 3 As the findings in this report are more general, some may be more pertinent to some CJCs than others. Hence, this report should be read in conjunction with the individual letters I issued to the four CJCs. These are available on my website [here](#).

Background

- 4 Welsh Government established four CJCs to help strengthen regional collaboration between authorities:
 - South East Wales CJC
 - South West Wales CJC
 - North Wales CJC
 - Mid Wales CJC
- 5 They came into effect in April 2021 and were given the following functions from June 2022:
 - developing transport policies
 - preparing a strategic development plan
 - economic wellbeing – anything a CJC considers is likely to promote or improve the economic wellbeing of its area

- 6 Membership of the CJsCs consists of the leaders of the councils within the specific region and the National Park Authorities (NPAs) that sit within that region.

The focus of my audit

- 7 As the CJsCs are new corporate bodies, I looked at their progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration. My team did initial work in autumn 2022 and then did some further work between April and June 2023 to update my findings.

Summary of my findings

- 8 From my initial work in autumn 2022, I was concerned that the CJsCs were making variable progress to establish themselves and I felt unable to determine with confidence if they would deliver as intended. I was concerned that they would just do the bare minimum and exist in name only. I appreciated the CJsCs were being implemented at a time when constituent bodies were facing considerable financial and demand pressures, and that they continue to do so.
- 9 Over two years on since their establishment in April 2021 and 12 months since they were given their core functions and duties in June 2022, it is clear that the CJsCs are still in their infancy. Progress of the CJsCs differ in different areas, but overall, governance arrangements are not yet all in operation and there is much work to be done to meet their strategic planning responsibilities.
- 10 Although they are building on city/growth deal arrangements, they haven't all determined how they are going to work with other partnerships and bodies to make the most of resources and expertise. This is crucial given the main rationale for the CJsCs' establishment was to strengthen regional collaboration.
- 11 As I set out in this report and my individual letters, I would have expected more progress in some areas.
- 12 My work identified some positive findings about the CJsCs' progress. All four CJsCs had put in place the building blocks for their development and to meet Welsh Government's objectives. I found examples of CJsCs exploring how they could make the most of the opportunities the new arrangements provide. For instance, as a more efficient forum for regional decision-making and to work collaboratively to tackle some significant challenges. CJsCs were also making the most of the flexibility to tailor their arrangements to fit with their regional priorities.

- 13 Equally, I found several issues, particularly during my initial work in autumn 2022, which posed risks to the CJC's development. For example, commitment to the CJC was mixed, and clarity and progress of plans at that time to deliver their functions was variable.
- 14 There was also a strong view amongst the CJC that the Welsh Government could have been better prepared on a range of issues to ease the implementation of the CJC. This included:
 - establishing the VAT status and financial status of the CJC;
 - understanding the implications for the City/Growth Deals; and
 - clearer expectations of the practical delivery of the CJC's functions and public duties.
- 15 Delays in resolving these issues did affect the implementation of the CJC.
- 16 However, since the financial status issues have now been resolved, I can see that the CJC are moving forward, and I am more optimistic about their progress. Appetite for the CJC is more positive and the CJC have, or are developing their, plans and ambitions.
- 17 Unlike other joint arrangements, the CJC are legal entities in their own right. They need to maximise the benefits this affords them if they are genuinely committed to delivering positive benefits for their regions.
- 18 I would expect to see the CJC further advanced over the next 12 to 18 months. My audit teams will continue to monitor the CJC's progress. I would be concerned if my teams find that the CJC have made little progress and that they have not addressed the points I raise in this report.

Recommendations

- 19 I have made five recommendations to the CJC's as set out page 14 relating to:
- governance arrangements
 - delivering their strategic planning functions,
 - meeting their public sector duties,
 - partnership working and involving the National Park Authorities
 - meeting their duties under the Well-being of Future Generations Act.
- 20 These recommendations set out where I would expect to see the CJC's' making further progress over the next 12-18 months in line with those areas raised in this report. Some of these will be more relevant to some CJC's than others so the CJC's will also need to reflect on the points raised in my individual letters. However, the main thrust of this report is that I would expect to see the CJC's further advanced more generally when I do my next assessment of the CJC's' progress.

Detailed report

Background – what is a Corporate Joint Committee

- 21 Corporate Joint Committees (CJCs) are new corporate bodies which have some similar powers and duties to councils. They can directly own assets and employ staff. They must appoint a Chief Executive, Finance Officer, and Monitoring Officer. CJCs' membership is made up of the leaders of the councils within the specific region and the National Park Authorities that sit within that region.
- 22 Four CJCs were established by regulations under the Local Government and Elections (Wales) Act 2021 to help regional collaboration between authorities:
 - South East Wales CJC
 - South West Wales CJC
 - North Wales CJC
 - Mid Wales CJC
- 23 The CJCs came into effect in April 2021 and were given the following functions from June 2022:
 - Developing transport policies
 - Preparing a strategic development plan
 - Economic wellbeing – anything a CJC considers is likely to promote or improve the economic wellbeing of its area.
- 24 CJCs are required to comply with a range of regulations and duties including:
 - Well-being of Future Generations Act well-being duty
 - Welsh language
 - Public Sector Equality
 - Biodiversity
 - Child poverty

Why I did this review

- 25 In my programme consultation paper in March 2022, I set out that I would keep track of governance arrangements around the creation of new bodies. This included the new CJsCs where the Auditor General for Wales has a statutory role. As the CJsCs are new entities set up as a result of new legislation¹, I wanted to gain early assurance about their progress. I also wanted to identify any emerging issues that need to be addressed and provide some early feedback to help CJsCs as they continue to develop.
- 26 I did this audit in accordance with Section 41 of the Public Audit (Wales) Act 2004. This Act places a duty on the Auditor General for Wales to undertake studies designed to enable me to make recommendations for improving economy, efficiency, and effectiveness in the discharge of the functions or services of local government bodies in Wales.
- 27 I also did the audit to help fulfil my duties under section 15 of the Well-being of Future Generations (Wales) 2015 Act (WFG Act).

What I looked at – the scope of this audit

- 28 My work sought to answer the question: Are Corporate Joint Committees making good progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration? To do this, my team explored the following areas:
- understanding of the Welsh Government's aims for the CJsCs;
 - CJsCs' evolving governance arrangements;
 - CJsCs' plans to deliver the Welsh Government aims and meet their statutory obligations;
 - how the CJsCs relate to existing partnership arrangements; and
 - CJsCs' plans to meet their requirements under the WFG Act, including setting their well-being objectives.
- 29 I did not do this review to determine the validity of, or requirement for, CJsCs.
- 30 My team did the initial work during October 2022 to February 2023 and did some further work to update their findings between April to June 2023.

1 Four Corporate Joint Committees (CJsCs) were established by regulations under the Local Government and Elections (Wales) Act 2021.

Methodology

31 My findings are based on document reviews, meeting observations and interviews with the Leaders, Chief Executives and Section 151 officers of each of the four CJsCs. My team also interviewed Welsh Government officers and asked the views of the constituent members of the CJsCs as part of our routine liaison meetings. My team also met with representatives from the Welsh Local Government Association (WLGA).

What I found: CJsCs are still in their infancy. I was initially concerned about their slow and varied progress, and Welsh Government’s preparedness to facilitate their implementation, but there have been more positive signs of the CJsCs moving forward recently

Understanding of Welsh Government’s aims for the CJsCs

32 The CJsCs generally understood and acknowledged the potential benefits of the Welsh Government’s aims for the CJsCs. These benefits included the opportunity to leverage additional investments, work collaboratively to reduce carbon emissions and to increase capacity and resilience by pooling resources to tackle recruitment challenges.

33 But at the time of my initial work in autumn 2022, the level of acceptance, optimism, and engagement for CJsCs amongst CJsCs and the constituent bodies varied considerably. I saw some examples of CJsCs embracing opportunities and developing arrangements, but also scepticism from some about the need for CJsCs at all. Given the significant financial and demand pressures being faced by the constituent bodies, the CJsCs were not seen as a priority.

34 Welsh Government provided an implementation grant of £250,000 to each region to support their initial planning. However, there was a clear sense of frustration amongst the CJsCs about the preparedness of Welsh Government on a range of issues which would have facilitated the CJsCs’ progress. These included:

- clarity on the financial status of CJsCs, pertinent, for example, for borrowing and pension purposes;
- establishing VAT status to avoid incurring 20% VAT;
- understanding the implications for the City/Growth Deals which sit with the UK government; and
- clearer expectations and understanding of the practical delivery of their functions and meeting their public duties.

- 35 The CJs were frustrated that these matters had not been considered by Welsh Government at the outset and in the pace of progress to resolve them.
- 36 The phased approach to legislation and guidance was quite messy and disjointed and spanned a number of Welsh Government departments. CJs were working through, and responding to, guidance and requirements as and when they came out. CJs identified some practical challenges to meeting their requirements, which they proactively raised with Welsh Government. Welsh Government officials have acknowledged that they have some clear lessons to learn from this experience.
- 37 These issues impacted the pace at which the CJs progressed, but also served to dampen levels of appetite for the CJs, which I also found were affecting some of the CJs' progress.
- 38 Earlier in 2023, I was concerned that there was a risk that CJs would not develop effectively and simply exist in name only, raising questions about their ability to deliver their statutory functions, meet Welsh Government objectives and provide value for money.
- 39 More recently and since the financial status issues have been resolved, there seems to be a more positive attitude about the CJs. When I updated my work in the early summer, I found that the CJs were beginning to show signs of progress. Consequently, I'm more optimistic about their chances of delivering as they were intended than I was in the autumn last year. It will be important that they now continue to maintain this momentum.

Governance arrangements

- 40 CJs have established their core governance arrangements, but at the time of my updated work in early summer 2023, not all the arrangements were up and running across all the CJs. To a certain extent, this reflected the limited activities of the CJs to date.
- 41 The progress of the individual CJs in establishing their governance arrangements are reflected in the letters I have issued to each of them.
- 42 Overall, I found CJs' progress in developing and operationalising some of their governance arrangements to be mixed. They had all put in place arrangements for statutory officers, some on an interim basis. The CJs had also maximised the flexibility to tailor their arrangements and to use some constituent bodies' existing arrangements. In the rest of this section, I highlight some particular areas where I would expect to see further progress over the next 12 months.

- 43 CJCs are required to have Governance and Audit Committees (GACs), but what I found in the early summer 2023, was that not all CJC GACs had been appointed to and were meeting. South West Wales GAC had met twice.
- 44 Similarly, apart from South West Wales CJC, scrutiny arrangements had not all been agreed and implemented. The CJCs don't have to have a specific scrutiny committee themselves, but they have to co-operate, and provide assistance to, the scrutiny undertaken by constituent bodies or via a joint scrutiny committee.
- 45 The CJCs are local government bodies using public money. It is important that CJCs and the constituent bodies determine how the CJCs will be held to account. GAC and scrutiny arrangements should be providing oversight and scrutiny of the CJCs' activities and arrangements. Without this, there is a risk that the CJCs may operate in a vacuum with limited scrutiny and public transparency.
- 46 The statutory guidance on the CJC sets out the expectation that the CJC will set up specific sub-committees for its key functions. Three of the four CJCs had set up functional sub-committees in line with the guidance. However, at the time of my updated work in the early summer, only the Strategic Development Planning sub-committee for Mid Wales CJC had actually met. So, most of these sub-committees were not yet in operation and simply established on paper.
- 47 I recognise that the activities of the CJCs have been limited to date. However, I would expect to see greater progress with the CJCs' governance arrangements being put into practice to provide the necessary checks and balances in line with good governance standards over the next six to 12 months.

Clarity and progress of the CJCs' plans to deliver Welsh Government's aims and meet their statutory obligations

- 48 CJCs were at different stages of their planning. Some had clear ambitions to maximise particular opportunities for their regions. Others were beginning to clarify their plans. Taking account of the need to resolve the financial status issues, the CJCs had all taken a considered and pragmatic approach to their planning.

- 49 CJC's were confident in their abilities to meet their economic well-being duty building on the existing work and progress of the city and growth deals. When I updated my findings in the early summer, not all CJC's intended to transfer their city/growth deals to the CJC's. South East Wales CJC had had a clear ambition from the start to lift and shift the Cardiff Capital Region city deal programme into the CJC and had developed a transition plan to support this.
- 50 CJC's and city/growth deals are regional arrangements, which have similar and mutually beneficial objectives, but different funding and legal bases. So, whatever the CJC's decide, they and the city/growth deal bodies will need to determine how they can optimise resources to manage these arrangements efficiently and effectively for the benefit of their regions. Given my role is to examine how public bodies manage and spend public money, including how they achieve value in the delivery of public services, I will be keen to see how these two regional arrangements operate.
- 51 I found that the CJC's' progress with delivering their strategic development planning (SDP) and regional transport planning (RTP) functions was more limited. The budgets allocated by the CJC's to support the delivery of these two functions varied considerably between the CJC's.
- 52 Mid Wales CJC had determined its options for delivering its strategic development planning function, including staff resources to support this. North Wales CJC had agreed staffing structures to support both planning functions. But at the time of my updated work in May and June, progress in these areas was less developed with the other two CJC's.
- 53 I appreciate that there were some delays in resolving the financial status issues and that Welsh Government had not finalised the RTP guidance. However, as I emphasise in my letters to each of the CJC's, Welsh Government had engaged with the CJC's about the strategic development and transport planning functions so the CJC's should have had some understanding of expectations. For example, Welsh Government officers shared advisory notices recommending early preparation for the strategic development plans in August 2021. There was also an event to discuss CJC's' planning functions in January 2022. The strategic development planning process, in particular, is complex and lengthy and the CJC's need to get this underway.
- 54 Therefore, despite the financial status issues, I would have liked to have seen more progress with the CJC's strategic development and regional transport planning functions. I would expect to see the CJC's making further progress with these functions over the next 12 months.

55 I found that the CJC's had made some progress to meet their public sector duties, but this varied across the CJC's and reflected their limited operation to date. Generally, CJC's had agreed arrangements to meet their Welsh Language and equality duties often adopting arrangements used by one of the constituent bodies. With the exception of South East Wales CJC, the CJC's had not published their child poverty action plans. Welsh Government's draft child poverty strategy is currently out for consultation so the CJC's will need to ensure their plans build on and align with this. Given the CJC's potential reach and underlying aims, the CJC's will need to ensure these duties are actively considered in their activities and not just done in a tokenistic way to tick a box.

Partnership working

- 56 I have commented frequently on the complex partnership landscape in Wales so was keen to see how CJC's were exploring how they relate to and work with existing partnerships. To make the most of existing resources and to tackle challenges more collaboratively.
- 57 I found that most CJC's were building on their city deal/growth deal arrangements in some shape or form, but aside from South West Wales CJC, the CJC's hadn't formally determined how they can work with other bodies and partnerships, including making the most of the involvement of the National Park Authorities (NPAs). Thus, potentially missing the opportunity to coordinate activities and resources for the benefit of the region.
- 58 South West Wales CJC had looked beyond its statutory membership to help it maximise the contributions of key stakeholders in the region. It was positive to see that it had co-opted other bodies, such as universities and local health boards. It had also taken the opportunity to involve the National Park Authorities (NPAs) more fully in its arrangements, beyond the NPAs' statutory role around strategic development planning.
- 59 However, this wasn't the case with the other CJC's, who had largely not explored how they could involve the NPAs beyond their strategic planning role. The NPAs also have requirements around economic development. Given this and their geography and reach, there is a real opportunity for the CJC's to maximise the positive contribution that NPAs could have on the delivery of the CJC's well-being objectives and functions, beyond their strategic development planning role.
- 60 It will be key for the CJC's to explore how they can engage and work with other bodies to make the most of resources and expertise. CJC's have been set up to strengthen regional collaboration and they need to demonstrate that they can do this. I would expect to see more progress on this across all the CJC's when I do my next piece of work on CJC's.

Well-being of Future Generations (Wales) Act (WFG Act)

- 61 Like the other named bodies under the WFG Act², the CJsCs must set and publish well-being objectives. They must act in accordance with the sustainable development principle when setting those objectives and when taking steps to meet them. CJsCs were required to set their first well-being objectives by April 2023.
- 62 It was concerning that during my initial work in autumn 2022, some interviewees seemed quite unaware of the CJsCs' duties around the Act. But I appreciate that, at that time, the activities of the CJsCs had been very limited and that setting of well-being objectives had not been seen as a priority.
- 63 When I updated my work in May and June, I found that two of the four CJsCs (South West Wales and South East Wales) had published their well-being objectives, although only South West Wales had consulted on theirs. Mid Wales CJC had drafted theirs. North Wales CJC indicated that its well-being objectives would be influenced by the transfer of Ambition North Wales into the CJC and once it had received the final guidance on strategic development and regional transport planning from Welsh Government and appointed planning officers.
- 64 There was a general consensus amongst the CJsCs of wanting to take a proportionate approach to the Act commensurate with their role and activities. It was positive that they had been discussing their approaches with the Future Generations Commissioner's office. Nevertheless, I would expect North Wales and Mid Wales CJsCs to be progressing with setting and publishing their well-being objectives in line with legislative requirements.
- 65 More broadly, the CJsCs have a duty to act in accordance with the sustainable development principle. That framework has the potential to add value to how they plan and deliver their work. As new entities, CJsCs have the opportunity to ensure that the sustainable development principle underpins what they do and how they do it from the outset.

2 The Well-being of Future Generations Act provides for a shared purpose through seven well-being goals for Wales. These well-being goals are indivisible from each other and explain what is meant by the wellbeing of Wales. Further information about these goals is available in the [Well-Being of Future Generations \(Wales\) Act 2015 Essentials Guide](#)

- 66 As the CJs take forward their plans and start to make decisions about their regions, I would expect CJs to be able to demonstrate that they are putting the sustainable development at the heart of their activities. It would be a significant missed opportunity if they do not do this. It would also raise questions about the extent to which they have proper value for money arrangements given the five ways of working are integral to these arrangements. I will be undertaking examinations of the extent to which they have applied the sustainable development principle in future years, as required by the Act. So, I will be keen to see how the CJs have embraced this opportunity.
- 67 My team has developed some positive indicators which provide an illustrative set of characteristics of what good looks like when organisations act in accordance with the sustainable development principle. The constituent bodies will be familiar with these, and it will be useful for the CJs to draw on these as they deliver their well-being objectives.

Recommendations

68 My recommendations below set out where I would expect to see the CJsCs' making further progress over the next 12-18 months in line with those areas raised in this report. Some of these will be more relevant to some CJsCs than others so the CJsCs will also need to reflect on the points raised in my individual letters. However, the main thrust of this report is that I would expect to see the CJsCs further advanced more generally when I do my next piece of work on the CJsCs.

Recommendations

Governance arrangements

R1 The four CJsCs should ensure that their governance arrangements are up and running and are effectively providing the necessary checks and balances to support robust and transparent decision-making and effective scrutiny.

Strategic development planning and regional transport planning

R2 The four CJsCs should ensure that they take action to further progress with these functions over the next 12 months in order to facilitate an integrated, efficient and consistent approach to strategic planning in line with Welsh Government's aims.

Public sector duties

R3 The CJsCs need to ensure that they meet their public sector duties where they haven't already done so. For example, to publish child poverty action plans and bio-diversity reports. But more significantly, the CJsCs need to ensure they actively take account of these duties in their decision-making and activities.

Recommendations

Partnership working and National Park Authorities

- R4 Whilst South West Wales CJC has co-opted different organisations and the NPAs into its arrangements, the other CJsCs need to determine more fully how they can engage and work with other bodies to make the most of resources and expertise. This includes exploring how they can maximise the involvement of the NPAs beyond their statutory strategic development planning role.

Well-being of Future Generation (Wales) Act 2015

- R5 North Wales and Mid Wales CJsCs should ensure that they progress with developing their well-being objectives in line with requirements. More broadly, the four CJsCs should ensure they effectively apply the sustainable development principle, so they are well placed to improve the well-being of the populations they serve and can demonstrate that they have proper value for money arrangements.



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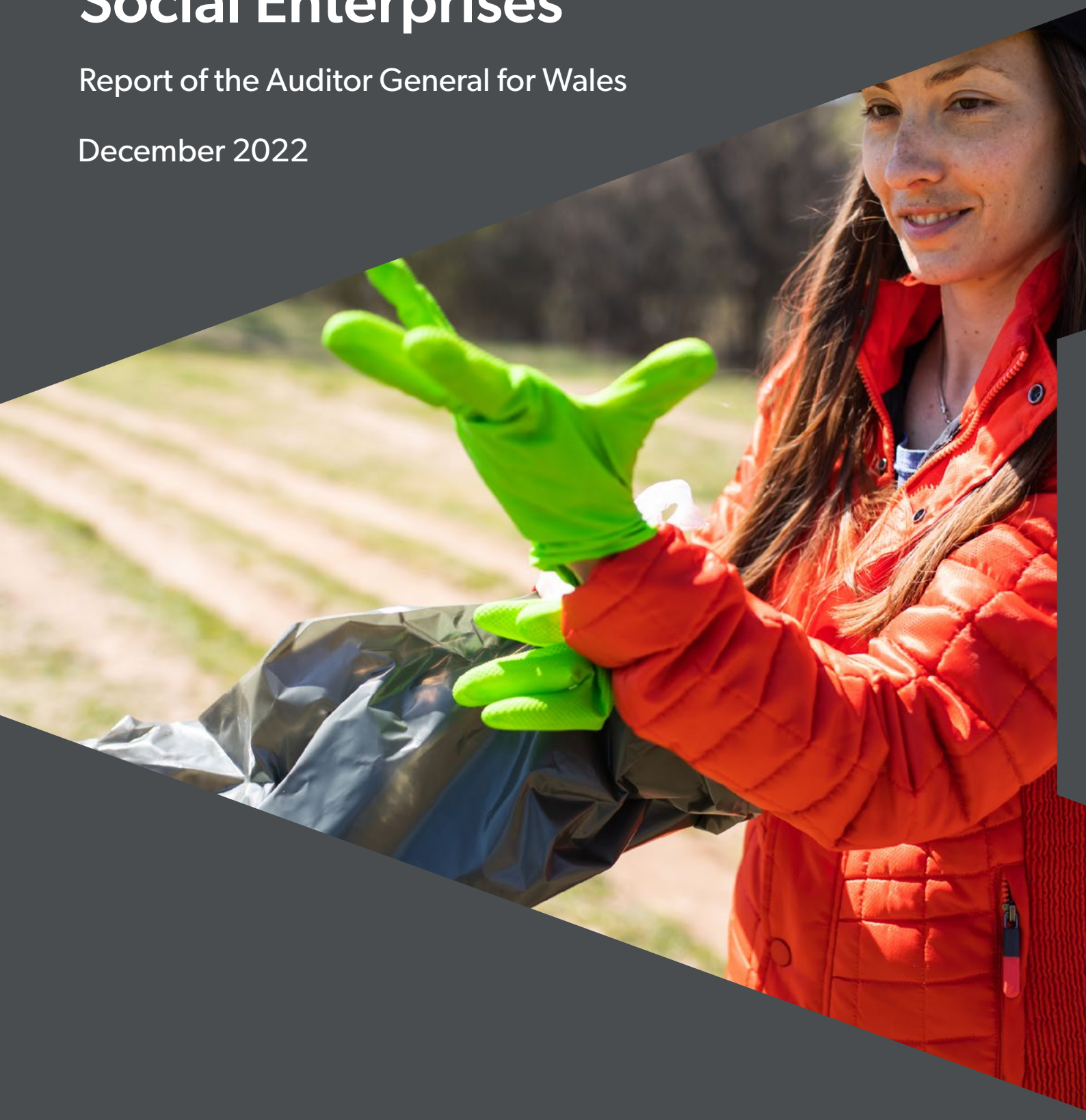
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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

'A missed opportunity' – Social Enterprises

Report of the Auditor General for Wales

December 2022



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Context

- 1 As organisations, Social Enterprises sit between the public and private sectors. They apply commercial strategies to maximise improvements in financial, social and environmental well-being, often for individual groups in society, defined communities or geographical areas. In particular, Social Enterprises can benefit disadvantaged communities; create wealth where money is scarce; and help to tackle poverty and need. The structure of Social Enterprises vary and include partnerships for-profit or non-profit, co-operatives, mutual organisations, social businesses, community interest companies and charities.
- 2 Social enterprise can therefore work in every sector of the Welsh economy and in all parts of the country and are increasingly prominent in Welsh Parliament legislation. Section 16 of the Social Services and Well-being (Wales) Act 2014 places a duty on local authorities to 'promote development of Social Enterprises to provide care and support and preventative services'. Likewise, the ethos and approach of Social Enterprises fits well with the Wellbeing of Future Generations Act 2015. Social enterprises can make a significant contribution to delivering the seven national wellbeing goals by helping to create a fairer and more equal country.
- 3 Importantly, because Social Enterprises focus on keeping wealth within communities, they can assist people who are in poverty by:
 - directly helping people in disadvantaged communities by providing services that would otherwise not be available;
 - supplying basic public benefits such as social, educational, health and general economic interest services to local communities, including to people who are unable to pay;
 - creating new employment opportunities as a result of the services they supply;
 - contributing to the economic development of deprived communities; and
 - targeting their work to help disadvantaged people, including vulnerable women, people with disabilities and ethnic minority groups.
- 4 This report therefore looks at how local authorities are working to grow and make the most of Social Enterprises ensuring social value and social capital stay in communities and help people who are struggling. This is also the second report of our three reviews on the challenge of alleviating and tackling poverty in Wales. **Appendix 1** sets out our audit approach and methods and includes more information on our poverty themed work.

Key findings

- 5 Our overall conclusion is that local authorities are not effectively working with Social Enterprises to maximise their impact, make better use of resources and improve services for people and communities.
- 6 In **Part 1** of the report, we consider the strategic approach of local authorities to working with Social Enterprises. While they claim they value Social Enterprises, few local authorities have mapped their activity. Less than a third of local authorities consider themselves to have a proactive and supportive relationship with Social Enterprises and none have a dedicated strategy or policy that charts how they intend to promote and grow the sector.
- 7 We also found that most local authorities have adopted a passive leadership role, often responding to Social Enterprises that approach them but not proactively seeking to work with Social Enterprises or help stimulate new ones. This leadership vacuum has resulted in Social Enterprises often being at the fringes of local authority business. An overly reactive approach and variable support arrangements also means that local authorities are missing out on the potential for Social Enterprises to help deliver services that can improve people's quality of life.
- 8 In **Part 2** we consider the mechanisms local authorities have in place to ensure they maximise the potential value for money of Social Enterprises. While most local authorities provide grants for businesses and the third sector, they are not using them to specifically support Social Enterprises. Current procurement and commissioning arrangements often unintentionally discourage Social Enterprises to engage. Overly bureaucratic approaches and a lack of capacity and resources within local government also limits the potential to grow the role of Social Enterprises in delivering services. Social value – the added value that commissioning processes can deliver – does not feature as a key driver for many local authorities.

- 9 Finally, in **Part 3** we examine evaluation and impact arrangements. We found that most local authorities are not delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014 and effectively promoting Social Enterprises. No Director of Social Services Annual Report sets out how their authority is delivering the Section 16 duty and the majority of reports make little reference to Social Enterprises. Positively, a number of authorities are working to develop micro social enterprise businesses and Regional Partnership Boards have a growing role to drive positive change. Taken together, these represent good opportunities for the future. Despite this, over three-quarters of local authorities do not have robust performance management, reporting and evaluation systems in place to be able to judge the impact and value of the work of Social Enterprises.



Social Enterprises play an important role in meeting needs and helping people in communities across Wales. Local authorities could do more to maximise the impact of Social Enterprises, get better value for money from their work, and improve services for people and communities.

Adrian Crompton
Auditor General for Wales



Key facts

The Value of Social Enterprises

- In 2021 the UK had over **100,000 Social Enterprises**, worth a combined **£60 billion** to the UK economy employing 2 million people.
- The Social Enterprise sector in Wales in 2020 – up to **2,309** businesses employing **56,000** people and generating **£3.1 – £3.8 billion** in value.
- In Scotland in 2019 there were estimated to be **6,025** Social Enterprise businesses, with **88,318** staff and a net worth of **£6.1 billion**.
- Between 2018 and 2020 the Social Enterprise sector in Wales increased by **12%** rising from **1,601** organisations in 2016 to **2,247** in 2020.
- In Scotland Social Enterprises increased by **15.9%** between 2015 and 2019 rising from **5,199** to **6,025** in this period.



The size and turnover of the sector in Wales

- **5%** of Welsh Social Enterprises are medium sized to large (i.e. have at least 50 employees), far above the equivalent for all businesses within the Welsh economy (only **1%**).
- **32%** of Social Enterprises surveyed had no paid staff at all, whilst a further **9%** only had one.
- In 2020 the mean average turnover level was **£1.25 million**, of which:
 - **43%** have a turnover of between **£0** and **£50,000**;
 - **34%** turnover between **£50,001** and **£250,000**;
 - **14%** turnover of between **£250,001** and **£1 million**;
 - **6%** turnover of between **£1.01 million** and **£5 million**; and
 - **4%** over **£5 million**.

Recommendations

- 10 Our recommendations are set out below. We expect each council to consider the findings of this review and our recommendations, and that its governance and audit committee receives this report and monitors its response to our recommendations in a timely way.

Recommendations

- R1 To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in **Appendix 2** to:
- self-evaluate current Social Enterprise engagement, management, performance and practice;
 - identify opportunities to improve joint working; and
 - jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation.
- R2 To drive improvement we recommend that the local authority:
- formally approve the completed Action Plan;
 - regularly report, monitor and evaluate performance at relevant scrutiny committees; and
 - revise actions and targets in light of the authority's evaluation and assessment of its performance.

Recommendations

- R3 To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.



Social Enterprises can provide important services, but most local authorities lack a coherent strategy and are not working collaboratively to help support their growth and development

01

- 1.1 In this section of the report, we consider the strategic approach of local authorities to working with Social Enterprises. We review local authority plans, the range of information used to identify and prioritise action and arrangements to support the development of Social Enterprises. We also consider how well local authorities and Social Enterprises work together.

While they claim they value Social Enterprises, few local authorities have mapped their activity or planned how they will collaborate with them to maximise their impact

Local authorities have not mapped out the social enterprise sector in their area

- 1.2 In order to maximise impact, it is essential that local authorities have a full and detailed knowledge of the services Social Enterprises provide. Unless you know who works in your area, what services they provide and what opportunities they offer, it is difficult to develop a coherent strategic response. In this context, mapping is critical for local authorities to understand the contribution that Social Enterprises are making and the barriers they face to growing their role and enhancing their value in communities.
- 1.3 We found that very few local authorities have completed any formal mapping exercise to either understand the current role and contribution of Social Enterprises in their area or to identify opportunities for the future. While some noted that they have databases of Social Enterprises, these are out of date, mostly as a result of the pandemic.
- 1.4 Generally, those local authorities that have dedicated staff with a responsibility for working with the social enterprise sector, or business support staff in economic development, had a better understanding of the local situation and could describe relative strengths, weaknesses and opportunities. However, even in these circumstances, officers acknowledged that there were still gaps in their understanding and their intelligence was not sufficient to drive future strategic choices and priorities.

1.5 **Exhibit 1** below shows that the social enterprise sector in Wales is primarily community-based with most organisations operating in only one local authority area. This is markedly different to England where Social Enterprises are more likely to work across several local authority areas and often operate regionally, nationally and internationally. For instance, in 2021 only 23% of Social Enterprises in England¹ work in one local authority.

Exhibit 1 – number of Welsh local authorities Social Enterprises operate in

Just over 60% of Welsh Social Enterprises work in one local authority area and less than a quarter in six or more local authorities

Number of local authorities	2016	2018	2020
One	62%	59%	61%
Two	7%	7%	7%
Three	8%	7%	7%
Four	3%	3%	2%
Five	2%	3%	2%
Six to fifteen	6%	4%	4%
Sixteen to twenty-two	12%	15%	18%

Source: Social Business Wales, Mapping the Social Business Sector in Wales / 2020 Census, June 2021

1.6 Given that Social Enterprises in Wales are primarily community based, often concentrated in areas of deprivation², it is important that local authorities undertake a wider mapping exercise to better understand the sector and the opportunities they present and use this information to inform their future plans. If authorities do not have a good understanding of the sector then it will be difficult for them identify opportunities to work collaboratively and agree actions to promote and grow Social Enterprises.

1 Social Enterprises UK, No Going Back: State of Social Enterprise Report 2021

2 Research by [Social Business Wales](#) found that 45% of social businesses operate in the top 40% most deprived areas in Wales, and only 30% operate in the 40% least deprived areas.

Local authorities speak about the value of Social Enterprises but are not always translating this into action

- 1.7 A strategic approach to working with Social Enterprises will ensure the local authority as a whole understands what Social Enterprises offer and will set out how the local authority is seeking to maximise the benefits of working with Social Enterprises. Moreover, given Social Enterprises contribute to the enhancement of social cohesion, to the accumulation of social capital, and to a more equitable economic development at the community level, they are bodies with a strong poverty reduction focus. A small number of local authorities recognise that Social Enterprises could therefore be an inherently more sustainable method of delivering services given their deep-rooted work in communities and often strong preventive focus.
- 1.8 Research by Social Business Wales shows that Social Enterprises are particularly strong in areas that either complement the work of local government or where the role and work of local authorities has diminished in recent years. For instance, **Exhibit 2** shows a strong presence in community-based arts, leisure, recreation and youth work and important contributions in social care, health and education.

Exhibit 2 – proportion of Social Enterprises working in different sectors

Social Enterprises cut across a wide range of operational sectors but are primarily based in arts and recreation, community centres/groups, education, and health and care

Sector	Proportion 2018	Proportion 2020 ³
Arts, entertainment, recreation & other services	22%	26%
Community Centre / Social Space / Youth Club	8%	20%
Education	14%	10%
Health & Care	19%	9%
Business administration & support services	4%	6%
Other	9%	6%
Accommodation & food services	3%	6%
Agriculture, forestry & fishing	0%	3%
Information & communication	2%	3%
Retail	5%	3%
Property	6%	3%
Transport & storage	1%	2%
Professional, scientific & technical	6%	2%

Source: Social Business Wales, Mapping the Social Business Sector in Wales / 2020 Census, June 2021

³ The report suggests that due to the method of data collection (surveys), organisations which were more likely to close their doors (such as community spaces) are easier to contact and more likely to respond than healthcare organisations who are under heavy strain due to COVID-19.

- 1.9 Local authorities told us that they appreciate the good qualities of Social Enterprises and their potential, whether they provide services commissioned from the local authority or are merely active at a community level in the local area. However, we found that no local authority has a dedicated Social Enterprise strategy. And, while 10 of the 21 local authorities responding to our survey⁴ stated that they have a wider policy, strategy and/or plan that identifies the contribution of Social Enterprises, our review of these plans found that they are mostly limited, lacking detail on future priorities and opportunities for both local authorities and the sector.
- 1.10 For instance, none of the documents we reviewed set out a vision for Social Enterprises nor the potential outcomes that Social Enterprises can deliver for local authorities, residents and communities. A robust analysis of need was mostly missing from the Plans we reviewed and Social Enterprises did not receive more than a passing mention in any local authority's COVID-19 Recovery Strategy. As a consequence, priorities and actions for improvement are unambitious and limited, often overlooking added social value and social capital outcomes that Social Enterprises can secure. Our survey of local authority officers also found that only seven of the 21 authorities responding proactively engage with Social Enterprises in developing future plans and activity. Consequently, the significant benefits of working with Social Enterprises are less pronounced and often not shaping local authorities' priorities.

4 We surveyed all local authorities and received responses from 21 of the 22. Newport City Council did not respond to our survey.

Local authorities are not harnessing the potential of Social Enterprises to help deliver improved services, and a better quality of life for people

1.11 Successful Social Enterprises can have a good grasp of local need, work within strong local networks and have legitimacy as a voice for the community. They are, therefore, well placed to deliver services efficiently and innovatively. It is important therefore that local authorities help communities to identify needs, opportunities and proactively work with the sector to deliver the services people want. The growth and sustainability of Social Enterprises is therefore increasingly dependent on the opportunity and capacity for collaboration.

Effective local authority leadership on Social Enterprises is mostly absent

- 1.12 Leadership of the social enterprise agenda often rests with a handful of individuals in economic development or social care, but too often those managing these relationships are service managers and often not senior enough to direct resources, policies and decisions. For example, our survey of local authority officers found that only three of the 21 local authorities responding to our survey have a lead member for Social Enterprises and only six a lead officer.
- 1.13 We also found that most local authorities have adopted a passive leadership role, often responding to Social Enterprises that approach them rather than proactively seeking to work with existing Social Enterprises and help stimulate new ones. This is partly a reflection of some seeing Social Enterprises as 'risky,' citing issues with governance, handling of money, and legitimacy as areas of concern. Irrespective, this leadership vacuum is not helping to bring Social Enterprises from the fringes of local authority business to play a more central role.
- 1.14 More than half of the local authority officers we interviewed acknowledged that there was much more they could and should do to lead on this agenda, recognising that without an investment in senior leaders time, the local authority is unlikely to be successful in attracting new businesses and entrepreneurs to commit resources. Because leadership is generally poor, local authorities do not have a common understanding of how they want to work with Social Enterprises, which means that Social Enterprises cannot play a more active role in tackling poverty and disadvantage.

- 1.15 A number of local authorities in England⁵ have sought to create a more cohesive leadership approach by raising awareness to improve understanding. For instance:
- a hosting a social enterprise day within the local authority;
 - b putting on workshops for councillors and senior managers;
 - c ensuring senior management teams take responsibility for communicating their vision for Social Enterprises;
 - d setting targets for growth of the social enterprise sector; and
 - e developing activities to celebrate and promote social enterprise.
- 1.16 Good and effective leadership is therefore critical to support the Social Enterprise agenda's movement to the mainstream. Particularly as there is significant 'churn' in the Social Enterprise market which is mostly happening outside of any engagement with or support from local authorities. Research shows that the social business sector in Wales is very dynamic, comprising a core group of well-established organisations but also a growing group of start-ups.
- 1.17 For instance, in 2020 just under a fifth of Social Enterprises (17%) started trading within the last two years⁶ and double the number of start-ups in 2016. Start-up activity is particularly concentrated in Northeast Wales — Denbighshire and Wrexham account for 15% of all start-ups. With such a vibrant and ever-changing sector, it is important that local authorities take a more proactive and less passive approach in working with Social Enterprises if they are to maximise their potential and help support businesses that are struggling.

5 For example, Northumberland County Council raised awareness of the work conducted by social enterprises through information stalls aimed at staff, a social enterprise day and senior manager workshops to enhance understanding of the role and vision for the social enterprise sector. The local authority is also looking to create a cross-party member task group to consider how the local authority can support social enterprise. The task group will also champion social enterprise as a concept and promote a joint vision.

6 [Social Business Wales, Mapping the Social Business Sector in Wales / 2020 Census, June 2021](#)

While there are good examples of how some local authorities effectively collaborate with Social Enterprise, most authorities are not effectively promoting opportunities to widen their role and maximise their impact

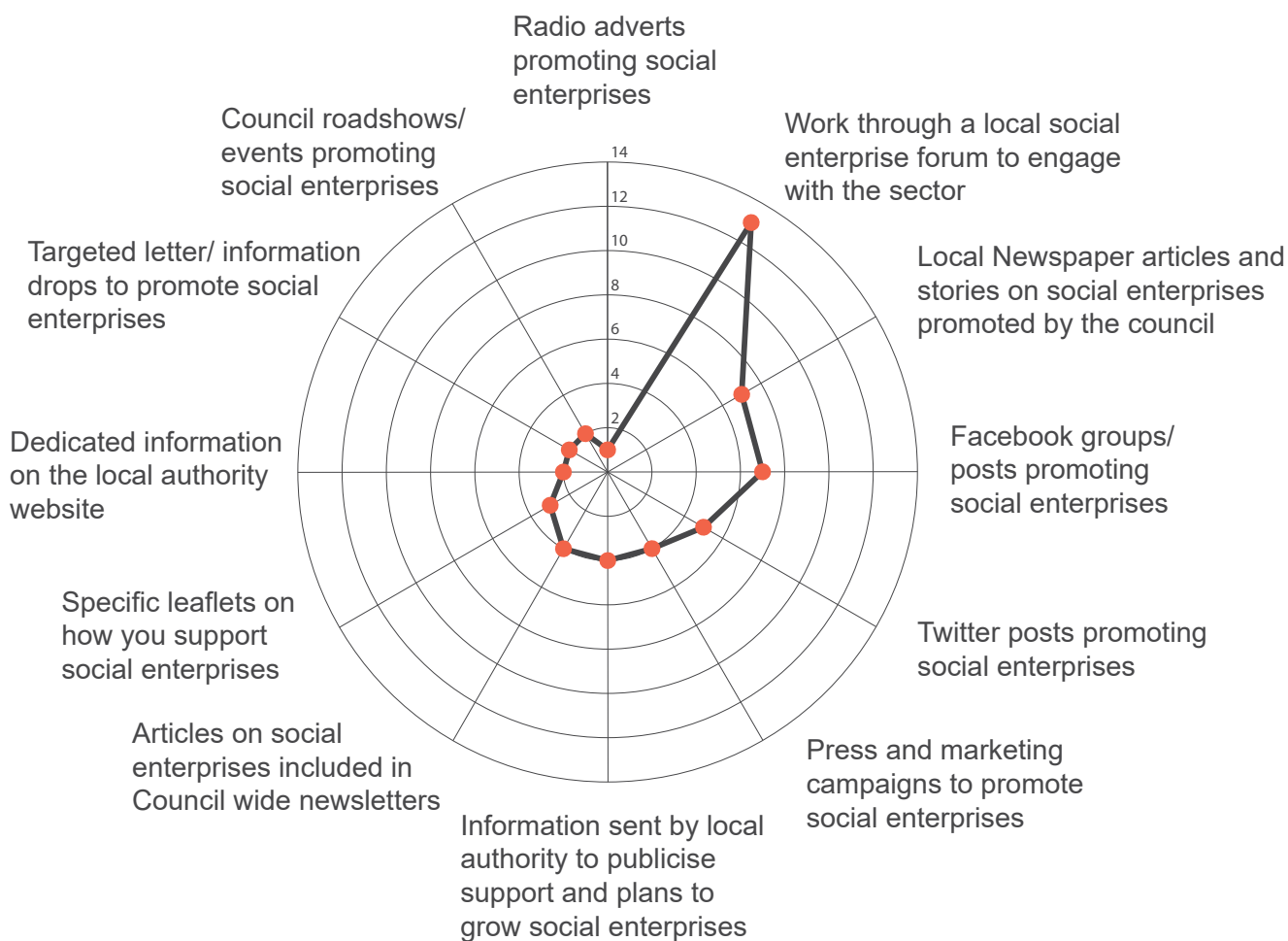
- 1.18 Collaboration between local authorities and the Social Enterprise sector can provide greater opportunities for all parties. It can also increase understanding by sharing knowledge. Just over half of local authorities have partnership boards or forums, usually with the third sector, which involve Social Enterprises, and a smaller number the presence of a sector led local Social Enterprise network. For example, the Blaenau Gwent 'voluntary sector group' brings together many partners, including Social Enterprises, and works with Transport for Wales, Jobcentre Plus, and others to prioritise future work, including opportunities to work with Social Enterprises, in the county.
- 1.19 In addition, a small number of local authorities have officers with specific responsibility for engaging with and developing relationships with Social Enterprises. For instance, the Business Enterprise Officer in Wrexham is the local authority's key contact with the local Social Enterprise Network. Generally, authorities with a better understanding of the barriers facing Social Enterprises are in a better place to work with the sector going forward.
- 1.20 The ways in which local authorities in Wales work with Social Enterprises to deliver services vary considerably. A small number of authorities have created and funded their own Social Enterprises. For example, in Torfaen, Circulate operates a recycling centre, providing recycling and waste disposal services which in turn help achieve the local authority's environmental sustainability goals. In the Vale of Glamorgan, the Big Fresh Catering Company is a social enterprise which provides food services to schools, businesses and private events, investing all profits into local schools. Other local authorities have externalised local authority services such as leisure services and libraries and transferred delivery responsibility to Social Enterprises with a proven record in delivering these activities.
- 1.21 In addition, officers we interviewed flagged the important role of Social Enterprises and the third sector more generally during the pandemic. Social Enterprises 'stepped up' to fill gaps in provision following the closure of frontline offices. One officer noted that 'Social Enterprises did amazing work during COVID-19, giving out food and making PPE. They deserve recognition. They stepped up to the plate at a time when some charities had to furlough all their staff!'

- 1.22 A number of local authority officers however, reflected that the pandemic had limited opportunities for involving Social Enterprises in the work of the local authority. While others noted that Social Enterprises 'value their independence' and do not respond well to local authority involvement. National organisations like CWMPAS and Social Business Wales are seen by some local authority officers as being better placed to work with the sector and determine future growth strategies. In addition, County Voluntary Councils also play an important support and development role linking between local authorities and Social Enterprises.
- 1.23 While almost all local authorities signpost to information on Social Enterprises on their website, only six local authorities had a dedicated page for Social Enterprises, and a small number had no information on Social Enterprises at all. Overall, we judge the quality and level of website information on Social Enterprises as limited. Too often information is not easy to find and is more than '3 clicks' away⁷. Local authorities are mostly not actively promoting opportunities to work with existing Social Enterprises nor effectively encouraging the creation of new ones.
- 1.24 The best local authority websites include:
- a a clear definition of what a Social Enterprise is;
 - b have links to a wide variety of organisations to access further and more detailed information, particularly on legal issues, such as Social Business Wales, CWMPAS, Social Enterprise UK or the WCVA; and
 - c provide contact details and information on local support programmes and grants administered by the local authority.
- 1.25 The findings of our officer survey set out in Exhibit 3 show that beyond working with forums or networks which include Social Enterprises as members, local authorities are not using all the available avenues to deliver their responsibilities to promote Social Enterprises.

⁷ The three-click rule is an unofficial web design rule concerning the design of website navigation. It suggests that a user of a website should be able to find any information with no more than three mouse clicks. It is based on the belief that users of a site will become frustrated and often leave if they cannot find the information within the three clicks.

Exhibit 3 – local authority officer survey - Options used by local authorities to promote the growth of Social Enterprises

Local authorities are not effectively promoting opportunities to enhance the Social Enterprise sector which weakens their ability to deliver their statutory responsibilities



Source: Audit Wales, Survey of Local authority Officers, January – May 2022

- 1.26 A small number of local authority officers identified raising awareness as an area for improvement. For example, one noted that 'It should be [part of our role], but we don't do much of that, due to not having a formal strategy. We don't really report our impact either.' And some local authorities have sought to encourage Social Enterprises to work collectively in order to bid for larger contracts or encourage them to move into areas of activity that better align with local authority grants and funding programmes.
- 1.27 However, other local authorities noted that while they would support emerging Social Enterprises, they would not necessarily 'push' them as a preferred option. One officer noted that they were 'a bit cautious about foisting a specific model or approach on people.' This passive approach to engagement and involvement with Social Enterprises is not supporting local authorities to make best use of the sector and we conclude that there is much more to do.



Local authorities do not have the right mechanisms in place to maximise value for money from their work with Social Enterprises

02

2.1 In this section of the report, we consider how local authorities are working to exploit the potential value of Social Enterprises. We consider the effectiveness of procurement and commissioning approaches and whether they are delivering value for money and adding social value for people.

Procurement and commissioning arrangements do not encourage Social Enterprises to pursue public funding. Local authorities do not have sufficient capacity and resources to grow the sector

2.2 **Exhibit 4** shows that roughly two-thirds of Social Enterprises generate income through trade with the general public and just under half from public sector grants. These are predominantly from Welsh Government and/or grant-making trusts rather than local authorities and in 2020 mostly related to the financial support made available to help businesses through the pandemic. With regards to bidding for and delivering commissioned services the data highlights that there has been a slight drop in trade with the public sector between 2018 and 2020, indicating the significant untapped potential of Social Enterprises for local authorities.

Exhibit 4 – where Social Enterprises in Wales get their money from in 2016, 2018 and 2020

Trading with the general public remains the main source of income for Social Enterprises although public sector grants are growing in importance

Sources of income	2016	2018	2020
Trading with the general public	57%	63%	64%
Public sector Grants	39%	49%	49%
Other grants	39%	44%	42%
Trading with the public sector	23%	40%	32%
Donations	24%	33%	33%
Trading with third sector organisations	15%	32%	25%
Trading with the private sector	17%	29%	25%
Trading with other Social Enterprises	8%	22%	17%

Source: Social Business Wales, [Mapping the Social Business Sector in Wales / 2020 Census](#), June 2021

- 2.3 Analysis by Social Business Wales highlights that while 32% of Social Enterprises currently trade with the public sector, most businesses (61%) do not tender for public sector work and just under a third (31%) consider their inability to access funding from local authorities and other public sector bodies as a barrier to their sustainability and growth⁸. This research also noted more generally that local authority funding of Social Enterprises has significantly reduced since 2014, in part because of a greater reliance on trade with the general public but also because of difficulties in working under public bodies commissioning and procurement rules⁹. In addition, the findings of the CWMPAS 'Buy Social Buy Local project' – which was set up to identify public sector spend that Social Enterprises could secure – found that too often the sector in Wales is not geared up to work with public bodies.
- 2.4 Local authorities are under continuous pressure to deliver public services with limited budgets and resources. Combined with rising expectations from service users and growing demand for many statutory services, local authorities need to ensure they make every £1 count through their procurement and commissioning processes.
- 2.5 Local authorities have a strong record in local economic development work, promoting growth and, in particular, providing help for small and medium size businesses. Over half of the local authority officers we interviewed however, did not differentiate between their wider economic development work and the specific opportunities Social Enterprises present, seeing Social Enterprises as one option among many locally. And, while most local authorities provide financial assistance to businesses and the third sector, these grants are for businesses in general, with no specific focus on growing Social Enterprises. Some local authorities noted that their procurement and commissioning approaches sought to create a 'level playing field' and did not favour one group of organisations over others.

8 [Social Business Wales, Mapping the Social Business Sector in Wales / 2020 Census, June 2021](#)

9 <https://wales.coop/wp-content/uploads/2019/06/SBW-Full-Mapping-Report-English.pdf>

- 2.6 Notwithstanding, authority officers responding to our survey also identified various barriers to Social Enterprises benefitting from local authority procurement and commissioning opportunities. These include:
- a 'onerous' and 'not proportionate' procurement rules that discourage smaller businesses;
 - b processes focusing too much on profit and savings and not enough on social value, community resilience and well-being, all areas where Social Enterprises can add value;
 - c Social Enterprises not operating in the appropriate sector, or not offering all the services required;
 - d a preference for local authorities to go to existing providers and 'work with what we know' rather than pushing the boundaries and actively seeking to develop new opportunities; and
 - e limited capacity, skills and resources in local authorities which reduces opportunity to broaden the contractor base and specifically target Social Enterprises.
- 2.7 However, despite these weaknesses we also found that most local authorities are not resourcing work to promote Social Enterprises. For example, our survey of local authorities found that only two of the 21 responding to us have a dedicated budget to support the growth of Social Enterprises. Social Enterprise UK recognise four of the seven local authorities – Conwy, Flintshire, Gwynedd and Wrexham – as 'Social Enterprise Places' – areas where social business activity is thriving and there is commitment to invest in and work with the sector.¹⁰
- 2.8 A number of interviewees also noted the impact of the loss of the EU funded Southeast Wales Community Economic Development (SEWCED) program, a £13.5 million programme delivered in six authorities (Bridgend, Blaenau Gwent, Caerphilly, Merthyr Tydfil, Rhondda Cynon Taf and Torfaen) that funded work on developing Social Enterprises. The SEWCED program ended in 2015 and, despite its success, has ended. Officers from the six authorities who delivered the SEWCED initiative felt the loss of EU funding stopped them from working collaboratively to grow the social business sector. **Appendix 5** provides further information on this project.

10 There are 33 recognised social enterprise places in the UK of which four are in Wales.

Social value does not feature as a key driver in local authority commissioning

- 2.9 There is no single definition of social value, however Social Enterprise UK has defined social value in the context of procurement as ‘the additional benefit to the community of a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes.’ For local authorities who are commissioning services it is important to consider and measure this social value from the perspective of those affected by the organisation’s work. By capturing in a monetised form the value of a wide range of outcomes, commissioners are then able to broadly identify how much social value they can get for every £1 of investment. The social value model of delivery is therefore a framework that supports a collaborative re-design of services in every area of activity.¹¹
- 2.10 Our local authority officer survey found that of the 21 who responded, nine authorities specifically consider social value when scoring tenders for services, nine do not and three did not know. Of the nine local authorities who do consider social value, five said the level of weighting varies across tenders but four did not know.
- 2.11 Recent research published by Welsh Government echoes these conclusions noting that because local authorities are under resourced, procurement and commissioning teams often lack the skills and capacity to realise the benefits of social value¹². Current approaches, which focus too much on cost, are leading to less sustainable models of delivery because too often the only area where organisations can reduce price is by squeezing pay and/or staff terms and conditions.
- 2.12 Notwithstanding, our review of local authorities’ procurement strategies identified some good approaches to widening impact and enhancing social value. For example, Caerphilly’s Procurement Strategy includes an option to use ‘Social/Community Benefit Clauses’ in contracts. Flintshire has also introduced a ‘Dynamic Purchasing System,’ allowing smaller businesses to fulfil small parts of larger orders, rather than going to a single large supplier. This can also encourage existing businesses to establish social enterprise arms. Flintshire and Rhondda Cynon Taf, have also created ‘Social Value Development Officer’ (or similar), a dedicated role that specialises in scrutinising tenders and budgets and identifies and promotes opportunities to maximise social value.

11 cwmpas.coop/wp-content/uploads/2022/04/3.2.9.-supporting-care-commissioners-and-procurers-to-promote-social-value-models-of-delivery-2020-ENG.pdf

12 CWMPAS, [For economic and social change: Welsh Government Social value review - Summary Report](#), June 2022.

- 2.13 A number of authorities use the Welsh Local Government Associations (WLGA) Themes, Outcomes and Measures¹³ (TOMS) metrics which provide a social value weighting for analysing and scoring tenders. For example, Flintshire told us 'We will likely lean on our TOMS, to measure success, as these are pre-made and standard across the social enterprise sector and the local authority.' Flintshire's TOMs, which relate to their corporate priorities and well-being objectives, allow the Council to use its commissioning procurement activities to generate strategic place-based outcomes in line with local community needs. Similarly, Rhondda Cynon Taf similarly noted that 'we use the TOMS system as they are national and include an underlying social value element. It's considered when we look at their business plan.' However, several local authorities noted that from their experience TOMS did not provide a helpful or workable solution for social care commissioning.
- 2.14 The majority of local authorities would also consider it their responsibility to 'step in' to support a struggling Social Enterprise if they had commissioned services from the organisation. However, given the limited amount of commissioning taking place and a natural reluctance to bail out organisations that are struggling, most would not seek to support them financially or otherwise, considering this too risky and uncertain.
- 2.15 Given limitations in how authorities are promoting social value in commissioning and procurement, Welsh Government have recently reappointed CWMPAS to support the needed transformation of services within the social care sector, by pushing forward the development of social value models for care. CWMPAS has announced its intention to 'help strengthen regional arrangements for rebalancing the social care market by introducing more co-operatives, Social Enterprises and social value delivery models in the Welsh social care sector'¹⁴. In addition, a sub-group of the National Commissioning Board is also producing a guide for social value in social care commissioning. While still in draft, it notes that to make procurement work more effectively commissioners need to think differently with a greater focus on place, people and use of assets.

¹³ Published in November 2020, Themes, Outcomes and Measures guidance is in three parts with [Part 1](#) providing an overview of the approach.

¹⁴www.wales247.co.uk/welsh-government-appoints-cwmpas-to-transform-social-care-delivery-across-wales



Local authorities are not delivering their responsibilities under the Social Services and Well-Being (Wales) Act and weaknesses in data and evaluation limits their ability to promote Social Enterprises

3.1 In this final section of the report, we examine how local authorities are delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014. We also assess the strength of oversight arrangements and whether they allow authorities to fully evaluate the work of Social Enterprises, their impact and identify opportunities for the future.

The majority of local authorities are not delivering their responsibilities under the Social Services and Well-Being (Wales) Act to promote Social Enterprises

3.2 Section 16 of the Social Services and Well-being (Wales) Act 2014 (the 'Act') places a duty on local authorities to 'promote development of Social Enterprises to provide care and support and preventative services'. Social enterprises themselves are well-placed to collaborate with local authorities to deliver social care services. Research by Social Business Wales¹⁵ found that:

- a 54% of Social Enterprises are aware of the 'Act';
- b 21% reported that the 'Act' is central to the work that they undertake;
- c 19% incorporated the requirements of the 'Act' into their governance and policy documents;
- d 9% of Social Enterprises are legally obliged to adhere to the 'Act';
- e 9% explained that the 'Act' formed part of their safeguarding policies;
- f 8% reported that the 'Act' informed their staff-training programme; and
- g 7% use the 'Act' for lobbying and marketing purposes.

3.3 We found that relatively few local authority officers we spoke to were aware of their legal duty to champion the use of Social Enterprises and very few could set out how they are working to grow the sector and deliver their Section 16 responsibilities. The imprecise language in the Act is unhelpful in this context; specifically, the word 'promote.' In practice local authorities interpret their responsibilities to 'promote' very widely. A number of authorities simply focus their efforts on working with existing Social Enterprises with little active promotion to encourage others and help create new ones. Few authorities are investing time and resources in refreshing policies and procurement procedures to build capacity and provide more opportunities to existing Social Enterprises, as well as helping to stimulate new ones.

¹⁵ Social Business Wales, *Mapping the Social Business Sector in Wales / 2020 Census*, June 2021.

- 3.4 Recent research echo these findings noting that there has not been a major shift by local authorities commissioning to provide more social care services through Social Enterprises, and the private sector is still the dominant partner¹⁶. Third sector partners we interviewed and surveyed likewise noted that since the Act went live in 2016, there has been little change in how local authorities work with and encourage Social Enterprises. Consequently, Welsh Government legislative ambitions are not being delivered.
- 3.5 One opportunity to deliver this change is through the new Social Value Forums created under each Regional Partnership Board¹⁷ which are intended to support the growth of the social value sector within the health and social care market. While these forums have varying degrees of support from statutory partners and commissioners, they do provide a good opportunity to engage with the sector, County Voluntary Councils and others within a region to identify opportunities for investment and growth. The 20% allocation of the Regional Integration Fund¹⁸ for the social value sector, managed via Regional Partnership Boards provides a real opportunity for working with Social Enterprises to invest in new ways of delivering services.
- 3.6 In addition, there is an expectation from Welsh Government that each Regional Partnership Board creates a Social Value Forum to explicitly deliver the S.16 responsibilities. For instance, the North Wales Social Care and Well-being Improvement Collaborative¹⁹ have created a Social Value Forum to explore how to promote social value in public services in the region. The Regional Market Stability Reports²⁰ – recently completed by local authorities through the Regional Partnership Boards – also provide a wealth of information on the scale and stability of the social value market within health and social care and will support the work of Social Value Forums.

16 gov.wales/sites/default/files/publications/2022-07/social-value-review-summary-report.pdf

17 In April 2016, seven statutory regional partnerships came into being. Their purpose is to drive the strategic regional delivery of social services in close collaboration with health.

18 The Health and Social Care Regional Integration Fund is a 5-year fund from April 2022 to March 2027.

19 The North Wales Social Care and Well-being Improvement Collaborative includes the six local authorities in North Wales, Betsi Cadwaladr University Health Board and other partners. The aim is to improve services, make the most of the resources available, reduce duplication and make services more consistent across North Wales.

20 Market Stability Reports review the sufficiency of care and support in an area to provide a snapshot of the sector to help plan and shape services, including care for the future.

- 3.7 A number of local authorities such as Rhondda Cynon Taf and Pembrokeshire are already using (or are in the process of creating) micro-enterprises. Micro-enterprises are small business delivering independent care or support services which employ fewer than 10 people. They are an alternative to often expensive day care services. Due to the current staffing pressures in social services, Micro-Enterprises offer a more sustainable solution as well as delivering better outcomes.
- 3.8 The Act also introduced a requirement for each Director of Social Services to produce an annual report that sets out the local authority's improvement journey in providing services to people in its area ²¹. Guidance for the annual reports requires local authorities to report their performance against six quality standards. Standard one – 'Working with people to define and co-produce personal well-being outcomes that people wish to achieve' – specifically covers the promotion of Social Enterprises.
- 3.9 Our review of all Reports of the Director of Social Services found that only eight reports referenced the use of micro-enterprises and a further three mentioned Social Enterprises in some capacity, whether highlighting the work of a specific social enterprise in the area or a service commissioned from a social business. The other 11 reports did not mention Social Enterprises and only expressed in general terms the value of working with the third sector. We also found that no report specifically named the Section 16 duty, though several did include statements acknowledging that the 'Act' requires co-production or partnership working with the third sector. Overall, we conclude that there is more for local authorities to do in their public reporting on how they are promoting Social Enterprises.

21 Welsh Government and ADDS Cymru, [The Local Authority Annual Social Services Reports Guidance](#)

There is minimal oversight and evaluation of Social Enterprises by local authorities

3.10 Social Enterprises play an important role in meeting need and helping people in communities across Wales. For instance, the findings of Social Business Wales Census in 2020, set out in **Exhibit 5**, show that improving local communities and improving the wellbeing of the people are key objectives for over half of all Social Enterprises.

Exhibit 5 – the priority areas for the work of Social Enterprises in Wales

Social Enterprises are widening out the focus of their work and increasingly delivering activity to benefit the most vulnerable people in communities across Wales

Social Enterprises social and/or environmental objectives	2016	2018	2020
Improving a particular community	64%	57%	66%
Improving health and well-being	39%	45%	52%
Supporting vulnerable people	35%	46%	48%
Addressing financial exclusion	26%	28%	44%
Encourage people to participate in the arts, sports & recreation	-	32%	42%
Supporting vulnerable children and young people	20%	29%	34%
Creating employment opportunities	21%	24%	31%
Promoting education and literacy	32%	29%	29%
Protecting the environment	16%	26%	29%
Providing access to services	-	22%	27%
Supporting other Social Enterprises / organisations	9%	16%	25%
Promotes and protect culture, heritage & the Welsh language	-	21%	24%
Addressing social exclusion	7%	9%	21%
Providing affordable housing	5%	4%	3%

Source: [Social Business Wales, Mapping the Social Business Sector in Wales / 2020 Census, June 2021.](#)

- 3.11 Despite Social Enterprises providing services that help public bodies deliver their wellbeing objectives and other statutory responsibilities, local authorities are mostly not monitoring or evaluating their activities nor their impact. Five local authorities responding to our survey noted that they have agreed measures to judge the impact of Social Enterprises in their local area and report against these. Over half (13) have no arrangements to evaluate activity, and the remainder responding did not know.
- 3.12 Because of weaknesses in performance management, reporting and evaluation, it is difficult for local authorities to judge how well they are currently performing and identify how they can support a growth and expansion in the role of Social Enterprises in the future. While a few local authorities included broad input/output measures in core documents on the work of partners, these are often limited to capturing the 'number of Social Enterprises we work with.' A minority of local authorities stated that they considered obtaining 'qualitative' information on the impact of Social Enterprises, drawing on service users experience, but we found little evidence of local authorities following this through in practice.
- 3.13 Local authorities are mostly not reporting to elected members on Social Enterprises. Consequently, those officers responsible for delivering services are not held to account and the ability to challenge and identify development opportunities are lost. Several officers we interviewed acknowledge that the lack of performance reporting to members restricts chances to encourage elected members to take ownership of this agenda and actively promote Social Enterprises.
- 3.14 Local authorities who commission services from Social Enterprises generally have a Service-Level Agreement (SLA) in place underpinned by a range of agreed performance measures to evaluate commissioned services. However, we found that performance reporting of SLAs focus heavily on 'inputs' and 'outputs' – for instance, number of service users dealt with – rather than assessing the wider social benefit of the work of Social Enterprises and the impact they have on people who receive their services.



Appendices

- 1 Audit approach and methods**
- 2 Checklist for local authorities effectively engaging and working with Social Enterprises**
- 3 Differences in legislative, policy and funding for Social Enterprises across the three countries of Great Britain**
- 4 Number of Social Enterprises by Welsh local authority and percentage change between 2016 - 2020**
- 5 Southeast Wales Community Economic Development programme**
- 6 Summary of Good Practice identified in this review**

1 Audit approach and methods

Approach

This report is the second of our themed work for 2022 looking at poverty. This report sits alongside [our earlier report on poverty in Wales](#) and our forthcoming review examining how local authorities empower people to be more self-reliant and resilient.

For this work our approach has been to understand how well local authorities are working with, promoting and developing Social Enterprises. In particular we have looked at the robustness of needs information, strategies, plans and policies for Social Enterprises and how local authorities are ensuring they deliver their commitments under the Social Services and Wellbeing Act 2014 to promote Social Enterprises.

We examined all 22 principal local authorities in Wales at a high-level, managing delivery to be mindful of the pressures local authority officers are under during both the pandemic and the cost-of-living crisis. We ensured coverage was sufficient to draw a view on the whole sector but not to significantly detract from officers' service delivery responsibilities. Our approach was flexible to fit around officers when agreeing and delivering our fieldwork.

Methods

We completed our review between August 2021 and September 2022 and used a range of methods in delivering our work:

- **document review:** we reviewed documentation from the Welsh Government, local authorities, PSBs and other relevant public bodies. This included, relevant committee minutes, corporate strategies, economic, business, regeneration and procurement strategies; COVID-19 recovery plans; and the Director of Social Services Annual reports. We also reviewed information published by Social Business Wales, Social Enterprise UK and Social Enterprise Scotland.

- **interviews** – we undertook a range of different interviews:
 - officer interviews – we interviewed officers nominated by all Welsh principal local authorities, generally those with responsibility for Social Enterprises, social care or economic development. These took place between January and May 2022.
 - national interviews – we interviewed representatives of Welsh and Scottish Social Enterprises, national representative bodies such as CWMPAS, charities, think tanks, academic institutions and research bodies. These took place between March and June 2022.
- **focus groups** – in line with our approach, some local authorities felt it was more appropriate for us to speak to a range of officers in focus groups to reduce our impact on service delivery.
- **survey** – we undertook a survey with local authority officers. The survey was open between January and May 2022, and we received responses from all local authorities except Newport City Council.
- **websites** – local authority and external resources, eg DEWIS.
- **data analysis** – we analysed a range of data collated and published by Social Business Wales, Social Enterprise UK and Social Enterprise Scotland.

2 Checklist for local authorities for effectively engaging and working with Social Enterprises

Action	Completed	Started	Not Started
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1 Strategic Arrangements

Vision

We have an agreed vision on how we will work with Social Enterprises.			
The vision has been shared with, and is understood by, all relevant staff in the local authority.			
The vision has been shared with, endorsed by and is understood by elected members.			
The vision has been developed in discussion with the local County Voluntary Council.			
The vision has been disseminated to Social Enterprises we work with.			
<p>The vision clearly sets out how we intend to deliver our Section 16 responsibilities for promoting Social Enterprises including:</p> <ul style="list-style-type: none"> • Our work to promote social value through the Regional Partnership Board; and • Use of the Regional Integrated Fund to promote and develop Social Enterprises. 			

Action	Completed	Started	Not Started
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Corporate Approach

We have a corporate led approach for working with Social Enterprises that covers all departments and services.			
The corporate approach translates our vision into practical actions.			
We have designated a corporate lead for Social Enterprises who is responsible for overseeing and coordinating our work with the sector.			

Understanding the local Social Enterprise sector

<p>We have mapped out the Social Enterprise sector in our local authority area and know:</p> <ul style="list-style-type: none"> • The number of organisations working locally; • The services they provide; • The communities the services are provided in; • The people the service is provided for; • How the services are funded; • The operating hours/days for services; • The eligibility criteria for the service (if any); • How the service fits with our Section 16 responsibilities for promoting Social Enterprises in delivering social care services; and • Who to contact for more information. 			
We have a record of all our Social Enterprise funding.			

Action	Completed	Started	Not Started
<p>We collate financial information and report at least annually on the totality of our Social Enterprise funding covering:</p> <ul style="list-style-type: none"> • which organisations we fund; • the contract value; • the length of the contract; • which department/service has contracted; • the measures of success established for the work; and • what the intended benefits of the work are. 			
<p>We raise awareness on the benefits presented by Social Enterprises to ensure all staff identify opportunities to collaborate with them by:</p> <ul style="list-style-type: none"> • hosting a social enterprise day within the local authority; • putting on workshops for councillors and senior managers; and • developing activities to celebrate and promote social enterprise. 			

Collaboration and partnership arrangements

<p>We have identified and agreed how the work of Social Enterprises will be managed and scrutinised at a:</p> <ul style="list-style-type: none"> • corporate level – in the work of strategic partnerships and corporate scrutiny committees; • department level – in specific partnership arrangements to support wider policy agendas within defined areas; and • service level – on local partnerships and specific service-led initiatives. 			
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Action	Completed	Started	Not Started
We effectively raise awareness of the work of social enterprises and involve local people and communities in developing new Social Enterprises.			
We have a clear and effective relationship with our County Voluntary Council as a key strategic and delivery partner			
We have a nominated lead senior official to promote and lead work through the regional Social Value Forum.			

Strategy

Our approach to Social Enterprises is integrated with our key strategies and plan – eg Wellbeing Plan, corporate priorities and other community and regional strategies.			
We have set SMART objectives and actions on how we will support and promote the growth of Social Enterprises.			
We are clear on the benefits and risks of Social Enterprises for citizens, local communities and the local authority.			

Delivering the strategy

We have enough staff and resources to promote and grow Social Enterprises.			
We have staff in the right services and with the required seniority to deliver our vision for Social Enterprises.			
We have a can-do culture mindset within the council to make the best use of Social Enterprises.			
We give staff the opportunity to take well-managed risks and explore innovative practices			

Action	Completed	Started	Not Started
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2 Commissioning and Procurement

Designing services

We draw on the expertise and knowledge of Social Enterprises in designing new services.			
Our commissioners make good use of the Market Stability Report process to inform commissioning and market shaping activity for the social care sector.			
In designing services, we clearly set out: <ul style="list-style-type: none"> • what demand the service will meet; • how we have decided on the type of service that we require; and • how we will engage with current and potential providers to develop the service. 			
We ensure that our tender process is accessible for all potential collaborators.			
We can demonstrate we have the capacity and skills to undertake the strategic commissioning process.			
We actively look for ways to invite collaboration			

Action	Completed	Started	Not Started
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Effective award systems

<p>We have created a single centralised and corporate funding system for the management and award of all funding to Social Enterprises.</p>			
<p>We have effective systems to award funding to organisations that sets out:</p> <ul style="list-style-type: none"> • a clear funding timetable that is available to all potential bidders so that they can prepare for opportunities; • the process that will be used to decide (for example, seeking quotations or using a tender or proposal process); • the value and risk associated with the various funding routes; • clear and published criteria that are understood by all organisations seeking funding, including community benefit and social value clauses; • the cost and resources to oversee and administer the process; and • the length of time that funding will be provided. 			

Efficient award systems

<p>We have efficient corporate systems to award funding based on:</p> <ul style="list-style-type: none"> • concise and clear application processes; • use of online and electronic systems to distribute and collate information and bids; • short end-to-end decision-making arrangements; • the minimum number of stages and processes required to decide; and • decisions being delegated to the lowest level. 			
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Action	Completed	Started	Not Started
Our contract terms and conditions are proportionate to the level of funding being made and are specific to the work that is being funded.			
We review our funding processes to ensure we are not excluding Social Enterprises from securing work.			

Training and information sharing

<p>We provide training to support Social Enterprises covering:</p> <ul style="list-style-type: none"> • how to apply for funding – the do's and don'ts; • complying with our commissioning and procurement systems; • data collection processes; • performance management and scrutiny arrangements; • payment cycles and performance targets; and • contract termination/continuation requirements. 			
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Action	Completed	Started	Not Started
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3 Managing performance

Information collection

We have specified the information required to monitor and evaluate the performance of the Social Enterprises we fund.			
The information only measures relevant activity.			
The systems to collect information are streamlined and efficient, and Social Enterprises only submit information once and electronically on agreed timescales.			

Performance review

<p>We regularly report on our Social Enterprise funding to scrutiny committee(s) against a balanced set of performance information that covers:</p> <ul style="list-style-type: none"> • the service standards we set for the Social Enterprise we fund to perform against; • improvements in people's wellbeing and social outcomes; and • relevant service-based performance data; and • conclusions of external audit/inspection reviews. 			
<p>Our scrutiny and evaluation processes:</p> <ul style="list-style-type: none"> • are proportionate for the value of the funding we provide; and • provide us with assurance that our funding is achieving the expected outcomes. 			
<p>Annually we report publicly:</p> <ul style="list-style-type: none"> • on the work of Social Enterprises; • on the current performance of Social Enterprises we fund; • how we will promote further opportunities for the sector in the future; and • how well we are performing in delivering our S.16 responsibilities for Social Enterprises. 			

Action	Completed	Started	Not Started
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Risk management

We regularly review risks associated with our Social Enterprise funding.			
We agree risk management plans if risks are not being managed and mitigated.			
We have a rolling programme of internal audit systems testing and compliance reviews to ensure the robustness, efficiency and effectiveness of our funding of Social Enterprise services.			

3 Differences in legislative, policy and funding for Social Enterprises across the three countries of Great Britain

Issues	England	Scotland	Wales
Legislation on Social Enterprises	Mainly focussed on making better use of Social Value contracts under the Public Services (Social Value) Act 2012	Mainly through land/ asset usage and requirement for public bodies to have at least one Social Enterprise contract	Yes, S.16 of the SSWBA 2015 requires Local Authorities to “Promote Social Enterprises, co-operatives, user led services and the third sector”. This could also be widened out in the Social Partnership and Public Procurement Bill
National Strategy for growing Social Enterprises	Social Enterprises UK have published a futures report – Social Value 2032 .	Scotland’s Social Enterprise Strategy 2016-2026	Welsh Government had strategy in 2005 but this has ended. The current strategy – Transforming Wales Through Social Enterprises – was developed by the sector and is supported by Welsh Government
Government funding for Social Enterprises	Government backed Start Up Loan of £500 to £25,000 and Levelling Up monies	Just Enterprise, Developing Markets, Social Growth, Business Gateway, etc	Business Wales Economic Resilience Fund and Development Bank of Wales
Government support for Social Enterprises	Mainly provided via the UK Government’s Business Support Helpline and 38 local ‘ growth hubs ’	Mainly coordinated via Business Support Scotland	Welsh Government’s Social Business Wales
Minister with responsibility for Social Enterprises	Junior Minister for Civil Society and Youth	Cabinet Minister for Business, Trade, Tourism and Enterprise	Cabinet Minister for Economy

Source: Audit Wales.

4 Number of Social Enterprises by Welsh local authority and percentage change between 2018 - 2020

Local Authority	2018	2020	Difference	% increase
Vale of Glamorgan ²²	41	217	176	429%
Cardiff	228	265	37	16%
Newport	51	76	25	49%
Swansea	135	158	23	17%
Wrexham	62	78	16	26%
Ceredigion	71	79	8	11%
Flintshire	65	70	5	8%
Monmouthshire	29	34	5	17%
Isle of Anglesey	56	60	4	7%
Conwy	76	78	2	3%
Denbighshire	71	72	1	1%
Bridgend	83	85	2	2%
Gwynedd	127	128	1	1%
Caerphilly	99	98	-1	-1%
Merthyr Tydfil	67	64	-3	-4%
Pembrokeshire	121	115	-6	-5%
NPT	79	73	-6	-8%
RCT	162	155	-7	-4%
Carmarthenshire	174	164	-10	-6%
Blaenau Gwent	45	38	-7	-16%
Powys	110	100	-10	-9%
Torfaen	51	40	-11	-22%
Total identified	2,003	2,247	244	12%

Source: Social Business Wales, Mapping the Social Business Sector in Wales / 2020 Census, June 2021.

²² Per the report by CWMPAS, the figure for the Vale of Glamorgan is an outlier, due to the inclusion of an additional source provided by the Vale of Glamorgan Voluntary Service. It is not known if this approach was adopted elsewhere in Wales.

5 Southeast Wales Community Economic Development programme

Six local authorities (Bridgend, Blaenau Gwent, Caerphilly, Merthyr Tydfil, Rhondda Cynon Taf and Torfaen) funded dedicated Social Enterprise programs using £13.5m of EU monies under the Southeast Wales Community Economic Development (SEWCED) program. An evaluation of the SEWCED program commissioned by Merthyr Tydfil County Borough Council found that the project had exceeded expectations in terms of generating new jobs, and all aspects of the project were rated highly in surveys with social enterprise beneficiaries. For instance, SEWCED supported:

- the creation of 30 new jobs and 3 new Social Enterprises;
- the provision of financial assistance to 28 local organisations;
- 15 organisations to adopt and implement Environmental Action Plans; and
- 13 to adopt Equality Strategies and improve how their systems for monitoring and evaluating delivery.

The SEWCED program ended in 2015 and, despite the success of the project and the evaluation findings, the activity has not been continued or replaced in the majority of cases. Only two local authorities received transitional funding to keep on the staff they employed to work with Social Enterprises under SEWCED.

The evaluation determined that 'without the support of the SEWCED, the social enterprise sector in Southeast Wales would not have achieved the same outcomes as it did. Furthermore, without similar support in the future, these results would suggest that the social enterprise sector will not produce the same benefits as it has done as a result of the SEWCED programme.' The interviews with local authorities where SEWCED were mentioned have borne this out, as there is no equivalent funded and organised effort to promote Social Enterprises active in Wales at this time.

6 Summary of Good Practice identified in this review

Good practice – how we determine it

These are the parameters we use to judge whether to include a case study as good practice:

- a programme, activity or strategy that has proven effectiveness, supported by a comprehensive evaluation.
- a programme, activity or strategy that has been shown to produce successful outcomes and is supported to some degree by subjective and objective data sources.
- a programme, activity or strategy that has worked within one organisation and shows promise during its early stages for becoming practice with long-term sustainable impact.
- a programme, activity or strategy that has the potential for replication among other organisations.
- a programme, activity or strategy that is delivering value for money. Value for money is defined as the optimal use of resources to deliver the intended benefits.
- a programme, activity or strategy that is delivering savings/reductions in expenditure with no or low impact on performance.

Within the body of the report, we have identified the following areas of good practice:

- Blaenau Gwent County Borough Council – the work of the Voluntary Sector Group that leads on engaging with Social Enterprises – paragraph 1.18.
- Wrexham County Borough Council – the work of the Business Enterprise Officer to support and promote Social Enterprises – paragraph 1.19.
- Torfaen County Borough Council and the Vale of Glamorgan Council – the creation of Social Enterprises to deliver local services – paragraph 1.20.

- Caerphilly County Borough Council – the use of Social and Community Benefit Clauses in contracts – paragraph 2.12.
- Flintshire County Council – Dynamic Purchasing System which allows smaller businesses to fulfil small parts of larger orders – paragraph 2.12.
- Flintshire County Council and Rhondda Cynon Taf County Borough Council – creation of officers with specific responsibilities to identify and promote opportunities to maximise social value in tendering processes – paragraph 2.12.
- Rhondda Cynon Taf County Borough Council and Pembrokeshire County Council – promotion of and work with Micro-Enterprises – paragraph 3.7.



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Council Response Form

Council action planned in response to the recommendations issued by Audit Wales

Council: Ceredigion County Council

Report title: 'A missed opportunity' – Social Enterprises

Issue date: December 2022

Document reference:

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p>To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in Appendix 2 to:</p> <ul style="list-style-type: none"> • self-evaluate current Social Enterprise engagement, management, performance and practice; • identify opportunities to improve joint working; and practice; 	<p>The Council's approach must be holistic and coherent. To this end, the vision contained within the Corporate Strategy and the Wellbeing Objectives therein, must be equally relevant to every service area. The process to identify these objectives will involve a range of partner agencies and organisations, and will enable future joint working arrangements and practices.</p> <p>To achieve this, the Council will ensure that specific performance</p>	31/03/2024	Greg Jones

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation. 	<p>indicators measure the benefits of collaboration and joint working practices. Any collaboration and joint working must demonstrate added value to the Council and the citizens of Ceredigion and be aligned with the vision of the Corporate Strategy.</p> <p>Action 1: A comprehensive evaluation of current social enterprise arrangements across all service areas and identify any gaps for joint working (e.g. community transport) and collaboration opportunities. The Public Services Board would be a key vehicle to complete this task.</p> <p>Cwmpas were commissioned by Ceredigion County Council to undertake scoping exercise and produce a report to inform the Council approach to developing Social and Micro Enterprise in the Ceredigion Social Care sector.</p> <p>This report for was completed in April 2023 and identified a series of</p>		

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		<p>recommendations from the study to help support Ceredigion County Council in taking forward the Ceredigion Catalyst for Care programme. This programme focuses on the establishment of both Social Enterprises and Micro Enterprises.</p> <p>Following the completion of this report it is felt the Action 1 is complete.</p> <p>Action 2: Co-construct appropriate Service Level Agreements with any external partner organisation or body, that can deliver services more efficiently and more effectively than the Council can achieve independently.</p> <p>A successful joint bid joint between Ceredigion County Council and CAVO was submitted for UKSPF funding.</p> <p>The overall project responsibility sits with Ceredigion County Council, with</p>		

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		<p>CAVO having the lead for development of Social Enterprise provision and Ceredigion County Council with the lead for developing Micro Enterprises.</p> <p>The Council has commissioned Planed to support with the development of Micro Enterprise and the initial focus on this work will see them working with a cohort of Personal Assistants employed via Direct Payments.</p> <p>Action 3: Identify appropriate performance measures that will demonstrate added value and value for money from any social enterprise arrangement.</p> <p>As part of the funding provided from UKSPF a performance measure to create 20 new enterprises by December 2024 was established.</p>		

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R2	<p>To drive improvement we recommend that the local authority:</p> <ul style="list-style-type: none"> formally approve the completed Action Plan; regularly report, monitor and evaluate performance at relevant scrutiny committees; and revise actions and targets in light of the authority's evaluation and assessment of its performance. 	<p>These recommendations will be actioned on completion of tasks associated with R1 above.</p> <p>The Catalyst for Care Project forms part of the Through Age and Wellbeing programme, and as such monthly reporting takes place as part of Programme Board, with more focussed activity being managed with the Carers and Communities Steering Group.</p>	31/03/2024	Greg Jones
R3	<p>To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.</p>	<p>Our vision extends more broadly than the Social Services and Wellbeing Act, however, data collated by the Authority's Corporate Performance Team will be included in the Annual Report of the Director of Social Services, thus fulfilling Section 16 responsibilities.</p> <p>Working in partnership with Cwmpas a West Wales Regional Section 16 Forum has been established. The first meeting of this forum took place on 09 November 2023.</p>	31/03/2024	Greg Jones

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		Ceredigion County Council will be presenting there approach towards S16 at the next meeting of the forum.		