

Monmouthshire County Council

Annual Audit Summary 2021

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



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

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 43 councillors who represent the following political parties:

- Conservative: 25
- Labour: 9
- Independent Group: 5
- Liberal Democrat: 3
- Independent (not part of Independent Group): 1

The Council spent £164.2 million on providing services¹ during 2020-21, the 6th lowest spending of the 22 unitary councils in Wales.

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

Key facts

As at 31 March 2021, the Council had £23 million of useable financial reserves². This is equivalent to 12.8% of the Council's annual spending on services, the 2nd lowest percentage of the 22 unitary councils in Wales³.

Monmouthshire County has none of the most deprived 10% of areas in Wales, this is the lowest of the 22 unitary councils in Wales⁴.

Monmouthshire's population is projected to increase by 6% between 2020 and 2040 from 94,768 to 100,492, including a 5.2% decrease in the number of children, a 3.9% decrease in the number of the working-age population and a 35.6% increase in the number of people aged 65 and over⁵.

The Auditor General's duties

We completed work during 2020-21 to meet the following duties

- **Continuous improvement**

The Council also had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2020-21.

- **Audit of Accounts**

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

- **Value for money**

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

- **Sustainable development principle**

² We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

³ Source: 2020-21 Statement of Accounts

⁴ An area in this context is defined as a 'Lower Super Output Area'. Source: Welsh Index of Multiple Deprivation on Stats Wales

⁵ Source: Stats Wales

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



We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



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

What we found

Audit of Monmouth County Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

For 2020-21:

- The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 5 November 2021.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- The quality of the draft statements presented for audit on 21 July 2021 was generally good.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Governance and Audit Committee in our Audit of Financial Statements Report in November 2021.
- In addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work on grants certification for the 2020-21 financial year is ongoing.
- The Auditor General has issued his certificate confirming that the audit of accounts for 2020-21 has been completed.

Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

As part of our examination of councils' performance assessments covering the 2020-21 financial year we noted a reduced reference to comparative performance information although we recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money and will be a challenge for councils to consider particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.

Financial sustainability

During 2020-21, we examined the financial sustainability of each council in Wales. In Monmouthshire County Council, we concluded the Council has a good understanding of its financial position, but that position is challenging with significant expenditure pressures, low reserve balances and savings becoming more difficult to achieve. The full report can be viewed [here](#).

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021.

Recovery planning

During 2020-21, we reviewed the arrangements that each council in Wales was putting in place to support recovery planning. We undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate. Our key findings included:

- the Council moved quickly to develop, agree and implement a revised set of strategic aims, which it continues to update.

- the Council demonstrated a clear and consistent understanding of the financial impact of COVID-19 on its 2020-21 budget and income streams and regularly reported those impacts to Cabinet.
- the Council established a number of initiatives to support staff wellbeing and regularly engaged with staff while the majority worked from home.
- the Council's transition to virtual decision-making and committee meetings was fast and well managed, allowing it to return to the full democratic decision-making process earlier than many other councils in Wales.

Our feedback letter can be viewed [here](#).

Waste procurement

During 2020-21, we followed the Council's waste service as it procured a new contract to manage and operate the Council's three Household Waste Recycling Centres and two Waste Transfer Stations. The aim of the review was to seek assurance that the Council had included all relevant and reasonable considerations as part of its procurement arrangements for waste, to ensure a sustainable service. We found that the procurement process went well overall and the small team involved worked hard to successfully issue the contract on time. Following our feedback, the Council has agreed to review whether it would benefit from a local waste management strategy. Our feedback letter can be viewed [here](#).

Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. CIW and Healthcare Inspectorate Wales published their joint National review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales. They identified a number of key findings and recommendations. The full report can be found [here](#).

Estyn did not undertake an inspection of Local Government Education Services in Monmouthshire during 2020-21.

Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. The findings of these studies are not necessarily specific to Monmouthshire County Council and each council should consider which findings and recommendations are relevant to them. Since the last annual improvement report, we have published the following reports:

Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these

services in the face of this rising and complex demand. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Our [report](#) was published in April 2021.

Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

Planned work for 2021-22

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

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- Assurance and risk assessment including a focus on:
 - The Local Government and Elections Act (Wales) 2021
 - Recovery planning
 - Carbon reduction plans
 - Self-assessment arrangements
 - Financial position
- Springing Forward – as the world moves forward, learning from the pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- Improvement reporting audit

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

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

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

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

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

This document is also available in Welsh.