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Local Government and Housing Committee Inquiry into Digital Local Government

- 1 The Auditor General for Wales welcomes the opportunity to respond to the Senedd Local Government and Housing Committee's Inquiry into Digital Local Government. The evidence below summarises recent relevant work undertaken by Audit Wales in relation to digital in local government.

Summary of recent relevant audit work in relation to digital local government

Thematic review of councils' strategic approach to digital

- 2 In 2023 we began a thematic review of principal councils' strategic approaches to digital. This work concluded with a national summary report [Digital by design?](#), published in August 2024. We also published 22 local reports setting out our view on each councils' arrangements. Links to each of these reports are contained in the appendix of the national summary report above. The local reports are also published on the [Audit Wales website](#).
- 3 This review was not an evaluation of the progress or effectiveness of councils' approaches to digital per se. In accordance with the AGW's statutory duties, it considered the extent to which these approaches demonstrated proper arrangements for securing value for money in the use of resources, and application of the sustainable development principle. The overall question we sought to answer in each Council through this review was:

'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?'
- 4 The overall finding from this work was:

'while many councils recognise the role digital can play in delivering their longer-term ambitions, weaknesses in their arrangements pose value for money risks.'
- 5 In forming this conclusion, we also arrived at the following findings:
 - councils were, to varying extents, thinking about how they could use digital to deliver better outcomes and achieve their strategic ambitions over the long term;
 - however, we identified consistent weaknesses in resourcing and monitoring that pose value for money risks;

- fundamentally, councils did not appear to have an explicit focus on value for money or the sustainable development principle in developing their digital strategies.

6 We also set out five key lessons relating to evidence, collaboration, resourcing, impact and learning from this work. These are summarised below and set out in more detail in my national summary report:

- councils could draw on a broader evidence base to inform a long term, citizen-centred approach to digital;
- councils could go further in working across internal boundaries and with external partners to deliver maximum value from their digital strategies;
- councils could do more to identify the benefits that could be achieved and the resources required to help them turn ambition into reality;
- councils need to make sure they can assess the impact of their digital strategies and individual projects;
- councils could take a more systematic approach to learning, so they can adapt and improve their work on digital.

Financial sustainability of local government

7 The findings from our work in relation to councils' strategic approaches to digital can be viewed too in the context of our recent work and report on the [Financial sustainability of local government](#) (December 2024). In this report we noted that: 'Some councils are better placed than others to weather the financial challenges ahead. But given the scale of the funding gaps projected for local government in the coming years, all councils will need to keep up or increase the pace of change if they are to meet the urgency and scale of the challenge. The Welsh Government will also need to support the sector in meeting this challenge.'

8 Digital transformation forms a significant part of the changes that councils are making to respond to the financial pressures facing the sector.

Cyber security/cyber resilience

9 In 2020 we carried out a national study looking at cyber resilience in the Welsh public sector, which included surveying more than 70 Welsh organisations about their approaches to cyber resilience, including local government bodies. We held a webinar to share our emerging findings from our national study, items of good practice and discussed the future of cyber resilience in Wales. Based on advice from experts in the field of cyber security, we shared our findings privately with public bodies rather than making them publicly available, we explained the reasons for this on our website - [Our report on Cyber Resilience and why we're not](#)

publishing it. We also published a blog one year later that reflected on certain developments following our report - Cyber resilience – one year on.

- 10 In October 2022, we privately circulated to public bodies a follow up report called Learning from cyber-attacks. That report concluded that cyber-attacks remain a significant risk to all organisations. And it urged public bodies in Wales to learn from recent cyber incidents and prioritise an organisation-wide approach to cyber resilience.
- 11 We have also undertaken audit work on cyber security in a number of individual councils. Generally, we have chosen not to publish the findings of this work for the same reasons referred to in paragraph 9. But we have shared our findings from this work with the relevant individual councils.

Digital inclusion in Wales

- 12 Whilst not specific to the local government section, we published a report on Digital inclusion in Wales in March 2023. The report highlights a number of issues including:
 - 7% of adults in Wales are ‘digitally excluded’, meaning they have not personally used the internet in the previous three months.
 - the percentage of households with access to the internet has steadily increased since 2012 but some groups in society are more likely to be excluded.
 - while there is enough data to suggest high-level trends, there are data gaps that make it difficult to give a complete picture and gain an understanding of the ‘lived experience’ of people who are excluded.
 - digital inclusion is complex and is not simply an issue of access to technology. It is not just an issue of rurality or just an issue for older people. Even when people have access and digital skills, some people may still prefer to access services face-to-face.
 - there is a trend of public bodies moving some of their services online, which has many potential benefits but also risks disadvantaging digitally excluded people.
 - while the UK Government is responsible for digital infrastructure across the UK, the Welsh Government is investing in broadband infrastructure.
 - the Welsh Government has a specific mission around digital inclusion and is investing in digital inclusion projects. The report included reference to the

Digital Communities for Wales programme delivered by Cwmpas and support for the Centre for Digital Public Services.¹

From Firefighting to Future-proofing – the Challenge for Welsh Public Services

- 13 In From firefighting to future-proofing – the challenge for Welsh public services we highlighted, among other things, issues relating to the use of digital technology across public services. These are summarised below:
- technology to transform service delivery, reduce costs and improve the user experience often requires replacement of antiquated IT systems, improvement in the quality and shareability of data, and recruitment and retention of scarce skills in high demand;
 - concern about the overall pace of progress in harnessing digital technology to improve public services;
 - financial pressures facing public services present challenges for digital investment, even though such solutions should result in more efficient or effective services;
 - alongside contractual difficulties and delays with some ICT projects, we are not always seeing clear evidence that significant investment in new systems is reaping the intended rewards;
 - reliance on digital systems leads to increased risks including cyber-security.
 - spending on infrastructure and systems needs to be balanced with work to tackle digital exclusion.

¹ Since our digital inclusion report, the Welsh Government has decided to designate the Centre for Digital Public Services under the Well-being of Future Generations (Wales) Act 2015. Therefore, the Auditor General now has a duty to examine, periodically, the extent to which it has applied the sustainable development principle when setting well-being objectives and taking steps to meet them.