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For all enquiries relating to this agenda please contact Julie Lloyd  
(Tel: 01443 864246 Email: [lloydj4@caerphilly.gov.uk](mailto:lloydj4@caerphilly.gov.uk))

**Date: 19th January 2022**

Dear Sir/Madam,

A digital meeting of the **Governance and Audit Committee** will be held via Microsoft Teams on **Tuesday, 25th January, 2022 at 2.00 pm** to consider the matters contained in the following agenda. You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so.

This meeting will be recorded and made available to view via the Council's website, except for discussions involving confidential or exempt items. Therefore the images/audio of those individuals speaking will be publicly available to all via the recording on the Council website at [www.caerphilly.gov.uk](http://www.caerphilly.gov.uk)

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chrissy', enclosed in a large, loopy oval shape.

**Christina Harrhy**  
CHIEF EXECUTIVE

## AGENDA

	Pages	
1	To receive apologies for absence.	
2	Declarations of Interest.	

Councillors and Officers are reminded of their personal responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

**A greener place Man gwyrddach**



To approve and sign the following minutes: -

- 3 Governance and Audit Committee held on 12th October 2021. 1 - 6

To receive and consider the following reports: -

- 4 Governance and Audit Committee Forward Work Programme. 7 - 10
- 5 Audit Wales Work Programme and Timetable - Caerphilly County Borough Council. 11 - 24
- 6 Caerphilly County Borough Council - Annual Audit Summary 2021. 25 - 32
- 7 Audit Wales Report - Regenerating Town Centres in Wales. 33 - 56
- 8 Revised Risk Assessment Management Strategy 2022. 57 - 84
- 9 Internal Audit Services Annual Audit Plan 2021/22 - Update of Progress. 85 - 94
- 10 Audit of Accounts Addendum Report. 95 - 120

To receive and note the following information items: -

- 11 Regulation of Investigatory Powers Act 2000. 121 - 122
- 12 Officer's Declaration of Gifts and Hospitality. 123 - 128
- 13 Corporate Governance Review Panel (Minutes). 129 - 132
- 14 Audit of Caerphilly County Borough Council's Assessment of 2020-21 Performance. 133 - 134

*\*If a member of the Governance and Audit Committee wishes for any of the above information reports to be brought forward for discussion at the meeting please contact Julie Lloyd, 01443 864246, by 10.00 a.m. on Tuesday 25th January 2022.*

**Circulation:**

Councillors M.A. Adams, Mrs E.M. Aldworth, J. Bevan, Mrs J. Stone, D.T. Hardacre, C.P. Mann, B. Miles, Mrs T. Parry, Mrs M.E. Sargent (Chair), J. Ridgewell, G. Simmonds and J. Simmonds

Lay Member: Mr N.D. Yates (Vice Chair)

And Appropriate Officers

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## GOVERNANCE AND AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON TUESDAY 12<sup>TH</sup> OCTOBER 2021 AT 2.00 P.M.

#### PRESENT:

Councillor M.E. Sargent – Chair  
N. Yates – Vice Chair

#### Councillors:

M.A. Adams, E. Aldworth, C.P. Mann, B. Miles, T. Parry, and J. Ridgewell.

Cabinet Member: Councillor Mrs E. Stenner (Finance, Performance and Customer Service)

#### Together with:

S. Harris (Head of Financial Services & S151 Officer), D. Gronow (Acting Internal Audit Manager), S. Richards (Head of Education Planning and Strategy), R. Roberts (Business Improvement Manager), A. Southcombe (Finance Manager), N. Roberts (Principal Group Accountant), J. Lloyd (Committee Services Officer) and M. Harris (Committee Services Support).

G. Jones (Audit Wales) and M. Jones (Audit Wales).

#### RECORDING AND VOTING ARRANGEMENTS

The Chair reminded those present that the meeting was being recorded and would be made available to view following the meeting via the Council's website, except for discussions involving confidential or exempt items - [Click Here to View](#). Members were advised that voting on decisions would take place via Microsoft Forms.

#### 1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J. Bevan, Ms J. Gale, D.T. Hardacre, G. Simmonds, J. Simmonds, together with R. Edmunds (Corporate Director of Education and Corporate Services), L. Donovan (Head of People Services) and L. Lane (Head of Democratic Services and Deputy Monitoring Officer).

#### 2. DECLARATIONS OF INTEREST

There were no declarations of interest received at the commencement or during the course of the meeting.

### **3. MINUTES – 20<sup>TH</sup> JULY 2021**

It was moved and seconded that the minutes of the Governance and Audit Committee held on 20<sup>th</sup> July 2021 be approved as a correct record, and by way of Microsoft Forms (and in noting there were 6 for, 0 against and 1 abstention) this was agreed by the majority present.

RESOLVED that the minutes of the meeting held on 20<sup>th</sup> July 2021 be approved as a correct record.

### **4. GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME**

S. Harris (Head of Financial Services & S151 Officer) introduced the Forward Work Programme which is currently populated until the meeting in January 2022.

The Chair noted the large number of reports scheduled for the meeting in January and proposed future meetings to be scheduled every 6 to 8 weeks. Members were advised that discussions were ongoing in relation to the number of reports at each meeting and the frequency of the meetings. S. Harris proposed that at the next meeting in January 2022 he would confirm future meeting dates for 2022 and the reports scheduled for these meetings. This information to be provided to the Chair prior to the next meeting in January 2022.

Discussion followed in relation to reports and meetings, with a member noting that a separate meeting could have been held for the Financial Statements. Members were again advised that ongoing discussions outside of the meeting would include confirmation of additional meeting dates that could then be cancelled if they became unnecessary in the future. Members noted that restricting the number of reports scheduled for each meeting would allow more consideration by members on the scheduled reports. The Chair proposed that these changes be confirmed in a report to be included in the next meeting in January 2022.

A member queried the future changes to the Governance and Audit Committee. Members were advised that a report was due to go to Council in November which would include the requirement that one third of the membership of the Governance and Audit Committee would need to be lay members. Members were advised that this would also be confirmed in the next meeting in January 2022.

A member sought clarification on the specific advertising and recruitment for these lay members. Members were reassured that a draft advert had been prepared with the involvement of the WLGA and that advertising for these roles was imminent. Members were advised that the WLGA would be involved in the advertising and discussion followed with proposals to advertise in the local press and the Council's website.

Subject to a proposed review of additional future meeting dates and scheduled reports being agreed, it was moved and seconded that the forward work programme be approved and by way of Microsoft Forms this was unanimously agreed.

RESOLVED that the Forward Work Programme be approved.

### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

**5. AUDIT WALES WORK PROGRAMME AND TIMETABLE – CAERPHILLY COUNTY BOROUGH COUNCIL. QUARTERLY UPDATE: 30 SEPTEMBER 2021.**

Mr G. Jones (Audit Wales) introduced the report and presented an update on the work programme and timetable, advising members that due to the pandemic, the provision of services by the authority was priority but that audit work was ongoing.

Members were referred to the Audit Wales national reports, which included the 'Picture of Public Services' and the 'Town Centre Regeneration' reports which would be referred to future meetings of the Governance and Audit Committee.

A member queried if options had been considered and agreed in relation to local risk-based work that was due to start in September 2021. Members were advised that discussions were ongoing with the Interim Chief Executive, and that homelessness was currently one of the options being considered.

A member referred to the 'Improvement reporting audit' included in the 2021-2022 programme for November 2021 that had not yet commenced. Members were advised that the performance report was going to Cabinet on 27<sup>th</sup> October 2021 and to Council on 9<sup>th</sup> December 2021.

A member queried Affordable Housing and Town Centre Regeneration included in the Audit Wales report. Members were advised that the Town Centre Regeneration was a national study which requires a response from each local authority. No information was available on the report for Affordable Housing, but an update would be provided outside of the meeting.

A member referred to the Care Inspectorate Wales (CIW) and noted that no inspections are scheduled at this time. Members were advised that this was due to the pandemic in relation to public safety, although remote meetings are continuing.

Following consideration of the report, the Committee noted its contents.

**6. FINANCIAL STATEMENTS FOR 2020/21.**

S. Harris (Head of Financial Services and S151 Officer) introduced the report which presented the Governance and Audit Committee with the Audit Wales 'Audit of Accounts Report' for the 2020/21 financial year and sought a recommendation from the Governance and Audit Committee that Council approves the 2020/21 Audited Financial Accounts at the Special Council meeting on 14 October 2021. Members were advised that, due to the pandemic, the preparation and audit of the accounts had been challenging and S. Harris wished to note his thanks to colleagues in finance and the audit team for their hard work and professionalism throughout the audit process.

Members were advised that recommendations arising from the audit of the accounts were not included in the Audit Wales report but that they would be included in the Audit of Accounts Addendum Report which will be presented to the Governance and Audit Committee at its meeting on 25 January 2022. This subsequent report will set out details of Audit Wales' recommendations arising from the audit of the Council's 2020/21 Financial Accounts and the associated management responses.

M. Jones (Audit Wales) presented the Audit Wales Audit of Accounts Report for Caerphilly County Borough Council and members were advised that it was the intention of the Auditor General to issue an unqualified opinion on the 2020/21 accounts.

Members attention was drawn to the timetable in exhibit 1, noting that the audited accounts are scheduled to be certified by the Auditor General on 18 October 2021, which would be six weeks ahead of the Welsh Government deadline of 30 November 2021.

Members were referred to two uncorrected misstatements, one of which was from the previous financial year. A member queried the increase in the value of the uncorrected misstatements from the previous year which had increased from £1.2 million to £1.5 million. The member sought clarification as to why there had been no progress made with this matter. It was clarified that the figure was in relation to housing benefits and members were assured that the current £1.5 million uncorrected misstatement would be resolved in the 2021/22 accounts.

A member sought clarification on the materiality figure of £6.6 million and an explanation was provided by colleagues from Audit Wales. Members also queried the 'summary of corrections made', in Appendix 3 of the Audit Wales report and sought further clarification on the nature of these adjustments. Members were advised that these corrections had been agreed by Officers and that the Financial Statements had been amended accordingly.

A member queried the amount of money in reserves referred to in the report and members were advised that a report on the reserves held by the Authority is presented annually to the Policy and Resources Scrutiny Committee, with the next report scheduled for January 2022.

Following consideration of the report, it was moved and seconded that the recommendations be approved and by way of Microsoft Forms (and in noting there were 8 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the Financial Statements for 2020/21 Report Recommendations be approved and noted.

## **7. AUDIT WALES REPORT – FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT – COVID-19 IMPACT, RECOVERY AND FUTURE CHALLENGES.**

G. Jones (Audit Wales) presented the report which gave members a National view on the financial sustainability of each of the 22 councils in Wales in relation to the Covid-19 impact, recovery, and future challenges. Members were advised that Caerphilly had the second highest level of reserves in Wales and that demand for some services was likely to increase, including homelessness, looked after children and vulnerable adults. It was noted that the cost of Covid was largely covered by the Welsh Government and that Caerphilly remained resilient with its level of reserves. Members were advised that Caerphilly County Borough Council was in a strong liquidity position.

Discussion followed and some members noted that this was a more general report on local authorities in Wales and not specific to Caerphilly. Members were advised that a specific report in relation to Caerphilly had been provided at the previous Governance and Audit Committee in June, and this included proposals for improvement in relation to the medium-term financial plan, and the Transformation Programme. Going forward, regular updates would be provided to the Team Caerphilly Programme Board and update reports would be provided to the Policy and Resources Scrutiny Committee and Cabinet. Members were also advised that the Governance and Audit Committee receive updates on proposals for improvement from regulators and noted that Caerphilly were in a strong financial position.

Following consideration of the report, the Committee noted its contents.

## **8-10. INFORMATION ITEMS**

The Committee noted the contents of the following reports which had not been called forward

for discussion at the meeting: -

- i. Regulation of Investigatory Powers Act 2000.
- ii. Officers Declarations of Gifts and Hospitality April to June 2021.
- iii. Recovery Planning – Assurance and Risk Assessment Project feedback letters.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 3.27 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 25<sup>th</sup> January 2022.

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CHAIR

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**GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME – 25<sup>th</sup> JANUARY 2022**

<b>GOVERNANCE AND AUDIT COMMITTEE – 25<sup>th</sup> JANUARY 2022</b>			
<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)			Audit Wales
Caerphilly County Borough Council – Annual Audit Summary 2021			Audit Wales
Auditor General for Wales Review of Town Centre Regeneration.			Audit Wales and R. Kyte
Review of the Risk Management Strategy.			R. Roberts
Internal Audit Services Annual Audit Plan 2021/22 - Update on progress.			D. Gronow
Audit of Accounts Addendum Report	To present details of Audit Wales' recommendations from the audit of the Council's 2020/21 Financial Statements and the associated management responses.		Audit Wales and S. Harris
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000			L. Lane
Officers Declarations of Gifts and Hospitality	To provide the Governance and Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		L. Donovan

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Agenda Item 4

Corporate Governance Review Panel	To provide for information the minutes of the meeting held on the 23 <sup>rd</sup> September 2021.		R. Edmunds
Audit of Caerphilly County Borough Council's Assessment of 2020-21 Performance	To receive the Auditor General's Assessment of Performance Certification.		Audit Wales

<b>GOVERNANCE AND AUDIT COMMITTEE – 16<sup>th</sup> MARCH 2022</b>			
<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)			Audit Wales
6-month Update on Corporate Complaints			L. Lane
Corporate Risk Register Update			R. Roberts
Update on Progress against Regulator Proposals for Improvement			R. Roberts
Update on Tracking of Agreed Internal Audit Report Recommendations.			D. Gronow
<b>INFORMATION ITEMS</b>			
TBC			
TBC			

<b>GOVERNANCE AND AUDIT COMMITTEE – 19<sup>th</sup> APRIL 2022</b>			
<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)			Audit Wales
Internal Audit Services Annual Audit Plan 2022/23.			D. Gronow
Anti-Fraud Strategy and Action Plan.			D. Gronow
Cyber Security Strategy			L. Lucas

<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000			L. Lane
Officers Declarations of Gifts and Hospitality	To provide the Governance and Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		L. Donovan

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## Audit Wales Work Programme and Timetable – Caerphilly County Borough Council

**Quarterly Update: 31 December 2021**

### Financial Audit work

Description	Scope	Status
<b>2020-21 grants and returns</b>	The Council has six grant claims and returns.	We have certified five of the six claims and returns. We expect to certify the remaining grant, Housing Benefit, by the end of January 2022.
<b>Audit of the Blackwood Arts Centre's 2020-21 accounts</b>	The audit of the annual accounts in accordance with the Charity Commission's requirements.	Audit certification expected in January 2022 in line with required timescales from the Charity Commission.
<b>Audit of the Council's 2021-22 statement of accounts</b>	The statutory audit of the Council's annual statement of accounts.	Expect to commence our audit planning in February 2022.

## Performance Audit work

### 2020-21 Programme Overview

Project	Scope	Timetable	Status
<b>Annual Audit Summary</b>	Annual report summarising the financial and performance audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter.	December 2021	<b>Completed</b>  To be presented to Governance and Audit Committee in January 2022.
<b>Recovery Planning</b>	We intend to support and challenge recovery planning in real-time. Collectively we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning.	July 2020-September 2021	<b>Complete</b>  Letters included in Governance and Audit Committee papers in October 2021.  Ongoing engagement through Assurance and Risk Assessment project.

Project	Scope	Timetable	Status
<p><b>Local risk based work</b></p>	<p>A number of options for local risk based work were presented to Council CMT and Cabinet in early March 2020.</p> <p>The 2020-21 Audit Plan had this work as TBC and due to the pandemic we have yet to agree scope of local risk based work but the scope may be focussed on the outcomes of the Corporate Governance Review</p>	<p>September 2021-May 2022</p>	<p><b>Yet to start</b></p> <p>To be confirmed subject to discussion between the Council and Audit Wales.</p> <p>Options include:</p> <ul style="list-style-type: none"> <li>• Delivering Good Governance report follow up <ul style="list-style-type: none"> <li>– Performance management</li> </ul> </li> <li>• Corporate reviews</li> <li>• Digital strategy</li> <li>• Caerphilly Cares</li> <li>• Homelessness</li> <li>• Waste management</li> </ul>

**2021-22 Programme as set out in the Audit Plan presented at April 2021 Audit Committee**

<b>Project</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	1. We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	<b>1- Ongoing</b>	<b>1 Not yet commenced</b>
	And 2. We will examine the extent to which the council has acted in accordance with the sustainable development principle in setting its Well-being Objectives.	<b>2 2022-23</b>	<b>2 Agreed to undertake this project in 2022 following the Gwent wide well being assessment in 2021.</b>
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.	November 2021	<b>Complete</b>  Certificate issued.

Project	Scope	Timetable	Status
Annual Audit Summary	Annual report summarising the performance and financial audit work undertaken in 2021-22 which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter.	Autumn 2022	Not yet started.
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.	June 2021-April 2022	<p><b>In progress.</b></p> <p>Project brief issued.</p> <p>Core elements in all Councils:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Self-assessment arrangements</li> <li>• Recovery planning</li> <li>• Implications of the Local Government and Elections (Wales) Act 2021</li> <li>• Carbon reduction plans</li> </ul> <p>Initial areas of local focus include:</p> <ul style="list-style-type: none"> <li>• Digital strategy</li> <li>• Waste management</li> <li>• Counter fraud</li> <li>• Cyber Security</li> </ul>

Project	Scope	Timetable	Status
<p>Thematic work – Springing Forward – Examining the building blocks for a sustainable future</p>	<p>As the world moves forward, learning from the global 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.</p>	<p>Planned for Autumn 2021 – April 2022</p>	<p><b>Project now focussed on:</b></p> <ul style="list-style-type: none"> <li>• Assets</li> <li>• Workforce</li> </ul> <p>Assets fieldwork completed, output being drafted</p> <p>Workforce fieldwork delayed due to impact of pandemic but to be delivered by early March</p>
<p>Local risk-based project</p>	<p>Further updates to be provided to the Governance and Audit Committee following further discussion with the Council.</p>		<p><b>Not yet commenced.</b></p> <p>To be confirmed subject to discussion between the Council and Audit Wales.</p> <p>Six options provided in April 2021 were:</p> <ul style="list-style-type: none"> <li>• Delivering Good Governance report follow up <ul style="list-style-type: none"> <li>– Performance management</li> </ul> </li> <li>• Corporate reviews</li> <li>• Digital strategy</li> <li>• Caerphilly Cares</li> <li>• Homelessness</li> <li>• Waste management</li> </ul>

## Local government national studies planned / in progress

Study	Scope	Timetable	Status	Fieldwork planned at Torfaen County Borough Council
<b>Direct Payments</b>	Review of how local authorities manage and promote the use of Direct payments	Publication Winter 2021-22	Drawing conclusions mid October, drafting and publication early 2022	No – work being delivered via Direct Payment Forum and a selection of follow up interviews
<b>Emergency Services</b>	Review of how well emergency services (blue light) collaborate	Publication winter 2021-22	Clearance with publication end of January 2022	N / A
<b>Follow up on People Sleeping Rough</b>	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020	N/A	N/A	This work is not progressing in 2021-22
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council

Study	Scope	Timetable	Status	Fieldwork planned at Torfaen County Borough Council
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council
<b>Community Resilience</b>	Review of how local authorities can build greater resilience in communities	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council

## Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
<b>Local Government Education Services Inspections</b>	Estyn have worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made.	LGES inspections to resume from late Autumn term	N/A
<b>Curriculum Reform thematic review</b>	Regional consortia and local authority support for curriculum reform.	Evidence collecting in Sept/Oct - publish in early February	N/A

## Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
<b>National Assurance Check 2020-21</b>	CIW has now published all assurance check letters CIW has published its national assurance check report highlighting key findings and recommendations	Published	Complete
<b>Programme 2022-23</b>	CIW will run an annual programme of assurance checks, performance evaluation inspections and risk based inspections	April 2022- March 2023	Planning
<b>National review</b>	Support for disabled children and their families.	Published	Complete
<b>Follow-up</b>	CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary.	ongoing	One follow up risk based inspection has occurred and due to be published.  Two further follow up assurance checks have occurred and due to be published in due course
<b>Inspection</b>	Risk based inspection activity will continue where required.	As required	No inspections are scheduled at this time (up until April 2022)

CIW planned work 2021-22	Scope	Timetable	Status
<b>Development</b>	CIW will continue to develop its approach to inspection and review of local authorities	April 2022	In progress
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21</b>	Annual monitoring report in draft format currently – this is a joint report with Health Inspectorate Wales	December 2021	In progress
<b>Annual meeting with Statutory Directors of Social Services</b>	CIW will meet with all Directors of Social Services	Dec 2021 and Jan 2022	In progress

## Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
<b>Care Home Commissioning for Older People</b>	<a href="#">December 2021</a>
<b>The Welsh Government's Warm Homes Programme</b>	<a href="#">November 2021</a>
<b>Taking Care of the Carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic</b>	<a href="#">October 2021</a>
<b>Financial Sustainability of Local Government</b>	<a href="#">September 2021</a>
<b>NHS summarised accounts infographic</b>	<a href="#">September 2021</a>

Report title	Publication date and link to report
Picture of Public Services <sup>1</sup>	<a href="#">September 2021</a>
Town Centre Regeneration	<a href="#">September 2021</a>
Student finances	<a href="#">August 2021</a>
NHS finances data-tool 2020-21	<a href="#">June 2021</a>
Rollout of the COVID-19 vaccination programme in Wales	<a href="#">June 2021</a>
Quality governance arrangements at Cwm Taf UHB – follow up	<a href="#">May 2021</a>
Welsh Health Specialised Services Committee governance arrangements	<a href="#">May 2021</a>
At your Discretion - Local Government Discretionary Services	<a href="#">April 2021</a>
Procuring and Supplying PPE for the COVID-19 Pandemic	<a href="#">April 2021</a>

<sup>1</sup> Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

## Audit Wales national reports and other outputs due to be published during 2021-22 (and other work in progress/planned)<sup>2</sup>

Title	Anticipated publication date
Welsh Government accounts commentary	February 2022
Welsh Government setting of well-being objectives	February 2022
Unscheduled care – data tool and commentary	February/March 2022
Collaborative arrangements for managing local public health resources	February 2022
COVID response & recovery / Welsh Government grants management – third sector support	February 2022
NHS waiting times data-tool and planned care commentary	March 2022
Welsh Government workforce	February/March 2022
Orthopaedic services	March 2022
Curriculum reform	Spring 2022
Equality impact assessment	Spring 2022
Climate change – baseline review	Spring/summer 2022

<sup>2</sup> 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. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

<b>Title</b>	<b>Anticipated publication date</b>
<b>COVID response &amp; recovery / Welsh Government grants management - other</b>	TBC
<b>Affordable housing</b>	TBC
<b>Broadband infrastructure</b>	TBC
<b>Flood risk management</b>	TBC

### **Forthcoming Good Practice Exchange events and publications**

<b>Title</b>	<b>Anticipated publication/event date</b>
<b>Post event resources including session recordings for the Springing Forward event on organisational resilience held on 9/12/21</b>	Late January 2022
<b>Direct Payments Event (title TBC)</b>	March 30 2022

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## Caerphilly County Borough Council Annual Audit Summary 2021

This is our audit summary for Caerphilly County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in January 2021. Our audit summary forms part of the Auditor General for Wales' duties.



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

## About the Council

### Some of the services the Council provides



#### Key facts

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

- Labour 49
- Plaid Cymru 18
- Independent 6

The Council spent £364.9 million on providing services<sup>1</sup> during 2020-21, the fifth-highest spending of the 22 unitary councils in Wales.

<sup>1</sup> 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 £137.2 million of usable financial reserves<sup>2</sup>. This is equivalent to 37.6% of the Council's annual spending on services, the second-highest percentage of the 22 unitary councils in Wales<sup>3</sup>.

Caerphilly County Borough Council has 11 (10%) of its 110 areas deemed the most deprived 10% of areas in Wales, this is the ninth-highest of the 22 unitary councils in Wales<sup>4</sup>.

Caerphilly County Borough Council's population is projected to increase by 1.5% between 2020 and 2040 from 181,585 to 184,340, including an 8.1% decrease in the number of children, a 3.5% decrease in the number of the working-age population and a 26.4% increase in the number of people aged 65 and over<sup>5</sup>.

## The Auditor General's duties

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

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

<sup>2</sup> We define usable 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.

<sup>3</sup> Source: 2020-21 Statement of Accounts

<sup>4</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>5</sup> Source: Stats Wales



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 Caerphilly County Borough Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

#### For 2020-21:

- the Auditor General certified an unqualified true and fair opinion on the Council's financial statements on 18 October 2021. While this date was after the statutory deadline of 31 July, it was ahead of the Welsh Government's revised deadline of 30 November. The Welsh Government had set the later deadline to help councils and auditors manage the ongoing repercussions of the COVID-19 pandemic.
- 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 15 July 2021 was generally good. We are due to raise a number of audit recommendations for improvements to the Council's accounting processes. This year's recommendations are fewer in number than in 2019-20, reflecting the Council's progress.
- a number of changes were made to the Council's financial statements arising from our audit work. We presented our Audit Accounts Report to the Governance and Audit Committee on 12 October 2021 and to full Council on 14 October 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 to date has not identified any significant issues.
- the Auditor General issued the 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 share practice. [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 the 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 July 2021, we concluded that the Council continues to have a strong financial position, although its current medium-term financial plan is underdeveloped. We found that the Council's usable reserves have increased further in the past year and remain at a high level and that the Council continues to underspend against its revenue and capital budgets. We noted that while the Council has a good track record of delivering its planned savings, it has no further planned savings within its current medium-term financial plan. Finally, we found that the Council has maintained a strong liquidity position for many years. We made three proposals for improvement which the Council accepted fully.

The [full report is on our website.](#)

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

## Delivering Good Governance

We set out in our Annual Audit Letter in October 2019 that we would undertake a review of the Council's governance. In conducting our review, we said that we would consider the content and robustness of the Council's self-assessment, as well as drawing, where relevant, on previous audit findings.

We had initially planned that our review should answer the question: 'Is the Council improving its governance arrangements so that they support its transformation agenda'? However, because of the COVID-19 pandemic we instead focused more narrowly on the robustness of the Council's arrangements for the delivery of its Transformation Strategy.

Overall, we found that aspects of the Council's arrangements are not yet sufficiently well developed to support the increasing scale of the Council's wide-ranging transformation programme.

We reached this conclusion because:

- the Council's incomplete assessment of its own arrangements focused too heavily on the existence of documents and processes rather than on their impact and effectiveness; and
- the Council's ambition has increased, and aspects of its arrangements are not yet sufficiently well developed to ensure a rigorous and consistent focus on corporate priorities.

The [full report is on our website](#).

## 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 following areas for consideration by the Council:

- strengthening the Strategic Recovery Framework it has adopted to guide its recovery from the pandemic by clarifying measures of success;
- ensuring that its recovery processes take account of the Climate emergency, and that the outcomes of its Decarbonisation strategy are integral to any proposed changes to the delivery of Council services;
- continuing to use the Sustainable Development Principle to help inform its thinking when undertaking its corporate reviews, particularly with a view to understanding the needs of local communities who will have been impacted in varying ways by the ongoing pandemic;
- ensuring that its programme management arrangements for the corporate reviews provide rigorous oversight and challenge to maximise the benefits achieved;
- the need to effectively align the Strategic Recovery Framework's aims and principles to the forward work programmes of Cabinet and Scrutiny committees, due to the potential scale of the changes being considered; and
- that the forward work programmes of Cabinet and Scrutiny committees are themselves effectively aligned, given the scale of strategic change proposed by the Council under its Strategic Recovery Framework, transformation programme and Place shaping and Well-being Framework.

## Other inspectorates

We also took into account Assurance Check findings undertaken by Care Inspectorate Wales (CIW) and Estyn reports as well as any subsequent actions taken by the Council in response. In March 2021, 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 in their [full report](#). In November 2021, CIW also published its [national overview report of assurance checks in Wales](#) and [‘Let me flourish’](#), a national review of early help, care and support and transition for disabled children in Wales.

Estyn did not undertake an inspection of Local Government Education Services in Caerphilly 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. 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 – audit of discharge of duty to publish an assessment of performance.
- Local risk-based project – further updates to be provided to the Governance and Audit Committee following further discussion with the Council.

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.



## **GOVERNANCE AND AUDIT COMMITTEE – 25<sup>TH</sup> JANUARY 2022**

**SUBJECT:           AUDIT WALES REPORT – REGENERATING TOWN  
CENTRES IN WALES**

**REPORT BY:       CORPORATE DIRECTOR FOR ECONOMY AND  
ENVIRONMENT**

### **1.     PURPOSE OF REPORT**

- 1.1    To present the Governance and Audit Committee with the Audit Wales report “Regenerating Town Centres in Wales” and to inform them of the self-evaluation tool that has been undertaken in respect of Caerphilly CBC’s approach to town centre regeneration.

### **2.     SUMMARY**

- 2.1    The Auditor General carried out a review of how Local Authorities are managing and regenerating their town centres between October 2020 and May 2021. A range of methodology was used including document reviews, interviews, focus groups, data analysis, surveys and webinars.
- 2.2    The report concluded that town centres are at the heart of Welsh life and can be vibrant and sustainable places, but addressing the many challenges they face requires brave decisions and ambitious leadership.
- 2.3    Of the six recommendations contained within the report, five are predominantly aimed at Welsh Government and the way in which they work with Local Authorities on town centre regeneration initiatives. However, under recommendation six, each Local Authority is advised to undertake a self-assessment of their current approach to town centre regeneration and a copy of Caerphilly CBC’s can be found at Appendix 1.

### **3.     RECOMMENDATIONS**

- 3.1    The Governance and Audit Committee is asked to:
- 3.1.1   Note the contents of the Audit Wales report.
- 3.1.2   Consider and comment upon the content of the self-evaluation tool that has been undertaken on Caerphilly CBC’s approach to town centre regeneration.

#### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that the Governance and Audit Committee is aware of the Audit Wales report and associated self-evaluation tool.

#### **5. THE REPORT**

- 5.1 The Auditor General carried out a review of how Local Authorities are managing and regenerating their town centres between October 2020 and May 2021. A range of methodology was used including document reviews, interviews, focus groups, data analysis, surveys and webinars.
- 5.2 The report noted that Wales is a nation of small towns and these towns are where people live, work and play and are historical and cultural centres. Over 2.5 million people in Wales live in towns and cities and they remain at the heart of Welsh life, being places that people value and love.
- 5.3 What a town has and provides is dependent on many different things, including its location, affluence, infrastructure and accessibility. Whilst many towns will have issues in common, no two places are the same and require different solutions and approaches to the challenges it faces.
- 5.4 In the last 75 years, nowhere has seen as much change as the High Street. Once the location of all major activities, town and city centres have undergone rapid change that has been significantly impacted by technological and societal change. Between 1950 and 1980 Local Authorities prioritised regeneration of town centres through the creation of new and greater retail spaces. However since then, the growth of out-of-town retail, the loss of essential services (such as banks and post offices) and the growth of online shopping have contributed to a steady decline in many town centres. The pandemic has added to these problems.
- 5.5 The report finds that overall, Welsh and Local Government have responded well to support town centre businesses during COVID-19. In addition, Welsh Government has directly invested or levered in almost £900 million in the last seven years to regenerate town centres. Despite this funding, town centres still often struggle and the report found that Local Authorities, as the key public bodies in town centre regeneration, often lack the capacity and skills to deliver the sustainable regeneration that is needed. Most notably, powers that can help stimulate town centre regeneration are not utilised effectively nor consistently.
- 5.6 Town centre regeneration is a national priority, but the report found that the Welsh Government's "town centre first" approach is not yet fully embedded. The report notes that National and Local Government need to deliver integrated solutions and make brave decisions going forward that provide honest, strong and dynamic leadership.
- 5.7 Local Authorities are well-placed to prioritise and lead on place planning but need to be clear on the purpose of their town centres and involve public sector partners, the third sector, town and community councils, communities and businesses in decisions.
- 5.8 The report concluded that town centres are at the heart of Welsh life and can be vibrant and sustainable places, but addressing the many challenges they face requires brave decisions and ambitious leadership.

5.9 Six recommendations were made in the report:

1. *“Non-domestic rates have not been reviewed in recent years, and the levels charged do not reflect the current rents being achieved in many town centres. We recommend that the Welsh Government review Non-Domestic Rates to ensure the system better reflects town centre conditions when the payment holiday ends in March 2022.”*
2. *“Many town centre businesses are impacted adversely by charging for car parking, access to public transport and poor transport infrastructure. We recommend that the Welsh Government work with local authorities to review transport challenges facing town centres and agree how best to address these.”*
3. *“The Welsh Government has directly provided and levered in just under £900 million through 13 funding schemes to help regenerate town centres. However, some aspects of the Welsh Government’s management of the funding are considered problematic. To ensure local authorities are able to maximise the impact of funding and tackle the more difficult and longstanding problems that would help transform their town centres, we recommend that the Welsh Government:*
  - i. *Consolidate funding to reduce bureaucracy by streamlining processes and grant conditions and keeping requests for information and supporting materials to a minimum;*
  - ii. *Move away from annual bidding cycles to multi-year allocations; and*
  - iii. *Rebalance investment from capital to revenue to help local authorities address staff capacity and skills shortages.”*
4. *“The Welsh Government has provided all 22 local authorities with training on how best to use existing enforcement, financial assistance and debt recovery powers, but they are not being consistently nor effectively utilised to support regeneration. We recommend that local authorities take appropriate action, using these existing powers and resources available to achieve the best possible outcome for town centres by:*
  - i. *Using alternative methods of enforcement before using Compulsory Purchase Orders as a last resort;*
  - ii. *Integrating enforcement strategies with wider departmental strategies across housing, environmental health, planning and regeneration teams to make more effective use of existing skills and resources; and*
  - iii. *Ensuring there is capacity and the right expertise to use the full range of powers, working in collaboration with other councils to achieve good outcomes.”*
5. *“The Welsh Government’s ‘Town Centres First’ approach looks to put the health of town centres at the heart of the decisions taken by Welsh Government, local authorities, the wider public sector, businesses and communities. This requires a high degree of integration between cross-cutting policy frameworks and decision making to promote town centres above much else. We recommend that the Welsh Government set out how it plans to deliver this in practice, its expectations of partners and the practical steps it will take to make this ambition a reality.”*
6. *“Town Centres are changing, and local authorities need to be receptive to these changes and plan to manage these shifts. We recommend that local authorities*

*use our regeneration tool to self-assess their current approaches to identify where they need to improve their work on town centre regeneration.”*

- 5.10 Five of the six recommendations are predominantly aimed at Welsh Government and require liaison with Local Authorities over the issues raised. However, Members are asked to note the following points:
- 5.10.1 Recommendation 2 – Members will be aware that car parking charges are currently suspended in all Council-owned pay & display car parks and a task & finish group is currently meeting to consider parking tariffs further.
- 5.10.2 Recommendation 3 – Officers in Regeneration & Planning regularly meet with our Welsh Government regeneration colleagues to update on projects and funding. Past requests for flexibilities in funding arrangements have been accommodated wherever possible. Welsh Government is in the process of transitioning all grants that have a town centre focus to the “Transforming Towns” programme. This will not only simplify & streamline available grants, but also provide consistency of grant conditions and reporting procedures. It will also enable multi-year funding allocations.
- 5.10.3 Recommendation 4 – Officers have compiled an Empty Property Action plan that was submitted to Welsh Government in the autumn of 2021. Part of this plan focuses on long-term empty town centre properties and Officers and Members received training from WG on the various enforcement options that can be taken. An internal working group consisting of Officers from several departments will monitor enforcement action and aim to achieve the best strategic and operational outcome for each property. An Empty Property team is also being established within Caerphilly Homes to focus on this work programme.
- 5.10.4 Recommendation 5 – Members will be aware that Housing & Regeneration Scrutiny and Cabinet recently endorsed a revision to the Council’s Town Centre Management Group meetings that aims to widen and increase engagement with town centre businesses and stakeholders. A key objective of these groups is ensuring stakeholder engagement in regeneration projects, plans and activities.
- 5.10.5 Welsh Government’s regeneration department now has a “town centre first” focus and Council Officers regularly meet with them to discuss existing and potential projects and agree priorities in the short, medium and longer term. Officers in Regeneration & Planning are currently formulating Place Plans, which will be implemented by multi-agency steering groups that will include Welsh Government and other stakeholders and partner organisations.
- 5.10.5 Recommendation 6 – Officers have completed the self-assessment tool in respect of Caerphilly CBC’s approach to town centre regeneration and a copy can be found at Appendix 1.

## **Conclusion**

- 5.11 The Audit Wales report makes a wide-ranging set of recommendations on the future of town centre regeneration and sustainability. Officers will work with colleagues in Welsh Government over the implementation of the recommendations and ensuring that the Council’s town centre regeneration plans, policies and projects are in-keeping with the findings and recommendations contained within the report.

## **6. ASSUMPTIONS**

6.1 No assumptions are made in respect of this report.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

7.1 The content of the report links with *A Foundation for Success (Regeneration Strategy 2018-2023)* objectives in relation to “Supporting Business”:

- SB3: Creating an environment that nurtures business – The importance of town centres and the businesses that wish to operate within them is recognised, as well as the need to accommodate the needs of those businesses;
- SQL4: Maximise the tourism potential of the County Borough to become an established tourism destination – Ongoing town centre and environmental improvements, along with improvements to accommodation and the night-time economy are key aspects of this priority and engagement with relevant businesses is key;
- SQL7: Refocus on town centres to serve the needs of residents and businesses – the vitality and viability of town centres should be enhanced by working in partnership with the business community in order to attract new investment and sustain confidence.

## **8. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

8.1 This report is for information purposes only, so the Council’s Integrated Impact Assessment process does not need to be applied.

## **10. FINANCIAL IMPLICATIONS**

10.1 There are no direct financial implications arising from this report.

## **11. PERSONNEL IMPLICATIONS**

11.1 There are no direct financial implications arising from this report.

## **12. CONSULTATIONS**

12.1 The draft report has been circulated to the consultees listed below and all comments incorporated into this version of the report.

## **13. STATUTORY POWER**

13.1 Local Government Acts 1972 and 2003.

Author: Steve Wilcox, Principal Officer – Town Centres & Business Support,  
wilcosj@caerphilly.gov.uk

Consultees: Mark S. Williams, Corporate Director Economy and the Environment  
Dave Street, Corporate Director Social Services & Housing  
Rhian Kyte, Head of Regeneration and Planning

Stephen Harris, Head of Financial Services and Section 151 Officer  
Robert Tranter, Head of Legal Services & Monitoring Officer  
Liz Lucas, Head of Customer and Digital Services  
Allan Dallimore, Regeneration Service Manager  
Anwen Cullinane, Senior Policy Officer - Equalities, Welsh Language and Consultation  
Lynne Donovan, Head of People Services  
Jane Roberts-Waite, Strategic Coordination Manager  
Cllr Eluned Stenner, Cabinet Member for Performance, Economy and Enterprise  
Cllr. Margaret Sargent – Chair of Governance and Audit Committee  
Cllr Ridgewell and Cllr Mike Adams - Housing and Regeneration Scrutiny Committee Chair and Vice Chair

Background Papers:

Audit Wales Report “Regenerating Town Centres in Wales” (September 2021) - <https://www.audit.wales/publication/regenerating-town-centres-wales>

Appendices:

Appendix 1 Caerphilly CBC self-evaluation tool on town centre regeneration

**Appendix 1**  
**Audit Wales – Regenerating Town Centres in Wales**  
**Self Evaluation Tool**

	<b>Intention</b>	
<b>Action Needed</b>	<b>Yes, we are good at this and no further work is required</b>	<b>No, there is more for us to do</b>
We have a long-term vision for all of our town centres.		<p>Town Centre Action Plans (TCAPs) have been produced for some of our principal town centres and consultants have been commissioned to conduct studies for other towns (such as the Powell Dobson study on Blackwood). However, many of these documents were produced several years ago and, more importantly, pre-pandemic. The Strategic Planning team is currently producing a series of masterplans for the County Borough, which will create a long-term vision for the different parts of the County Borough and the town centres that sit within them. The Authority is also embarking upon an ambitious Place Shaping and Place Making agenda that include plans for regeneration of our town centres. Post-pandemic recovery for our town centres will form part of the revised Local Development Plan, which is currently being produced. The Council's Place Shaping agenda and Place Making plans</p>

		will also contribute to a long-term vision for our town centres.
We have committed, highly visible political leaders for town centre regeneration.	The Cabinet and Leaders of all political parties recognise the importance of our town centres and proactively support town centre regeneration initiatives.	
Our approach to town centre regeneration is integrated with other key strategies and plans – e.g., Wellbeing Plan, corporate priorities and other community, Council and regional strategies.	The importance of town centres and their regeneration is recognised by Political and Corporate leaders. Town centre regeneration is integrated within the Council’s Regeneration Strategy – “A Foundation for Success” – and forms a key part of all associated strategies and plans. Caerphilly’s Well-Being Plan – “The Caerphilly We Want 2018-2023” – and the associated work by the Public Services Board also contribute to town centre regeneration.	
We have set SMART objectives for town centre regeneration.		Not all objectives for our town centres have been set using SMART methodology historically. However, Town Centre Action Plans and the associated wider area regeneration plans are produced using SMART targets and will outline our approach to town centres for the medium and long term.
We are clear on the benefits and risks of town centre regeneration for citizens, the local economy and local communities.	The impact that town centre regeneration has on the businesses within them and the communities they serve is a key consideration when developing plans and strategies. Benefits and risks are assessed and managed in so far as is	

	<p>possible through the setting of SMART targets and the assessment of available data (such as demographics, population projections and economic projections).</p> <p>The Council's Integrated Impact Assessment process is a key component of assessing and mitigating against risks.</p>	
We have a clear accountability framework to govern and scrutinise our decisions in regenerating town centres.	All regeneration strategies and plans are reported through the Council's committee structure and are considered by the Regeneration Board, Scrutiny Committees, Cabinet and Council as required.	
We have agile and effective decision-making processes when approving our work on town centres.		<p>The Council's decision-making process is robust and transparent, but this does not always allow for agile decision-making while ensuring good governance.</p> <p>However, agile decisions can be demonstrated by pandemic recovery initiatives that were delivered quickly and in direct response to the challenges that were being faced by the business community.</p>
We act in a transparent way and everyone is clear on how decisions on town centre regeneration activities are made and by whom.	Town centre regeneration activities are approved through the Council's committee structure with updates delivered in the same way. Responsible Officers and Members are identified within reports. Officers have delegated powers for certain activities, such as grant approvals, but these are done in	

	consultation with the relevant Cabinet Member.	
Those who make decisions on town centre regeneration are accountable for their choices and are held to account through clear governance arrangements.	Town centre regeneration initiatives are developed, reported and updated on through the Council's Committee structure with responsible Officers and Members available for questions. Many decisions relating to town centres are taken through the Regeneration Project Board, where lead Officers produce reports and are held to account via questions.	
We have enough staff and resources to undertake town centre regeneration work.		It is recognised that in-house staff capacity is not sufficient and resources may not always be available to develop large-scale regeneration programmes. However, steps are being taken to address this such as the recent Regeneration Project Board approval to employ a multi-disciplinary team of consultants to lead and implement the ambitious Caerphilly Town 2035.
We have staff in the right services and with the required seniority to undertake town centre regeneration work.	It is recognised that town centre regeneration requires input from departments across the whole Council. Such cross-cutting work programmes are well-established within the Authority and have the support of senior management.	
We have a can-do culture and entrepreneurial mindset within the Council for town centre regeneration.	The Council's "Commercial and Improvement Strategy", which forms part of the "Team Caerphilly – Better Together" Transformation Strategy	

	underpins the new operating model of “social head and commercial head” to ensure that a can-do culture and entrepreneurial mindset exists across the Authority.	
We can recruit the right people with the right skills to deliver our town centre regeneration work.	The importance of regeneration is recognised and staff vacancies that arise within departments that implement this work are proactively filled. Posts are advertised via a range of mediums, including appropriate platforms and publications, to ensure that people with the right skillset are appointed to these roles.	The importance of regeneration is recognised and staff vacancies that arise within departments that implement this work are proactively filled. Posts are advertised via a range of mediums, including appropriate platforms and publications. However, there have been difficulties in filling recent vacancies especially technical and regeneration posts. This appears to be largely due to the current labour market and the increasing disparity between public and private sector remuneration packages.
We have embedded regeneration with programmes of long-term transformation and/or recovery from COVID-19.	COVID-19 has had wide-ranging impacts across many areas of the Council’s work, including town centres. The Council has recently agreed our economic recovery framework, which will support and enhance the implementation of the Well-Being Strategy.	
We are able to secure the resources we need to undertake town centre regeneration.	Officers have strong, well-established, and longstanding relationships with colleagues in Welsh Government and work with them to identify regeneration priorities and secure resources required to implement actions. Similarly, the importance of town centres is recognised	

	by senior management and political leaders of the Council and resources are allocated to regeneration activities through the Regeneration Project Board, Cabinet and Council. Links will be established with UK Government going forward through the Levelling Up agenda and associated funding.	
	<b>Involvement</b>	
<b>Action Needed</b>	<b>Yes, we are good at this and no further work is required</b>	<b>No, there is more for us to do</b>
We effectively communicate internally and externally about what the Council and its partners are trying to achieve through our town centre regeneration work.	The Council is proactive in internal and external engagement of its priorities through staff newsletters, press releases and social media posts. Specific long-term promotions around the Place Shaping Agenda and our Choose Local (shop local) campaign are currently underway.	
We draw on the expertise and knowledge of partners, businesses, citizens and stakeholders when identifying and agreeing our priorities for town centre regeneration.		The Council has historically used its Town Centre Management Groups to engage with partners and stakeholders on town centre regeneration. However, it was recognised that partner and stakeholder representation at these meetings was declining. As such, Housing & Regeneration Scrutiny Committee and Cabinet have recently approved a trial of a revised format for these groups to encourage participation and engagement. The new format is

		<p>anticipated to increase and encourage stakeholder participation and input into town centre initiatives, but the new format will be assessed during its trial period (12-months) with a view to a long-term implementation of the new format subject to feedback. Changes may be required to ensure that the proposed new format is fit for purpose. The new format will be utilised to consult and develop our Place Shaping &amp; Place Making agendas along with other regeneration plans and initiatives.</p>
<p>Our priorities for town centre regeneration reflect the feedback we receive from partners, businesses, citizens and stakeholders.</p>	<p>Town centre regeneration initiatives are subject to consultation with feedback incorporated and plans amended as appropriate. As mentioned above, it is anticipated that the new format Town Centre Management Groups will increase the proactive engagement with partners and stakeholders on town centre plans and programmes. The new format will also give the groups a business focus for the first time.</p>	
<p>We enable all of our stakeholders to be fully involved in identifying and agreeing town centre regeneration priorities:</p> <ul style="list-style-type: none"> <li>• Elected Members;</li> <li>• Welsh Government;</li> <li>• Local Health Board;</li> <li>• Fire &amp; Rescue Authority;</li> <li>• National Park Authority;</li> </ul>	<p>Stakeholders and partners are actively encouraged to be involved in town centre regeneration initiatives through working groups, engagement events and the Town Centre Management Groups. The revised Management Groups are anticipated to enhance this engagement.</p>	

<ul style="list-style-type: none"> <li>• Police;</li> <li>• Police and Crime Commissioner;</li> <li>• Town and Community Councils;</li> <li>• Business Improvement Districts;</li> <li>• Chamber of Commerce;</li> <li>• Social Enterprises;</li> <li>• Local community groups;</li> <li>• Individual citizens.</li> </ul>	<p>There is no National Park Authority, Business Improvement District or Chamber of Commerce in Caerphilly County Borough at this time.</p> <p>Wide reaching collaborative work is also a key aim of the Public Services Board and their work on Resilient Communities focus on our town centres.</p>	
<p>We encourage partners, businesses, citizens and stakeholders to develop solutions that help regenerate our town centres.</p>	<p>Stakeholder and partner engagement forms an integral part of the development of town centre regeneration initiatives and such input is encouraged to ensure that plans are robust and fit for purpose.</p> <p>We work proactively with the private sector over large regeneration schemes and provide financial support through grant funding wherever possible.</p> <p>Successful town centre regeneration initiatives include conversion of the former <i>Store 21</i> in Blackwood into a high-quality mixed-use development.</p>	
<p>We support community-led regeneration and actively encourage our partners, businesses, citizens and stakeholders to lead on town centre regeneration by encouraging and working through:</p> <ul style="list-style-type: none"> <li>• Business Improvement Districts;</li> <li>• Town and Community Councils;</li> <li>• Place Plans.</li> </ul>	<p>There aren't currently any Business Improvement Districts operating within the County Borough. Officers and Members have active dialogue with Town &amp; Community Councils and they are proactively involved in regeneration initiatives. Workshops on the place making, place shaping and area</p>	

	regeneration plans focus on citizen and stakeholder engagement.	
We draw on and utilise the skills and knowledge of our local partners, businesses and stakeholders to help us deliver our regeneration programme.	The importance of the knowledge and skills of our town centre stakeholders and partners is recognised and incorporated into regeneration initiatives.	
We actively seek feedback from the community on an ongoing basis about our planned, ongoing and future town centre regeneration work.	Feedback from the business community forms an inherent part of the Council's model of town centre management and will be encouraged proactively through the new format Town Centre Management Groups.	
	<b>Informed</b>	
<b>Action Needed</b>	<b>Yes, we are good at this and no further work is required</b>	<b>No, there is more for us to do</b>
We use a wide range of data to understand our town centres and identify the priorities for action.	The Council currently uses data such as footfall, vacancy rates and demographics to understand how our town centres are functioning.	
Our data covers: <ul style="list-style-type: none"> <li>• Footfall;</li> <li>• Digital – Wi-Fi usage, social media interactions, travel movements, etc.;</li> <li>• Property – rent, profit margins and empty units;</li> <li>• Catchment demographics;</li> <li>• Interdependency of towns.</li> </ul>		The Council currently has footfall data for all of the principal towns, along with vacancy rates and catchment demographics. Free public Wi-Fi is currently being installed in the principal towns and this system will provide much-enhanced data on footfall, including capturing data across the whole town centre (as opposed to single points under the current system). It is envisaged that the system will also provide information on the number of people employed in our

		<p>town centres (through long-dwell data), traffic movements (through short-dwell data) and the demographics of town centre users (through the profiles of registered users).</p> <p>Property data is currently reserved to vacancy rates through annual surveys, but data from CoStar (a subscription service that the Authority currently utilises to advertise commercial and industrial properties) could be utilised to provide more in-depth data on rental values and profit margins.</p> <p>The Audit Wales report provides information on the interdependency of towns through an online toolkit that Officers can utilise when developing town centre plans.</p>
We make transparent decisions based on good quality information when deciding on town centre regeneration.	Available data is utilised to analyse trends and provide an evidence base for town centre regeneration initiatives whenever appropriate.	
<p>We receive good quality information to:</p> <ul style="list-style-type: none"> <li>• Judge whether we should approve a town centre regeneration project; and</li> <li>• Monitor and fully evaluate performance of our delivery of town centre regeneration.</li> </ul>	Town centre footfall and vacancy rates/trends are routinely used to assess the effectiveness of town centre regeneration projects and provide information and justification when formulating ideas.	

<p>We have a confident decision-making culture and Elected Members are not afraid of challenging Officers and holding people to account.</p>	<p>The Council's committee structure and reporting process provides robust decision-making and enables Members to challenge and question Officers and Cabinet Members.</p>	
<p>We regularly review our town centre regeneration work to ensure our actions and decisions are the right ones.</p>	<p>All town centre regeneration work is regularly assessed utilising available data and trends to assess the effectiveness of interventions. Projects are also evaluated to see where lessons have been learnt.</p>	
<p>We amend our town centre regeneration programmes to reflect changing needs and demands.</p>		<p>Town centre regeneration programmes are regularly reviewed to reflect changing needs and demands. However, the pandemic has had an unprecedented and rapid impact on our town centres and work is underway to amend programmes in light of the pandemic and the impact that this will have on our town centres. Plans and initiatives now need to reflect the recovery phase as a priority.</p>
<p>We set targets and measures of success for town centre regeneration to judge improvement over time, and monitor these when they have been agreed.</p>	<p>Utilising the SMART methodology, town centre programmes have targets and measures to assess their effectiveness over time.</p>	
<p>We jointly take corrective action as a result of our ongoing evaluation of town centre regeneration programmes.</p>	<p>Long-term programmes are assessed throughout their implementation with each stage assessed and future actions amended accordingly.</p>	
<p>We share learning and draw on evidence from other Councils in Wales and elsewhere to learn what does/does not</p>	<p>Officers attend regional meetings and working groups (such as the town centre focused Place Management Forum) to share ideas and experiences across the</p>	

work, the challenges we face and the potential rewards.	South East Wales region. Welsh Government representation at this, and other, regional meetings provide input from a national level/perspective.	
We have robust performance management arrangements in place to monitor evaluation of past regeneration programmes.	Town centre performance data (such as footfall) is a measure on the Council's performance management framework.	
We review the effectiveness of our past decisions on town centre regeneration to understand what worked and what did not.	Officers proactively review town centre programmes and projects to assess effectiveness and learn lessons for the future.	
We undertake post-implementation evaluation of individual town centre regeneration schemes to check that the objectives we set were delivered.	Targets and objectives for projects are outlined in the planning stages and these are assessed and measured throughout implementation.	
<p>We can draw on robust information that shows how our regeneration work is:</p> <ul style="list-style-type: none"> <li>• Improving local people's social and health well-being;</li> <li>• Improving the quality of buildings and homes in our town centres; and</li> <li>• Delivering carbon reduction targets and improving green infrastructure.</li> </ul>		<p>The Authority is currently embarking upon carbon reduction measures, including increasing green infrastructure. The environmental impact of projects will be a key consideration going forward to ensure that local and national targets are met.</p> <p>Work to improve the quality of buildings in our town centres is currently underway in conjunction with colleagues in Welsh Government. This will include bringing underutilised buildings back into beneficial use, including high quality housing units to improve the social and health well-being of town centre</p>

		residents, while also assisting with town centre pandemic recovery.
	<b>Intervention</b>	
<b>Action Needed</b>	<b>Yes, we are good at this and no further work is required</b>	<b>No, there is more for us to do</b>
We have defined and clarified roles, responsibilities, and our legal powers to support our town centre regeneration work.	Officers are aware of their roles and responsibilities and the powers available to them in delivering town centre regeneration projects. Internal working groups are regularly established to deliver large-scale projects with defined terms of reference and clear roles, responsibilities, and objectives.	
We can draw on and utilise the skills and knowledge of our partners, the Welsh Government, and stakeholders to help us take legal action to regenerate town centres.	Welsh Government has recently delivered training for Officers and Members on empty property enforcement as part of their town centre regeneration programme. Through this work, they have appointed a consultant with extensive knowledge and experience in property enforcement. This consultant is available to Local Authorities to advise and support them through individual cases and also advises of other Local Authorities who have dealt with similar cases so that best practice etc. is shared.	
We provide landlords, businesses, partners and stakeholders with good quality advice and guidance including:		The authority is currently working on launching a 'mini empty properties website' to provide comprehensive information on the authorities stand on empty properties including the products

<p>Advice to landlords on options for sale, rent and ownership</p> <ul style="list-style-type: none"> <li>• List of agents to help sell/rent;</li> <li>• Discounted fees through Auctioneer Scheme;</li> <li>• Identify and list potential Investors/Developers;</li> <li>• List of approved Builders/Architects;</li> <li>• Free composite Schedule of Works.</li> </ul>		<p>available to assist in bringing empty properties back into beneficial use. The website will have links to signpost interested parties to relevant services. A 'contact me' function will also be built into the webpage to encourage engagement.</p> <p>Information regarding the rules for Listed Building repair, maintenance, renovation and regeneration are different from those of non-listed depending on the listing Grade. Links to CADW will be included to provide online information to anyone interested in a Listed Building. Often Listed Building Consent is required if change to the building is more than repair and maintenance.</p> <p>In addition, the production of an 'Empty Residential Property Information Pack' with key information on the products available to assist empty homeowners/prospective purchasers including VAT information, loans, grants, renting, Caerphilly Keys and selling advice.</p> <p>The Empty Property team offer technical support and advice on bringing an empty residential property back into use, including producing schedules of works, estimate costings and general technical advice.</p>
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		The Empty Property team has agent and auction discounted fees offers to empty property owners referred by the Local authority.
<p>We support landlords to tackle empty premises by offering a wide range of services including:</p> <ul style="list-style-type: none"> <li>• Use LA website to promote/advertise land/buildings for owners;</li> <li>• Home Improvement Agency;</li> <li>• Council run Private Sector Leasing scheme;</li> <li>• Social lettings scheme to match applicants to private rented homes;</li> <li>• Public Request Ordering Proposals;</li> <li>• Direct purchase by LA or RSL;</li> <li>• LOTS and HARPS to create homes above shops.</li> </ul>		<p>The authority is currently working on launching a 'mini empty properties website' to provide comprehensive information on the authorities stand on empty properties including the products available to assist in bringing empty properties back into beneficial use. The website will have links to signpost interested parties to relevant services. A 'contact me' function will also be built into the webpage to encourage engagement.</p> <p>The Private Sector Housing offer a full home improvement agency. The agency is instrumental to empty property work including completing works in defaults of legal notices and grant work.</p>
<p>We provide landlords, businesses, partners and stakeholders with financial support to regenerate town centres including:</p> <ul style="list-style-type: none"> <li>• Improvement grants linked to nominations to properties;</li> <li>• Loans for improvement work (interest free or interest bearing);</li> </ul>		<p>Regeneration and Housing provide a variety of financial support initiatives to provide financial assistance to owners of town centre properties who wish to carry out refurbishment works. These are usually grants as loan funding has received very low levels of interest when offered historically.</p>

<ul style="list-style-type: none"> <li>• Commercial lending advice;</li> <li>• Discount VAT and/or Capital Allowance Schemes.</li> </ul>		<p>Advice on VAT discounts for empty properties and exemption letters are provided by Caerphilly Homes.</p>
<p>We proactively take enforcement action to regenerate town centres fully using:</p> <ul style="list-style-type: none"> <li>• S.215 of the Town and Country Planning Act 1990 – CPO;</li> <li>• S.77-79 of the Building Act 1984 – dangerous structures, ruinous and dilapidated;</li> <li>• Housing Acts 1985 and 200 – improvement notices, EDMOs, demolition, clearance and CPO;</li> <li>• S.79-80 of the Environmental Protection Act 1990 – statutory nuisance;</li> <li>• S.4 of the Prevention of Damage by Pests Act 1949 – treat pests;</li> <li>• S.29 Local Government (Miscellaneous Provisions) Act 1982 – boarding up;</li> <li>• Listed Buildings/Urgent Works notice;</li> <li>• Public Health Acts 1936 and 1961 – filthy and verminous;</li> <li>• Naming and shaming landlords (publicity).</li> </ul>		<p>Welsh Government recently conducted training for Officers and Members on property enforcement options. An action plan of town centre properties has been developed that includes appropriate enforcement action for each site. There is also a similar plan dedicated to Bargoed town centre. Enforcement action on these properties will commence in late 2021/early 2022. However, some of the powers have been rarely used and advice will be sought from WG on best practice. A package of funding support is also being put together to assist the owners of the buildings where they are unable to afford the works or where the Authority has to complete these works in default.</p>
<p>We use our powers to encourage empty buildings to be brought back into use in town centres:</p>		<p>An Enforced Sales Procedure was adopted by the Authority in early 2021 and its implementation is currently being</p>

<ul style="list-style-type: none"><li>• Council Tax, Statutory Debts or Business Rates debt recovery (Bankruptcy, charging orders or Bailiffs);</li><li>• County Court or Enforced Sales Procedure;</li><li>• Empty Homes and Holiday Homes Premium;</li><li>• Prosecution;</li><li>• Compulsory Purchase Order;</li><li>• Empty Management Dwellings Order;</li><li>• Enforced Sales Procedure;</li><li>• Direct Purchase.</li></ul>		<p>considered on some properties that meet the policy's criteria. An enforcement action plan has been developed for long-term vacant town centre properties and Officers across various departments are considering enforcement powers available to them. Some of these powers have been rarely used in the past, so advice and best practice is being sought from Welsh Government and partners where applicable. A financial support package is also being developed to assist the owners of the property where they do not have the available funds to do remedial works, or to minimise risk to the Authority if work has to be done in default.</p>
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## **GOVERNANCE AND AUDIT COMMITTEE - 25<sup>TH</sup> JANUARY 2022**

**SUBJECT: REVISED RISK MANAGEMENT STRATEGY 2022**

**REPORT BY: CORPORATE DIRECTOR EDUCATION**

### **1. PURPOSE OF REPORT**

- 1.1 To present to the Audit and Governance Committee, the revised Risk Management Strategy 2022, and seek Committee's approval of the new Strategy, prior to presentation to Cabinet.

### **2. SUMMARY**

- 2.1 The Risk Management Strategy was last updated in 2017. Since then there has been a range of changes such as the implementation of new legislation, the new Transformation programme, (TeamCaerphilly Better Together), the Pandemic, which required new ways of working to support the community, creating a 'strategic recovery framework' and implementing a revised Performance Management Framework. As risk management is part of day to day management, it is timely and important to update Risk Management Strategy 2022 accordingly, to ensure it remains current and fit for purpose.

### **3. RECOMMENDATIONS**

- 3.1 The Committee is advised to note the contents of the Strategy, provide any additional input and if satisfied, endorse the Strategy.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 Members have a critical role to play in evaluating the council's risk management arrangements and in particular understanding how the council identifies, manages and, where possible mitigates or removes risk. Risk Management is crucial to the effective delivery of council services.

The Strategy provides information on the committee's role in the management of risk on page 12 of the Strategy (Appendix 1)

## 5. THE REPORT

- 5.1 The Risk Management Strategy was last updated in 2017. Since then there has been several changes such as The Well-being of Future Generations (Wales) Act which placed a statutory duty on public bodies to use the 'sustainable development' principle in all its decision making. These principles require and encourage us to change the way we view risk in the long-term and identify risks that could impact our citizens (as well as internal or operational risks). The Duty focuses on prevention, by identification of root causes to the risk. The legislation also asks that we improve seven organisational activities, one of which is risk management.
- 5.2 The Council's implemented its new transformation and operating model called 'TeamCaerphilly' 'Better together' which is designed to take the organisation forward on its improvement and transformation journey. The Covid19 pandemic in 2020 impacted all citizens and the organisation rapidly responded to these changes. In many ways the impacts are still being understood within our communities so we have implemented a '**strategic recovery framework**' to support recovery within the community and have introduced a **Well-being and Place shaping Plan** as an investment framework to support a range of large capital projects. There is also the inclusion of the new Commercial and Investment Strategy which at relevant times is important as part of risk management.
- 5.3 Other changes include the Local Government and Election (LG&E) Act which introduces a duty to carry out 'self-assessment' and our risk activity is part of our 'self-assessment' in meeting the Act which comes into place across 2021-2022.
- 5.4 We also introduced a new Performance Framework, endorsed by Cabinet February 2020 to support the Self-Assessment requirements of the LG&E Act and this includes our risk management processes. Particularly the embedding of risk into the day to day business considerations and to gain learning and knowledge. Changes have been made to reflect the changes to the Governance and Audit Committee and to give definition to our risk appetite, so we have a risk framework that is fit for the future. The Risk Management Strategy (Appendix 1) has appendices in the back of the Strategy which details the main changes since the 2017 version.
- 5.5 Since the previous Strategy, we have sought to strengthen 'lateral risks' within the process, where the cause or effect is in one directorate and impacts another (as opposed to top down or bottom up). The Directorate Performance Assessment (DPA) process helps emphasis this and all directors receive all DPA's and use CMT to review this so there is better understanding of risks that cut across into other directorates. The DPA's are now placed on the intranet so all staff can see them.
- 5.6 The Strategy has accompanying guidance. The Guidance tells the reader how to implement the strategy operationally, how to raise a risk, how to work out its rating and so forth. The methods have not overly changed in the intervening years although its more important to consider long term thinking and look outwards, so the guidance will be updated in line with the strategy and 'the set' will be available on the intranet when the Strategy is approved.
- 5.7 **Conclusion**
- The Risk Management Strategy has been revised for 2022 and is now current and in keeping with the range of changes noted in the paragraphs above. The Guidance (how to guide) will also be revised to accompany the Strategy, in readiness for publication, once approved.

## 6. **ASSUMPTIONS**

- 6.1 No assumptions were made in relation to the Risk Management Strategy 2022

## 7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 An IIA has not been completed for the Risk Management Strategy, as it is not specific to a proposal or project, however the IIA itself will help identify any risks to inequalities or impacts on corporate objectives from potential proposals and these may become part of the risk register.

## 8. **FINANCIAL IMPLICATIONS**

- 8.1 There are no financial implications from the revised Risk Management Strategy although some identified risks are financial or do come with financial implications and these individual risks are analysed, assessed, and monitored as part of the risk register management process.

## 9. **PERSONNEL IMPLICATIONS**

- 9.1 There are no Personnel implications identified from the Risk Management Strategy

## 10. **CONSULTATIONS**

- 10.1 All consultations have been incorporated within the revised strategy, with the exception of a suggestion to add a 'Glossary of Terms' which will be added, prior to publication.

## 11. **STATUTORY POWER**

- 11.1 Well-being of Future Generations (Wales) Act 2016, Local Government and Elections Act 2020, Accounts and Audit (Wales) 2014 Regulations Part 3.

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Liz Lucas, Head of Customer and Digital Services  
Kathryn Peters, Corporate Policy Manager

Appendices:  
Appendix 1 Risk Management Strategy 2022

# TeamCaerphilly

## BETTER TOGETHER

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**CAERPHILLY COUNTY BOROUGH COUNCIL**

### **RISK MANAGEMENT STRATEGY**

**Reviewed and Updated 2022**

*V8 Draft Jan 22*



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# **Risk Management Strategy 2021**

## **1.0 Introduction**

The Risk Strategy was last approved in 2017. Since that time there have been a number of changes across the public sector landscape including the introduction of several pieces of legislation.

The Well-being of Future Generations (Wales) Act 2015 came into force in 2016 and placed a statutory duty on public bodies to use the 'Sustainable Development' principle in all its decision making. These principles require and encourage us to change the way we view risk in a long-term way and identify risks that could impact our citizens, giving risk a more 'outward' focus. The principle also focuses on prevention, by identification of root causes of risk, to prevent situations worsening. The legislation also asks that we improve on seven organisational activities, one of which is risk management, towards meeting the sustainable development duty and this continues to be embedded over this time.

The Council's implemented its new transformation and operating model called 'TeamCaerphilly' 'Better together' which is designed to take the organisation forward on its improvement and transformation journey, including implementing a 'Commercial and Investment strategy'. In 2020 the pandemic impacted all our citizens, therefore we rapidly changed much of the way we worked to be able to support our community.

In many ways the impacts are still being understood within our communities so we have implemented a 'strategic recovery framework' to support recovery within the community and have introduced a Well-being and Place shaping Plan as an investment framework to support a range of large capital projects.

Other changes to the way we carry out our governance work (in line with the Transformation programme), is the Local Government and Election (LG&E) Act which introduces a duty to carry out 'self-assessment' and our risk activity is part of our 'self-assessment' in meeting the Act which comes into place across 2021-2022.

We also introduced a new Performance Framework, endorsed by Cabinet February 2020 to support the Self-Assessment requirements of the LG&E Act and this includes our risk management processes. All of this requires a review and changes to our Risk Strategy, so we have a risk framework that is fit for the future.

## **1.1 Purpose of the Strategy**

The purpose of this Risk Management Strategy is to establish a framework for the effective and systematic management of risk, which will ensure that risk management is embedded throughout the Council and makes a real contribution to the achievement of the Council's vision and objectives.

The objectives of this strategy are:

- Define what risk management is about and what drives risk management in the Council.
- Set out how the Council will define its 'Risk Appetite' (the nature and extent of risks it is willing to take in pursuit of strategic objectives).
- Set out the benefits of risk management and the strategic approach to risk management.
- Outline how the strategy will be implemented.
- Identify the relevant roles and responsibilities for risk management within the Council.

Risk management is not a new responsibility, but simply the formalisation of what is already part of normal good working practices. It is important to emphasise, that Risk Management should not be an 'add on'. It is not a separate activity that happens once a year along-side other management activities. Rather, it should form an integral part of the performance management approach of the Council.

There is a detailed Risk Management Guidance document that accompanies this Strategy and gives further detail on how the risk management process should be carried out.

## **1.2 Approval, Communication and Review of the Risk Management Strategy**

This Risk Management Strategy is endorsed by the Executive and reviewed by the Governance and Audit Committee and, following approval, issued to:

- All Members of the Council.
- Corporate Management Team.
- Managers and available to all employees.
- Key Stakeholders such as local strategic partners.
- Other interested parties such as the Audit Wales.

It will be placed on the Council's intranet and internet site so that all members of staff and the public can have access and easily refer to it.

The strategy will be reviewed internally periodically and following any key changes in Welsh Government policy, legislation, or inspection regimes, and after any internal reorganisation or changes in policy.

## **1.3 What Is Risk Management?**

There are 100's of definitions of risk and we have chosen the following as relevant to our business. We define **Risk** as

The uncertainty of outcome, whether a positive opportunity or a negative threat, of actions or events.

We define Risk **Management** as

“The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks”

*ZMMS/SOLACE, Chance or choice? July 2000*

We define Risk **Appetite** as

An expression of the type and amount of risk the organisation is prepared to take to meet its objectives.

Risk Management is about identifying and managing obstacles and weaknesses that could have a negative impact on service delivery and corporate objectives. The holistic approach is vital to ensuring that all elements of the organisation are challenged, including decision making processes, working with partners, consultation processes, existing policies, and procedures and, also, the effective use of assets, both staff and physical assets.

Once the obstacles have been identified, the next stage is to prioritise them to identify the key obstacles to the organisation moving forward. Once prioritised, it is essential that steps are taken to then manage those key obstacles/risks effectively. The result is that major obstacles or blockages that exist within the organisation can be mitigated to provide the Council with a greater chance of being able to achieve its objectives.

The risks facing the Council will change over time, some changing continually, so this is not a one-off process. Instead, the approach to risk management should be continual and the risk appetite and approach to managing them should be reviewed regularly.

It is important to note that risks can also have an upside; their impact can in some cases be positive as well as negative. Risk is often said to be the flipside of opportunity, so the whole risk management process can also help identify positive opportunities to take forward. This is especially so when implementing the Commercial and Investment strategy as developing a good risk appetite analysis is critical for the development of commercial ideas. Risk management needs to be seen as a strategic tool and will become an essential part of effective and efficient management and planning.

#### **1.4 Why Do We Want Risk Management?**

The purpose of risk management is to identify problems before they occur so that they can be prevented, or the opportunities capitalised on. Prevention is one of the 5 ways of working as required by the Sustainable Development principle. The best way to do this is to gain knowledge of how something works to reduce the risk of the

unknown. In this regard risk management is part of normal day to day business planning practice and performance management processes and will strengthen the ability of the Council to achieve its objectives by identifying the barriers to achieving those objectives.

Additionally, risk management is something that the Council is required to do as noted below:

- CIPFA's 'Delivering Good Governance in Local Government: Framework' is considered by Welsh Government to best represent proper practices in relation to the statement of internal controls which requires an annual governance statement to be produced. The 2016 Guidance for Welsh Authorities 4.3 (1.4) states '*The Welsh Government accepts that relevant bodies will prepare an annual governance statement on internal controls*' and this includes mechanisms to identify high level authority risks
- The Accounts and Audit (Wales) 2014 Regulations Part 3 which look at the responsibility for internal control and financial management state that a sound system of internal control should include (a) *arrangements for the management of risk*

Whilst the above regulations are in relation to financial risk the Annual Governance Statement will often identify other types of risk, whether environmental, demographic, political or operational and this completes our whole risk management structure and process across the Council.

### **1.4.1 Benefits of Managing Risk**

Successful implementation of risk management produces benefits for the Council if it becomes a living tool. These include:

- A consistent approach to the way risks are managed throughout the Council.
- Improved informed decision making – risks reported and considered within Council decision making.
- Becoming less risk averse in innovation (because you understand) and, hence, are more innovative.
- Improved business planning through a risk-based decision-making process.
- A focus on outcomes not processes.
- Improved performance (accountability and prioritisation) - feeds into performance management framework.
- Better governance - and demonstration of it to stakeholders.
- Helping to protect the organisation.

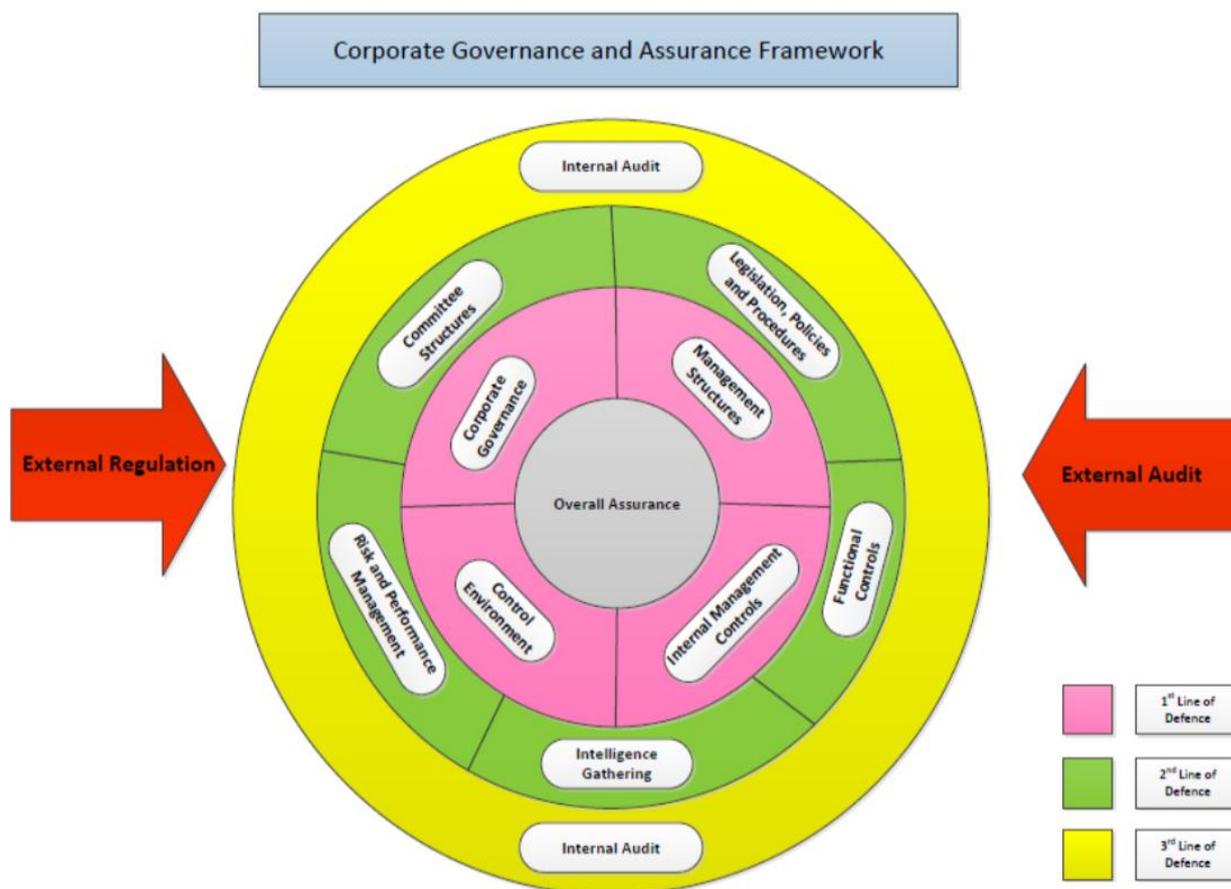
The main benefit though is that the Council will be more likely to achieve its vision and the key objectives underpinning this, because the barriers are being actively identified and managed.

### **1.5 Where Does Risk Management Fit?**

In short, the answer is "everywhere". Effective risk management should be applied within all decision-making processes at an *appropriate scale*. So, the risk management approach should encompass the Council's:

- **Strategic and Corporate risks**, which includes risks that would impact on the lives of citizens and their communities and specifically in the long-term.
  - Risks that need to be considered in judgment about the medium to long term goals and objectives of the Council.
  - Risks that affect the successful delivery of corporate objectives and impact across the Council as a whole including financial risks.
- **Service risks** that affect the successful delivery of individual service objectives. They are often built into the service planning process.
- **Operational risks** that managers and staff will encounter in the daily course of their work.
- **Project risks** - effective management of risk within projects is key to their eventual success and major projects should have a robust risk management approach.
- **Partnership risks** - The increasing number and scale of partnership working with public, private, and voluntary sector partners exposes us to risk, so significant partnerships should have a robust risk management approach.
- **Procurement - Supplier risks**, these are risks that arise when contracting with suppliers to deliver services, goods and or works to the Council. Certain risks will be accounted for and managed through the contracting process with suppliers (such as Data Protection), others will arise during the term of the agreement and will need to be managed through the Council's risk management approach.
- **Supply chain risks** – when the Council contracts with a supplier to deliver services, good and or works, they will typically be dependent on their suppliers to deliver the 'final product'. These networks of suppliers are known as supply chains and can consist of hundreds of suppliers. As a consequence, this complexity can present different risks to those presented by suppliers. We will need to work with suppliers to identify these risks as manage them in line with the Council risk management approach.

The diagram below on page 8 shows where risk fits in within the 'Corporate Governance and Assurance Framework' within the 2<sup>nd</sup> line of defence and shows the connectivity of risk within the wider assurance framework.



This means that a consistent approach from the top to the bottom of the Council is required with a mechanism for risks to be escalated up (bottom up) within the Council whilst the top risks are also explicitly identified and managed (top down).

In practice this means that the Council will carry out risk assessments and develop the following risk registers as contained within their overall performance assessments:

- **Corporate Risk Register (CRR)** – Whole Authority – high level strategic and corporate risks, related specifically to the Corporate Plan and the Well-being Objectives and where appropriate, the Council's contribution to the PSB Well-being Plan. These are now documented in the council's Corporate Performance Assessment (CPA)
- **Directorate Risk Register (DRR)** – high levels risks identified in Service Risk Registers, which require close monitoring or intervention, and/or are common to several services within the directorate (collective control). These are now collected within the Directorate Performance Assessment (DPA) in order to improve the flow laterally across directorates
- **Service Risk Register (SRR)** – the risks facing the service and the achievement of its service objectives, as outlined in the Service Business Plan.
- **Specific Project Risk Registers (SPRR)** – These may be required for specific high-level projects, particularly those with external partners as identified in section 1.5.2

### 1.5.1 Risk Management of Projects

A project can be defined as:

*“A temporary organisation that is needed to produce a unique and predefined outcome or result at a pre-specified time using predetermined resources”* PRINCE2

And, to be effective, managers need to be able to manage three aspects of the project:

- That the project delivers on time.
- That the project delivers to the quality.
- That the project delivers to budget.

It is quite obvious that effective risk management will help this process and is a requirement of all effective project management approaches. Risks should be identified and managed from the very outset and throughout the life of the project. It is essential that risks are effectively communicated and escalated within the project structure.

All major projects will have their own risk registers relevant to the project objectives and plan. Any significant risks identified should be reported to the relevant officers, group, or committee and included in the relevant service and / or corporate risk register.

### 1.5.2 Partnership Risk Management

*“A third of those working in partnerships, experience problems, according to auditors. These problems arise when governance and accountability are weak: leadership, decision-making, scrutiny and systems and processes such as **risk management** are all under-developed in partnerships.”* Governing Partnerships, Audit Commission, 2005

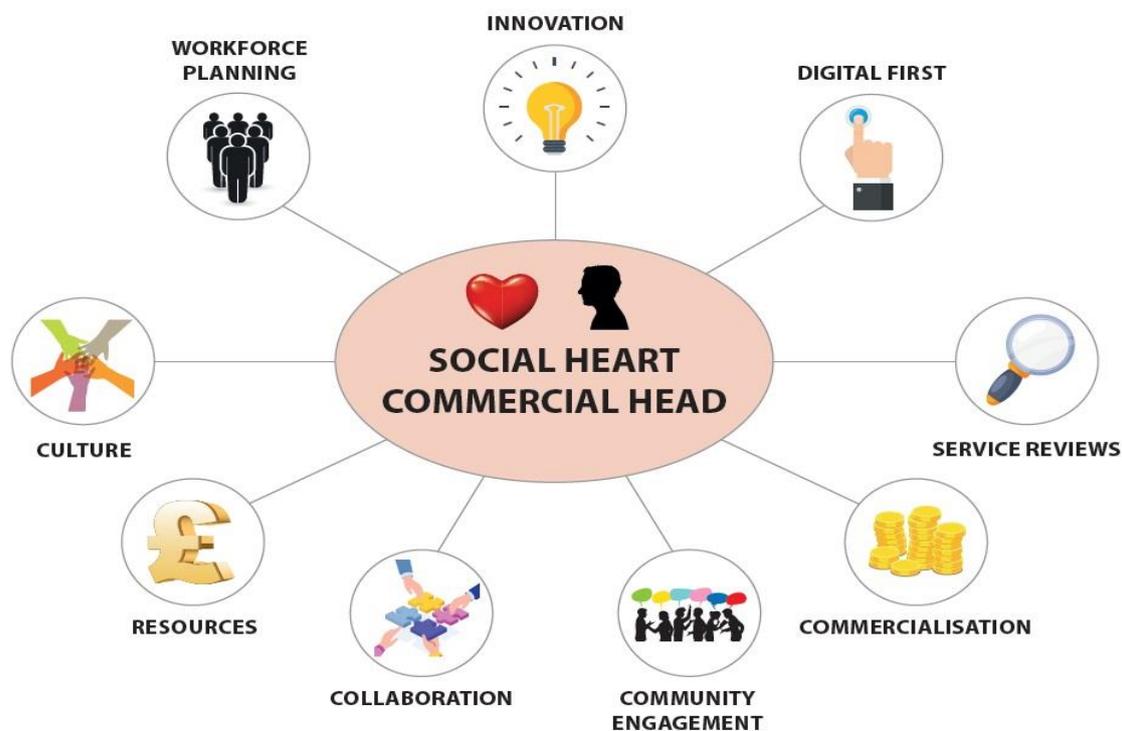
Effective risk management of the Council's significant partnerships is, therefore, essential. This will require clarity of what partnerships are and, in particular, which are significant. Those then require a twin track approach to risk management:

- Outside looking in – the risks to the Council in getting involved in the partnership.
- Inside out – the risks to the partnership achieving its objectives.

The outside looking in risk should be included in the relevant service and / or corporate risk register. Each significant partnership should develop their own risk register relevant to the partnership's objectives and plan. This should be developed in conjunction with all of the partners. Risk management should be integrated within the governance processes of the partnership. This will take on greater significance as the Local Government and Election Act places a much greater emphasis on including effectiveness of partnership working within 'self-assessment' of chapter 6 the 'performance duty'.

### 1.5.3 Commercial and Investment Strategy Risks

The Council has adopted a Commercial and Investment Strategy which includes a focus on the 'Social Heart, Commercial Head' principle to developing the commercial aspirations of the Council.



Key elements of successful commercial transformations include:

- Developing risk appetite and management strategies for development of commercial ideas.
- Focus on staff engagement, training and culture change linked to clear, defined organisational vision and behaviours.
- A simple way to move ideas into reality –flexibility and agility are key in developing commercial culture within a local authority.
- Thorough and detailed analysis of strategic opportunities via business case process.
- Allowing staff to fail, but to fail fast, the freedom and autonomy to try innovative ideas with resources available if required to develop ideas.
- Understanding when and with whom to collaborate.

This requires a cultural shift for the organisation to become entrepreneurial and embrace calculated risks and take a positive approach to risk in terms of understanding the opportunities from the development of commercial approaches. These risks are monitored by the Team Caerphilly Programme board and the Regeneration board and may come into the Risk Register as relevant.

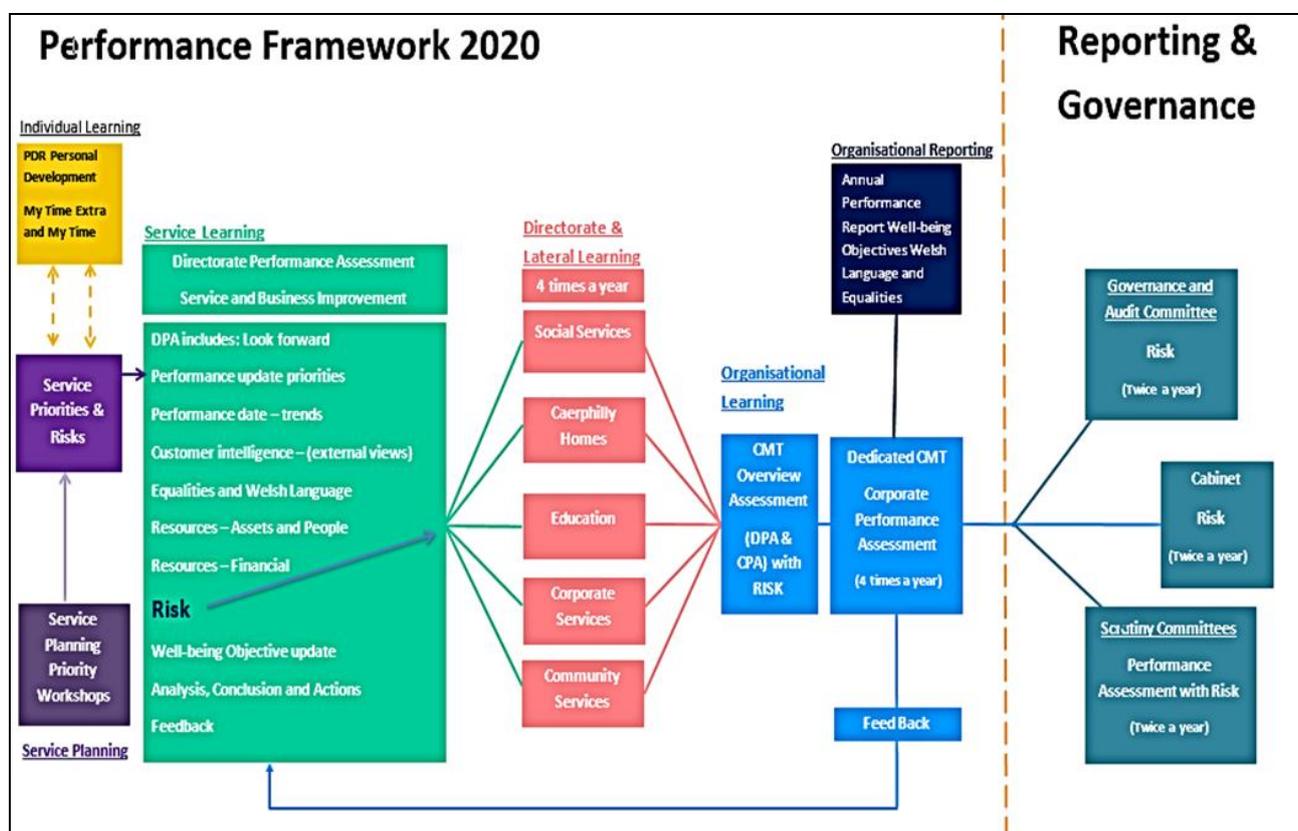
## 2.0 RISK MANAGEMENT STRUCTURE

### 2.1 Reporting Structure

To improve the flow of risks laterally, (cause and effect) not just bottom up or top down risks, and in light of changes identified in the introduction; we have introduced a new way of carrying out 'self-assessment', through the Directorate Performance Assessment (DPA) and Corporate Assessment Process (CPA). The DPA and CPA assessments are a place to gather a wide range of information to assess how well we are performing and analyse the risks in the context of the overall business.

The DPA is a detailed report for each directorate and this is also summarised into an overview dashboard called the CPA. This system now incorporates risk identification and activity as this builds 'risk' into day to day thinking rather than a 'stand alone' activity as identified in paragraph 1.3 and 1.4.

The risk management process is a continuous one and risks can, therefore, be reported at any time. However, risks are formally reported as part of the DPA and CPA process. Corporate Management Team still consider new corporate risks, changes to existing risks and escalated risks on at least a quarterly basis within the DPA and CPA. Analysing and management of risk is reported twice a year or more to Cabinet, Governance and Audit Committee and Scrutiny Committees, as shown in the illustration below



The feedback loop, shown allows for greater organisational learning in the context of risk.

## **2.2 Roles and Responsibilities**

The following describes the roles and responsibilities that Members and officers will play in introducing, embedding, and owning the risk management process:

### **2.2.1 Cabinet**

- Approve the Risk Management Strategy.
- Set the tone for the “risk appetite” and when a more risk neutral or a greater risk tolerance is appropriate for the organisation at a given time.
- Delegate the risk appetite for specific risks within the register to Corporate Management Team and set the risk tolerance levels as recommended by the Corporate Management Team.
- Approve the risk “tolerances” in light of the new way to view risk through the lens of the long term, and of the 7 Well-being Goals (Well-being of Future Generations (Wales) Act 2015).
- Hold the Corporate Management Team accountable for the effective management of risk.
- Monitor the arrangements for managing the Council’s Corporate/Whole Authority Risks, through six-monthly CPA and DPA progress reports.
- Consider the risks involved when making any decisions, considering the sustainable development principle (5 ways of working).
- Receive and review the risk register and resultant action plans for the top corporate risks.
- Make an appropriate allocation of resources to address identified risks and risk management framework.
- Ensure that appropriate and effective communication reporting lines are in place in the context of risk management.
- The Leader approves the Annual Governance Statement and publishes it in the Annual Statement of Accounts.

### **2.2.2 Governance and Audit Committee**

- Review the effectiveness of the risk management and internal control framework.
- Review the Council’s Risk Management Strategy and how it is being implemented.
- Review and challenge the risk register and resultant action plans for the top corporate risks.
- Receive, review and challenge progress in implementing action plans for the Council’s key strategic and corporate risks.
- Satisfy themselves’ that robust processes and procedures exist and are applied for the management of operational risks, including health & safety risks.
- Participate in mandatory or updated training in the area of risk management.

### **2.2.3 Scrutiny Committee**

- Identify significant risks to be scrutinised in more detail as part of their annual work programme, as appropriate and as part of the Directorate Performance Assessment.
- Satisfies itself, that robust processes and procedures exist and are applied for the management of risks within the organisation, including health & safety risks.

### **2.2.4 Lead Member – Risk Management**

The Lead Member for risk management is the Cabinet member with responsibility for performance. Responsibilities include:

- Champions and encourages the use of effective risk management within the Council – to both members and officers.
- Raise awareness of risk management within the Council and to ensure that training and education need in respect of risk management are identified and addressed.
- Attends the Governance and Audit Committee and Scrutiny Committees to report progress on risk management, with appropriate officers.
- Attempts to resolve issues/barriers facing the embedding of effective risk management.

### **2.2.5 All Members**

Members are responsible for governing the delivery of services to the local community and have a responsibility to understand the risks that their Council faces and be aware of how these risks are being managed. One way of gaining assurance that identified risks are being effectively managed is by robust, constructive challenge and scrutiny. Members can also raise 'strategic risks' either through their committee, or by contacting the relevant Director or the Performance Management Unit if they are unsure of where to raise the emergent risk.

### **2.2.6 Chief Executive and Corporate Management Team**

The Chief Executive and Corporate Management Team are pivotal in the promotion and embedding of risk management by managing a culture change within the Council. They are responsible for managing strategic and corporate risks, as well as the Directorate risks in their individual areas of responsibility.

Their key tasks are to:

- Review the Council's approach to risk management and supporting processes and recommend for approval any subsequent changes.
- Recommend the Risk Management Strategy to members.
- Propose the "risk appetite" of the Council i.e. the definition of high (red) risk, medium (amber) risk and low (green) risk.

- Support and promote risk management throughout the Council – with each member ensuring that it works effectively in their own areas of responsibility.
- Actively identify, analyse and profile strategic, corporate, and lateral risks amongst directorates at least quarterly.
- Determine and prioritise action on strategic and corporate risks, allocating individual ownership of the key risks to appropriate members of Corporate Management Team.
- Each Director will act as lead officer for the risks allocated to them and be held accountable for ensuring that risk improvements are delivered.
- Receive escalated service risks and consider their inclusion onto the corporate risk register.
- Monitor progress of risk arrangements as part of the DPA and CPA performance management arrangements.
- Report quarterly to the Executive on the key risks and their management.
- Ensure that (where appropriate) “key decision” reports include a section to demonstrate that arrangements are in place to manage any risks.
- Ensure that the Council has robust processes and procedures in place that are consistently applied, for the management of operational risks, including health & safety risks.
- The Chief Executive is required to agree and sign the Annual Governance Statement, ensure publication of it in the annual Statement of Accounts.

### **2.2.7 Officer Risk Champion**

The Corporate Director for Education and Corporate Services is the Officer Risk Champion and leads on all risk management issues. Responsibilities include:

- Ensuring that a Risk Management Strategy is developed to reflect the changing nature of the Council.
- Ensure that a robust framework is developed to deliver and implement the strategy.
- Inform on a regular basis of developments in the risk management processes and outcomes.
- Champion the process of risk management as good management practice and a valuable management tool.

### **2.2.8 Heads of Service**

Their primary role is to manage service risks by:

- Promoting risk awareness within their service to all employees.
- Facilitate risk assessments within their service area to develop a Service Risk Register – linked to the Self-Assessment within the DPA
- Receive escalated service or business unit risks and consider their inclusion into the Directorate and Service Risk Register.
- Actively identify, analyse, and profile service risks at least quarterly linked to their Priorities and in their planning processes.
- Determining and prioritising action on service risks, allocating individual ownership of the key risks to appropriate managers within their service.
- Escalate the top risks, those above the acceptable tolerance line.

- Escalate risk laterally across directorates (cause in one area and effect in another) through the DPA and CPA process.
- Incorporating the risk management process into the DPA and service planning processes ensuring that these are fed into any relevant business plans.
- Promoting and encouraging staff to be open and honest in identifying risks or missed opportunities.
- Ensuring that the risk management process is an explicit part of all major projects and change management initiatives.
- Monitor and report progress of risk management activities as part of existing performance management arrangements.
- Ensure that processes and procedures for the management of operational and Health & Safety risks are consistently and robustly applied within the Service.

## 2.2.9 Internal Audit

To maintain independence and objectivity, Internal Audit is not responsible or accountable for risk management or for managing risks on management's behalf. Internal Audit will:

- Audit the risk management process.
- Support any risk identification and assessment workshops, as appropriate.
- Assess the adequacy of the mechanisms for identifying, analysing, and mitigating key risks.
- Provide assurance to officers and Members on the effectiveness of controls.
- The Risk Register will in part drive the Internal Audit Strategic Plan to ensure resources are used on the areas of highest risk and where the need for assurance is greatest. Page 7 shows the diagrammatical representation of the Councils Assurance Framework'

## 2.2.10 Project and Partnership Leaders

Project and partnership leaders have a responsibility to ensure that the risks associated with their activity are identified, recorded, and regularly reviewed as part of the project management process. Significant risks must be reported and included in the relevant DPA or the Corporate Risk Register.

## 2.2.11 All Staff

All staff have a responsibility to:

- Manage risk effectively in their job and report opportunities and risks to their service managers.
- Identify and escalate risks when they arise for example as part of the corporate safeguarding policy [Safeguarding-it's-everyone's-business](#).
- Participate in risk assessment and action planning where appropriate.
- Adhere to Council policies and procedures.
- Attend training and development sessions as appropriate.

## 2.3 Links to Other Business Processes

There is a link between risk management, self-assessment, service planning, emergency planning and business continuity. However, it is important for the success of risk management that the roles of each, and the linkages, are clearly understood.

**Self-Assessment:** The process of Self-Assessment is about gaining a wide range of information to acquire organisational intelligence as to what is working, what is not and what the risks are. The evaluation gives a structure of which to test thinking around service judgements and its risks. The management of the risks are then transferred into the Service's Plan or if at a wider level the Directorate Performance Assessment (DPA) Risk Register to identify mitigating actions and monitor the effectiveness of those actions (although not all risks can have mitigating actions). This process should be inclusive of the staff who are often the best placed to action plan for improvement.

**Risk Management:** is about trying to identify and manage those risks which are more than likely to occur and where the impact on our objectives can be critical or even catastrophic.

**Business Continuity Management:** is about trying to identify and put in place measures to protect your priority functions against catastrophic risks that can stop your organisation in its tracks. There are some areas of overlap e.g. where the I.T infrastructure is not robust then this will feature as part of the organisation risk assessment and also be factored into the business continuity plans.

**Emergency Planning:** is about managing those incidents that can impact on the community (in some cases they could also be a business continuity issue) e.g. a plane crash is an emergency but may impact on service delivery also.

## 3.0 CONCLUSION

This strategy sets the foundation for continued integration of risk management into the Council culture. It shows the process being applied across the Council to ensure consistency and clarity in understanding the role and benefits of strategic risk management.

The quarterly reporting and escalation of risks should interlock with the existing quarterly arrangements for DPA and CPA performance reporting. The intention being that the management of risks is incorporated into business plans so that reporting on performance naturally reports progress on the mitigation of risks.

The strategy now reflects the longer-term view of risk as required by the Well-being of Future Generations (Wales) Act 2015 and to view risk within the sustainable development principles as to how our potential decisions can affect the well-being of the communities we serve. It also reflects the new way we have incorporated risk into our 'self-assessments' and performance assessments.

### 3.1 Contact details for support or help

The Strategy should be read in conjunction with the **Risk Guidance**. The Guidance provides the details in how to apply the strategy at an operational level, i.e. how to raise a risk, how to assess the risk priority and so forth.

The Directorate Performance Assessments which include risk are now available on the Business Improvement Team policy portal on the intranet.

For further details on this strategy or how to apply it, please contact Business Improvement Team on 01443 864238 or email [www.PMU@caerphilly.co.uk](mailto:www.PMU@caerphilly.co.uk)

Goal	Description of the Goal
<b>A prosperous Wales</b>	An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change), and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.
<b>A resilient Wales</b>	A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic, and ecological resilience and the capacity to adapt to change (for example climate change).
<b>A healthier Wales</b>	A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
<b>A more equal Wales</b>	A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio-economic background and circumstances).
<b>A Wales of cohesive communities</b>	Attractive, viable, safe, and well-connected communities.
<b>A Wales of vibrant culture and thriving Welsh language</b>	A society that promotes and protects culture, heritage, and the Welsh language, and which encourages people to participate in the arts, and sports and recreation
<b>A globally responsible Wales</b>	A nation which, when doing anything to improve the economic, social, environmental, and cultural well-being of Wales, takes account of whether doing such a thing make a positive contribution to global well-being.

## Appendix B - List of amendments from revised 2017 Strategy to 2021

Page number	Area of change
Section 1 - page 3	Introduction to explain changes to strategy
Page 5	Inclusion of explanation of 'Risk Appetite'
Page 6 and 7	Update of the old planning process to reflect the new performance framework system
From Page 7 onwards	Change the title of Audit to Governance and Audit
Page 7	Addition under 1.5 of supplier and supply chain risks
Page 9	Addition of new performance framework to show how Risk has been incorporated into the new Directorate Performance and Corporate Performance Assessment
Page 9	Addition of 1.5.3 Commercial Opportunities
Page 10	Minor amendments to Cabinet Role in risk appetite and addition of risk tolerance
Page 12	Minor amendments to head of service and CMT role to reflect the words of the new performance framework
Page 14	Minor amendments to 'links to other business processes' where those processes have now changed.
Page 14	Minor amends to conclusion to update the content in 2020

### Version control

Version	Who approved	Date approved
<b>V1</b>	Cabinet	17 <sup>th</sup> September 2013
<b>V2</b>	Audit	14 <sup>th</sup> September 2014
<b>V3</b>	Cabinet	7 <sup>th</sup> June 2017
<b>V4 (minor revision)</b>	Cabinet	7 <sup>th</sup> June 2017
<b>V4</b>	Audit	13 <sup>th</sup> September 2017
<b>V5 – Draft</b>	CMT for initial review	
<b>V6</b>	Governance Group Governance and Audit Committee Cabinet	Jan 2022 25 Jan 2022 TBA

## Appendix C Glossary of Terms for the Risk Management Strategy 2022

What do we mean by the following words or phrases

A Risk	There are many definitions of 'a risk', we choose " <i>The uncertainty of outcome, whether a positive opportunity or a negative threat, of actions or events</i> ".
A Hazard	Although not noted in the Strategy it is often asked what is the difference between a risk and a hazard? There are several definitions depending on the industry (health and safety, cyber security etc). Using the more common Health and Safety usage, a hazard is something that has the potential to cause harm (e.g. use of chemicals). Risk is the probability of harm occurring if the hazard is not addressed or mitigated
Strategic and Corporate Risk	High level risks that impact the whole authority (finances) or citizens, risks from the outside world or economy that would impact business (for example implications of Brexit). Risks that would prevent us meeting our objectives if they were to happen.
Service Risks	Risks within the directorate that may prevent the services objectives being met
Operational Risk	Daily risks that managers encounter in their daily work such as breakdown of vehicles providing a service. These can become strategic if there is a common trend impacting the business on a more regular basis
Risk Management	The practice of which we (the Council) identify, analyse and manages risks at different levels
Risk Guidance	A document that explains how to assess a risk, analyse, and score a risk, action, monitor and report on risk
Risk Appetite	How much risk the organisation is prepared to take to meet its objectives
Risk Neutral	Risk neutral is often described as a person's attitude to risk, here we mean that that any potential future outcome has already been adjusted for risk as such it is not a high risk
Risk Averse	The risk appetite may be 'risk averse' meaning we do not want to take any risks (we want to avoid risk) in achieving of our objectives. This would be more likely when the outcome could impact citizens particularly if they are vulnerable. In brief it is choosing certainty over uncertainty

Risk Tolerance	Risk tolerance means the amount of consequence or loss the organisation is prepared to take to meet its goals or in making investment decisions
Risk Framework	The Councils whole process of managing, monitoring, and reporting on risk at different levels
Risk Register	The place where we document the risks and show trends over time, as to whether a risk is getting more or less likely to happen and to explain any actions taken or to be taken to manage the risk. There are 2 main risk registers, a Corporate (whole authority) risk register and a Directorate Risk Register which sits beneath it identifying risks to the services. Risks from the Directorate risks often escalate up to the Corporate register or can stand alone within the service
Corporate Performance Assessment (CPA)	The Corporate Performance Assessment is a 'high level' dashboard which reports on a range of data to Cabinet, it includes the Corporate Risk Register for Cabinet to monitor the main council risks.
Directorate Performance Assessment (DPA)	The DPA sits beneath the CPA and records a range of data and qualitative information that tells the reader how the directorate is performing. Included within this is the Directorate risk register so the risks are integrated as part of gaining service knowledge and performance
Annual Governance Statement (AGS)	The Annual Governance Statement is a requirement by  It is a report that sets out information on how the local authority governance works. It includes a range of sections such as financial management, internal controls etc. The arrangements that the Council has for Risk Management is a requirement to be included within the AGS as part of those governance arrangements
Executive	This is the name known for the Political Leadership also known as 'Cabinet'
Self-Assessment	Chapter 6 of the Local Government and Elections (Wales) Act 2020 places a duty on local authorities to carry out a self-assessment of how it performs. This is called a self-assessment. At its simplest it is asking 'how good are we at what we do and how do we know. In other words what evidence or information do we use to assess where we are doing well and where we can do better. Risk is part of our self-assessments process, captured with the DPA and CPA as noted above

Well-being of Future Generations (Wales) Act 2015	This Welsh Government Flagship legislation that came into effect in 2016. It places a duty on Public bodies to consider the 'sustainable principle' in all its decision making. There are 7 national well-being goals that public bodies have to maximise our contribution too. Within the legislation there is an expectation that to be able to do this we will need to change the way we work on 7 areas of organisational. One of these 7 areas is 'risk management'. There is more information on the intranet or available from the Business Improvement Team on 01443 864238 <a href="http://sc-aptken2/KENTICO10/Departments/Corporate-Policy-Business-Support-Unit/Home.aspx">http://sc-aptken2/KENTICO10/Departments/Corporate-Policy-Business-Support-Unit/Home.aspx</a>
Sustainable development principle	The Sustainable Development principle is known as the 5 ways of working. They are:  <b>Long Term</b> – the importance of balancing short-term needs with the ability to safeguard long term needs. Looking at the longer term over 20-25 years. <b>Integration</b> – Consider how your well-being objectives impact or help other public bodies objectives <b>Prevention</b> – understanding how problems occur or are getting worse, understanding the root cause so we can prevent it getting worse and use the right solutions <b>Collaboration</b> – Act in collaboration with any other person that could help the body to meet is well-being objectives <b>Involvement</b> – the importance of involving people with an interest in achieving the goal and ensuring that those people reflect the diversity of the area which we serve.
Example of what the SD principle means in regard to Risk.	When assessing a risk, it is common to assess the risk compared to when it was last assessed.  Previously it may have been a high risk, but some action has been taken and the next time it's reviewed it may stay the same or be lowered to a 'medium risk'.  Education attainment results for example can be viewed year on year. The following year results may have got better, and the risk is lowered, if it got worse you may make the risk higher. This is a year on year trend.  However if you look over the life of a child (long term and prevention) 15 years in Education where some pupils leave school with no qualifications or no skills / low skills over the long term this would impacts quality of life and ability to gain higher education and higher paid employment. This would be a <b>very high risk</b> when judged by the criteria of the well-being of future generations legislation
Well-being Objectives	Required under the Well-being of Future generations Act noted above. Public Bodies have a duty to set Well-being

	<p>objectives that will improve the well-being of the area it services based on what the community told us it needed to improve its 'well-being'. There are many actions that take place to meet the objectives. Risks are identified that may prevent us meeting our well-being objectives.</p>
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## **GOVERNANCE AND AUDIT COMMITTEE - 25<sup>TH</sup> JANUARY 2022**

**SUBJECT: INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN 2021/22  
– UPDATE ON PROGRESS**

**REPORT BY: ACTING INTERNAL AUDIT SERVICES MANAGER**

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to provide the Governance and Audit Committee with an overview of the work undertaken by Internal Audit Services in the first six months of the current financial year

### **2. SUMMARY**

- 2.1 As part of the reporting of the work undertaken by the Internal Audit Section it has previously been agreed that the Governance and Audit Committee would receive a report detailing performance twice a year, namely a half-year report together with the annual report and year end opinion.
- 2.2 The Internal Audit Plan for 2021/22 was presented to the Governance and Audit Committee on 20<sup>th</sup> April 2021. Considerable challenges have continued arising from staffing vacancies within the team and the impact of the COVID 19 pandemic on Council services and establishments. As a result, much of the traditional audit work has not fully recommenced and work that has been performed has centred on remote testing and self-assessments. Good progress has been made on recruitment and the additional staffing resources will bear fruit in the latter half of the year and next year.
- 2.3 Members will also be aware that the Pentana MK Insights system was implemented in 2019 and 2021/22 will be the first full year of its use, and Audit staff time has been directed to developing new audit programmes, the reporting facilities and the recommendation tracking module and this work is ongoing.
- 2.4 Audit staff have continued to support some non-audit / advisory work and investigations.
- 2.5 The report provides information on the work undertaken to date including progress on audits incomplete at 31/3/21.

### **3. RECOMMENDATIONS**

- 3.1 That the Governance and Audit Committee notes the content of this report

#### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that the Governance and Audit Committee is aware of the level of Internal Audit coverage during the 2021/22 financial year to date, the progress made, outcomes and opinions generated from undertaking this work.
- 4.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report and opinion that will be used to inform its Annual Governance Statement. This progress report will inform the Governance and Audit Committee of progress and will inform and support the annual opinion.

#### **5. THE REPORT**

- 5.1 Both the Council's Financial Regulations and the Internal Audit Charter set out the reporting requirements for Internal Audit Services and the Public Sector Internal Audit Standards (PSIAS) introduced in 2013 have also reinforced the links with corporate governance and the assurance framework.
- 5.2 The purpose of this report is to provide Members of the Governance and Audit Committee with an overview of the work undertaken in the first six months of 2021/22 financial year.
- 5.3 Members will be aware that during 2019/20 and 2020/21 the work of Internal Audit Services was impacted by the COVID-19 pandemic and this has continued into 2021/22. In addition, the staffing resources available have also been impacted by staff retirements /resignations over the same period. However, a minor restructuring has been carried out to realign resources and tasks and good progress is being made to fill these posts. Three new members of staff have been appointed recently and the additional staff resources are now being utilised. However, a number of these newly appointed staff have required some in-house training and support in developing them in their new roles, which has also impacted on resources, however this is anticipated to be a time limited issue as their experience develops.
- 5.4 The Audit Management Software system, Pentana MK Insights was introduced in 2019 and time input has been required to develop the audit and reporting functionality of the system and developing and implementing a system driven review of the audits and reports. The system was also upgraded to the latest version resulting in some downtime although in the longer term benefits will be realised from enhanced reporting and other functionality.
- 5.5 Internal Audit Services has continued to support some external investigations, transformation projects, strategy and policy development, issuing advice and guidance, and the Acting Internal Audit Manager has also supported the process to recruit the additional lay members of the Governance and Audit Committee.
- 5.6 Appendix 1 summarises the progress on ongoing audits and opinions reported in respect of finalised audit assignments in 2021/22 for the first 6 months. Not all audits generate an opinion, for example grants certification, however any issues found are reported to management as part of the audit work.

#### **Conclusion**

- 5.7 The Governance and Audit Committee is asked to note the progress on audits performed.

#### **6. ASSUMPTIONS**

6.1 There are no assumptions in this report as its content reflects actual audit activity undertaken during the 2021/22 financial year.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 The work of Internal Audit Services provides assurance on the robustness of internal controls and the corporate governance arrangements operating within the Authority and identifies areas for improvement.

7.2 The Council will be unable to deliver its Well-being Objectives in the absence of effective corporate governance. In addition a prosperous and resilient Wales require an effective internal audit function in order to protect public funds

7.3 There are no other equalities implications arising from this report.

## **8. FINANCIAL IMPLICATIONS**

8.1 There are no direct financial implications arising from this report.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no personnel implications.

## **10. CONSULTATIONS**

10.1 Any comments received from consultees have been included within the report.

## **11. STATUTORY POWER**

11.1 Local Government and Elections Act (Wales) 2021

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Appendix 1 Audits performed in the period to 30/9/2021

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## APPENDIX 1

### Audits performed in the period to 30/9/2021

Audit Name	Audit Type	Audit Opinion	Audit Started	Audit Completed
Blackwood Primary School	Establishment Audit	Effective with opportunity to improve	15/11/2019	01/04/2021
NFI data match - Duplicate payments	Regularity	Effective with opportunity to improve	15/01/2020	08/04/2021
NFI match Duplicated creditor records	Regularity	Effective with opportunity to improve	15/01/2020	08/04/2021
Trinant Primary School	IT Audit	Effective with opportunity to improve	11/02/2020	30/09/2021
Aberbargoed Primary School	IT Audit	In need of improvement	19/02/2020	30/09/2021
Ysgol Ifor Bach	IT Audit	Effective with opportunity to improve	21/02/2020	30/09/2021
Gilfach Fargoed Primary School	IT Audit	Effective with opportunity to improve	27/02/2020	30/09/2021
Ysgol Gymraeg Cwm Derwen	IT Audit	Inadequate	27/02/2020	30/09/2021
Coed Y Brain Primary School	IT Audit	In need of improvement	02/03/2020	30/09/2021
Crumlin High Level Primary School	IT Audit	Inadequate	03/03/2020	30/09/2021
Blackwood Primary School	IT Audit	Effective	05/03/2020	30/09/2021
Machen Primary School	IT Audit	Effective with opportunity to improve	09/03/2020	30/09/2021
Deri Primary School	IT Audit	In need of improvement	09/03/2020	30/09/2021
Fleur De Lys Primary School	IT Audit	Inadequate	09/03/2020	30/09/2021
Glyngaer Primary School	IT Audit	Effective with opportunity to improve	09/03/2020	30/09/2021
Libanus Primary School	IT Audit	Inadequate	10/03/2020	30/09/2021
Pengam Primary School	IT Audit	Inadequate	11/03/2020	30/09/2021
Pontllanfraith Primary School	IT Audit	Effective with opportunity to improve	11/03/2020	30/09/2021
Penllwyn Primary School	IT Audit	Effective with opportunity to improve	11/03/2020	30/09/2021

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Llanfabon Infants	IT Audit	In need of improvement	11/03/2020	30/09/2021
Cwmfelinfach Primary School	IT Audit	Inadequate	16/03/2020	30/09/2021
Rhydri Primary School	IT Audit	In need of improvement	16/03/2020	30/09/2021
Risca Primary School	IT Audit	Effective with opportunity to improve	16/03/2020	30/09/2021
Corporate Safeguarding self evaluation	Crosscutting Review		02/02/2021	
School Private Fund Review	Themed Review	In need of improvement	19/02/2021	06/09/2021
Review of AP forensics processes	System Audit	Effective	15/03/2021	15/04/2021
Bryn Primary	Control Risk Self Assessment (CRSA)	Effective	16/03/2021	17/05/2021
Cefn Fforest Primary	CRSA	Effective	19/03/2021	14/06/2021
Central Creditors and PL Internal Controls	System Audit		19/03/2021	
Central Income management	System Audit	Effective	22/03/2021	17/05/2021
Penllwyn Primary Control risk self assessment	CRSA	Effective	22/03/2021	27/05/2021
Lewis School Pengam	CRSA	Effective	24/03/2021	27/05/2021
Trinity Fields	CRSA	Effective	24/03/2021	18/06/2021
Ysgol Ifor Bach	CRSA	Effective	24/03/2021	06/07/2021
St Helens Primary	CRSA	Effective with opportunity to improve	29/03/2021	17/05/2021
Tir Y Berth Primary	CRSA	Effective with opportunity to improve	29/03/2021	17/05/2021
Deri Primary	CRSA	Effective with opportunity to improve	29/03/2021	27/05/2021
Central Debtors income	System Audit	Effective	31/03/2021	29/04/2021
School 1 Special Investigation	Special Investigation	Inadequate	08/04/2021	
Newbridge Comprehensive	CRSA	Effective	12/04/2021	06/07/2021
Plas Y Felin Primary	CRSA	Effective with opportunity to improve	19/04/2021	27/05/2021
Blackwood Comprehensive	CRSA	Effective	20/04/2021	17/05/2021
Community Hydro	Grant certification	N/A Grant certification	20/04/2021	17/06/2021

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Ysgol Gymraeg Penalltau	CRSA	In need of improvement	20/04/2021	
Bedwas Juniors	CRSA	Effective with opportunity to improve	28/04/2021	27/05/2021
Ysgol Gymraeg Cwm Derwen	CRSA	Effective	28/04/2021	06/07/2021
Ynysddu Primary	CRSA	Effective with opportunity to improve	29/04/2021	27/05/2021
Crumlin High Level	CRSA	Effective with opportunity to improve	30/04/2021	19/05/2021
Derwendeg Primary	CRSA	Effective	05/05/2021	27/05/2021
PCI	Regularity		05/05/2021	
Go Connect Virtual Inclusion Programme	Grant certification	N/A Grant certification	11/05/2021	19/05/2021
Cwmfelinfach Primary	CRSA	In need of improvement	12/05/2021	23/06/2021
NFI 707 Duplicate record by reference, amount and creditor reference	Crosscutting Review	Effective	19/05/2021	17/05/2021
NFI 708 Duplicate record by creditor reference and amount	Regularity	Effective	19/05/2021	19/05/2021
NFI 711 Duplicate record by differing creditor reference same amount invoice number	Regularity	Effective	19/05/2021	19/05/2021
NFI 712 Duplicate supplier records by invoice amount and different creditor reference	Regularity	Effective	19/05/2021	19/05/2021
NFI 2020/21 713 Duplicate supplier records by postcode	Regularity	Effective	19/05/2021	19/05/2021
NNDR COVID grants High level review	System Audit		19/05/2021	
NFI 709 - VAT Overpayment	Regularity		19/05/2021	
Data protection and PCI e-learning record keeping and compliance	Regularity		19/05/2021	
SR218 Rose Cottage Retaining Wall	Contract Audit	N/A Contract Certificated	21/05/2021	25/05/2021
CH Brickwork Porset Park	Contract Audit	N/A Contract Certificated	10/06/2021	17/06/2021
Rents - Collection, Recovery and Administration	CRSA	Effective	15/06/2021	22/06/2021

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Bryn Awel Primary	CRSA	Effective with opportunity to improve	15/06/2021	08/07/2021
Regener8 Cymru	Grant certification	N/A Grant certification	18/06/2021	11/06/2021
Ty Isaf Infants	CRSA	In need of improvement	18/06/2021	06/07/2021
Cwm Ifor Primary	CRSA	Effective with opportunity to improve	18/06/2021	08/07/2021
Phillipstown Primary	CRSA	Effective with opportunity to improve	22/06/2021	23/06/2021
Markham Primary	CRSA	In need of improvement	22/06/2021	25/06/2021
Tyn Y Wern Primary	CRSA	In need of improvement	22/06/2021	05/07/2021
Cwmglas Infants	CRSA	Inadequate	22/06/2021	08/07/2021
Greenhill Primary	CRSA	Effective with opportunity to improve	22/06/2021	23/07/2021
Nant Y Park Primary	CRSA	Effective with opportunity to improve	24/06/2021	17/08/2021
Regener8ing Cymru May 21	Grant certification	N/A Grant certification	02/07/2021	07/07/2021
IT user access Audit	Regularity		06/07/2021	
Abercarn Primary	CRSA	Effective	07/07/2021	03/08/2021
Porset Park GKR	Contract Audit	N/A Contract Certificated	08/07/2021	06/08/2021
Bevan Rise-Close Davies Bros	Contract Audit	N/A Contract Certificated	13/07/2021	06/08/2021
Cwmaber Infants	CRSA	Effective with opportunity to improve	15/07/2021	
Cwmaber Juniors	CRSA	Effective with opportunity to improve	16/07/2021	
EXT17C-EC27 Pengam RGPO1062 1263 / GEN1001 108 GKR Maintenance	Contract Audit	N/A Contract Certificated	26/07/2021	11/08/2021
EXT17C-EC23 Fairview RGPO1062 8867 / GEN1001 143 GKR Maintenance	Contract Audit	N/A Contract Certificated	27/07/2021	11/08/2021
Cwmcarn Primary School	CRSA	Effective	29/07/2021	
Bedwas Infants	CRSA	Effective with opportunity to improve	29/07/2021	

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
EXT17C-E03A Blackwood B RGPO1062 1209 / GEN 1001 112 LCB Construction Ltd	Contract Audit	N/A Contract Certificated	02/08/2021	11/08/2021
EXT16-U14 & U15 combined contracts Gilfach & Bargoed RGPO1062 8864 / GEN1001 144 MSH Building	Contract Audit	N/A Contract Certificated	03/08/2021	23/08/2021
Fleur De Lys Primary	CRSA	Inadequate	11/08/2021	23/08/2021
Hengoed Primary	CRSA		11/08/2021	
Pengam Primary	CRSA	Inadequate	12/08/2021	23/08/2021
Flood mitigation	Contract Audit	N/A Contract Certificated	13/08/2021	23/08/2021
SL119 A467 Newbridge to Crumlin – Rock Slope Remediation Scheme	Contract Audit	N/A Contract Certificated	13/08/2021	23/08/2021
Pantside Primary	CRSA	Effective	16/08/2021	
Pentwynmawr Primary	CRSA		16/08/2021	
Ysgol Cwm Gwyddon	CRSA		17/08/2021	
Tynewydd Primary	CRSA		17/08/2021	
SO571 – Capital Valley Ind. Est. Culvert .	Contract Audit	N/A Contract Certificated	23/08/2021	25/08/2021
Ysgol Y Castell	CRSA		01/09/2021	
Ty Sign Primary	CRSA		01/09/2021	
4667 - Bedwas Infants, Boiler Replacement	Contract Audit	N/A Contract Certificated	02/09/2021	13/09/2021
Wauanfawr Primary	CRSA	Effective with opportunity to improve	03/09/2021	
EXT17C-LC20 Lansbury Park Phase 1	Contract Audit	N/A Contract Certificated	08/09/2021	13/09/2021
4747 - Ysgol Bro Sannan, Boiler Replacement	Contract Audit	N/A Contract Certificated	08/09/2021	13/09/2021
4745 - St Cenydd 6th Form Block, Boiler Replacement	Contract Audit	N/A Contract Certificated	08/09/2021	13/09/2021
EXT17C-LC20B Lansbury Park Phase 2	Contract Audit	N/A Contract Certificated	08/09/2021	
Supporting people grant	Grant certification	N/A Grant certification	13/09/2021	30/09/2021
Education Improvement Grant (EIG)	Grant certification	N/A Grant certification	16/09/2021	20/09/2021
Pupil Deprivation Grant (PDG)	Grant certification	N/A Grant certification	16/09/2021	20/09/2021

Audit Name	Audit Type	Audit Opinion	Audit Started	Audit Completed
Baseline Personnel Security Standards (BPSS)	Regularity	In need of improvement	21/09/2021	
Ysgol Gymraeg Bro Allta	CRSA		24/09/2021	

## Audit of Accounts Report Addendum - Caerphilly County Borough Council

Audit year: 2020-21

Date issued: December 2021

Document reference: 2711A2021-22

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# Audit of accounts report addendum

## Introduction

- 1 This report is an addendum to our Audit of the Accounts Report that we presented to you on 12 October 2021. It sets out the recommendations arising from our audit of the 2020-21 accounts; and provides an update on the progress you have made against last year's recommendations.
- 2 We should like to take this opportunity to once again thank all your staff who helped us throughout the audit.

## Recommendations from this year's audit

- 3 Our Audit of Accounts Report highlighted that we would present a separate report to you, containing our key findings, audit recommendations, and the Council's management's responses. They are set out at **Exhibits 1 to 11**.

### Exhibit 1

#### Matter arising 1 – Some related party declarations did not include all relationships

##### Findings

As reported in our 2021 Audit Plan, we audit related party transactions and balances to a far lower level of materiality, of £5,000.

A key risk is that material disclosures are overlooked and omitted from the accounts. We therefore test that all councillors and the relevant senior officers have submitted their year-end declarations. We then test the declarations, and in doing so we check the Council's register of interests and we run searches of Companies House records.

We found that:

- ten councillors and one senior officer had omitted a relevant position/interest in their declaration, albeit we noted that seven of them related to positions held on behalf of the Council; and
- several cases where a related-party relationship had not been disclosed on the Council's register of interest.

In terms of the draft accounts submitted for audit, we found a significant level of omission, with most of omissions being material. They included transactions and year-end balances in respect of:

<b>Matter arising 1 – Some related party declarations did not include all relationships</b>	
	<ul style="list-style-type: none"> <li>• the Welsh Government;</li> <li>• Members (seven separate disclosures); and</li> <li>• two entities controlled or significantly influenced by the Council.</li> </ul>
<b>Recommendation</b>	<p>The Council should strengthen its accounting process for the identification and full disclosure of related party transactions and balances.</p> <p>At the start of next year's related party process, the Council should formally remind all members, and all relevant senior officers, of the importance of declaring all influential positions and interests required per the guidance.</p> <p>The Council should strengthen the working papers submitted to support the draft related parties' note within the accounts.</p>
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Current processes will be further reviewed to ensure that all related party disclosures are made and that the relevant note in the accounts is supported by robust working papers.
<b>Implementation date</b>	31 March 2022

## Exhibit 2

### Matter arising 2 – weaknesses in the quality and timeliness of the working papers supporting the draft accounts

<b>Findings</b>	<p>We agreed a 'Schedule of Deliverables' with finance officers, to ensure that all the necessary working papers were to be available to us at the start of our audit. However, despite having the agreed schedule in place, numerous papers were provided to us late. One document that supported the accounts and was particularly key to our work, was provided to us towards the end of the audit process.</p> <p>As well as some working papers being late, we found that:</p> <ul style="list-style-type: none"><li>• some working papers were poor quality;</li><li>• some did not agree to the accounts; and</li><li>• many spreadsheet-based working papers had figures typed into cells rather than formula and automated links.</li></ul> <p>These issues increased the risk of error and it made the audit more difficult and time consuming.</p>
<b>Recommendation</b>	<p>The Council should provide all working papers to a high standard and in accordance with the agreed dates.</p> <p>We will continue to work with finance officers to improve the process and documentation for 2021-22.</p>
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	<p>The audit of accounts for the last five years has been undertaken by Grant Thornton. Following the handover to Audit Wales it is inevitable that there will be initial learning from the audit process that can be bedded in for future years. Caerphilly CBC finance staff will work closely with Audit Wales to identify where improvements in the quality and timeliness of working papers can be made.</p>
<b>Implementation date</b>	31 March 2022

**Exhibit 3**

<b>Matter arising 3 – Internal Audit work and the consideration of applying a limitation of scope</b>	
<b>Findings</b>	<p>Due to the impact of the COVID-19 pandemic, for 2020-21 the level of internal audit (IA) work was significantly lower than planned.</p> <p>The IA work programme was suspended for the first six months of the financial year to allow staff to assist with other COVID-19 related priorities; and it was then significantly reduced for the next six months.</p> <p>Despite the extent of the shortfall of IA work, the Head of Internal Audit did not apply a limitation of scope for 2020-21, under the provisions of Chartered Institute of Public Finance and Accountancy’s (CIPFA’s) Bulletin 6.</p> <p>In not applying a limitation of scope, the Head of Internal Audit took assurance from the previous year’s audits. However, Bulletin 6 and its associated guidance does not set out the option of relying on previous work. The guidance centres on the internal auditor considering whether there are other potential forms of assurance undertaken by third parties, in respect of the financial year under consideration.</p>
<b>Recommendation</b>	<p>If similar circumstances arise for 2021-22 and beyond, the Council should avoid taking assurance from past audit work and focus on areas of assurance that relate to the financial year under consideration.</p> <p>If sufficient assurance of this nature cannot be gained, in accordance with the guidance, the Council should consider whether a limitation of scope is needed.</p>
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	A limitation of scope will be considered in future years if considered necessary.

**Matter arising 3 – Internal Audit work and the consideration of applying a limitation of scope**

**Implementation date**

Only relevant in the event of a limitation of scope being required.

**Exhibit 4**

<b>Matter arising 4 – numerous classification and presentational errors within the draft accounts</b>	
<b>Findings</b>	<p>As set out in October in our Audit of Accounts Report, there were a number of misstatements due to classification and presentational errors. To recap, they included:</p> <ul style="list-style-type: none"> <li>• £61.476 million adjustment between ‘Income from Council Tax, Non-domestic rates’ and ‘Government grant and contributions’.</li> <li>• £8.104 million adjustment between ‘Interest payable and similar charges’ and ‘Capital grant and contributions’.</li> <li>• £2.079 million adjustment between short-term and long-term investments.</li> <li>• £0.563 million adjustment between borrowings ‘Public Works Loan Board’ and ‘Bank Loans’.</li> </ul> <p>We also found several misstatements within the analysis of the Council’s debt maturity (when debt is due). They corrections required:</p> <ul style="list-style-type: none"> <li>• £21.47 million adjustment between 5-10 years and 15-20 years.</li> <li>• £2.279 million adjustment between 1-2 years and 2-5 years; and</li> <li>• £0.344 million adjustment between over 50 years to 45-50 years.</li> </ul>
<b>Recommendation</b>	<p>The Council should strengthen its accounts-preparation process to prevent classification and presentational errors arising in its draft accounts submitted for audit.</p>
<b>Accepted in full by management</b>	<p>Yes</p>
<b>Management response</b>	<p>Current processes will be reviewed to identify where improvements can be made to prevent classification and presentational errors arising.</p>

**Matter arising 4 – numerous classification and presentational errors within the draft accounts**

**Implementation date**

31 March 2022

**Exhibit 5**

<b>Matter arising 5 – incorrect calculation of the remuneration ratio</b>	
<b>Findings</b>	<p>We found that the calculation of the Council's median salary and remuneration ratio had excluded all school employees.</p> <p>While officers told us that the omission had been in accordance with the Council's pay policy, we explained that the Accounts and Audit (Wales) Regulations stipulate that the calculation must be based on all employees of a local government body. Officers recalculated the figures and corrected the accounts.</p>
<b>Recommendation</b>	<p>The Council should base its median salary and remuneration ratio on all its employees.</p>
<b>Accepted in full by management</b>	<p>Yes</p>
<b>Management response</b>	<p>The calculation of the median salary and remuneration ratio will include school employees for future financial years.</p>
<b>Implementation date</b>	<p>31 March 2022</p>

**Exhibit 6**

<b>Matter arising 6 – transposition error relating to the valuation of land and buildings</b>	
<b>Findings</b>	Our testing of the revaluation of the Council's property, plant and equipment found errors in respect of four properties. The errors arose because the valuer's figures did not agree to the value disclosed in the accounts. The value of land and buildings in the draft accounts was understated by £1.321 million.
<b>Recommendation</b>	The Council should strengthen its accounting process, and checks, to ensure that basic errors of this nature are avoided.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Significant improvements were made during the 2020/21 financial year to improve the accuracy of the fixed asset register. However, processes will continue to be reviewed to ensure that further improvements can be made to limit the potential for errors.
<b>Implementation date</b>	31 March 2022

**Exhibit 7**

<b>Matter arising 7 – invalid capital commitment</b>	
<b>Findings</b>	We found an invalid capital commitment of £2.829 million, in respect of 'Hafodyrynys Air Pollution'. The commitment was invalid because it did not meet the criteria defined by the CIPFA Code. The disclosure was therefore removed from the draft accounts, as well as the prior year's disclosed commitment of £4.113 million.
<b>Recommendation</b>	The Council should strengthen its accounting process for the assessment of capital commitments, by requiring officers to verify that each commitment meets the criteria set out by the CIPFA Code.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Processes will be reviewed to ensure that all disclosures in the capital commitment note satisfy the requirements of the CIPFA Code.
<b>Implementation date</b>	31 March 2022

**Exhibit 8**

<b>Matter arising 8 – overstatement of the future minimum lease lessor-income</b>	
<b>Findings</b>	Our testing of the Council's minimum lease income identified a lease (Oakdale Business Park) that should not have been disclosed in the draft accounts. It should not have been disclosed because the contractual minimum rent payable to the Council is nil. The audit correction reduced the Council's future income, as a lessor, by £1.001 million.
<b>Recommendation</b>	The Council should strengthen its accounting process to ensure that it correctly identifies and quantifies minimum future receipts due to the Council as a lessor.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	All lease arrangements will be reviewed prior to the closure of the 2021/22 accounts.
<b>Implementation date</b>	31 March 2022

**Exhibit 9**

<b>Matter arising 9 – valuation instructions were not sent to the external valuer</b>	
<b>Findings</b>	We found that the Council had not provided a formal instruction to its external valuers, the Valuation Office Agency. An instruction is an important communication that conveys a clear understanding of the Council's valuation requirements, so that the valuer understands and adheres to them.
<b>Recommendation</b>	The Council should issue a formal and timely instruction to its valuers each year.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	<p>The Authority has a long-standing arrangement with the VOA and an email instruction was issued for 2020/21 requesting a full valuation using the Beacon approach.</p> <p>A formal instruction letter will be issued to the VOA for the 2021/22 valuation.</p>
<b>Implementation date</b>	February 2022

**Exhibit 10**

<b>Matter arising 10 – the disclosure of financial instruments, investments and borrowings is unnecessarily complex and confusing</b>	
<b>Findings</b>	<p>We found the disclosures for the Council's financial instruments to be too complex and confusing. While the financial instruments' note supports the figures in the primary statements (such as the balance sheet), we found it very difficult to identify the breakdown of the total balance.</p> <p>We also found it difficult to identify the breakdown of the Council's investments and borrowings.</p>
<b>Recommendation</b>	<p>The Council should simplify its disclosure of financial instruments, and investments and borrowings, to ensure that there is a meaningful and easily identifiable link from the supporting notes to the primary statements.</p> <p>We will work with finance officers to improve the format and content of these areas for 2021-22.</p>
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Finance staff welcome the opportunity to work with Audit Wales to simplify the disclosure of financial instruments and investments and borrowings.
<b>Implementation date</b>	31 March 2022

**Exhibit 11**

<b>Matter arising 11 — IT password controls are weak</b>	
<b>Findings</b>	The password controls are weak on two of the Council’s finance systems (the E5 Ledger, Cash Management). We established that in some cases, replacement passwords are provided to people over the telephone, with inadequate security checks. This practice is not in line with the UK’s National Cyber Security Centre’s current guidance on password controls. Weak password-controls expose the finance systems to unauthorised access.
<b>Recommendation</b>	The Council should never provide replacement passwords over the telephone, without rigorously confirming a user’s identity. The Council should strengthen its password controls, in accordance with the National Cyber Security Centre’s guidance.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	The instances of passwords being provided over the telephone related to the Cash Management system and this practice has now been stopped. Existing conventions in relation to passwords will be reviewed to ensure that they comply with the National Cyber Security Centre’s current guidance.
<b>Implementation date</b>	31 March 2022

## Recommendations from last year's audit

- 4 We raised 22 recommendations last year, 20 of which were accepted by management. We can confirm that management has implemented 15 of the 20 accepted recommendations.
- 5 **Exhibit 12** sets out the five recommendations that management has not implemented by the dates that were agreed last year. We comment below on the progress that management has made thus far.

### Exhibit 12: progress against last year's recommendations

Audit Year	Recommendation	Progress
2019-20	<p><b>Matter arising 4 - accuracy and review of fixed asset register</b></p> <p>The audit identified differences between the classification of assets in the general ledger and the fixed asset register (FAR). We recommend that the Council periodically undertakes a full reconciliation between the fixed asset register and the general ledger to ensure that they are consistent with each other.</p>	Management has made significant improvements, but there remain trivial differences between the FAR and the ledger.
2019-20	<p><b>Matter arising 7 – bad debt provision</b></p> <p>The bad debt provision contained a significant amount of historical data that had been brought forward from previous years. £1.2 million of the £9.9 million balance (which has increased to £1.5 million at 31 March 2021), could not be evidenced. We recommend that a detailed review of historical debtor balances is undertaken each financial year, and that the bad debt provision is considered in line with an approved policy. This recommendation was also raised in prior years</p>	While management had accepted the recommendation for improvement, no progress has been made and we reported it again, in October 2021, in this year's Audit of Accounts Report.
2019-20	<p><b>Matter 15 - IT general controls</b></p>	Management has made some progress on last

A number of recommendations have been made following the review and have been shared with management. Given the sensitivities around IT, we do not report the specific details of these within our Audit Findings Report. However, a high-level summary of key issues identified has been included below:

- significant segregation of duties conflicts and lack of organisational structure charts;
- lack of controls around user access management and monitoring; and
- lack of controls for reconciling data transmissions between the core financial system and subsidiary systems.

year's recommendations, but parts of the first bullet point, and point 2, remain outstanding.

2019-20

**Matter arising 18 - Related Parties – Declaration of Interests**

Testing identified an instance where one senior officer (Monitoring Officer) of the Council had not made their declarations of interest as at 31 March 2020. We recommend that the declarations of interest are monitored and updated on a timely basis to ensure all related parties are captured in the financial statements.

This year we found a very high level of omission in the draft accounts submitted for audit, as set out in **Exhibit 1**.

2019-20

**Matter arising 22 – Statement of Cash Flows**

Testing of the restated Statement of Cash Flows and associated notes for 2018/19 identified a non-material balance of £1.9 million that officers were not able to evidence. We recommend that the Council ensure that the Statement of Cash Flows is complete and accurately evidenced in future years.

The Council has procured the CIPFA Cashflow Toolkit, but it was not possible to adopt this approach in time for the 2020/21 accounts. Management therefore completed the 2020-21 Cash Flow Statement using the existing methods, and we found no audit errors. Management intends to update the CIPFA Toolkit to feed into the accounts from 2021-22.







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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.



**GOVERNANCE AND AUDIT COMMITTEE – 25<sup>TH</sup> JANUARY 2022**

**PUBLIC INTEREST TEST – EXEMPTION FROM DISCLOSURE OF DOCUMENTS  
SCHEDULE 12A LOCAL GOVERNMENT ACT 1972**

**SUBJECT:           AUDIT OF ACCOUNTS REPORT ADDENDUM – CAERPHILLY COUNTY BOROUGH  
COUNCIL**

**REPORT BY:        HEAD OF LEGAL SERVICES AND MONITORING OFFICER**

I have considered grounds for exemption of information to be presented to the Committee and make the following recommendations to the Proper Officer:-

**EXEMPTIONS APPLYING TO THE REPORT:**

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (paragraph 14); and Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime (paragraph 18).

**FACTORS IN FAVOUR OF DISCLOSURE:**

There is a public interest in the way in which the Council deals with information and data.

**PREJUDICE WHICH WOULD RESULT IF THE INFORMATION WERE DISCLOSED:**

The report contains details on cyber resilience and advice from Audit Wales on how the council can improve its cyber resilience.

**MY VIEW ON THE PUBLIC INTEREST TEST IS AS FOLLOWS:**

That paragraphs 14 and 18 should apply. My view on the Public Interest Test is that whilst there is a need to ensure transparency and accountability of a Public Authority, this must be balanced against the fact that cyber resilience is of critical importance and the disclosure could risk provoking cyber-attacks. It is considered that this outweighs the need for the information to be made public.

The information is not affected by any other statutory provision, which requires the information to be publicly registered.

On that basis I feel that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

**RECOMMENDED DECISION ON EXEMPTION FROM DISCLOSURE:**

On that basis I feel that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, and that the report should be exempt.

**Signed:**  
**Post:            Head of Legal Services and Monitoring Officer**

**Date:   18<sup>th</sup> January 22**

I accept/~~do not accept~~ recommendation made above.

**Signed:**  
**Proper Officer**

**Date:   18<sup>th</sup> January 22**

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By virtue of paragraph(s) 14, 18 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## **GOVERNANCE AND AUDIT COMMITTEE - 25<sup>TH</sup> JANUARY 2022**

**SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000**

**REPORT BY: HEAD OF DEMOCRATIC SERVICES AND DEPUTY  
MONITORING OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA) for the period 1<sup>st</sup> October 2021 to 31<sup>st</sup> December 2021.

### **2. SUMMARY**

- 2.1 To provide an update on the number of operations undertaken in accordance with RIPA for the period 1<sup>st</sup> October 2021 to 31<sup>st</sup> December 2021.

### **3. RECOMMENDATIONS**

- 3.1 None. This report is for information only.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure compliance with statutory requirements.

### **5. THE REPORT**

- 5.1 The Regulation of Investigatory Powers Act 2000 (RIPA) sets out strict controls for public authorities wishing to carry out covert surveillance of individual members of the public as part of their exercise of their statutory functions. In addition to this Act, advice and guidance is found within the Codes of Practice issued by the Investigatory Powers Commissioner's Office.
- 5.2 The Authority has a corporate policy, which provides guidance on how surveillance should be used by the relevant officers.
- 5.3 Public Authorities undertaking covert surveillance of individual members of the public

are subject to inspection by the Investigatory Powers Commissioner's Office.

- 5.4 Members are advised that for the period 1<sup>st</sup> October 2021 to 31<sup>st</sup> December 2021 there have been no RIPA operations undertaken.

#### 5.5 **Conclusion**

The report advises members that there have been no applications made in relation to RIPA operations for the period 1<sup>st</sup> October 2021 to 31<sup>st</sup> December 2021.

#### 6. **ASSUMPTIONS**

- 6.1 There are no assumptions contained in this report.

#### 7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 As this report is for information there is no requirement for an Integrated Impact Assessment to be completed.

#### 8. **FINANCIAL IMPLICATIONS**

- 8.1 There are no financial implications arising from this report.

#### 9. **PERSONNEL IMPLICATIONS**

- 9.1 There are no personnel implications arising from this report.

#### 10. **CONSULTATIONS**

- 10.1 There has been no consultation undertaken on this report as it is for information only.

#### 11. **STATUTORY POWER**

- 11.1 Regulation of Investigatory Powers Act 2000.

Author: Lisa Lane Head of Democratic Services and Deputy Monitoring Officer

Consultees: Robert Tranter Head of Legal Services and Monitoring Officer



## **GOVERNANCE AND AUDIT COMMITTEE – 25TH JANUARY 2022**

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY  
JULY TO SEPTEMBER 2021**

**REPORT BY: HEAD OF PEOPLE SERVICES**

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to provide the Governance and Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period 1 July to 30 September 2021 ie the first quarter of the financial year 2021/2022 and a comparison with the previous three quarters.

### **2. SUMMARY**

- 2.1 Enclosed as Appendix 1 is a list of Register of Employees' Interests Forms in respect of Gifts and Hospitality completed by officers of the Council (excluding Schools) for the period 1 July to 30 September 2021.

### **3. RECOMMENDATIONS**

- 3.1 The Governance and Audit Committee are asked to note the contents of this report.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 The recommendation is designed to ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.

### **5. THE REPORT**

- 5.1 The Council's Code of Conduct for Employees sets out guidance for employees on a range of issues, including the completion of a Register of Employee Interests form, which help maintain and improve the high standards of conduct within Local Government and protect employees from misunderstandings and confusion.

- 5.2 Completed Register of Employees' Interests forms are submitted to Heads of Service, Directors or the Chief Executive who countersign the forms to show they are aware of the declaration. The form also records details of any controls / action taken to protect the Council's interests in the circumstances outlined on the form. A copy of the countersigned form is given to the employee and a copy sent to Human Resources for filing on the employee's personal file.
- 5.3 The Head of Service, Director or Chief Executive retains the original form and maintains a summary spreadsheet to record the forms. On a monthly basis the summary spreadsheet or a nil return is submitted to Human Resources for collation and monitoring for consistency and compliance.
- 5.4 In accordance with the Council's Code of Conduct for Employees, Gifts / Hospitality of less than £25 may be accepted by the employee but any Gift / Hospitality which could be seen by a third party as placing the employee under an improper obligation such as more than one Gift / Hospitality from the same party must be refused, irrespective of its value.
- 5.5 Employees may accept small offers of Hospitality only where the activity is of a nature where there is a genuine need to impart information or to represent the Council in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the Council should be seen to be represented.
- 5.6 The table below details the number of declarations regarding Gifts submitted by Directorate for the period 1 July to 30 September 2021 and the previous three quarters for comparison.

<b>Directorate</b>	<b>July - Sept 2021</b>	<b>April – June 2021</b>	<b>Jan – March 2021</b>	<b>Oct – Dec 2020</b>
<b>Economy and Environment</b>	1	0	1	0
<b>Education and Corporate Services</b>	0	0	0	1
<b>Social Services and Housing</b>	1	0	0	2
<b>Total</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>3</b>

- 5.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 July to 30 September 2021 and the previous three quarters for comparison.

Directorate	July – Sept 2021	April – June 2021	Jan – March 2021	Oct – Dec 2020
Economy and Environment	0	0	0	0
Education and Corporate Services	0	0	0	0
Social Services and Housing	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 5.8 Conclusion

The Head of People Services will continue to monitor the declarations submitted and work with Heads of Service to improve their understanding, promote best practice and corporate compliance of the Code of Conduct where appropriate.

## 6. ASSUMPTIONS

- 6.1 There are no assumptions made within this report.

## 7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 As this report is for information only an Integrated Impact Assessment is not required.

## 8. FINANCIAL IMPLICATIONS

- 8.1 None.

## 9. PERSONNEL IMPLICATIONS

- 9.1 The personnel implications are included in this report.

## 10. CONSULTATIONS

- 10.1 There are no consultation responses that have not been included in the report.

## 11. STATUTORY POWER

- 11.1 Local Government Act 2000.

Author: Lynne Donovan, Head of People Services  
(donovl@caerphilly.gov.uk)

Consultees: Richard Edmunds, Corporate Director – Education & Corporate Services  
(edmunre@caerphilly.gov.uk)  
Robert Tranter, Head of Legal Services & Monitoring Officer  
(trantrj@caerphilly.gov.uk)  
Stephen Harris, Head of Financial Services & Section 151 Officer  
(harrisr@caerphilly.gov.uk)  
Cllr Colin Gordon, Cabinet Member for Corporate Services  
(gordocj@caerphilly.gov.uk)

Appendices:  
Appendix 1 Declarations of Gifts and Hospitality 1 July to 30 September 2021

**Appendix 1**  
**Declarations of Gifts and Hospitality 1 July to 30 September 2021**

<b>Directorate</b>	<b>Service Area</b>	<b>Post Title of Employee Making the Declaration</b>	<b>Type of Declaration</b>	<b>Details of Declaration</b>	<b>Post Title of Head of Service, Director or Chief Executive who authorised the declaration</b>	<b>Outcome</b>
Economy and Environment	Regeneration and Planning	Visitor Economy and Destinations Manager	Gift	A tie-pin approx value £20 from the retiring chairperson of an external organisation.	Head of Regeneration and Planning	Accepted
Social Services and Housing	Adult Services	Mental Health Worker	Gift	Amazon gift voucher £30 left in a Thank You card by a client who was moving out of the area.	Assistant Director (Adult Services)	Accepted

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# Agenda Item 13

## Corporate Governance Panel Minutes 23<sup>rd</sup> September 2021

**Attendees:** Cllr Margaret Sargent\Cllr Eluned Stenner\Deb Gronow\Rob Tranter\Liz Lucas

**Chair:** Stephen Harris

### 1. Apologies

Richard Edmunds (Ed)  
Sue Richards  
Robert Tranter (start of meeting)

### 2. Minutes of Last Meeting

The minutes of the last meeting held on 26<sup>th</sup> May 2021 were approved.

### 3. Update on Accounts

Originally going to Governance & Audit Committee on 30<sup>th</sup> September 2021 but now scheduled for 12<sup>th</sup> October 2021 and then Full Council on 14<sup>th</sup> October 2021.

Audit Wales fieldwork due to be finalised this week and we will be handing over version 2 of the 2020/21 Financial Statements to them on 27<sup>th</sup> September 2021, which will reflect any adjustments that have been agreed as part of the audit process. Later in the week we will receive back from Audit Wales their report on the audit of the Financial Statements (ISA260 Report).

Different approach this year compared to Grant Thornton's whereby we would have received the key issues, recommendations, and the management responses in the ISA260 Report. Audit Wales take a slightly different approach. The report from them will highlight the issues that came from the audit along with the Auditor General's opinion. A separate 'Addendum Report' will then follow setting out the recommendations arising from the audit and the management responses. SH has agreed with Audit Wales that the 'Addendum Report' will go to the next meeting of the Governance & Audit Committee in January 2022. By this time officers would have responded to any recommendations and a positive response will be able to be given to the Governance & Audit Committee stating that either the recommendations have been addressed or that there are plans in place to address them.

#### 4. Annual Governance Statement

The draft 2020/21 Annual Governance Statement (AGS) was endorsed by the Governance & Audit Committee at its meeting on the 8<sup>th</sup> June 2021 and was subsequently included in the draft 2020/21 Financial Statements, which have since been subject to audit by Audit Wales. The final version of the AGS will now go to Governance & Audit Committee on 12<sup>th</sup> October 2021 and the Full Council meeting on 14<sup>th</sup> October as part of the approval process for the audited Financial Statements.

SH confirmed the following amendments had been made to the draft AGS: -

- Audit Wales asked if we had considered the CIPFA Bulletin 6 which does provide a recommended structure for the AGS. This is not currently mandated, and SH has advised Audit Wales that this will be looked at over the coming months.
- Lots of links to documents inserted into the AGS which Audit Wales felt would assist the reader.
- Audit Wales felt that the impact of Covid needed to be referenced earlier in the document, so this has been carried out. Outlined that temporary decision-making processes had to be put in place.
- External Audit section – Audit Wales requested we inserted their Audit Wales 2020 Audit Wales Audit Summary. This document has already been presented to the Governance & Audit Committee and Cabinet.
- Audit Wales Financial Sustainability Assessment for Caerphilly CBC - This assessment had not been finalised at the time of preparing the draft AGS. A final report has since been issued and this is now referenced in the final AGS including the addition of an action arising from proposals for improvement in the Audit Wales report.
- Adjudication Panel decision on Cllr Poole – referenced in draft AGS but link to Adjudication Panel’s report now added in final AGS.
- Additional narrative provided on the waste investigation.
- Reference made to the CIPFA Financial Management Code which operated in shadow/pilot form in 2020/21 but is now mandated for 2021/22. Narrative included in final AGS outlining what we need to do to make sure the Council is financially resilient and has robust financial management in place. MTFP needs to be enhanced and linked to the Transformation Strategy.

Following discussion, it was agreed that the Review of the Risk Management Strategy be moved to the meeting of the Governance & Audit Committee on 25<sup>th</sup> January 2022. Updated Strategy to be presented to next meeting of the Corporate Governance Panel on the 23<sup>rd</sup> December 2021.

Cyber risk – LL outlined that there is a lot of work being undertaken around cyber security in order to deliver a Cyber Security Strategy. A number of workshops and training sessions are being undertaken with Leadership Team/Management Network during October/November. Office 365 E5 licences, which are the most secure available, are currently being deployed however a lack of staff is causing a delay. **LF to circulate a copy of the presentation provided to Management Network Team on 10<sup>th</sup> September 2021.**

**SH to provide a brief summary of amendments made to the draft AGS at Governance & Audit Committee meeting on the 12<sup>th</sup> October 2021.**

#### **5. Agenda for Audit Committee on 12<sup>th</sup> October 2021**

Agreed the meeting on the 12<sup>th</sup> October will focus purely on the Accounts.

Confirmed that the Review of the Risk Management Strategy be moved to the meeting on 25<sup>th</sup> January 2022. Updated Strategy to be presented to next meeting of the Corporate Governance Panel on the 23<sup>rd</sup> December 2021.

CCBC Anti-Fraud Strategy and Action Plan – draft document to come to the next meeting of the Corporate Governance Panel on the 23<sup>rd</sup> December 2021.

Audit Wales Review of Town Centre Regeneration - national report to be presented at Governance & Audit Committee meeting on 25<sup>th</sup> January 2022.

Possible items to be added to agenda for the meeting in January include Progress Update on Internal Audit Plan and Update on Recommendations Tracker. Governance & Audit Committee have requested 6 monthly updates re: Recommendations Tracker. SH to update Forward Work Programme and include in meeting on 12<sup>th</sup> October 2021 for endorsing.

**DG to forward SH a list of items to be added to the Forward Work Programme post January.**

#### **6. Any Other Business**

No matters raised.

#### **7. Date of Next Meeting**

23<sup>rd</sup> December 2021

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**Reference:** 2696A2021-22

**Date issued:** November 2021

## Audit of Caerphilly County Borough Council's assessment of 2020-21 performance

### Certificate

I certify that I have audited Caerphilly County Borough Council's (the Council) assessment of its performance in 2020-21 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

### Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



**Adrian Crompton**  
**Auditor General for Wales**

CC: Rebecca Evans MS – Minister for Finance and Local Government  
Colin Davies – Audit Manager  
Gareth Jones – Audit Lead