

Pecyn Dogfennau Cyhoeddus

Penallta House,
Tredomen Park,
Ystrad Mynach,
Hengoed CF82 7PG

Ty Penallta,
Parc Tredomen,
Ystrad Mynach,
Hengoed CF82 7PG



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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Julie Lloyd
(Rhif Ffôn: 01443 864246 Ebst: lloydj4@caerphilly.gov.uk)

Dyddiad: Dydd Iau, 14 Gorffennaf 2021

Annwyl Syr/Fadam,

Bydd cyfarfod o'r **Pwyllgor Llywodraethu ac Archwilio** yn cael ei gynnal trwy Microsoft Teams ar **Dydd Mawrth, 20fed Gorffennaf, 2021** am **2.00 pm** i ystyried materion a gynhwysir yn yr agenda canlynol. Mae croeso i chi ddefnyddio'r iaith Gymraeg yn y cyfarfod, a dylid rhoi cyfnod rhybudd o 3 diwrnod gwaith os ydych yn dymuno gwneud hynny.

Mae pob cyfarfod Pwyllgor yn agored i'r Wasg a'r Cyhoedd. Gofynnir i arsylwyr a chyfranogwyr ymddwyn gyda pharch ac ystyriaeth at eraill. Sylwer y bydd methu â gwneud hynny yn golygu y gofynnir i chi adael y cyfarfodydd ac efallai y cewch eich hebrwng o'r safle.

Yr eiddoch yn gywir,

Christina Harrhy
PRIF WEITHREDWR

AGENDA

Tudalennau

- 1 I dderbyn ymddiheuriadau am absenoldeb
- 2 Datganiadau o Ddiddordeb.

Atgoffi'r Cynghorwyr a Swyddogion o'u cyfrifoldeb personol i ddatgan unrhyw fuddiannau personol a/neu niweidiol mewn perthynas ag unrhyw eitem o fusnes ar yr agenda hwn yn unol â Deddf Llywodraeth Leol 2000, Cyfansoddiad y Cyngor a'r Cod Ymddygiad ar gyfer Cynghorwyr a Swyddogion.

A greener place Man gwyrddach



I gymeradwyo a llofnodi'r cofnodion canlynol:-

3 Pwyllgor Llywodraethu ac Archwilio a gynhaliwyd ar 8 Mehefin 2021. 1 - 8

I dderbyn ac ystyried yr adroddiad(au) canlynol:-

4 Blaenraglen Waith y Pwyllgor Llywodraethu ac Archwilio. 9 - 12

5 Cofrestr Risgiau Corfforaethol (Ch4 20/21 Diwedd y Flwyddyn). 13 - 22

6 Cynigion y Rheoleiddwyr ar gyfer Gwella - Diweddariad Cynnydd. 23 - 36

7 Asesiad Cynaliadwyedd Ariannol Swyddfa Archwilio Cymru - Cyngor Bwrdeistref Sirol Caerffili. 37 - 58

8 Adolygiad O Ddarparu Llywodraethu Da: Cyngor Bwrdeistref Sirol Caerffili. 59 - 100

Cylchrediad:

Cynghorwyr M.A. Adams, Mrs E.M. Aldworth, J. Bevan, Ms J. Gale, D.T. Hardacre, C.P. Mann, B. Miles, Mrs T. Parry, Mrs M.E. Sargent (Cadeirydd), J. Ridgewell, G. Simmonds a J. Simmonds

Aelod Lleyg – Mr N.D. Yates (Is Gadeirydd)

A Swyddogion Priodol.

SUT FYDDWN YN DEFNYDDIO EICH GWYBODAETH

Bydd yr unigolion hynny sy'n mynychu cyfarfodydd pwyllgor i siarad/roi tystiolaeth yn cael eu henwi yng nghofnodion y cyfarfod hynny, weithiau bydd hyn yn cynnwys eu man gweithio neu fusnes a'r barnau a fynegir. Bydd cofnodion o'r cyfarfod gan gynnwys manylion y siaradwyr ar gael i'r cyhoedd ar wefan y Cyngor ar www.caerffili.gov.uk. ac eithrio am drafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig.

Mae gennych nifer o hawliau mewn perthynas â'r wybodaeth, gan gynnwys yr hawl i gael mynediad at wybodaeth sydd gennym amdanoch a'r hawl i gwyno os ydych yn anhapus gyda'r modd y mae eich gwybodaeth yn cael ei brosesu.

Am wybodaeth bellach ar sut rydym yn prosesu eich gwybodaeth a'ch hawliau, ewch i'r Hysbysiad Preifatwydd Cyfarfodydd Pwyllgor Llawn ar ein [gwefan](#) neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio griffd2@caerffili.gov.uk neu ffoniwch 01443 863028.



GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON TUESDAY 8TH JUNE 2021 AT 2.00 P.M.

PRESENT:

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

Councillors:

E. Aldworth, J. Gale, C. Mann, B. Miles, T. Parry, J. Ridgewell, G. Simmonds, J. Simmonds

Together with:

S. Harris (Head of Financial Services & S151 Officer), L. Lane (Head of Democratic Services and Deputy Monitoring Officer), D. Gronow (Acting Internal Audit Manager), R. Roberts (Business Improvement Manager), R. Barrett (Committee Services Officer), J. Lloyd (Committee Services Officer)

G. 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. TO APPOINT A CHAIR AND VICE CHAIR OF THE GOVERNANCE AND AUDIT COMMITTEE FOR THE ENSUING YEAR

L. Lane (Head of Democratic Services and Deputy Monitoring Officer) introduced the item to appoint a Chair and Vice Chair of the Governance and Audit Committee for the ensuing year.

It was moved and seconded that Councillor M.E. Sargent be appointed as Chair. By way of a show of hands this was unanimously agreed. It was moved and seconded that Mr N. Yates be appointed as Vice Chair. By way of a show of hands this was unanimously agreed.

RESOLVED Councillor M. Sargent be appointed as Chair of the Governance and Audit Committee for the ensuing year and N. Yates – Lay Member be appointed as Vice-Chair for the ensuing year.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors M.A. Adams, J. Bevan, D. Hardacre and E. Stenner, together with R. Edmunds (Corporate Director of Education and Corporate Services), S. Richards (Head of Education Planning and Strategy)

3. DECLARATIONS OF INTEREST

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

4. MINUTES – 20TH APRIL 2021

During consideration of the minutes, the number of items on the agenda was discussed, and by a show of hands up, it was unanimously

RESOLVED that a maximum of 4 reports, plus the Update from Audit Wales as a standing item, be scheduled for future meetings and that any information reports for the Committee be published and circulated as a separate information pack.

An update on staffing levels within the Audit department was also given by D. Gronow (Acting Internal Audit Manager) confirming that interviews were taking place in the next 2 weeks, with the intention of filling 2 vacancies.

It was moved and seconded that the minutes of the Audit Committee held on 20th April 2021 be approved as a correct record, and by way of Microsoft Forms and verbal confirmation (and in noting there were 9 for, 0 against and 1 abstentions) this agreed by the majority present

RESOLVED that the minutes of the meeting held on 20th April 2021 be approved as a correct record.

5. 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 October 2021.

S. Harris proposed that in view of the aforementioned changes to the maximum number of agenda items, the 'CCBC Anti-Fraud Strategy' item scheduled for the July meeting be moved to the October meeting and the Committee were in agreement with the suggested change.

Subject to the aforementioned changes regarding the maximum number of agenda items for future meetings, and with it being agreed that the CCBC Anti-Fraud Strategy be moved to the October meeting, this was unanimously agreed by a show of hands and it was RESOLVED that the Forward Work Programme be approved

REPORTS OF OFFICERS

Consideration was given to the following reports.

6. UPDATE FROM AUDIT WALES

Mr G. Jones (Audit Wales) presented an update on the Financial Audit work and Performance Audit work being carried out by Audit Wales in respect of Council activities.

Members were referred to the Delivering Good Governance Review and Financial Sustainability Assessment and were advised that these are due to be presented to the next meeting of the Governance and Audit Committee on 20th July. Audit Wales are due to publish their letter later this month, regarding the Council's approach to Recovery Planning. Members were also referred to the local risk based work which is currently under consideration with Audit Wales and the Council's senior management team. Audit Wales are due to produce the 'Springing Forward' project nationally, between all 22 local authorities in Wales, in Autumn and Spring of 2021/2022.

The Committee were also referred to the Assurance and Risk Assessment, which would 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. In particular, Audit Wales would be considering the financial position and implications of the Local Government and Elections (Wales) Act.

Members were referred to the Recent National Reports and the report on Local authority discretionary services. There are no recommendations for local Councils, but the report sets out the position nationally and the pandemic offers an opportunity to reevaluate the role and value of local government. Members were advised that the challenge for local councils will be to apply the lessons learnt from the pandemic and use it to refine, adapt and deliver further improvements in order to create positive change and remain relevant to all of their citizens. The report has been submitted to the council by Audit Wales, which is currently being considered within the scope of the ongoing Transformation Project.

The Chair thanked Mr Jones for his report and Members questions were welcomed.

A Member sought clarification on the assurance and risk assessment in relation to local risk based projects. Mr Jones clarified that Audit Wales will be assessing the risk and assurances the council has put in place to deliver effectively and the best value for money. He referred to recent presentation to Cabinet members in which Audit Wales presented a range of options and arrangements to look at, and would be meeting with senior officers in the next few weeks to determine which local risk based areas to consider, with a possible update on this position from Audit Wales at the next meeting of the Governance and Audit Committee.

A Member queried the Well-being of Future Generations Act, noting that the final report had been issued by Audit Wales in November 2019 but that it was yet to be presented to the committee. Mr Jones referred to delays in the process due to the pandemic but assured the Member that the actions identified in the report had been considered and taken forward. It was confirmed by R. Roberts (Business Improvement Manager) that the report had been considered at a meeting of the Social Services Scrutiny Committee in January 2020 and an action plan had been developed. An update is due to be included in the next meeting of the Governance and Audit Committee in July. Mr Jones (Audit Wales) confirmed that this item would be now be updated on their records.

A Member queried the discretionary services of the council and the importance of these during the pandemic and the implications of the budgetary element, from an Audit Wales perspective. Mr Jones advised that the council needs to look at the discretionary services provided against their well-being objectives. Audit Wales would look at this from a value for money perspective but ultimately it would be the council's decision as to which of the discretionary services would be pursued after the pandemic.

A Member referred to £500m allocated by WG to local authorities through the hardship fund and asked if Audit Wales would be reporting on how the council will be using their allocation of money. Mr Jones explained that Audit Wales will be producing a Financial Sustainability Assessment report for 2020/21 for the next meeting of the Committee to reflect the local position. S. Harris (Head of Financial Services and S151 Officer) clarified that the allocation and use of funding is determined by WG and only certain types of additional costs and income losses can be claimed. The Provisional Revenue Budget Outturn report for 2020/21 is scheduled for Cabinet in late June and will include more details on what has been claimed.

A Member queried the recovery planning and whether the feedback letter provided by Audit Wales would be referred to this Committee. Mr Jones confirmed that since the council has launched its strategic recovery framework and transformation programme, the second letter from Audit Wales has been completed and will come back before the committee with issues that have been identified.

Clarification was sought by a Member as to whether standard questioning was given to each local authority by Audit Wales in relation to recovery planning or whether questioning would be specific to each authority. Mr Jones (Audit Wales) confirmed that questions were specific and tailored to each authority. It was also noted by Mr Jones that recovery planning from the pandemic would be different to that of recovery planning for a flood and acknowledged that recovery planning from the effects of the pandemic would be ongoing.

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

7. UPDATE ON TRACKING OF AGREED AUDIT REPORT RECOMMENDATIONS

D. Gronow (Acting Internal Audit Manager) provided Members with an update on progress on the implementation of the audit report recommendations tracker. The External Auditor's ISA 260 Report in 2018 recommended that a tracking document be produced showing details of progress made against Internal Audit recommendations. An audit management software system (MK Insights) was subsequently procured in May 2019 but the full installation has been delayed, most recently by Covid-19. However, good progress has now been made and Members attention was drawn to paragraph 5.10 of the report which summarises the total number of recommendations classified by risk rating and Members were informed of the recommendations issued by the new tracker system and the relevant stages of these recommendations. Members were asked to note the implementation of the new system and to consider the frequency of reporting this information to the Committee.

A Member sought clarification on IT issues with the new system, included in the report and was advised that these issues have now been resolved. The new system does not currently include all schools but there will be ongoing staff training when required.

A Member queried how the risk element of each item was assessed and was referred to a report on this matter that was presented to the Audit Committee in October 2018. This report includes information on low, medium, and high-risk ratings, findings, and conclusions. These are assessed in relation to several criteria, including whether there has been a safeguarding issue or any financial loss. The majority of cases are medium risk and Members were offered the opportunity of having the 2018 report circulated for their information. Some discussion followed on audit findings by risk rating.

A Member sought further information on the new system and opinion from audit. D. Gronow (Acting Internal Audit Manager) confirmed that the new system has a lot of potential to give a lot more information than the previous manual system, for example in relation to findings and trends.

S. Harris (Head of Financial Services and S151 Officer) confirmed that the 2018 Audit

Committee report previously referred to in relation to risk levels, ratings and findings would be circulated to Members for their information, particularly as there were some new Members on the Committee since the original report had been produced.

A Member sought further information in relation to future reports and overdue actions. Discussion followed in relation to current times and changes to working practices, with reviews of overdue actions being more difficult to deal with, but improvements expected in the future with required information on these aspects being provided to Members.

A Member referred to a previous meeting where Audit Wales had made a recommendation in relation to external as well as internal audits. S. Harris referred to previous periodic reports which provide details of progress against external audit proposals for improvement and informed Members that a report is due to be presented to the next Committee meeting.

A Member sought clarification on the high-risk items in the report being a total of 51 items and noted that this seemed a large amount in the high-risk area. Members were advised that many high-risk items are evaluated and may not include financial loss or have an impact on the authority. Members were also advised that they may need to request more specific information if required for future meetings. S. Harris advised members that update reports are proposed for future committee meetings, and in particular, updates on the high-risk items identified by audit and suggested 6 monthly update reports to be brought before this Committee.

Following consideration of the report, and proposed 6 monthly update reports, it was moved and seconded that the Update on Tracking of Agreed Audit Report Recommendations be approved and by way of Microsoft Forms and verbal confirmation (and in noting there were 10 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the Update on Tracking of Agreed Audit Report Recommendations be noted.

8. CCBC RESPONSE TO 'RAISING OUR GAME – TACKLING FRAUD IN WALES'

Members were informed that the report was to provide the Committee with a response to the report by the Auditor General together with information on any findings that are pertinent to Caerphilly CBC and any future actions that may need to be considered. Members were referred to the Auditor General for Wales report in June 2019, titled 'Counter Fraud arrangements in the Welsh Public Sector', which was brought before the Committee in January 2021. Members were asked to note the Caerphilly responses to the report and consider future actions that may be needed, to ensure that the Committee has an up to date view on the current counter fraud position in Wales and how Caerphilly CBC is responding.

Members were referred to the information in relation to the 15 recommendations across 7 themes and recent work undertaken with using AP Forensics software which can identify any duplicate payments and help to reduce fraud, also involving collaborations with the DWP and the Police and externally with other local authorities.

A Member queried whether any staff members had been allowed payment in lieu of carried over leave and S.Harris informed the committee that this is not normally the case but due to the pandemic, there had been some exceptional circumstances where this had occurred, which had been agreed by Cabinet.

A Member sought clarification on the Payment Industry Card, and advice was given in relation to the Payment Industry Card – Security Standards. This is a set of regulations issued by the Council's bankers, which allows payments to be made to the Council by debit cards, for example

council tax. There is awareness training provided for the relevant staff who deal with these payments and this covers the 12 standards in the regulations, including IT and data security.

A Member referred to the number of recommendations in the report and proposed further actions to identify clear roles and responsibilities for countering fraud and to develop the action plan to meet the timetable for the recommendations. S. Harris proposed that when the Counter Fraud Strategy is brought before Members in October 2021, it should include an action plan for members to endorse.

A Member sought clarification that the acceptable level of fraud should be nil and should be eliminated with the current measures in place with a robust strategy and culture for an anti-fraud strategy. Members were assured that known losses to CCBC are very low and future developments to the cyber security strategy will mitigate further risks.

Following consideration of the report, and agreed proposals, it was moved and seconded that the CCBC Response to 'Raising our Game – Tackling Fraud in Wales' be noted and by way of Microsoft Forms and verbal confirmation (and in noting there were 9 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the CCBC Response to 'Raising our Game – Tackling Fraud in Wales' be noted.

9. ANNUAL INTERNAL AUDIT REPORT 2020/21

Members were informed that the purpose of this report is to inform the Governance and Audit Committee of the Internal Audit Manager's overall opinion on the Authority's Internal Control Systems derived from the work undertaken by Internal Audit Services during the 2020/21 financial year. It is a requirement the Council's Financial Regulations, the Internal Audit Charter, and the Public Sector Internal Audit Standards (PSIAS) that the Head of Internal Audit provides an annual report to support the Annual Governance Statement. The report should include an opinion on the overall systems of internal controls and present a summary of the audit work that has been undertaken on which this opinion is based and draw attention to any issues which may impact on the level of assurance provided.

Members were advised that the pandemic had significantly impacted on the work of Internal Audit with the work programme being suspended in the first half of the financial year due to staff having to focus on other priorities linked to the Covid-19 response. A work programme was agreed by the Audit Committee for the second half of the financial year including financial audit work and risk self-assessments in schools.

Members were informed that the Internal Audit Manager's opinion is that overall, the Council's systems and control procedures are effective based on the reduced level of audit coverage during the 2020/21 financial year. There has been some impact due to the Covid-19 pandemic and staffing issues but not enough to adversely affect the annual opinion. Plans are now in place to overcome these limitations in 2021/22 with the adoption of new working practices, the gradual reopening of locations and establishments and the appointment of staff to fill the vacancies in Internal Audit Services.

A Member clarified that O/S meant outstanding and queried whether there were any concerns in relation to schools. D. Gronow confirmed that in relation to school audits still outstanding, audit was awaiting guidance from Environmental Health and Education as schools were currently open to pupils but not any external staff. This work would continue as soon as possible.

A Member sought clarification on the involvement audit have with school staff contracts and whether these are checked in relation to temporary contracts being audited. The Member was advised that HR would be responsible for the staff contracts, but that audit involvement could include checks on payments made after employment.

Following consideration of the report, it was moved and seconded that the Annual Internal Audit Report 2020/21 be noted and by way of Microsoft Forms and verbal confirmation (and in noting there were 9 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the Annual Internal Audit Report 2020/21 be noted.

10. DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21

Members were presented with the Draft Annual Governance Statement for 2020/21 and information given in relation to the preparation of the document by the corporate governance review panel, who consider the responses of heads of service, directors and key officers, which are then incorporated into the document. Members were informed of the process for approving the statement.

The Chair thanked the Officer and there were no Member questions.

Following consideration of the report, it was moved and seconded that the Draft Annual Governance Statement 2020/21 be approved and by way of Microsoft Forms and verbal confirmation (and in noting there were 9 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the Draft Annual Governance Statement 2020/21 be approved.

11-15 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 January to March 2021.
- iii. Register of Employees Interests Forms 2020/21.
- iv. Corporate Governance Panel Minutes.

It was confirmed that Item 15: Annual Review of Complaints Received Under the Council's Corporate Complaints Policy 1st April 2020 to 31st March 2021 had been called forward for discussion at the meeting.

L. Lane presented the information item to Members which was to provide members with a review of the corporate complaints received during the year 1st April 2020 to 31st March 2021. Members were given information on the specific service areas covered by this report and the different stages allocated to each complaint received.

A Member sought clarification on the complaints received for Communities and Housing

where information stated, 'Following Council Policies/relevant legislation'. The member queried whether policies were likely to be reviewed in the future if genuine complaints were continuously received.

The member was advised that the complaint category also included following legislation, and reference was made to planning legislation and policies in relation to planning applications and building control. In relation to Housing, the complaints may have been in relation to 'right to buy' policies and legislation. Discussion followed regarding types of complaints received and relevant policies and legislation. Concerns were raised that the actual details of the complaints may not be referred to those responsible for council policies.

Members were referred to the Directorate Performance Assessments which would include details of complaints received and which would subsequently be referred to scrutiny committees, management teams and cabinet. Discussion followed in relation to the number of complaints received in relation to street lighting.

L. Lane acknowledged that more information could be available in the future in relation to complaints and the reasons why they were upheld or not. S. Harris advised members that a new system was being made available which could provide more information in relation to complaints. L. Lane suggested that an updated report for complaints could be available for members at the meeting in October 2021.

Having discussed avenues for improving the complaints reporting process, the Committee noted the contents of the report.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 4.23 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 20th July 2021.

CHAIR

GOVERNANCE AND AUDIT COMMITTEE FWP – 12th JULY 2021

GOVERNANCE AND AUDIT COMMITTEE – 20TH JULY 2021

TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Corporate Risk Register (Q4 20/21 Year end)			R. Roberts
Regulator Proposals for Improvement Progress Update			R. Roberts
Financial Sustainability Assessment 2020/21 – Caerphilly County Borough Council	To present the Audit Wales report on the findings of the 2020/21 Financial Sustainability Assessment for Caerphilly County Borough Council.		Audit Wales (Gareth Jones)
Delivering Good Governance – Caerphilly County Borough Council	To present Audit Wales report on the findings of the Delivering Good Governance Review for Caerphilly County Borough Council.		Audit Wales (Gareth Jones)

SPECIAL GOVERNANCE AND AUDIT COMMITTEE – 30TH SEPTEMBER 2021

TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Governance and Audit Committee Assurances Over Management Processes and Arrangements	To present the Chair's response to Audit Wales on how the Committee gains assurance over management processes and arrangements.		S. Harris
Financial Statements for 2020/21	To present the External Auditor's Audit of Accounts Report and to seek a recommendation from the Governance and Audit Committee that Council approves the 2020/21 Audited Financial Statements at the Special Council meeting on the 14 th October 2021.		Audit Wales / S. Harris

GOVERNANCE AND AUDIT COMMITTEE – 12TH OCTOBER 2021

TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Update from Audit Wales (Standing Item)			Audit Wales
CCBC Anti-Fraud Strategy			D. Gronow

INFORMATION ITEMS			
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

Gadewir y dudalen hon yn wag yn fwiadol



GOVERNANCE AND AUDIT COMMITTEE – 20 JULY 2021

SUBJECT: CORPORATE RISK REGISTER (Q4 20/21 YEAR END)

REPORT BY: CORPORATE DIRECTOR OF EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To provide an update of the Corporate Risk Register in accordance with the Council's Risk Management Strategy.
- 1.2 The updated Corporate Risk Register (CRR) (Appendix 1) is presented to Governance and Audit Committee so there is opportunity for the Committee to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.

2. SUMMARY

- 2.1 Under the Council's Risk Management Strategy, the Corporate Management Team (CMT) own, manage, monitor, and review the Council's Corporate Risks on a quarterly basis, with six monthly progress reports submitted to Cabinet. Updates are also provided to Audit Committee, which has the role of reviewing and challenging the Risk Register and where relevant, and any resultant action plans for the Council's key strategic or corporate risks.
- 2.2 In order to present the most recent information, this report focuses on the Corporate Management update as of 10 June 2021
- 2.3 There are currently 13 risks on the register.

3. RECOMMENDATIONS

It is recommended that the Audit Committee considers the content of the Corporate Risk Register and associated mitigating actions.

4. REASONS FOR THE RECOMMENDATIONS

For the Audit Committee to satisfy itself that robust processes and procedures exist and are applied for the management of top-level risks. 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/removes risk.

5. THE REPORT

- 5.1 The Authority identifies and manages risks at different levels. Service priorities identify risks to delivering business whilst directorate risks can be more significant risks that may have cause and effect across a Directorate. The Corporate Risk Register is the highest level of risks to the whole authority, the strategic risks often referred to as the Corporate Risk Register (CRR).
- 5.2 This report, updates on the risks within the CRR only. The directorate risks are updated on a quarterly basis within the 'Directorate Performance Assessment' (DPA) and this is presented to the relevant Scrutiny twice a year.
- 5.4 The Corporate Risk Register is a 'living document' and will change when reviewed and assessed on a quarterly basis. New risks will emerge, and some existing risks will be closed. Furthermore, risk ratings will change (red/amber/green) and mitigating actions and progress comments will be updated.
- 5.5 Risks were last updated to Governance and Audit Committee 26 January 2021.

In summary there are 13 Risks on the Risk Register (appendix 1) of which 9 are medium and 4 are rated as high.

There are no new risks that have been added since the register was last reported.

There are **3** changes from low to medium for Risk CRR 10 These were low risks in the first half of the year but have been increased to medium.

The rest have stayed the same with those that are high staying high and those that are medium remaining so. There are no risks that have been removed from the register since January 20/21

- 5.6 Covid-19 recovery has a separate risk register which is noted under CRR12, but this does not replicate the content of the Covid risk register. The Covid register is a dynamic document and updates are frequently monitored by Corporate Management Team
- 5.7 The Annual Governance Statement for 2021 has identified the need to update the Council's Risk Strategy and this is one of the priorities to take forward 21/22. A draft updated Risk Management Strategy is in the process of being completed and will be reported to Governance and Audit committee separately to the routine risk register.

Conclusion

- 5.8 In line with the approved Risk Management Strategy the Corporate Risk Register is periodically reviewed and updated and is presented to the Governance and Audit Committee to provide an opportunity for the Committee to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.

6. ASSUMPTIONS

- 6.1 We assume that resources remain the same for the foreseeable future in addressing the risks for the future.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 This report does not relate to the development of a policy, strategy, practice or project so no specific Equalities Impact Assessment has been undertaken on this report, however Risk Management is part of the 7 organisational activities within the Well-being of Future Generations (Wales) Act 2015 and as such also needs to recognise risk to the citizen over the long term and look at ways to prevent further impact occurring.

8. FINANCIAL IMPLICATIONS

- 8.1 There are no direct financial implications to this report, although Appendix 1 identifies risks regarding the Medium-Term Financial Plan (MTFP).

9. PERSONNEL IMPLICATIONS

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

10. CONSULTATIONS

This report has been sent to the consultees listed below and all comments received are reflected in this report.

11. STATUTORY POWER

- 11.1 Local Government (Wales) Measure 2009. Well-being of Future Generations (Wales) Act 2015.

Author: Ros Roberts, Business Improvement Manager, roberr@caerphilly.gov.uk

Consultees: Christina Harrhy, Interim Chief Executive
Richard (Ed) Edmunds, Corporate Director Education and Corporate Services
Councillor Eluned Stenner, Cabinet Member for Finance, Performance & Planning
Stephen Harris, Interim Head of Business Improvement Services
Mark S Williams, Corporate Director Communities
Dave Street, Corporate Director Social Services & Housing
Sue Richards, Interim Head of Transformation.
Deborah Gronow, Internal Audit Manager

Background Papers:

Appendices:

Appendix 1 – Corporate Risk Register Year end 20/21 (as at Quarter 4)

Gadewir y dudalen hon yn wag yn fwriadol

CMT - Risk Register

APPENDIX 1

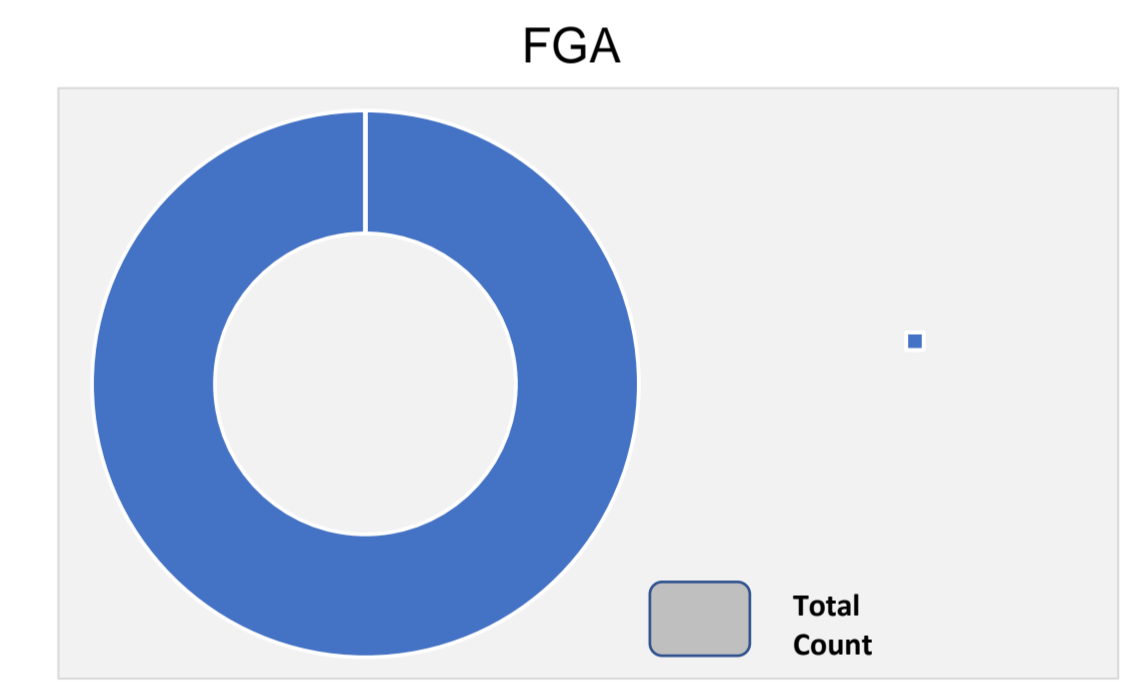
Ref	Topic (& Service)	Risk, opportunities and Impact	Mitigation Actions (What actions can we take to address the risks or realise the opportunity)	Progress Update (Are the mitigating actions reducing the risk or realising the opportunity?)	Risk Level 2019-20 Q2	Risk Level 2019-20 Q3	Risk Level 2019-20 Q4	Risk Levels				Does the risk affect the Well-being of our Communities?	Well-being Risk Level
								2020-21 Q1	2020-21 Q2	2020-21 Q3	2020-21 Q4		
CRR 01 - All Directorates	Exit from the EU (Brexit).	The decision to leave the EU and the looming deadline to secure an exit deal has created considerable uncertainty. Moving forward it is difficult to determine what impact the exit from the EU will have in the medium to longer-term for Caerphilly CBC and our communities. However, in the short-term possible negative impacts from a No Deal scenario include the potential for workforce supply shortages in some areas and the possibility of some disruption to the supply of goods and services. There is also potential for price increases in the event of a No Deal exit.	An internal Brexit Working Group has been established consisting of key staff across all Directorates. There is also cross-party political representation on this Group. The Council has also set aside £1m to meet any short-term financial impacts arising from Brexit.	Following the signing of the withdrawal deal the Council reconfigured its internal arrangements and established a Brexit Strategic Group consisting of key Heads of Service and cross-party political representation. This Group was supported by a Brexit Operational Group which focussed on key issues, actions and mitigation across all service areas. Key risks were identified in respect of potential disruption to the supply chain; potential increases in prices for goods and services; potential impact on the supply of labour, particularly for commissioned services; and potential negative impacts on small businesses in the short to medium-term, along with the potential for a lack of inward investment in the longer-term. This list is not exhaustive and the Brexit Strategic Group met during the last quarter of the 2020/21 financial year to ensure that all potential impacts were considered and monitored. The Group has now been stood down and any service impacts moving forward will be identified and reported through Directorate Management Teams and the Corporate Management Team.	Medium	Low	Low	High	High	Medium	Medium	Potential impacts are not fully understood but they are likely to be felt over the short, medium and longer-term. Unable to assess 'Risk Level' currently due to the level of uncertainty	Unknown
				In response to the Covid-19 outbreak a Business Support Group was established to monitor the impact of the pandemic on local businesses and to ensure that available grant funding was channelled effectively. This Group will continue to meet but its focus will now turn to providing strategic advice to the Corporate Management Team and Cabinet on significant matters arising for businesses in the local economy related to the UK's withdrawal from the European Union.				High	High	Medium	Medium		Unknown
CRR 02 - All Directorates	Medium-Term Financial Plan (MTFP)	Failure to identify sufficient savings to support the Medium-Term Financial Plan (MTFP). It is currently anticipated that further savings of up to £21.1m may be required for the four-year period 2022/23 to 2025/26.	The Council has a strong track record of delivering balanced budgets and the Team Caerphilly Transformation Programme will be a key element in maintaining financial resilience moving forward.	The Council faced an unprecedented situation for the 2021/22 financial year with details of the Provisional LG Financial Settlement not being released by the Welsh Government until the 22nd December 2020 (normally received in October each year). The Provisional Settlement included a 3.1% uplift in WG funding for Caerphilly CBC and the 2021/22 Draft Budget Proposals were endorsed by Cabinet at its meeting on the 13th January 2021 and subsequently approved by Full Council on the 24th February 2021. The 3.1% uplift in WG funding along with an approved increase of 3.9% in the Council Tax meant that no new savings were required to balance the budget for the 2021/22 financial year. The Provisional Settlement did not cover the financial implications of the ongoing coronavirus pandemic, both in terms of additional costs that continue to be incurred and income losses. These will continue to be funded by WG through the Covid-19 Hardship Fund, albeit that this funding is only currently committed until the end of September 2021. The position beyond this date is uncertain thus presenting a significant financial risk that will need to be closely monitored. The future funding situation for Local Government is likely to be challenging due to the unprecedented fiscal impact of the pandemic and the strain that this will put on public finances for years to come. An updated indicative Medium-Term Financial Plan shows a potential savings requirement for the Council of £20.7m for the four-year period 2022/23 to 2025/26. The Council's transformation programme will be a key driver in ensuring that financial resilience is maintained in future years.	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Well managed finances impacts our ability to provide services the community needs and wants so will have an impact on Future Generations	Medium
CRR 03 - All Directorates	GDPR Information Governance	<ul style="list-style-type: none"> Failure to locate reliable information quickly impacts on service delivery, plus we are missing an opportunity to use the Council's information assets more widely to benefit other Council services. GDPR introduces fines of up to 20million Euros for failing to evidence compliance, including Privacy Impact Assessments at early stage, and for data breaches. Failure to comply with information requests (e.g. FOI) could lead to action by the Information Commissioner's Office - compliance expectation increased to 90% These risks could result in adverse press, loss of trust by the public, and criticism from the Council's auditors. 	IGPT activity reported to Corp Gov Panel, including: <ul style="list-style-type: none"> Report on options for GDPR DPO role Review Information Asset Registers to include info required by GDPR, e.g. legal basis for processing Continue SIRO review of Information Risk Returns Update and re-launch DPA training, inc Members Update info sharing register to identify contract improvements Enforce use of privacy notices and Privacy Impact Assessments Implement records management programme, including better identification/creation of records and backlogs addressed (e.g. email, networks) and ensure records with historic value are protected Review publication scheme and charges for info requests Continue suspension of surveillance activity 	Reducing risk via: modular eLearning launched but poor member uptake to date; awareness raising via intranet stories, CMT updates (inc Corporate Risk Register), IG Stewards and Go Digital; DPIAs/contracts increasingly used; Internal Audit checklist; data breach methodology; Covid19 Risk Log maintained, covering cyber security and IG; communication to all users from Chief Executive issued Dec 2020, cyber security strategy under development.	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Yes - protection of privacy (Article 8 HRA), Duty to Document and protection of historic records to evidence public sector activities	Medium

Ref	Topic (& Service)	Risk, opportunities and Impact	Mitigation Actions (What actions can we take to address the risks or realise the opportunity)	Progress Update (Are the mitigating actions reducing the risk or realising the opportunity?)	Risk Level 2019-20 Q2	Risk Level 2019-20 Q3	Risk Level 2019-20 Q4	Risk Levels				Does the risk affect the Well-being of our Communities?	Well-being Risk Level	
								2020-21 Q1	2020-21 Q2	2020-21 Q3	2020-21 Q4			
CRR 04 - All Directorates	Climate Change	<p>Not being prepared for the impacts associated with climate change. For Caerphilly this will manifest as a more volatile weather pattern:</p> <ol style="list-style-type: none"> 1. More severe storms resulting in damage to trees and buildings. 2. Increase in winter rainfall resulting in flooding, affecting people, property and infrastructure, including availability of outdoor sport pitches. 3. Extreme Weather Conditions: Difficulty in modifying temperatures in some of our buildings (incl. Housing) could lead to increased financial burden, uncomfortable environment conditions (dangerous temperatures) affecting people's health, wellbeing and delivery/receipt of effective services. 4. Changes in species including a decline in native species, changes in migration patterns and increases in alien and invasive species, including pests and disease. 5. Reduction in summer rainfall resulting in reduced river flows and water availability. 6. Increase in levels of extreme weather such as snow/ice which could potentially impact on not only the travelling public but the elderly/frail and those in fuel poverty. 7. Grass fires. 8. Vehicles being used by the authority are outdated and therefore consuming more fuel and producing higher levels of emissions. 9. Extremities in foliage growth, and the reduction in both street/highways cleansing, and weed control, will have a direct impact on future maintenance and environmental damage controls, potentially leading to systematic failures and increased costs to the authority for response repairs (e.g. Footpaths; Highways; Gullies; Drainage; Cycle-ways) as well as public liabilities. 	<p>A Local Climate Impact Profile (LCLIP) has been prepared and links to other plans including Highways Winter Maintenance Plans, Business Continuity Plans & Emergency Plans etc.</p> <p>Mitigation work being undertaken includes:</p> <ol style="list-style-type: none"> 1. A Tree Management Strategy and implementation of resources to manage tree stock. 2. Assessing the condition of trees. 3. Assessing the vulnerability of drainage infrastructure in excessive rainfall. 4. Installing flood risk measures at priority vulnerable locations. 5. Considering climate change in the Asset Management Programme. 6. Street lighting options being considered to reduce Carbon emissions. 	<p>Some of the activities we are undertaking to reduce and prepare for our Climate impact are:</p> <ol style="list-style-type: none"> 1. Resources are in place for surveying our tree stock and tree works being undertaken in accordance with survey recommendations. 2. Local Flood Risk Management Strategy (Engineering) in place. Sustainable Drainage Approval Body (SAB) implemented from 7 Jan 2019 to improve control and approval for drainage infrastructure on new developments. 3. Climate emergency declared by full council and decarbonisation strategy and action plan combined with an energy prospectus have been adopted by the Council with a number of actions/ projects being progressed. 4. Electric vehicle charging infrastructure being rolled out in public car parks and council strategic sites and switch to ELV council fleet has commenced with the delivery of a number of smaller electric vans. 5. Street lighting: switch to LED combined with night switch off now fully implemented to achieve carbon reduction and avoid significant additional energy costs. 	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Yes - there is an impact to a 'Resilient Wales' by not proactively addressing the operational response to climate change. The contribution to global issues and a 'Globally Responsible Wales' is met through low carbon planning and sustainable development. There is a direct impact to Health also.	Medium
CRR 05 - Communities Directorate	<p>Community & Leisure:</p> <p>Greenspace and Landscape Services</p>	<p>Ash die back (<i>Chalara fraxinea</i>) is the most significant disease to affect the UK tree population since dutch elm disease in the 1960's. The disease will result in the decline and death of the majority of ash trees in Britain. Unfortunately, many ash trees predominantly line our roadside verges, so the disease will affect high risk locations.</p> <p>In our borough, ~ 37,400 + ash trees could be affected by this, requiring substantial resource, logistics and environmental considerations/implications, such as:</p> <ol style="list-style-type: none"> a) Thorough surveys (to identify needs/requirements) b) The formulation of a Removal Strategy c) Budgeting and Finance d) Considerable clean-up and disposals e) Wider environmental impact (contaminations/biodiversity/eco systems) f) Wider impacts on road sweeping and weed treatment. <p>All of which, will ultimately lead to damage to the environment and its infrastructure and have an effect on the 'look and feel' of the county borough.</p>	<p>Initial action to include:</p> <ol style="list-style-type: none"> 1. Interim CEO to discuss at G10 meeting of Gwent Chief Executives with a view to them lobbying WG for funding 2. Interim Director of Communities to raise with the WLGA so that they can lobby WG for funding. <p>Followed by:</p> <ol style="list-style-type: none"> 3. Write, approve and implement a Removal Strategy and 4. Secure appropriate Funding Streams to implement the Removal Strategy. 5. Source and secure wider partnership and collaborative arrangements to implement all necessary works. 6. Clarify known 'hot-spots' for initialising works, to control and manage any associated public risks/disruptions. 	<p>It is already known, that this will require a substantial cost implication due to the logistics and labour intense nature of addressing such matters.</p> <p>Considered the content and guidance as available from The <i>Tree Council</i> publication: <i>ASH DIE-BACK: an Action Plan Toolkit First published February 2019</i></p> <p>Recently published research by the University of Oxford, Fera Science, the Sylva Foundation and the Woodland Trust calculated that this disease will have a significant cost impact across the country, due to the significantly high levels of mortality rates to the tree species affected (75%+).</p> <p>Welsh Local Government Association (WLGA) have set up a working group comprising of local authority, Welsh Government, Natural Resource Wales (NRW) for the 1st December to look at the issue of Ash Die-Back. Work is still progressing nationally for a funding model to be adopted by WG. Some Green Infrastructure funding was received in 2020-21 to allow for some felling.</p> <p>We continue to fell any trees noted with significant ash die back whether this is identified during routine inspections, service requests or during ad-hoc site visits.</p> <p>Green Recovery Funding was received in 2021 from WLGA, £111K was allocated to deal with ash die back across the county borough. Members will be asked to consider a budget to allow the programme to continue over the next three years.</p>	High	High	High	High	High	High	High	High	This impacts a 'resilient Wales' and potential biodiversity	Medium
CRR 06 - Communities Directorate	<p>Regeneration & Planning:</p> <p>Local Development Plan</p>	<p>The Adopted LDP is due to expire on 31/12/21. The Replacement LDP was well advanced, however, the Council withdrew that plan in July 2016 following local opposition to a number of development sites contained within the Plan. The Council has resolved to progress the preparation of a Strategic Development Plan and a new LDP in parallel. The adopted LDP allocates land for the development of 8625 houses to be built over a 15 year period. The annual Joint Housing Land Availability Study indicates that many of the allocated sites are not available or viable within the required 5 year period, and there is therefore a shortfall of housing land. Housing developers will therefore submit applications to develop land that is not allocated in the LDP. The Council will consider the applications, but the lack of a five-year housing land supply will be a material planning consideration which could outweigh other policies in the plan. A refusal of planning permission may lead to an increase in appeals and award of costs if the Council is considered to have behaved unreasonably, e.g. where a reason for refusal is not based on any sound evidence.</p>	<p>The Adopted LDP remains in force until 2021. In the interim, officers are working closely with Welsh Government officials to agree the appropriate footprint for strategic planning for the Cardiff Capital Region. On 29th January 2018 the Cardiff Capital Region Cabinet agreed that work should commence on a Strategic Development Plan (SDP) for the area.</p> <p>A formal report is to be considered by the Cabinet on the 10th June 2019 which will determine the timeline for reporting this matter to all ten Councils.</p>	<p>Chief Planning Officers and Planning Policy lead officers were meeting regularly as a Project Group to progress various work streams necessary to establish the SDP project in advance of the formal commencement of plan preparation, however the expectation is that the CJC will become the Strategic Planning Body and this is not due to be set up until September 2021. It is unlikely that the housing land supply can be addressed in the short term.</p> <p>In the medium to long term a 2nd Replacement LDP will increase the land supply position. A number of significant applications have been submitted and approved by Welsh Government on appeal.</p> <p>Funding identified and approved for SDP and the new LDP.</p>	High	High	High	High	High	High	High	High	Yes, the lack of an LDP threatens the timely delivery of land for development, particularly housing, making it more difficult to achieve the goal of prosperity.	Medium

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								2020-21 Q1	2020-21 Q2	2020-21 Q3	2020-21 Q4		
CRR 07 - Education & Lifelong Learning Directorate	School Attainment	<p>1. Attainment levels are still below the Welsh average, below local Authorities with a similar Free School Meal population and this gap must be addressed.</p> <p>2. Higher than expected rates of exclusion will impact on pupil attainment.</p> <p>3. National lockdown may have resulted in significant gaps in pupils' learning. The extent to this challenge is dependent on a range of issues including:</p> <ul style="list-style-type: none"> - the effectiveness of remote learning strategies; - pupils' access to digital technology from home; - capacity for support from home. <p>It is currently too early to fully assess the impact of the pandemic period on standards and progress of learners.</p> <p>4. A range of professional learning opportunities have been developed to support the implementation of remote learning. However, this initiative is still at an early developmental stage.</p>	<p>1. Utilisation of grant funding to identify gaps in pupils' learning and implement appropriate interventions/strategies.</p> <p>Utilisation of the educational welfare, inclusion and Youth services to support pupils with issues relating to wellbeing.</p> <p>The Edtech programme has been repurposed to provide digital resources to disadvantaged learners.</p> <p>2. The LA monitors schools' engagement with professional learning activities. Monthly LAQA meetings with EAS are used to update on professional learning.</p>	<p>It is impossible to identify the impact of mitigating factors on standards, progress and provision. An evaluation of the effectiveness of remote learning strategies is currently being undertaken. Attainment levels have improved but are still broadly below the Welsh average. Although there have been recent improvements, a gap remains between the attainment of Free School Meals pupils and Non-Free School Meals pupils.</p>	High	High	High	Medium	High	High	High	<p>Yes, this limits contribution to 'Prosperous and More Equal Wales'. Standards of attainment and gaps in inequality can result in a low skilled, low paid workforce, and higher levels of unemployment leading to poverty. Over the long-term (25 years) in the life of a young child to adult the potential outcome of the attainment gap makes this a high risk. This is a long term risk</p>	High
CRR 08 - Social Services & Housing Directorate	Fragility of the Social Care market. The independent sector social care market across Wales is in an unprecedented position in terms of its fragility and this is starting to be felt in Caerphilly.	<ul style="list-style-type: none"> Providers unable to sustain existing packages of care. National Minimum Wage and National Living Wage creating additional financial strain which providers are expecting LA's to resolve. Little additional capacity to take on new packages of care. Ongoing Judicial Review across Wales re responsibility for Funded Nursing Care Payments. Potential financial impact on the Directorate and Authority. Introduction of RISCA from 01.04.18 could have significant implications for recruitment and retention of staff. 	<p>Fee levels for 2017/18 agreed at 3.1%. This was funded via a mix of core funding and CCBC's element of the Social Care Workforce grant paid by Welsh Government. A further element of workforce funding has recently been released by WG. Discussions are ongoing with commissioned providers to determine how these monies should be allocated. Fee levels for 18/19 agreed at 2%</p>	<p>No change in risk level.</p> <p>Coronavirus Pandemic has had major consequences for care homes across the UK. Positive cases have meant that new admissions to care homes have not been possible for a significant period of time with the knock on consequence in relation to the financial viability of homes. Welsh Government funding has eased the position for 20/21 but the ongoing support is unclear for 21/22. Additional payments have been made to care providers with effect from 23rd March 2020 to compensate them for additional costs and lost income resulting from the Covid 19 pandemic. These additional payments will be funded through the Welsh Government's Hardship Fund for Adult Social Care.</p>	High	High	High	High	High	High	High	<p>Yes - reducing help that can be provided for the most vulnerable in our society will affect our ability to contribute to 'Healthier Wales' which requires peoples mental and physical well-being to be maximised. Whilst this may be a medium risk operationally from a FGA perspective this would be high as it directly affects those most in need.</p> <p>This Risk Level deemed 'High' over the 'Medium Term'.</p>	High
CRR 10 - Social Services & Housing Directorate	Welsh Housing Quality Standard (WHQS) programme	<p>Failure to meet WHQS for all our social housing stock by 2020. Everyone in Wales should have the opportunity to live in a good quality home within a safe and secure community. To help achieve this, the physical standard and condition of existing housing must be maintained and improved to the Welsh Housing Quality Standard (WHQS).</p>	<p>The WHQS programme has its own specific risk register which is reviewed and updated by the Project Board quarterly.</p> <p>The highest risks are:</p> <ul style="list-style-type: none"> Failure to achieve programme objectives - the probability level has increased due to one of the main internal works contractors having ceased trading and another (Vinci) terminating their contract early. Arrangements were made to initiate internal work via the DPS to achieve WHQS by 2020. There is still a risk in relation to the external works, however significant improvements in performance have been made. Contingency arrangements have been implemented as identified below. New contract arrangements for the south of the borough have been put in place for the external works and this is operating well. Originally the Dynamic Purchasing System (DPS) arrangement was introduced to provide an opportunity to undertake both internal and external works around the authority as a further contingency measure. As a result of two of the main internal works contractors ending their contracts, alternative arrangements have been implemented whereby the in-house workforce will pick up the majority of this workload by moving resources from other contract areas. This includes a recent transfer of contracts from the DPS of approximately 150 properties to ensure continuity of our in house workforce and to take advantage of the better performance and tenants satisfaction levels that are being experienced via our in house workforce. Additional support will be provided by external contractors via the DPS. 	<p>The programme is now constantly being reviewed and more work undertaken in-house to provide us with a level of certainty and control as we move towards the final stages of the programme. There are some concerns in relation to contracts which include leasehold properties as these are incurring significant delays due to the need to follow legal consultation processes and subsequent challenges from leaseholders. This situation is currently being closely monitored and has been raised with Welsh Government who advise that other authorities have encountered similar problems. As a result we have increased risk level to medium for the year end position. Covid restrictions have limited progress. Further lockdown arrangements could obviously impact on our performance, but regular meetings are taking place with WG and indications are that we will still complete the programme in advance of the revised deadline of December 2021</p>	Medium	Low	Low	Medium	Medium	Low	Medium	<p>Yes - any delays to the completion of WHQS will extend the period in which tenants may be living in homes and communities that do not meet the optimum standards to ensure their mental and physical health and wellbeing.</p>	Low
			<p>This has been reflected in a recently reprofiled programme which was made available to members and tenants in April 2019. Monthly Project Board meetings will continue to be held to monitor ongoing performance and to assist with the decision making process. The completion date for full compliance is currently projecting June 2020 which is still within our target date.</p>	<p>The Housing Revenue Account business plan submitted to WG in March 2020 did not account for Covid-19 but high-level updates have been run through the plan to consider additional costs associated with social distancing measures and rent arrears, and the plan remains viable with the possibility of additional borrowing. The borrowing cap agreed by Council was £85m in total. HRA surpluses are generally utilised towards funding the WHQS Programme and then earmarked for potential new build options and decarbonisation works once the programme has been achieved. This is still the case albeit the timeline has moved on.</p>									

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NEW CRR 11 - Communities	Fleet	<p>1. Poor standards of maintenance and lack of drivers hours controls leading to non-compliance with the terms of the Authorities Goods Vehicle Operators licence – These issues may lead to suspension, curtailment or even revocation of the operator’s licence. This would mean that the authority would be prohibited from operating any vehicles over 3.5 tonnes gross weight, for example refuse collection or highway maintenance vehicles.</p> <p>2. MOT failures - Vehicles presented for MOT testing and found to be in an unroadworthy condition are likely to have been in use as such risking road safety and regulatory action. These vehicles are also likely to be unreliable and risk reputational damage to the authority should an accident occur because of a defect.</p> <p>3. Lack of or untimely completion of driver defect reports - Driver defect reporting is a mandatory requirement of goods vehicle operator licensing and fundamental to safe and reliable vehicle operation of all sizes and types of vehicles.</p> <p>4. Poor budgetary controls and our inability to create timely and accurate charges/recharges to client groups – Essential to maintaining cash-flow and manage finances – service areas, partners (SFS) & clients.</p> <p>5. Appropriate and timely vehicle taxation, plating and insurance cover in order to remain in compliance – Risks regulatory action and significant financial penalties.</p> <p>6. Timely training and education of vehicle and service operatives, to fully understand regulatory requirements and correct operation of fleet vehicles – Risk of non-compliance and damage to vehicles with associated costs.</p> <p>7. Appropriate repair & maintenance scheduling – risks , for clarity of and ability to respond to service demands and maintaining an active fleet.</p>	<p>1. Work is ongoing to improve all areas of compliance with the requirements of the operators licence since the DVSA Fleet inspection, including major changes to the driver defect reporting system, standards of safety inspections and repairs, close monitoring of Mot test performance and investment in new diagnostic and testing equipment.</p> <p>2. Changes to the scope of vehicle maintenance such as thorough cleaning of vehicles prior to inspection and the removal of road wheels as part of annual service will improve general vehicle condition and ensure vehicles remain safe and compliant throughout the year.</p> <p>3. Return to hand written driver defect reporting with strict management of reports submitted.</p> <p>4. Introduction of financial Month end procedures which ensure timely recharges and invoicing of work carried out for 3rd parties, including obtaining order numbers prior to invoicing.</p> <p>5. Use of the fleet management system to its fullest extent will ensure vehicle road tax, MOT and insurances are renewed in a timely manner.</p> <p>6. Service area supervisors have undertaken Operator Licence understanding training and driver referral systems have been implemented to address areas where non compliance are identified which trigger retraining.</p> <p>7. Monthly advance planning of vehicle maintenance operations distributed to users well in advance to aid operational planning. Service areas are also now invited to become involved in the planning of annual maintenance to assist service delivery.</p>	<p>A Fleet Service Review has been undertaken with a number of improvements identified and in progress. An Action Plan is being drafted for presentation to the Transformation Board on 8th July 2021. A new Fleet & Vehicle Maintenance Manager has been appointed and supported by an Assistant Transport Manager / Compliance Officer post has been secured to make the necessary improvements. A Fleet Review Officer post (in the Policy Team) has also been developed to undertake a detailed review of vehicle utilisation as part of our switch to electric and ultra low emission vehicles.</p>	New	New	High	High	Medium	Medium	Medium	Yes - transport and the ability to clean streets, collect waste and provide transport for those with additional needs is an important part of meeting the needs of the Prosperity: Resilience: Healthier: Cohesive Communities: Globally Responsible national well-being goals	Low
	Fleet Continued...	<p>8. Stability of staff, adequate resourcing, use of technology, better control of our office and workshop environments, securing quality management of business processes, supplies and client outputs.</p> <p>9. Contract management with SFS, to maximise the value of the managed fleet contract to the Council.</p> <p>10. Constant fleet vehicle reviews and use across the Council, with a view to reducing costs, fuel use, materials consumption, carbon emissions, environmental impacts, complaints and improving client satisfaction and Council reputation.</p>	<p>8. The fleet management office has suffered a staff turnover which has impacted upon the service levels, similarly, despite advertisement we have been unsuccessful in obtaining a vehicle technician. Team meetings now take place where fleet staff are encouraged to become involved in improvement measures and ideas.</p> <p>9. Meetings with the managed service provider have been held where the added value of the contract has been discussed and areas remaining outstanding such as community benefits are being addressed.</p> <p>10. A detailed review of user fleets is underway including detailed work on ultra low emissions vehicles.</p>										
CRR 12 - Covid 19 New Q1 20/21	Covid 19 Recovery Plan Whole Authority	<p>Covid 19 Pandemic resulting in public health emergency, lockdown, suspension of services, workarounds to safely find new ways to deliver services.</p>	<p>A separate Risk Register specific to the Covid 19 situation has been established and is being regularly monitored and updated by the Corporate Management Team.</p>	<p>As there is a specific register and group to respond to the ongoing situation and its recovery - it would be repetition to repeat here, but is acknowledged here as part of the high level Council risk register.</p> <p>Throughout 20/21:</p> <ul style="list-style-type: none"> - Corporate Management Team (CMT) and key senior officers will be meeting on a daily basis from Mon 16th March 2020. - Internal Coronavirus Group meeting twice weekly cycles and due to meet daily. - Management Network briefing to discuss Human Resource (HR) response. - Managers checking Business Continuity Plans. - Human Resources (HR) reacting to Central Government & Public Health Wales advice as it is issued - Staff returning from areas recognised by the Government, or affected by the coronavirus, including close contacts are self-isolating as medical suspension. - Chief Executive and Leader are in regular dialogue with ABUHB, Public Health Wales, Welsh Government (WG) and Welsh Local Government Association (WLGA). - HR advice issued to officers/offices/staff to: Catch It - Bin It - Kill It. - Intranet and public advice regularly updated. <p>Public health advice on Novel Coronavirus (COVID-19) is also available via the all-Wales Health Protection service on 0300 003 0032 during working hours (and with access via this number to out of hours services)</p> <p>Guidance for self-isolation can be found on the following weblink: https://phw.nhs.wales/topics/latest-information-on-novel-coronavirus-covid-19/self-isolation-advice/</p>			New	Medium	Medium	Medium	Medium		Medium
CRR 13 - Added Q1 20/21 Homelessness	Increased Homelessness	<p>Increased numbers of homelessness could result in increased incidents of rough sleeping and increased use of B&B/hotel type accommodation to address emergency needs. This in turn could result in poor outcomes for the households concerned and a repeat of the homelessness cycle. As national Covid policy delaying evictions by private landlords comes to the end, evictions could rise significantly.</p>	<p>An increase in the requirement of suitable accommodation within the borough has been identified and in particular that of single person accommodation to meet the level of demand in this area. In addition a review of the support arrangements needs to be undertaken to ensure this is sufficient to meet demand, is outcome focused and in particular is structured to ensure that the needs of each specific household can be supported e.g. vulnerable and complex needs.</p>	<p>The Covid pandemic has resulted in increased pressures on this service, however this will be an ongoing process due to lockdown arrangements, policy and legislative changes. Cornerstone, The Wallich and Gofal are main support providers, but additional support provided by in-house Occupational Therapy, and mental health provision. Regional Homelessness Strategy has been completed and agreed actions being progressed. Use of Bed & Breakfast has seen an increase this year, therefore additional temporary accommodation is actively being sourced, with some success. Good success has been achieved in the private sector, with approximately 85 properties and 44 landlords currently being used to assist with homelessness via the Caerphilly Keys initiative. The prison leavers pathway has been implemented and is assisting in the forward planning of suitable accommodation for relevant persons. Out of county placements have been necessary to provide emergency accommodation following the closure of in county hotel and B&B businesses. Success achieved for additional funding from WG of approx £1m. A new Housing Solutions Manager has been appointed following the retirement of the previous postholder. General Fund Housing is utilising its Homelessness Prevention funding in an attempt to reduce homelessness, evictions and Bed & breakfast accommodation as well as providing temporary accommodation as part of its statutory duty. During Covid-19, pressure was placed on this service to accommodate homeless persons and on average 60 people per month continue to be accommodated. This is funded by the WG Covid-19 hardship fund.</p>			New	Medium	Medium	Medium	Medium	Yes - Being homeless can increase a persons chances of experiencing physical and or mental health problems. Relieving homelessness and the need to sleep rough will reduce costs to the council, the criminal justice system and health service. Contributing to 'A healthier Wales' and 'A more equal Wales'.	Medium
CRR 14 - Microsoft operating support	Whole Authority	<p>Unsupported operating systems increase risk of cyber threats, halting services both front line and back office. Maintain supported software to ensure latest security features in place.</p>	<p>Upgrade path identified and being implemented; working with suppliers to ensure compatibility of solutions</p>	<p>This is included within the processes for security standards and accreditations within the Authority. Further development of 5 year plan to be completed as part of ICT Strategy.</p>			New	Medium	Medium	Medium	Medium	Cyber threats could affect key front line services	High

Ref	Topic (& Service)	Risk, opportunities and Impact	Mitigation Actions (What actions can we take to address the risks or realise the opportunity)	Progress Update (Are the mitigating actions reducing the risk or realising the opportunity?)	Risk Level 2019-20 Q2	Risk Level 2019-20 Q3	Risk Level 2019-20 Q4	Risk Levels				Does the risk affect the Well-being of our Communities?	Well-being Risk Level
								2020-21 Q1	2020-21 Q2	2020-21 Q3	2020-21 Q4		



Gadewir y ddaalen hon yn wag yn Iwriadol



GOVERNANCE & AUDIT COMMITTEE 20TH JULY 2021

SUBJECT: REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members on progress against proposals or recommendations made by all regulators since the last Audit Committee update and to advise on any new proposals that have been added since that time.
- 1.2 This report also provides an update on progress against recommendations in the 2019/20 Audit Wales Audit of Accounts Report for Caerphilly CBC (ISA 260 Report).

2. SUMMARY

- 2.1 Due to the pandemic and subsequent delays, the register was last updated and presented to the Audit Committee on 28 January 2020. Since that time **8** new proposals have been added onto the register and **5** areas for consideration as part of the Well-being of Future Generations examination.
- 2.2 We now have **33** statutory recommendations, proposals and areas for improvement on the register. There are **23** proposals and recommendations which are now considered to be actioned and completed. If agreed by the Governance & Audit Committee, that would leave **10** outstanding.
- 2.3 We have received 4 Performance Reports since the last time an update was provided (28 January 2020), they are: -
 - The Well-being of Future Generations 'Steps' examination on 'Preventing unnecessary admissions to hospital and facilitating timely discharges' which is part of the Wales Audit Office (WAO) work on how public bodies are implementing the Well-being of Future Generations Act (Wales) 2015.
 - Environmental Health – Follow up review
 - Delivering Good Governance
 - Financial Sustainability Assessment

2.4 The above does not include the improvement ‘certificates’ that come before Governance and Audit committee, as these confirm compliance to our statutory duty so do not make proposals or recommendations. Nor does it include External Financial Audit outputs, please see paragraphs 5.14 to 5.17 for more information.

3. RECOMMENDATIONS

3.1 We recommend the **23** proposals and recommendations be closed down as completed and encourage members to view the specific proposals attached within Appendix A and judge if they agree that these are now complete. It is recommended that Governance and Audit Committee give their agreement (if appropriate) to close the proposals that are noted as ‘completed’ within Appendix A.

3.2 It is also recommended that the Committee notes the current position regarding recommendations made in the 2019/20 Audit Wales Audit of Accounts Report for Caerphilly CBC.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure members are aware of progress the Council’s actions for progressing regulator recommendations and proposals and have assurance that progress is being made through an opportunity to monitor and challenge content.

5. THE REPORT

5.1 The table below provides a summary of proposals or recommendations and the numbers outstanding from each piece of work. Paragraph 5.2 to 5.10 provide more detail on the individual work and the quality of output which is the most important aspects of the work.

Name of Report	How many proposals or recommendation are outstanding	How many proposals were completed in this reporting period	How many are left to complete?
Asset Management	1	1	0
Financial Resilience	1	1	0
Review of arrangement to address external audit inspection	1	0	1
Welsh Housing Quality Standard Follow up Review	1	0	1
Well-being of Future Generations ‘steps’ examination of ‘improve the take up of Flying Start’	5 improvement actions	5	0
Corporate Safeguarding arrangements for Children	5	5	0

Well-being of Future Generations 'steps' examination of 'Preventing unnecessary admissions to hospital and facilitating timely discharges'	11 improvement actions	11	0
New - Financial Sustainability Assessment	3	0	3
New – Delivering Good Corporate Governance	5	0	5
Total	33	23	10

5.2 **Asset Management** – This proposal was a long-term activity requiring each service to develop a Service Asset Management Plan (SAMP). Good progress was made on completing the 22 SAMPS, however due to Covid and the Corporate Review work, this will require certain plans to be changed, For example the 'walk in service review and the flexible service review will have an impact on a few of the SAMP's as this will change how some of our services will run and subsequently how we are using our buildings.

Flexibility however is part of normal day to day business and plans do need to be updated accordingly to help the Council manage its property assets. SAMP documents are reviewed annually and updated if required as the service's objectives and property requirements change and this has now become 'business as usual', so we now recommend this proposal is closed.

5.3 **Review of arrangement to address external audit Inspection –**

The Workforce Development Strategy was delayed as noted in earlier reports; however, since the appointment of a dedicated officer faster progress has been made to complete the strategy. Research was challenging as changes to peoples work from the pandemic (such as remote working) and different ways of doing things, required different skill sets. This meant the review to inform a relevant workforce strategy took longer than initially intended. Positively the Workforce Development Strategy is now out to consultation. The Strategy was scheduled for Policy and Resources Scrutiny Committee on 6th July 2021; however this has now been deferred to September 21 to allow the results of the staff survey to inform the strategy. As such we should be able to report final completion of this work at the next update to Governance and Audit Committee.

5.4 **Welsh Housing Quality Standard Follow up** review came onto the register

January 2019. There was 1 proposal outstanding at the last update, which was to develop an up to date overarching Local Housing Strategy to set out the long-term vision for housing within Caerphilly.

Progress was delayed due to the pandemic, however the process to develop a Local Housing Strategy started in July 2020 with the appointment of Arc4 Ltd consultants. Arc4 have been working closely with officers and partners throughout the pandemic and have produced a portfolio of background information including a concept document which is currently out for consultation with stakeholders. Public engagement will follow throughout the Spring in order to produce a draft. The Strategy document will be refined throughout the summer and be presented to Cabinet in October for approval.

- 5.5 **Well-being of Future Generations** 'steps' examination of 'improve the take up of Flying Start' was published in April 2019. This work was to identify how the Sustainable Development Principle (the five ways of working) was used in developing actions to address our Well-being Objectives. Since that time, wholesale change has taken place and with a total redesign, making the previous improvement considerations redundant, and superseded by the new Early Years Integration programme. There were many programmes and disciplines, from midwifery to Flying start and Families first, first thousand days, childcare offer to name a few. It became too complex to know what was provided and to whom, the criteria often being age and postcode of areas classed as 'deprived' rather than individual need. Flying start and Families first have bought funding together with a new model of 0-7 (rather than the old 3 to 5 years of age). The 'integration programme's' purpose is to have a joined up responsive programme from 0 to 7 irrespective of traditional organisational and professional structures, to give young people the 'best start in life'. This was piloted in New Tredegar and has now been rolled out across the borough. Therefore, we would class the actions to address the AW proposals as complete.
- 5.6 **Corporate Safeguarding** – The action plan to address the proposals is now complete. The Safeguarding plan expanded to carry out more activities than originally on the action plan, with regards to training, recruitment, and commissioning. We judge this to be complete in terms of Governance and Audit Committee, and the work continues as part of day to day business. The action plan is updated and monitored by the Safeguarding board and the Social Services committee.
- 5.7 **Follow up on Environmental Services** (Nov 2019). The report has been finalised but due to the pandemic did not present to committee. The 2014 report was a national report and the 18/19 report followed up on the national aspects and provided a local flavour. The output was positive and offered some proposals for further suggestion, that are noted on the register. We have considered these over the time and do not believe there is more to add that is not part of the day to day management of the service. As this is part of day to day management, we would recommend it being closed as a 'bespoke piece of work'.
- 5.8 The **Well-being of Future Generations Steps 2** '*preventing unnecessary admissions to hospital and facilitating timely discharges*' This report (received November 2019) was due to be presented to Scrutiny and arrangements along with an action plan were made. Unfortunately, due to the pandemic the presentation in early March did not take place, and this was not presented to scrutiny. However, the 11 activities in the action plan continued to be worked on and now and all the actions have been completed bar 1, which is halfway through completion. It may no longer be timely to present the report as the actions are now completed, so instead the output is sent as an 'information only' item so members can connect the output with the proposals. The one outstanding action is ongoing partnership work to improve the referral system, so we now judge this overall piece of work to be completed.
- 5.9 **Financial Sustainability Assessment** - The Audit Wales 2020/21 assessment of councils' financial sustainability was in two phases. Phase 1 was a baseline assessment of the initial impact of COVID-19 on local councils' financial positions. This phase drew on the year-end position for 2019/20, the position at the end of quarter 1 for 2020/21, and projections for quarter 2 for 2020/21. Following Phase 1, in October 2020 Audit Wales published a national summary report – 'Financial

Sustainability of Local Government as a result of the COVID-19 Pandemic'. This report was presented to the Audit Committee on 21 October 2020. Audit Wales has now completed Phase 2 of its financial sustainability assessment work in 2020/21 and individual reports have been prepared for each of the 22 principal councils in Wales. Caerphilly CBC's report is being presented to the Governance and Audit Committee at this meeting (20th July). There are 3 proposals for improvement resulting from this report and they are noted on the register.

5.10 **Delivering Good Governance**

Audit Wales and the Council jointly agreed to carry out a review of the Council's Governance arrangements in 2019. The review was framed as a means of assessing whether the Council's existing arrangements were sufficiently well developed to support the ambitious TeamCaerphilly transformation journey. The subsequent pandemic required a change of direction and a pause on some of the work, which was finalised April 2021. Greater details are provided to this Committee (20 July 21) with the output report (which has 5 proposals) and the action plan.

Other Regulators

- 5.11 School inspections are currently suspended due to the Pandemic, however, there is one planned for later in July. The Local Authority has no outputs to report; however, Estyn inspections of local authorities are due to start again in Autumn 2021 so we will be better placed to know when or if there are any up and coming inspections.
- 5.12 Social Services advise there are no Care Inspectorate Wales (CIW) reports or studies to report on at this time.
- 5.13 For clarity, Audit Wales (AW) issue Proposals and Recommendations. The difference is that a proposal is a 'suggestion for improvement'. This means the Authority does not have to act on it, but if it is on the register it has been agreed that we will. A 'recommendation' means we have a 'statutory duty' to act on the recommendation. Areas for Improvement are a new category and looks at how we have used the Sustainable Development principle in forming actions to deliver our Well-being Objectives and we build our own action plan rather than specific proposals.

2019/20 Audit Wales Audit of Accounts Report – Caerphilly CBC

- 5.14 At its meeting on 16 November 2020, the Audit Committee was presented with the 2019/20 Audit Wales Audit of Accounts Report for Caerphilly CBC.
- 5.15 The report stated that it was the Auditor General's intention to issue an unqualified audit report on the Council's 2019/20 Financial Accounts. However, the report did contain 22 recommendations arising from the audit work undertaken, 20 of which were accepted by management.
- 5.16 Officers have since taken steps to address the 20 recommendations accepted by management and 12 of these have now been closed as completed. 8 of the recommendations remain open and details of the current position for these are provided in Appendix B of this report. Members will note that it is anticipated that all outstanding actions will be completed by the end of September 2021.
- 5.17 Audit Wales are currently undertaking the audit of the 2020/21 Draft Financial Statements. As part of this work progress against the 22 recommendations in the 2019/20 Audit of Accounts Report will be followed up. The Governance & Audit

Committee will receive the 2020/21 Audit of Accounts Report at its meeting on 30 September 2021.

5.18 **Conclusion**

Despite the pandemic, most of the proposals are making good progress and there are no emerging issues or delays to report on at this time. Most of the proposals were from older work prior to the pandemic, so the pandemic has only affected a couple of areas being delayed as noted in Appendix A.

The 2 new reports (Delivering Good Governance and Sustainable Financial Assessment) are being presented to this Committee July 2020.

When monitoring progress against the proposals, members are advised to consider what value the proposals are making and what difference the activity makes for our citizens. AW view is that the decision on whether a proposal is completed is an internal matter for the organisation to decide, (although it is within their remit to make more proposals if they do not believe it has been addressed). AW receive this update as part of their attendance at Governance and Audit Committee.

As part of its audit of the 2020/21 Draft Financial Statements, Audit Wales will follow-up progress on the 20 recommendations accepted by management in the 2019/20 Audit Wales Audit of Financial Statements Report.

6. **ASSUMPTIONS**

- 6.1 It is a reasonable assumption that the financial and demand challenges facing the authority will continue. The financial outlook is as challenging as it has been since austerity began, demand levels will continue to increase with changing demographics and increased expectations placed on the local authority.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 This report does not relate to the development of a policy, strategy, practice or project so no specific Integrated Impact Assessment has been undertaken on this report, however the Sustainable Development principle would be considered as part of any action planning to address proposals.

8. **FINANCIAL IMPLICATIONS**

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

9. **PERSONNEL IMPLICATIONS**

- 9.1 There are no specific personnel implications directly resulting from this report.

10. **CONSULTATIONS**

- 10.1 All consultation responses received have been included in the body of this report.

11. STATUTORY POWER

11.1 The Local Government Act 2009

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Consultees: Christina Harray, Chief Executive
Richard Edmunds, Corporate Director for Education & Corporate Services
Steve Harris, Head of Financial Services & S151 Officer
Cllr. Eluned Stenner, Cabinet Member for Performance, Economy & Enterprise
Mark Williams, Interim Head of Property Services
Rob Hartshorn, Head of Public Protection, Community and Leisure Services
Lynne Donovan, Head of People Services
Gareth Jenkins, Assistant Director, Children's Services
Jo Williams, Assistant Director, Adult Services
Sarah Mutch, Early Years Manager
Sue Richards, Interim Head of Transformation
Doctor Paul Warren, Strategic Lead for School Improvement
Deborah Gronow, Internal Audit Manager

Appendices:

Appendix A Action Plan & Response to Regulator Proposals

Appendix B 2019/20 ISA 260 Report Recommendations – Matters Outstanding

Gadewir y dudalen hon yn wag yn fwriadol

Action Plan & Response to Regulator Proposals

Number and reference of action	Name of Report	Regulator Proposal	Action	PREVIOUS UPDATE	Service Officer Responsible	When will be completed by	CURRENT UPDATE	Status	Percentage completed
							July 2021		
46	Asset Management (Land and Property) Strategy Review (September 2013)	P2: Ensure that the individual service asset management plans are developed as soon as possible and are used to inform the Council's financial planning process.	Develop Service Asset Management Plan (SAMP) and consider impact on the Medium Term Financial Plan (MTFP)	There are 22 SAMPS and 14 SAMPS have now been completed. The remaining 8 are in various stages of completion between 25%-75%. It is anticipated there could be a slow down in the pace of completion due to maternity cover, nevertheless the proposal will be completed later this year as those that are due to be completed are signed off. After this the monitoring of the SAMPS will then move into day to day business.	Mark Williams	Jan-Mar '14 (change of completion date to March 2018 due to number of reviews that affect the outcome). Date changed to March 2020 see	The SAMP process has become business as usual. The documents need to be fluid and updated if there are any major changes in service delivery, for example Covid will have changed how some of our services will run and how we are utilising the buildings etc. SAMP documents are reviewed and updated annually or as required as the services' objectives and property requirements might change. The walk in service review and the flexible service review will have a major impact on quite a few of the SAMP's .	Completed	100%
181A2016	Financial Resilience 2015/2016 issued April 2016	P1 Developing income generation/charging policies.	A corporate policy on income generation/charging will be progressed once the WAO produces a final national report on its "All Wales Local Government Improvement Study: Strategic approach to income generation and charging".	A Commercial Strategy has been drafted and a workshop was held with the Policy & Resources Scrutiny Committee on 14th January 2020. The draft Strategy will be presented to the Team Caerphilly Programme Board on the 6th February 2020 and will then be presented to Policy & Resources Scrutiny and Cabinet for formal approval.	Stephen Harris	01/04/2017 (changed) July 17	The Commercial & Investment Strategy and associated Action Plan was approved by Cabinet at its meeting on the 9th December 2020. The Action Plan includes a review of fees and charges to ensure that tradeable services are supported by a thorough understanding of whole life costs as part of the decision to commercialise.	Completed	100%
344A2016 (Audit year 15/16) Issued May 2016 / reported August 16	Review of arrangements to address external audit, inspection and regulation and proposals for improvement.	P1 As the Council develops its vision and considers the future shape of the organisation, it should identify and plan for the workforce requirements to implement its vision.	Develop Staff Vision and Values to complement Cabinet Commitments. Research and Develop a holistic organisational development plan, that includes age profiling, re-skilling and potential apprenticeships. This would include supporting agile working policy and practise.	A Fixed term Principal HR officer (Workforce Development) has been appointed with effect from 7 January 2020. They will be meeting with all Heads of Service to consider current and future service delivery needs and the skills and experience employees will need. The draft Workforce Development Strategy will be consulted upon in Spring 2020.	Lynne Donovan	Oct 2017 Changed to April 2019 Changed to 31st Jan 2020 Change to Autumn 21	The original date for completion was Oct 2017, but due to many factors this changed to April 2019, then 31st Jan 2020. The date of completion for a draft document was then changed to January 2021 and this deadline was met. The Strategy is now out to consultation and was scheduled for Policy and Resources Scrutiny Committee as part of that process on 6th July 2021. However this has now been deferred to September to allow for the staff survey results to be analysed and help inform the final strategy.	In progress	75%
	WHQS Follow Up Issued Jan 2019. Reported to Cabinet 30 Jan 19	P2 The Council should agree a Local Housing Strategy to set out its long-term vision for the future priorities for homes in Caerphilly.	1. Develop an up to date overarching Local Housing Strategy to set out the long term vision for housing within Caerphilly.	Progress on the Local Housing Strategy has been delayed due to the ongoing pandemic, although some progress has been made with external consultants commissioned and virtual interviews taking place with key stakeholders. It is envisaged that the strategy will be completed by the end of this financial year, but this will be dependent on ongoing lockdown measures (Six month DPA update as at September 2020)	Shaun Couzens - changed to Jane Roberts-Waite	01/03/2020 change to October 2021	The process to develop a Local Housing Strategy started in July 2020 with the appointment of Arc4 Ltd consultants. Arc4 have been working closely with officers and partners throughout the pandemic and have produced a portfolio of background information including a concept document which is currently out for consultation with stakeholders. Public engagement will follow throughout the Spring in order to produce a draft. The Strategy document will be refined throughout the summer and be presented to Cabinet in October for approval.	In progress	60%
		Areas for Improvement - Long term: Council has started to track data on outcomes for children and consideration is needed for tracking parental outcomes	1. Develop a system to link to the employability / legacy programmes to track parental outcomes in tackling poverty. 2. Deliver training on and explore the use of the family resilience tool by frontline staff to track outcomes	1. A joint meeting was held between Family Support, Legacy and Employability leads to plan implementation of how to track parental transition to employability programmes 2. Resilience training has been delivered across different target groups. Evaluations were very positive and next steps identified.	Sarah Mutch	1. March 2020 2. July 2020	This is a whole system redesign including a 'single point of access' for all families ante natal to 7 years or age, with links built into older children and families to ISCAN (this is children with additional needs) and SPACE well-being panel. This action superseded, the heirarchy of support and parent champions are at the heart of that.	Completed	100%
		Area for Improvement - Prevention * Consideration of the approach to engaging those parents who are not currently taking up or attending Flying Start. * Consideration of the approach to re-engaging parents who are unable to attend regularly	Explore the initial data form Parent Champions to identify parental issues during 2018/19 and consider how this data could be used to shape future delivery	We have collated the data but this is yet to be analysed.	Sarah Mutch	Mar-20	This is a whole system redesign including a 'single point of access' for all families ante natal to 7 years or age, with links built into older children and families to ISCAN (this is children with additional needs) and SPACE well-being panel. This action superseded, the heirarchy of support and parent champions are at the heart of that. The system redesign has been requested and supported by Welsh Government to address the many diverse strands of support related to post code and funding and to simply provide what is needed and what matters, and to reduce the complexity around all the different programmes. This has been a huge undertaking and has superseded individual improvements in seperate areas.	Complete	100%
	Well-being of Future Generations - An examination of improving take up of the Flying Start Programme	Area for Improvement - Integration * Consideration of how increasing take up and attendance could impact positively and negatively on the demand for, and capacity of, other Council and non-Council services (both public bodies and voluntary sector) * Consideration as to whether all step leads are fully conversant with the definition of Integration as set out in the Act	1. Explore use of the resilience framework to identify barriers to attendance 2. Explore development of 'My Journey booklet' into an electronic all for families 3. Develop case studies to show added value of integration of early intervention preventative services with statutory provision 4. There are 4 actions relating to corporate learning for staff and members to embed the 5 ways of working	The resilience framework is being used within the current existing assessments and will be used in the new ways of working to empower families to support themselves in their communities. Early Years Transformation programme has developed a model for implementation of phase 1 pilots being planned in detail for implementation in the Spring term. This will consider how to develop the My Journey booklet into an Early Years regional booklet / electronic booklet / app once the evaluation work is completed. Case studies are being developed to show the impact of parenting and employment joint working.	Sarah Mutch & Ros Roberts	Action 1-3 - March 2020 Action 4. May 19- March 2020	The whole system redesign has taken on integration with intergrated outcomes, co-location, shared databases, integration of the teams and so forth. This also includes voluntary sector and other statutory services. The Caerphilly pilot went live last month.	In progress	50%
	WAO Ref 1073A2019 March 2019	Area for Improvement - Collaboration: Consideration of how collaborating in different ways may help to engage parents who are not taking up the Flying Start offer, for example, health visitors, Parent Champions.	1. Implement use of the 'My Journey booklet antenatal to ensure families understand the programme and to all delivery partners. 2. Continue development of wider collaboration work through Children First task group	Early Years Transformation programme has developed a model for implementation of phase 1 pilots, being planned in detail for implementation in the Spring term. This is a more regionalised and collaborative approach across Blaenau Gwent, Caerphilly, Newport, ABUHB and Public Health Wales.	Sarah Mutch	Mar-20	Please see above comment on tranformation	Completed	100%

Action Plan & Response to Regulator Proposals

Number and reference of action	Name of Report	Regulator Proposal	Action	PREVIOUS UPDATE	Service Officer Responsible	When will be completed by	CURRENT UPDATE	Status	Percentage completed
							July 2021		
		Area for Improvement - Involvement Development of innovative ways of reaching and engaging families who do not take up entitlement or do not consistently attend sessions Consider impact of the 'parent champions'; Consistent provision of feedback across all Council services to people who engage in consultations Further exploration of how digital technologies could increase take up & attendance	1. Explore text remind systems for feasibility 2. Closer working between childcare and parenting teams for families who are struggling with attendance 3. Evaluate the impact of Parent Champions in the community.	Family Support Workers have greater connection with both childcare, health and SLC teams to promote support available for families. Evaluation of the Parent Champion role is ongoing. However, the biggest game changer may be through the Early Years transformation programme work which is looking to support all families universally in a geographical areas of both Flying Start and non-Flying Start under an Early Years team of people from both LA and ABUHB with a wider team of more specialist people around the core team from across all agencies including voluntary sector. we are aiming to do this through the adapted Privacy Notice to work with all families under the Early	Sarah Mutch	1. August 2019 2. August 2019 3. March 2020	Parent champions are embedded in the way of working, but the revolution is in the digital technologies and giving families a much wider in access and the right support at the right time. Face to face support still takes place to support those who are digitally excluded. Mifi units with chromebooks can be loaned to families with capabilities but no equipment or resource. Please see comment on tranformation above.	Completed	100%
WAO Ref 1326A2019-20 Received 19 June 2019	Corporate Safeguarding arrangements for Children Report	R3 Strengthen safe recruitment of staff and volunteers by: 1) ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment 2) policies cover all services that come into contact with children; creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks 3) requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the council which are underpinned by a contract or service level agreement.	1. Implement Safer Recruitment Policy across the Council 2. HR systems to be reviewed and improved 3. Internal Audit to monitor compliance in any audit work undertaken 4. Work with Procurement and Commissioning Officers across all Council services to develop a system to ensure compliance which can then be monitored	1. Final draft policy is due to go to Cabinet in February/March 2020 2. Completed 3. Internal Audit Team have received Safeguarding Training prior to undertaking programme of audits 4. Task Group established to progress implementation	Gareth Jenkins on behalf of Procurement, HR and Internal Audit	1. Oct 2019 2. Oct 2019 3. Ongoing 4. December 2019	The Policy was agreed and endorsed by Cabinet 2nd of November 2020. Training has been addressed, see below. The Policy was agreed earlier than anticipated by Cabinet on the 2nd of November 2020. A procedure for new contractor training has been developed and is in the process of being signed off by HoS. Work is ongoing with procurement to develop letters to existing commissioned services so they are aware of the policy and expectations and ask them to up to the scheme. Based on legal advise we cannot enforce this for existing contracts but will also make them aware that if the contracts is extended etc that the new procedure will be in place. This aspect of the work is now complete.	1. Completed 2. Completed 3. Completed 4. Completed	100% 100% 100% 100%
		R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities 1) Safeguarding training is mandated and coverage extended to all relevant council areas, and standard on induction programmes; 2) create corporate-wide system to identify, track and monitor compliance on attending safeguarding training inc. elected members, schools, governors and volunteers 3) requiring relevant staff in partner organisations who are commissioned to work for the council in delivering services to children and young people to undertake safeguarding training.	1. Fully implement the Training Programme across the Council through DSO Group supported by Children's Services 2. ITrent to be adapted to record all training using agreed drop down options. Retrospective training to be recorded See item 4 for R3 - repeated	1. Training Framework implemented in November 2019 2. Work is ongoing to amend recording systems	Gareth Jenkins on behalf of Procurement, HR and Internal Audit	1. & 3. Dec 2019 2. October 2019	Training has taken place over the long term at all tiers and tier one has had its mandatory 3 year refresher online. The learning was intended to go onto I-trent as a record and some learning has however it is intended to look at a bespoke learning management system so learning can be tracked. The Corporate Safeguarding Action plan is reported regularly to the Corporate Safeguarding board and Social Services Scrutiny and has many more activities than the ones originally set up to address the proposals. We believe this is now complete as it moves into normal day to day business of continuous learning and development.	1. Completed 2. Completed	100% 100%
WAO Ref 1600A Received Nov 19	Well-being of Future Generations 'Steps examination' = 'Preventing unnecessary admissions to hospital and facilitating timely discharges'	Report received and service action plan finalised. Proposals and actions will be added to the list after the report is presented to Social Services committee.	An action plan of 11 actions were developed to address a range of 'areas for consideration' to the proposals of the 5 Sustainable Development principles	The report and action plan were arranged to go to Social services scrutiny early 2020, however due to Covid did not attend and by the time it was re-started most of the action plan was addressed and therefore not timely. As such this is attached as an information only item for Governance and Audit viewing.	Jo Williams	March - July 2020	Of the 11 actions all are completed except 1. The 1 is half complete and is to participate in and contribute towards the Gwent wide Adult Strategic Partnership review of referral systems and processes currently in place. This was delayed due to Covid but will recommence shortly. Systems to develop and effectively collate and analyse data to assist with predicting and forecasting service demand and trends has been completed and a project completed working with Rapid response nurses to prevented unnecessary admissions to hospital. This won an award from the Nursing Times. Work was also completed in up skilling care staff to spot signs of people with respirator issues to prevent admissions Weekly falls clinics are now operating within the North/South of the Borough and Physio services are using video calling to carry out remote assessments of those living in care settings to assess and improve mobility to reduce risks of falls.	Completed	100%
WAO Ref 1603A Received Nov 19	Delivering with less - the Impact on Environmental Health Services and Citizens	Build long-term financial and operational resilience of the service. Ensure that resources are used more efficiently Align corporate transformation approach with service sustainability actions	The service continues to review its resourcing requirements.	The Environmental Health services of the Council have had a longstanding aspiration to update and enhance software systems. It is anticipated that this will facilitate more efficient use of existing resources. Commercialisation opportunities are limited across these services, but any learning from the Council's transformation agenda will be adopted. Over recent years collaborative opportunities with other Authorities have been explored at length without identifying any significant benefits. However, this will be revisited should a suitable opportunity materialise.	Rob Hartshorn	Apr-22	The service continues to review its resources and collaborations, see previous update. There is little more in terms of specific actions to this proposal as the service collaborative opportunities becomes part of service thinking. We recommend this is now closed.	completed	100%
AW Ref 2272A Issued April 2021-22	Delivering Good Governance	P1 Consolidate Councils Plans into 1 single manageable to create and maintain a shared focus	There are 4 actions within the action plan to strenghten this area, with action to design graphic which shows the connections in a clear way.	New. Our plans are for different time periods and different purposes and audiences. A single plan will not provide clarity in this regard however we will do more work on the corporate plan to show the synergies	Ros Roberts	Nov-21			
	Delivering Good Governance	P2. Council should assign responsibility for each priority at both officer and political levels to increase accountability	There are 4 actions to strengthen this area: key one is use of Council Directorate Performance Assessment process, which is reported to Cabinet and scrutiny work programme. Each priority does have an owner so w will publicse ownership both on internet and corporate plans	New - Cabinet members and officers are assigned and we will increase how we show this.	Ed Edmundson	Oct-21			
	Delivering Good Governance	P3 Improve the quality of evaluation and greater use of outcome data to evaluate impact of delivery of priorities	Complete the Decision-Making Corporate Review. Project work to identify measurable outcomes of the Corporate Review (mointored by Transformation board) Embed DPA and CPA as self-assessment delivery of priorities	New	Ros Roberts	Mar-22			

Action Plan & Response to Regulator Proposals

Number and reference of action	Name of Report	Regulator Proposal	Action	PREVIOUS UPDATE	Service Officer Responsible	When will be completed by	CURRENT UPDATE	Status	Percentage completed
							July 2021		
	Delivering Good Governance	P4 ensure both executive and non-executive members maintain a focus on its agreed priorities, the Council should schedule key decisions well in advance in the Cabinet forward work programme; and consider how best to engage its scrutiny function in challenging constructively the Council's progress in delivering its objectives and in setting its direction of travel.	Starting to Scope work to enhance scrutiny function connections to Cabinet Scrutiny evaluation via self-evaluation survey, to inform improvement needs.	New	Cath Forbes-Thomson	Oct-21			
	Delivering Good Governance	P5 increase the transparency of decision-making, papers that support decision-making should: include adequate discussion of alternative options; and make explicit the views of the Monitoring Officer and S151 Officer with regard to the recommended course of action.	To determine the most effective way to make explicit the statutory officer input and to update the guidance accordingly	New	Ed Edmundson				
AW Ref 2451A2021-22 Issued June 2021	Financial Sustainability Assessment	P1 The Council should develop and implement a more comprehensive MTFP.	This will be progressed through the 'Sustainable Financial Planning' Corporate Review and updates will be provided in future reports	New	Stephen Harris	Mar-22			
	Financial Sustainability Assessment	P2 The Council should examine the processes in place for its annual budget setting, and for its in-year budget revisions and outturn reporting. As part of review, given significant underspends the Council has in recent years, it should assess whether the process needs strengthening. Should then identify and implement any actions for improvement	This will be progressed through the 'Sustainable Financial Planning' Corporate Review and updates will be provided in future reports	New	Stephen Harris	TBA as part of the review timelines			
	Financial Sustainability Assessment	P3 Help address funding gap identified in the MTFP, by developing programme of financial benefits from the Transformation Programme activities. Financial benefits arising are clearly defined and communicated and reported to members.	This will be progressed through the 'Sustainable Financial Planning' Corporate Review and updates will be provided in future reports	New	Stephen Harris	TBA as part of the review timelines			

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2019/20 ISA 260 Report Recommendations - Matters Outstanding

Matter arising	Findings	Recommendation	Management response	Responsible Officer	Progress against Management Response	Outstanding Actions	Anticipated Completion Date	Open/Closed
Matter arising 4 – Accuracy and review of fixed asset register	Our audit identified differences between the classification of assets in the general ledger and the fixed asset register. The Council has corrected the significant differences as shown in Appendix 3.	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.	Current procedures will be reviewed, and new processes introduced to ensure consistency between the fixed asset register and the general ledger.	Rhiann Williams	Detailed reconciliation completed for the 2020/21 Draft Financial Statements but there is currently a difference of £306k between the General Ledger and the supporting reports from the Logotech Asset Management System.	Officers are continuing work to identify the variation in balances and to determine the subsequent accounting entries that will be required.	31/07/21	Open
Matter arising 6 – Accuracy and review of fixed asset register – Existence	Our testing identified one vehicle that is no longer in existence. We also identified that following the additional primary school building being brought in to use at the existing comprehensive school site, the capitalised spend on the construction had been double counted in the Asset Register. The capitalised spend was incorrectly included in the 2018/19 Fixed Asset Register in addition to the revalued school site, causing this to be double counted. We also identified that HRA disposals had not been accounted for in-year.	We recommend that the fixed asset register is reviewed to ensure that all assets included are operational and owned by the Council. The Authority should ensure that all disposals and asset transfers are communicated to the Capital Accountant on a timely basis. In addition, there should be a reconciliation between subsidiary asset records, for example the fleet register, the valuation records and the Fixed Asset Register on a regular basis.	This recommendation will be addressed as part of the wider review of the fixed asset register. Service areas outside of Corporate Finance will also be reminded of their roles and responsibilities.	Rhiann Williams	A detailed review of the Asset Register has been completed. Procedures have been agreed with Property and Fleet with regard to notification of Purchases and Disposals.	Capitalisation policy to be finalised. This does not impact on the Financial Statements but will clarify processes for Officers.	30/09/21	Open
Matter arising 7 – Bad Debt Provision	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 could not be evidenced. The Council does not have a consistent formal policy for the calculation and treatment of the bad debt provision and write offs.	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.	A bad debt provision policy will be drafted which will include a requirement to review historical balances at year-end.	Nicola Roberts	A bad debt provision policy has been drafted in consultation with Finance Managers. The 2020/21 Draft Financial Statements have been prepared in accordance with the policy.	The £1.2m balance in respect of the Housing Benefit bad debt provision remains subject to ongoing review. Further work is required to substantiate the figures being transferred from the Housing Benefits system to the General Ledger to ensure that the amount carried in the balance sheet is correct.	31/08/21	Open
Matter arising 13 – Retention of documentation	Throughout the audit it has come to our attention that the Authority is highly reliant on hard-paper copies of documentation which has caused delays due to remote working under the COVID-19 government guidelines.	In an environment of increased remote working, we recommend that the Authority consider digitalising all documentation to ensure ease of access and that it has a back-up copy that can be accessed remotely.	COVID-19 has presented unprecedented challenges with staff having to quickly adapt to remote working. There will be many lessons to learn across the Authority, including ensuring that appropriate arrangements are in place to be able to routinely store and access documentation electronically.	Stephen Harris	This recommendation will be addressed as part of the wider rollout of flexible/agile working across the organisation. Work is currently underway to de-clutter the office space with the aim being to commence a phased return to corporate buildings from September 2021 (subject to prevailing Covid-19 related restrictions at that time).	The digitising of documentation will be progressed as part of the wider rollout of flexible/agile working.	Ongoing	Open
Matter arising 15 – IT General Controls	Our IT auditors undertook a review of the Council's critical financial applications and general IT environment and identified a number of control weaknesses.	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.	Progress against the recommendations set out in the auditor's report will be monitored by the Council's Digital Leadership Group.	Deborah Gronow	The Acting Internal Audit Services Manager is undertaking a review to address the recommendations raised in the External Auditor's report.	This work is progressing and a report will be prepared by the Acting Internal Audit Services Manager outlining details of any matters that require further attention.	30/09/21	Open
Matter arising 20 – Oversight and Review of Capital Accounting	In addition to the other capital recommendations made, our testing of the five-year revaluation programme identified nine asset lines with a gross book value of £11.89 million (Net Book Value of £5.968 million) that had not been revalued in the five-year programme. Following a further review by officers, individual assets in respect of these amounts could not be identified nor could they be attributed to forming part of other assets. It was determined that these amounts related to accumulated expenditure from previous years. Consequently, the decision was taken to de-recognise these amounts within the financial statements as there is no identifiable assets.	Throughout our audit we have identified multiple significant errors within the capital accounts, which have arisen as a result of a lack of oversight and review of the work of the Treasury and Capital Accountant. Particular attention should be given to the capitalisation and componentisation of assets and ensure this is attributable to a specific asset. We acknowledge that there was a new Treasury and Capital Accountant in post as of March 2020 which has identified areas for improvement from 2020/21 onwards.	We will undertake a review of the current processes around the preparation of the Authority's capital accounts and implement a new system of review and oversight of this area in preparation for the 2020/21 accounts.	Andrew Southcombe	All working papers have been reviewed prior to final preparation of the Capital Accounting and Treasury Management accounting entries in the 2020/21 Draft Financial Statements.	The Capital and Treasury Management notes to the 2020/21 Draft Financial Statements were reviewed prior to inclusion in the accounts. All the capital accounting journals were reviewed prior to posting. There is one outstanding item in respect of the reconciliation between the General Ledger and Asset Management System as mentioned above in Matter Arising 4 .	31/07/21	Open
Matter arising 21 – HRA Archetype Groups	Our testing of the beacon properties has identified that there are clear differences in the archetype categories between the clients' records and the valuers as a result of additions and disposals in-year. The potential maximum misstatement as a result of the differences is £1.995 million, which is not material.	We recommend that the Council and the valuer review and agree the categorisation of Council Dwellings into archetype groups ahead of the full valuation of Council Dwellings that is due to take place for the 2020/21 financial year.	The movement in the stock is as per the Authority's records. The difference has arisen due to the valuer allocating the Authority's Council dwellings to beacons during their valuation. This information hasn't been shared with the Authority to allow a full comparison with our records. We will review and agree the categorisation of the Council Dwellings into archetypal groups with the valuer to support the 2020-21 final accounts process.	Andrew Southcombe	Valuer has completed the 2020/21 valuation and this has been reflected in the Draft Financial Statements. Due to Covid-19 restrictions no internal inspections could be undertaken to support the valuations, albeit that a sample of external inspections were undertaken.	Full listing of beacon groups is awaited from valuer.	31/07/21	Open
Matter arising 22 – Statement of Cash Flows	Our testing of the restated Statement of Cash Flows and associated notes for 2018/19 identified a non-material balance of £1.9 million of non-cash items 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.	We will fully review our existing processes for preparing the Cash Flow Statement for the final Statement of Accounts.	Nicola Roberts	We have procured the CIPFA Cashflow Toolkit but it has not been possible to adopt this approach in time for the 2020/21 Draft Financial Statements.	We have completed the cashflow in the 2020/21 Draft Financial Statements based upon existing methods. However, we will update the CIPFA Toolkit to feed the Final Financial Statements.	31/08/21	Open

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GOVERNANCE AND AUDIT COMMITTEE 20TH JULY 2021

**SUBJECT: AUDIT WALES FINANCIAL SUSTAINABILITY ASSESSMENT –
CAERPHILLY COUNTY BOROUGH COUNCIL**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

- 1.1 To present the Governance & Audit Committee with the Audit Wales report on its latest financial sustainability assessment of Caerphilly CBC.

2. SUMMARY

- 2.1 Audit Wales has undertaken its assessment of financial sustainability as this continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources. A similar project was undertaken for 2019/20, before the COVID-19 pandemic. The overall conclusion of the 2019/20 review for Caerphilly CBC was that: -

The Council has a strong financial position, with an increasingly high level of usable reserves, a relatively stable level of borrowing, and significant budget underspends in recent years.

- 2.2 The Audit Wales 2020/21 assessment of councils' financial sustainability was in two phases. Phase 1 was a baseline assessment of the initial impact of COVID-19 on local councils' financial positions. This phase drew on the year-end position for 2019/20, the position at the end of quarter 1 for 2020/21, and projections for quarter 2 for 2020/21. Following Phase 1, in October 2020 Audit Wales published a national summary report – **Financial Sustainability of Local Government as a result of the COVID-19 Pandemic**. This found that councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date, but the future sustainability of the sector is an ongoing challenge.
- 2.3 The pandemic has had an immediate and profound effect on public sector finances as a whole and, as a consequence, on councils' financial positions. The summary report set a high-level baseline position, including the reserves position of local councils before the pandemic. It also set out the initial financial implications of the pandemic for local councils and the scale of the anticipated challenge going forward.
- 2.4 The report attached at Appendix 1 has been produced by Audit Wales following the conclusion of Phase 2 of its financial sustainability assessment work during 2020/21. A report is being produced for each of the 22 principal councils in Wales.
- 2.5 A member of staff from Audit Wales will attend the Governance & Audit Committee meeting to present the Caerphilly CBC report.

3. RECOMMENDATIONS

3.1 The Governance & Audit Committee is asked to: -

3.1.1 Consider and comment upon the content of the Audit Wales report.

3.1.2 Note that the Audit Wales proposals for improvement have been accepted by Officers and will be addressed as part of the Sustainable Financial Planning Corporate Review.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure that the Governance & Audit Committee is aware of the review work undertaken by Audit Wales and the resultant findings, conclusion, and proposals for improvement.

5. THE REPORT

5.1 The Audit Wales report on the outcome of Phase 2 of the financial sustainability assessment for Caerphilly CBC is attached at Appendix 1. Overall, the report concludes that: -

The Council continues to have a strong financial position, although its current medium-term financial plan is underdeveloped.

5.2 The report contains the following proposals for improvement: -

Proposal for improvement: strengthening the medium-term financial planning.

P1 - The Council should develop and implement a more comprehensive MTFP.

Proposal for improvement: setting the annual revenue and capital budgets.

P2 - The Council should examine the processes in place for its annual budget setting, and for its in-year budget revisions and outturn reporting. As part of the review, given the significant underspends that the Council has experienced in recent years, it should assess whether the process needs strengthening. The Council should then identify and implement any actions for improvement.

Proposal for improvement: to help address the funding gap identified in the MTFP, develop a programme of financial benefits from the Transformation Programme activities.

P3 - In further developing its Transformation Programme, the Council should ensure that the intended financial benefits arising are clearly defined and communicated. The Council should monitor its progress with achieving the intended benefits and regularly report the outcomes to elected members.

5.3 The proposals for improvement have been accepted by Officers and align with the outcomes already agreed for the Sustainable Financial Planning Review, which is one of ten Corporate Reviews included in the Strengthening Team Caerphilly report that was approved by Cabinet on the 22nd July 2020. The outcomes are as follows: -

- The Council has a long-term and viable financial plan that supports the delivery of Council services and the development of new and improved service models.
- The Council has a sustainable investment strategy that enables us to turn on and turn off services as required.

- Outcome based budgeting – matching our budget to the specific needs of the community.
- Effective and efficient spend control.

5.4 A project team has been established to focus on these outcomes, and progress on the ten Corporate Reviews is being monitored by the Team Caerphilly Programme Board. As part of the agreed governance framework for the Council's Transformation Programme progress reports will also be presented periodically to the Policy & Resources Scrutiny Committee and Cabinet.

5.5 Progress on the Audit Wales proposals for improvement will also be reported to the Governance & Audit Committee periodically through existing reporting arrangements.

6. ASSUMPTIONS

6.1 It is assumed that the financial outlook will remaining challenging for Local Government, which underlines the need for strong financial management.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 This report is for information purposes, so the Council's Integrated Impact Assessment (IIA) process does not need to be applied.

8. FINANCIAL IMPLICATIONS

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

9. PERSONNEL IMPLICATIONS

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

10. CONSULTATIONS

10.1 At its meeting on the 23rd June 2021, Cabinet was presented with the Financial Sustainability Assessment report and colleagues from Audit Wales provided details of a small number of minor amendments to the report, which were noted by Cabinet.

10.2 Officers explained that the Council is in a strong financial position, with a number of key projects and frameworks in place, and that the proposals for improvement in the Audit Wales report align with the agreed outcomes for the ongoing Sustainable Financial Planning Corporate Review. In addition, Cabinet was assured that regular updates will be provided through the Committee cycle.

10.3 Following consideration and discussion and in noting the minor amendments to the report it was unanimously agreed that: -

- The content of the Audit Wales report be noted.
- The Audit Wales proposals for improvement will be addressed as part of the Sustainable Financial Planning Corporate Review.

- 10.4 Since the Cabinet meeting on the 23rd June 2021, some further minor amendments have been made to the Financial Sustainability Assessment report. The version attached as Appendix 1 is the final cleared document and colleagues from Audit Wales will provide a verbal update on the amendments that have been made.
- 10.5 All other consultation responses have been reflected in the report.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2003.

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Appendices:

Appendix 1 – Audit Wales Report, Financial Sustainability Assessment, Caerphilly CBC, July 2021

Background Papers:

Cabinet (22/07/20) – Strengthening Team Caerphilly.

Audit Committee (21/10/20) – Audit Wales Report, Financial Sustainability Assessment, Caerphilly CBC, March 2020.

Audit Committee (21/10/20) – Audit Wales Report, Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic, October 2020.

Financial Sustainability Assessment – Caerphilly County Borough Council

Audit year: 2020-21

Month issued: July 2021

Document reference: 2451A2021-22

This document has been prepared as part of work performed in accordance with section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 18 of the Local Government (Wales) Measure 2009. It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Wellbeing of Future Generations Act (Wales) 2015.

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

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The impact of COVID-19 on the Council's 2020-21 finances was largely assisted by additional Welsh Government funding, with similar additional funding currently extended to September 2021 6

The Council's medium-term financial plan is underdeveloped 7

The Council's usable reserves have increased further in the past year and remain at a high level 10

The Council continues to underspend against its revenue and capital budgets 12

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 13

The Council has maintained a strong liquidity position for many years 15

Summary report

What we looked at and why

- 1 We undertook this assessment as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources. In part, this was informed by experiences of some councils in England, our knowledge of the financial situation in councils in Wales, and the general trend of decreasing resources for local government combined with rising demand for some services. We undertook a similar project for 2019-20¹, before the COVID-19 pandemic.
- 2 Our 2020-21 assessment on councils' financial sustainability was in two phases. Phase 1 was a baseline assessment of the initial impact of COVID-19 on local councils' financial position. Phase 1 drew on: the year-end position for 2019-20; the position at the end of quarter 1 for 2020-21; and projections for quarter 2 for 2020-21. Following Phase 1, in October 2020 we published a national summary report – **Financial Sustainability of Local Government as a result of the COVID-19 Pandemic**². We found that councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date, but the future sustainability of the sector is an ongoing challenge.
- 3 The pandemic has had an immediate and profound effect on public sector finances as a whole and, as a consequence, on councils' financial positions. The summary report set a high-level baseline position, including the reserves position of local councils before the pandemic. It also set out the initial financial implications of the pandemic for local councils and the scale of the anticipated challenge going forward.
- 4 This report concludes phase two of our financial sustainability assessment work during 2020-21. As part of this we are producing a local report for each of the 22 principal councils in Wales.
- 5 We undertook this assessment during March and April 2021.

¹ Audit Wales, [Financial Sustainability Assessment, Caerphilly County Borough Council](#), March 2020

² Audit Wales, [Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic](#), October 2020

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
Proposal for improvement: strengthening the medium-term financial planning	
P1	The Council should develop and implement a more comprehensive MTFP.
Proposal for improvement: setting the annual revenue and capital budgets	
P2	<p>The Council should examine the processes in place for its annual budget setting, and for its in-year budget revisions and outturn reporting.</p> <p>As part of the review, given the significant underspends that the Council has experienced in recent years, it should assess whether the process needs strengthening.</p> <p>The Council should then identify and implement any actions for improvement.</p>
Proposal for improvement: to help address the funding gap identified in the MTFP, develop a programme of financial benefits from the Transformation Programme activities	
P3	In further developing its Transformation Programme, the Council should ensure that the intended financial benefits arising are clearly defined and communicated. The Council should monitor its progress with achieving the intended benefits and regularly report the outcomes to elected members.

Detailed report

The Council continues to have a strong financial position, although its current medium-term financial plan is underdeveloped

The impact of COVID-19 on the Council's 2020-21 finances was largely assisted by additional Welsh Government funding, with similar additional funding currently extended to September 2021

- 6 This section sets out the impact that COVID-19 has had to date on the Council's financial position and the extent to which this has been mitigated by additional funding from the Welsh Government.

What we found

- To help mitigate the financial pressures of COVID-19, in July 2020 the Council established an earmarked reserve of £2.7 million to meet potential unfunded additional costs and lost income arising from the pandemic.
- In past years the Council had forecast and experienced a surplus against its budgeted council tax collections. However, due to the impact of COVID-19 and the Council's anticipated fall in the collection of council tax, it did not forecast a collection surplus for 2020-21.
- At the time of this review, although the Council had recognised that COVID-19 is likely to adversely affect its medium-term financial planning, it has determined that it was too early to identify and quantify the main financial impacts.
- In developing the 2021-22 budget the Council had recognised the risk of the Welsh Government's hardship fund not continuing into 2021-22. However, that risk was subsequently reduced by the Welsh Government's confirmation to all councils that it would be retaining the hardship fund for an additional six months, to 30 September 2021.
- **Exhibit 2** shows the level of additional expenditure and lost income that the Council has reported that it has faced because of COVID-19. The exhibit also shows the extent to which the Council's financial losses have been assisted by additional Welsh Government funding, through its local government hardship fund.

Exhibit 2: the reported cost to the Council of COVID-19 over 2020-21³

The table below shows the Council's additional expenditure and lost income over 2020-21 because of COVID-19, and how much of this was mitigated by extra funding from the Welsh Government.

The additional amount the Council spent as a result of COVID-19 over 2020-21.	£26.3 million
The amount of income the Council lost as a result of COVID-19 over 2020-21.	£7.7 million
The amount of additional funding the Council received from the Welsh Government over 2020-21 to mitigate the impact of COVID-19.	£32.8 million
The cost to the Council of COVID-19 over 2020-21, taking account of the extra funding provided by the Welsh Government.	£1.2 million

The Council's medium-term financial plan is underdeveloped

Why strategic financial planning is important

- 7 A clear and robust financial strategy is important to identify the likely level of funding available to a council, as well as the anticipated level of demand for, and cost of, providing services. Given the recent and anticipated funding pressures facing all councils it is also important to identify how it intends to respond to those pressures, and particularly how they will meet projected funding gaps.

What we found

- In March 2020 we reported that the Council's medium-term financial plan (MTFP) did not fully reflect its record of significant underspending nor fully reflect its transformation plans. We had also reported that for many years the Council had significantly underspent its revenue and capital budgets, which had contributed to its increasingly high level of usable reserves.

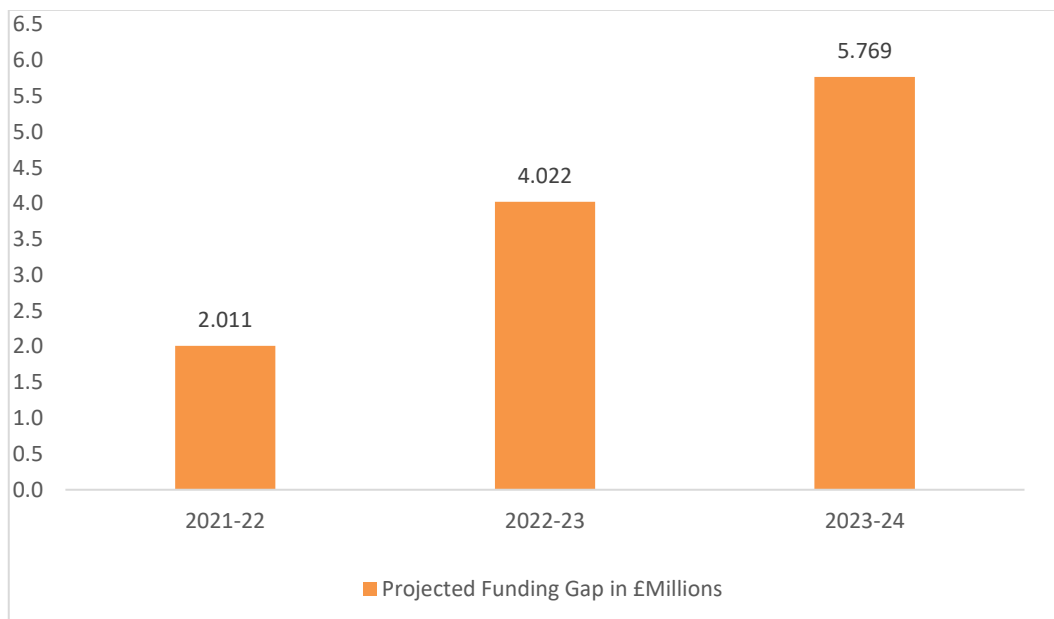
³ The Council's unaudited management accounts.

- For 2020-21 the Council is reporting further revenue and capital underspends.
- Last year we also reported that whilst the Council's 'Transformation Programme' had been published in June 2019, it contained only high-level links with the MTFP.
- At the time of last year's audit review, Council officers told us that the Transformation Programme would be developed further during 2020 and early 2021 to include more detailed and meaningful information within the Council's 2022-23 to 2025-26 MTFP.
- The Council has not made its planned improvements to this year's MTFP. We acknowledge and understand the Council's reason for not doing so, with the need to urgently tackle the impact of COVID-19 since March 2020.
- The Council's MTFP⁴ published in February 2021 forecasts a £21.1 million funding gap, after taking account of a series of assumptions relating to income and expenditure for the four-year period 2022-23 to 2025-26. **Exhibit 3** shows the Council's reported funding gap for the three year period 2021-22 to 2023-24.

⁴ Caerphilly County Borough Council, Indicative Medium-Term Financial Plan – 2022/23 to 2025/26, Council 24 February 2021

Exhibit 3: the Council has a total projected funding gap for the three years 2021-22 to 2023-24 of £11.8 million⁵

This graph shows the funding gap that the Council has reported for the three years to March 2024.



- To inform financial planning and identify their projected funding gaps, all councils make assumptions about factors that will impact on the amount of funding they will have available in future years. The Council's main underlying assumptions in the MTFP were reasonably consistent with other Welsh Councils.
- The current MTFP also assumes a tapered increase in non-pay inflation, rising to the Bank of England's target of 2% by 2025-26.
- While the Council's MTFP includes estimates such as those above, some other aspects remain underdeveloped. For example, the plan is brief and provides limited information around future demand pressures beyond schools and social services; does not reflect the ambitious transformation plans; and does not clearly identify potential risks to the Council's financial resilience in the coming years.
- The Council's MTFP does provide an overview of the sensitivity of the assumptions within its forecast to the end of 2025-26. For example, the

⁵ Sources:

For 2021-22 Budget Proposals for 2020/21 and Medium Term Outlook, Council 20 February 2020

For years 2022-23 and 2032-24 Caerphilly County Borough Council, Indicative Medium-Term Financial Plan - 2022/23 to 2025/26, Council 24 February 2021

MTEP states that a 2% increase in Welsh Government funding per annum would reduce the four-year potential savings requirement to £9.2 million from £21.1 million. Conversely, the MTEP states that a 'cash flat' position would increase the potential savings requirement to £32.7 million.

- During the past year the Council has widened the scope of its Transformation Programme to reflect the changes brought about by COVID-19. The Programme now includes ten corporate reviews⁶ which focus on fundamentally changing how the Council operates and delivers its services.
- At the time of our fieldwork, the Council recognised that while the initial stages of the Programme are now underway, its outcomes and benefits, including the financial benefits, are yet to be fully developed. The Council plans to develop them by Autumn 2021. The potential financial benefits arising from the Programme may contribute to the Council's aim to close its identified funding gap.

The Council's usable reserves have increased further in the past year and remain at a high level

Why sustainable management of reserves is important

- 8 Healthy levels of usable reserves are an important safety net to support financial sustainability. As well as being available to fund unexpected funding pressures, usable reserves can also be an important funding source to support 'invest to save' initiatives designed to reduce the ongoing cost of providing services. Councils that show a pattern of unplanned use of reserves to plug gaps in their revenue budget, that result in reductions of reserve balances, reduce their resilience to fund unforeseen budget pressures in future years.

What we found

- Last year we reported that the Council had an increasingly high level of usable reserves. Since then, over the past year the Council's usable reserves have increased further. **Exhibit 4** shows that as at 31 March 2020 the Council had usable reserves of £100.5 million, representing 29.2% of the its 2019-20 'net cost of services'. This percentage was the second highest for Welsh councils for 2019-20.
- In February 2021 the Council published its Place Shaping and Wellbeing Framework. This framework is the Council's capital strategy that sets out its intended capital investments. The Council has earmarked some £30 million

⁶ Source: Strengthening Team Caerphilly, presented to the Council's Cabinet on 22 July 2020.

of its usable reserves for the investments that, with external finance, could potentially total £231 million from 2021-23 and potentially beyond.

- The Council's 2021-22 budget also makes strategic use of £0.368 million from a £1.8 million reserve, previously earmarked by the Council for delivery of the MTFP, to appoint four fixed-term project managers. Council officers told us that those appointments are critical to increasing the pace of delivery of its Transformation Programme and Place Shaping and Wellbeing Framework.

Exhibit 4: analysis of annual usable-reserves and net cost of services

This exhibit shows the amount of usable reserves the Council had for the four years up to 2019-20, as a proportion of its net cost of services.

	2016-17	2017-18	2018-19	2019-20
Net Cost of Services in £ millions ⁷	336.0	335.4	343.2	344.5
Total Usable Reserves in £ millions ⁸	82.4	87.0	90.9	100.5
Total Usable Reserves as a % of net cost of services	24.5	26.0	26.5	29.2
Comparison ranking across all Welsh councils ⁹	4th	4th	4th	2nd

- The Council expects to report that its usable reserves will increase to £116 million at the end of 2020-21.

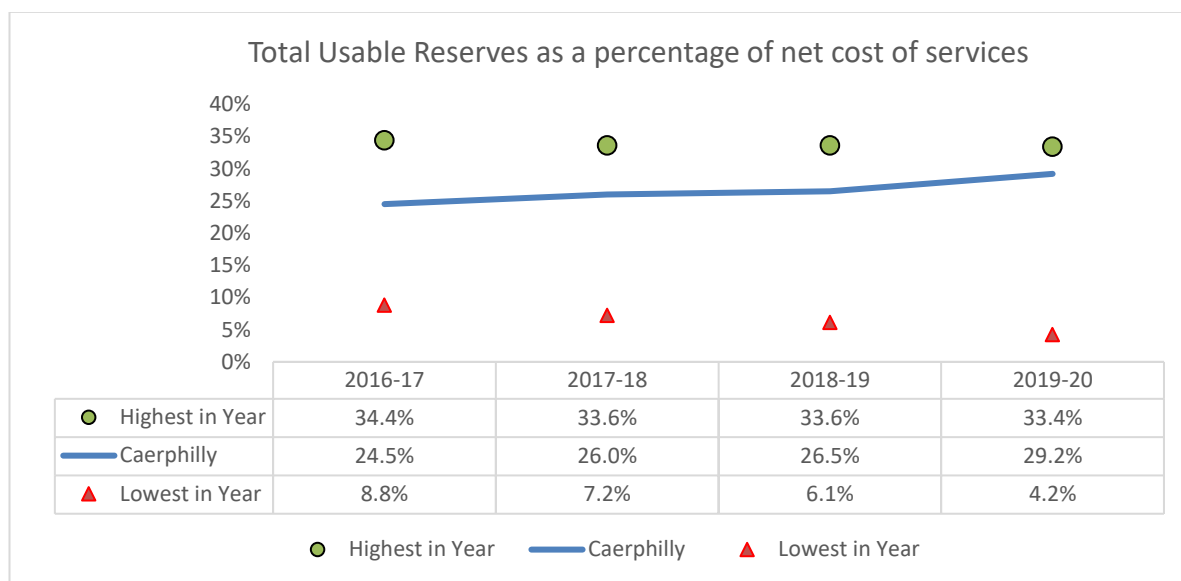
⁷ Source: annual audited statement of accounts. The figures are based on the net cost of services, excluding the housing revenue account figures, and adding precepts, levies & debt interest.

⁸ Source: annual audited statement of accounts.

⁹ 1st being the highest percentage for Wales.

Exhibit 5: usable reserves as a percentage of net cost of services

This graph shows the Council's usable reserves as a percentage of net cost of services compared to the other Councils in Wales.



The Council continues to underspend against its revenue and capital budgets

Why accurately forecasting expenditure is important

- 9 It is important that overspending and underspending are kept under control and that actual expenditure is as close to the levels planned as possible. A council that is unable to accurately forecast and plan expenditure runs the risk of creating unforeseen financial pressures that may compromise the ability to set a balanced budget. Significant patterns of underspending may be reducing the ability of a council to deliver its key objectives or meet its statutory responsibilities.

What we found

- Last year we reported that the Council had significantly underspent both its revenue and capital budgets for many years, to 2019-20.
- Based on the Council's provisional outturn for 2020-21, the Council is reporting an underspend of £36.8 million against its 2020-21 revenue budget of £356 million, representing a 10.3% underspend¹⁰. Officers told us that a

¹⁰ Source – provisional outturn to be reported to Cabinet on 7 July 2021.

proportion of this underspend results from additional Covid related grant funding.

- The Council's provisional capital outturn position for 2020-21 is an underspend of £28.8 million¹¹.
- **Exhibit 6** shows that for the five financial years to 2020-21 the Council has underspent its revenue budgets by £79.8 million.

Exhibit 6: amount of overspend/underspend relative to total net revenue budget

The following exhibit shows the amount of overspend or underspend for the Council's overall net revenue budget for the last five years.

	2016-17	2017-18	2018-19	2019-20	2020-21 ¹²
Original Net Revenue Budget £ millions ¹³	324.4	325.4	332.0	337.7	356.1
Actual Net Revenue Outturn ¹⁴ £ millions	313.7	316.7	320.3	325.8	319.3
Amount of underspend £ millions	10.7	8.7	11.7	11.9	36.8
Percentage difference from net revenue budget	3.3	2.7	3.5	3.5	10.3

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

Why the ability to identify and deliver savings plans is important

- 10 The ability to identify areas where specific financial savings can be made, and to subsequently make those savings, is a key aspect of ensuring ongoing financial sustainability against a backdrop of increasing financial pressures. Where savings plans are not delivered this can result in overspends that require the use of limited reserves while increasing the level of savings required in future years to compensate for this. Where savings plans are not delivered and service areas are required to make unplanned savings, this increases the risk either of savings not

¹¹ Source: provisional capital outturn to be reported to Cabinet on 23 June 2021, excluding the Housing Revenue Account capital underspend of £9.3 million.

¹² Source – provisional outturn to be reported to the Cabinet on 23 June 2021.

¹³ Source: the narrative report to the annual statement of accounts.

¹⁴ Source: the narrative report to the annual statement of accounts.

being aligned to the Council's priorities, or of 'short-term' solutions that are not sustainable over the medium-term.

What we found

- Last year we reported that the Council had delivered most of its planned savings in the previous two years and it expected to do so again for 2019-20.
- For 2019-20 the Council achieved £12.7 million (91%) of its planned savings of £13.9 million.
- For 2020-21 the Council's funding gap was £1.076 million, however, the Council agreed planned savings totalling £3.007 million which created savings in advance of £1.931 million. The Council also identified additional savings in advance during 2020-21 creating a total of £2.011 million of savings in advance.
- During 2020-21, the Council's achievement of its planned savings was considerably constrained by COVID-19. **Exhibit 7** shows that the Council expected to achieve £1.671 million (55.6%) of its £3.007 million planned savings. The shortfalls have not been problematic for the Council due to its ongoing budget underspends, and, if they had been necessary, its high level of usable reserves.
- The Council used the £2.011 million savings in advance from 2020-21 to help determine its 2021-22 budget, which therefore negated the need for any planned savings for 2021-22.
- The Council's current MTFP, however, does not include any planned savings to address the Council's reported funding gap of £11.8 million to the end of 2023-24.

Exhibit 7: savings delivered as a percentage of planned savings

The following exhibit sets how much money the Council intended to save from its savings plans during 2017-18, 2018-19 and 2019-20 and how much of it actually saved, as well as its estimated figures for 2020-21.

	2017-18	2018-19	2019-20	2020-21 estimate ¹⁵
Total planned savings in £ millions ¹⁶	9.0	6.8	13.9	3.007
Planned savings achieved in £ millions ¹⁷	8.95	6.4	12.7	1.671
Planned savings not achieved in £ millions	0.05	0.4	1.2	1.336
Percentage of savings achieved	98.5	94.3	91.4	55.6

The Council has maintained a strong liquidity position for many years

Why the Council's liquidity position is important

- 11 Why gauging current assets to current liabilities (liquidity, or the working capital ratio) is important:
- an indicator of how a council manages its short-term finances.
 - while it is commonly used to examine whether organisations can pay their debts in the short term, this is unlikely to be a risk for councils given their ability to take short-term borrowing. It does, however, act as an indicator of how a council manages its short-term finances.
 - councils with low liquidity ratios should ensure they have sound arrangements in place to meet their liabilities.
 - there may be additional costs for councils that rely on short-term borrowing to pay debts.
 - councils with very high liquidity ratios should consider whether they are managing their current assets in the most effective way.

¹⁵ Council estimate.

¹⁶ Source: Statement of Accounts.

¹⁷ Source: Statement of Accounts.

What we found

- **Exhibit 8** provides analysis of the Council's liquidity since 2015-16. The analysis shows that the Council's liquidity is strong, with each financial year-end having a ratio of 1.5 or higher. A liquidity ratio above 1.0 means that a council has more current assets, at that point in time, than current liabilities.
- The analysis shows that for the three-year period to 31 March 2019, the liquidity ratio had decreased from 2.4 to 1.5. A key reason for the decrease is that, over those three years, the Council's short-term investments had decreased by some £31 million, alongside its long-term investments increasing by some £17 million.
- The Council forecasts its liquidity to remain strong at a ratio of 2.2 as at 31 March 2021.

Exhibit 8: liquidity ratios for 2015-16 to 2020-21

The following exhibit shows the Council's level of current assets and liabilities as of 31 March in each year from 2016 to 2021 as well as its liquidity/ working capital ratio.

	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020	31 March 2021 ¹⁸ estimate
Current Assets £millions ¹⁹	163.0	134.9	119.5	90.2	134.8	201.3
Current Liabilities ²⁰	67.4	68.4	71	61.4	87.6	89.9
Liquidity / Working Capital Ratio	2.4	2.0	1.7	1.5	1.5	2.2

¹⁸ Unaudited balance sheet position as at 2 June 2021.

¹⁹ Source: annual audited statement of accounts (except for 2020-21).

²⁰ Source: annual audited statement of accounts (except for 2020-21).



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GOVERNANCE & AUDIT COMMITTEE 20TH JULY 2021

SUBJECT: DELIVERING GOOD GOVERNANCE REVIEW: CAERPHILLY CBC

REPORT BY: CORPORATE DIRECTOR EDUCATION & CORPORATE SERVICES

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1. PURPOSE OF REPORT

1.1 This report sets out the findings of the Delivering Good Governance Review: Caerphilly County Borough Council together with the Council's action plan for addressing the matters for consideration raised within the review.

2. SUMMARY

2.1 In the Autumn of 2019, Audit Wales and Caerphilly CBC jointly agreed to carry out a review of the Council's Governance arrangements. The review was framed as a means of assessing whether the Council's existing arrangements were sufficiently well developed to support the ambitious TeamCaerphilly transformation journey.

2.2 The review was to include a self-evaluation by the Council's Corporate Governance Panel against the Chartered Institute for Public Finance and Accountancy (CIPFA) "Delivering Good Governance in Local Government Framework". The self-evaluation would then receive scrutiny and challenge from an external regulatory expert commissioned by the Council, before being subject to further review by Audit Wales.

2.3 In March 2020, and with the self-evaluation still incomplete, the Council and Audit Wales agreed to pause the review as a result of the immediate need to focus Council resources on the response to the COVID-19 Pandemic.

2.4 In June that year, Audit Wales announced their intention to deploy their staff to support and challenge recovery planning in real-time. This was a decision taken to provide "assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and sustainable future".

2.5 By August, and with the pandemic response showing no signs of coming to an end, it was clear that the previously undertaken self-evaluation work was becoming less and less reflective of the governance arrangements supporting the Council's new operating environment.

- 2.6 The Council and Audit Wales, however, remained committed to use the self-evaluation work as a basis of describing some potential enhancements to the Council's arrangements.
- 2.7 Appendix 2 of this report sets out a number of matters for consideration for the Council that have been identified by Audit Wales, while Appendix 3 includes the Council's action plan for addressing the matters raised.

3. RECOMMENDATIONS

- 3.1 That the Governance & Audit Committee:
- 1) Notes the contents of the Audit Wales Delivering Good Governance Review: Caerphilly County Borough Council
 - 2) Notes the action plan attached at Appendix 3, which was agreed by Cabinet at its meeting on the 23rd June 2021.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure the matters for consideration raised by Audit Wales are adequately addressed and that that Council's arrangements are enhanced to better support the TeamCaerphilly programme.

5. THE REPORT

- 5.1 In the Autumn of 2019, Audit Wales and Caerphilly CBC jointly agreed to carry out a review of the Council's Governance arrangements in accordance with the Project Brief set out in Appendix 1.
- 5.2 The review was framed as a means of assessing whether the Council's existing arrangements were sufficiently well developed to support the ambitious TeamCaerphilly transformation journey.
- 5.3 The review was to travel through three distinct stages:
- 5.3.1 A self-evaluation was to be undertaken by the Council's Corporate Governance Panel against the Chartered Institute for Public Finance and Accountancy (CIPFA) "Delivering Good Governance in Local Government Framework".
 - 5.3.2 The Council's self-evaluation would be subject to a period of scrutiny and challenge by an external regulatory expert commissioned by the Council and sourced through the WLGA.
 - 5.3.3 The finalised self-evaluation would be further reviewed by Audit Wales with a view to identifying any improvements that would enable the Council's governance arrangements to better support the TeamCaerphilly Transformation programme.
- 5.4 Thereafter, Audit Wales would work alongside the Council to monitor the implementation of the improvement work.

- 5.5 The CIPFA Framework would see the Council's Governance Arrangements assessed against seven fundamental principles:
- A – Behaving with integrity, demonstrating strong commitment to ethical values, & respecting the rule of law.
 - B – Ensuring openness and comprehensive stakeholder engagement.
 - C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 - D – Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 - F – Managing risks and performance through robust internal control and strong public financial management.
 - G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 5.6 The Self-Evaluation work intended to establish three core things in relation to those principles:
- a) Does the Council have in place the required 'deliverable measures'?
 - b) How effective (or otherwise) are the Council's current arrangements (using Estyn descriptors to form a judgement)?
 - c) What evidence exists to support that judgement (including hyperlinks to relevant documentation or narrative that describes relevant practices or policies)?
- 5.7 In March 2020, the Council's self-evaluation work was nearing conclusion with a significant number of documents identified, initial judgements recorded and narrative descriptions in place. The external expert had been commissioned and had undertaken some initial discussions with the Council. At this stage, however, the self-evaluation work was not complete and had not been subject to any internal peer assessment or challenge from within the Corporate Governance Panel.
- 5.8 Later that Month, the Council and Audit Wales agreed to pause the review as a result of the immediate need to focus Council resources on the response to the COVID-19 Pandemic.
- 5.9 Over the summer, and with the pandemic showing no signs of coming to an end, Audit Wales recognised that the governance arrangements supporting the Council's operating model throughout the response was very different to that which had been the subject of the self-evaluation. Through discussion with the Council, it was agreed that the work that had been paused should now cease.
- 5.10 Despite this, and as a result of the significant work undertaken to date, both the Council and Audit Wales remained committed to delivering some value from the Review. With this in mind it was agreed that the self-evaluation work, although incomplete and unchallenged, should be used as a basis of describing some potential enhancements to the Council's arrangements.
- 5.11 Appendix 2 attached to this report sets out a number of matters for the Council to consider that have been identified by Audit Wales. The underlying reasons for those matters being raised are contained within the main body of the Audit Wales report.
- 5.12 Having received the report and continued to work with Audit Wales over recent

months, the Council has developed an action plan for addressing the matters raised which is attached at Appendix 3.

5.2 **Conclusion**

While it was not possible to complete the review work initiated in November 2019, the need to ensure the Council's governance arrangements are strengthened in order to support the Council's TeamCaerphilly Transformation Programme is perhaps even more valid now. The pace, size and scale of change that the Council has witnessed in the last twelve months alone has demonstrated the need for robust but flexible governance arrangements and what can be achieved, safely, when the right balance is struck.

6. **ASSUMPTIONS**

6.1 None.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 This report is for information only at this stage,

8. **FINANCIAL IMPLICATIONS**

8.1 None.

9. **PERSONNEL IMPLICATIONS**

9.1 None.

10. **CONSULTATIONS**

10.1 The Audit Wales report has been received and considered by the Corporate Management Team.

10.2 The report was also presented to Cabinet at its meeting on the 23rd June 2021 and following consideration and discussion it was unanimously agreed that: -

- The content of the Audit Wales Delivering Good Governance Review: Caerphilly County Borough Council be noted.
- The action plan as attached at Appendix 3 of the Officers report be agreed.

10.3 All other consultation responses have been reflected in the report.

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Appendices:

Appendix 1 Audit Wales Project Brief – Delivering Good Governance: Caerphilly CBC
Appendix 2 Audit Wales Report – Delivering Good Governance: Caerphilly CBC
Appendix 3 Caerphilly CBC Action Plan – Corporate Governance Review

Gadewir y dudalen hon yn wag yn fwriadol



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Project Brief – Delivering good governance: **Caerphilly County Borough Council**

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This document was developed by Gareth Jones and Huw Lloyd Jones.

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Project brief

Background

- 1 The Council's revised Code of Corporate Governance¹ is consistent with the CIPFA and SOLACE guidance and the Council sets out that its arrangements comprise:

'the framework of the policies, systems, procedures and structures that together determine and control the way in which a Council manages its business, determines its strategies and objectives and sets about delivering its services to meet those objectives.'
- 2 The Council's revised Code sets out that:

'the fundamental function of good governance is to ensure that it achieves its (the Council's) intended outcomes while acting in the public interest at all times. In doing so the Council has identified the following seven principles:

Acting in the public interest requires:

 1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 2. Ensuring openness and comprehensive stakeholder engagement.

In addition, achieving good governance in the Council requires effective arrangements for:

 3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
 5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 6. Managing risks and performance through robust internal control and strong public financial management.
 7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 3 Given the Council's ambition to transform at pace, as outlined in its Team Caerphilly, Stronger Together strategy, the Council recognises that strong corporate governance is crucial in order that good decisions are taken consistently across the Council. The Council has therefore decided to undertake a self-assessment of its governance arrangements in order to ensure that its procedures and policies are fit for purpose to support the transformation agenda. The Council has engaged an experienced consultant to challenge its self-assessment from an independent, external perspective.

¹ Caerphilly County Borough Council (2019) Code of Corporate Governance

- 4 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 will consider the content and robustness of the Council's self-assessment and the views of the external expert, as well as drawing, where relevant, on previous audit findings.

Focus and Purpose of the review

- 5 Our review will comprise two phases. The focus and purpose of Phase 1 of our review is to consider whether the Council is improving its governance arrangements so that they support its transformation agenda. Subject to the outcome of Phase 1, our work during Phase 2 will monitor, support and challenge the Council in implementing some of the agreed improvement priorities identified through its self-assessment.

Legislative basis for the review

- 6 This project is being undertaken to help discharge the Auditor General's duties under section 18 of the Local Government (Wales) Measure 2009 and section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act). It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Wellbeing of Future Generations Act (Wales) 2015.

Main review question

Exhibit 1: main review question

The table below sets out the main question we will seek to answer in undertaking this review.

- Is the Council improving its governance arrangements so that they support its transformation agenda?

Method

- 7 We will take a phased approach to undertaking this review. During the **first phase** we will review the Council's self-assessment, take evidence from the external expert commissioned by the Council, and consider that alongside key Council documents and our existing audit knowledge. We will then hold an initial workshop with the Corporate Governance Panel to explore the key findings of the self-assessment alongside our previous audit findings. In doing so, we will scope a **second phase** that identifies key actions and any other areas that may require

further monitoring, support or challenge. This iterative approach is designed to support the Council in real time and to seek assurance that the focus and pace of improvement is appropriate.

Output

- 8 We will consider appropriate outputs from the review as we work through its phases and discuss these with the Council.

Timetable

Exhibit 2: timetable

The table below sets out a proposed timetable for the review.

Proposed timetable	
Project brief issued	January 2020
Phase 1 - Review of Council's self-assessment, Document review, & observations & initial workshop	February - March 2020
Phase 2 – identify actions and areas for more assessment, support or challenge	March 2020
Further support and challenge, conclusion and other output(s)	April 2020 – June 2020

Fieldwork schedule

Observations

Exhibit 3: the table below sets out the Committees and working groups that we may observe during this review

Observations
During the review, we may observe ongoing public meetings of the Cabinet, Audit Committee, Scrutiny Committees and Full Council. We may also attend other internal meetings such as meetings of the Corporate Governance Panel, the Team Caerphilly Programme Board and the Caerphilly Programme Co-ordination Group.

Fieldwork

Exhibit 4: the table below sets out potential interviewees for this review

The outcome of our phase 1 work is likely to determine the scope of our interview schedule. However, the table below indicates the most likely interviewees.

Interviewees
<ul style="list-style-type: none">All members of Corporate Management Team
<ul style="list-style-type: none">Members of the Corporate Governance PanelSection 151 Officer, Head of Corporate Finance & Interim Head of Business Improvement ServicesHead of Legal Services and Monitoring OfficerHead of Customer and Digital ServicesCabinet Member for Finance, Performance and GovernanceInternal Audit ManagerChair of Audit Committee
<ul style="list-style-type: none">Workshop with Corporate Governance Panel (see paragraph 7)
Focus groups with <ul style="list-style-type: none">CabinetStaff who are authors of reports to Scrutiny and/ or CabinetChairs of ScrutinyElected members

Document request

The Council’s self-assessment will largely determine which, if any, other documents we need. In conducting its self-assessment, it would be helpful if the Council referenced as appropriate any other documents supporting its judgements. We will discuss any further document requests following receipt of the Council’s self-assessment.

Exhibit 5: the table below sets our initial document request

Document title
<ul style="list-style-type: none">Corporate Governance self-assessment and supporting evidence

Wales Audit Office contacts

Exhibit 6: Wales Audit Office contacts

The table below sets out the Wales Audit Office team that will be working on this review at the Council.

Name	Contact details
Engagement Director	Huw Rees Mobile: 07799 581886 Huw.Rees@audit.wales
Audit Manager	Huw Lloyd Jones Mobile 07813 822017 Huw.LloydJones@audit.wales
Audit Lead	Gareth Jones Mobile: 07970 737433 Gareth.Jones@audit.wales
Senior Auditor	Allison Rees Mobile: 07580 823820 Allison.rees@audit.wales
Other auditors	To be confirmed

Appendix 1

Fair Processing Notice

This privacy notice tells you about the potential collection of your personal information by the Auditor General for Wales (and by the Wales Audit Office on his behalf).

Who we are and what we do

The Auditor General's work includes examining how public bodies manage and spend public money.

The relevant laws

We process your personal data (including special category personal data) in accordance with data protection legislation, including the Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR).

This project is being undertaken to help discharge the Auditor General's examination duties under section 18 of the Local Government (Wales) Measure 2009 and section 17 of the Public Audit (Wales) Act 2004. It may also inform work undertaken under section 15 of the Well-being of Future Generations Act (Wales) 2015 and/ or a study for improving value for money under section 41 of the 2004 Act.

Under section 52 of the Public Audit (Wales) Act 2004, the Auditor General has a statutory right to information, assistance and explanation from any persons whom he thinks holds information that relates to a local government body. This right to information applies to information held by local government officers and we are obliged to set out that it is a criminal offence, punishable by a fine, for a person to fail to provide information required under section 52.

What we will do with your information

We are collecting information to undertake an examination to help inform the Auditor General's conclusions in relation to his statutory duties, as outlined above.

We are asking for information and opinions about the Council's Corporate Governance arrangements. Some of this information may be information about identifiable individuals, which would make it personal information, even though the purpose of our work is not in itself to collect information about identifiable individuals.

The Auditor General and the review team from the Wales Audit Office will have access to the information you provide. We may share some information with senior staff of the Council and our report may include some information as outlined below.

The information that we share and publish will be anonymous and will be about the themes and trends that we identify. We will keep the information collected, including your personal data, for a period of 7 years (and 25 years in the case of any published report).

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The Information Commissioner's Office

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Delivering Good Governance – Caerphilly County Borough Council

Audit year: 2019-20

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

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Summary report

Summary

What we reviewed and why

- 1 Caerphilly County Borough Council (the Council) has developed a Transformation Strategy (the Strategy), '#Team Caerphilly – Better Together'. Cabinet approved the Strategy in June 2019. The Council describes the Strategy as, 'a new 'whole authority' operating model to ensure a resilient Caerphilly County Borough for the future'. In summarising its Strategy, the Council acknowledges that its delivery will require, 'a resetting of our culture and effective, purposeful political and officer leadership to drive the ambitious change agenda forward'.
- 2 The Strategy reflects the Council's ambition to transform at pace, and the Council has recognised that strong corporate governance is crucial in order that good decisions are taken consistently across the Council. The Council therefore decided to undertake a self-assessment of its governance arrangements in order to ensure that its procedures and policies are fit for purpose to support the transformation agenda. The Council structured its self-assessment using the seven principles set out in the 'Delivering Good Governance in Local Government: Framework' (the Framework)¹.
- 3 We explained 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 planned that our review would comprise two phases. The focus and purpose of Phase 1 would consider the extent to which the Council was improving its governance arrangements so that they support its transformation agenda. Subject to the outcome of Phase 1, we planned to use Phase 2 to monitor, support and challenge the Council in implementing some of the agreed improvement priorities identified through its self-assessment.
- 4 In March 2020, the need to respond to the Coronavirus pandemic disrupted the Council's self-assessment of its governance arrangements. We acknowledge that the Council's summary self-assessment process was never concluded; the supporting evidence was incomplete and there was no internal moderation of the initial judgements that officers had reached. The pandemic also disrupted the Council's original plans to commission an external challenge to its self-assessment.
- 5 Since March 2020, the Council has played a key role in mitigating the impact of the Coronavirus pandemic. Many staff were initially redeployed to different roles and the Council's decision-making processes changed temporarily between May and

¹ Delivering Good Governance in Local Government: Framework', Chartered Institute of Public Finance & Accountancy and SOLACE, 2016

June 2020. The Council has now begun to implement its Strategic Recovery Framework, which includes key parts of the Transformation Strategy. In particular, the Council plans to undertake a programme of corporate reviews, including a review of Decision-Making. The Decision-Making Review is due to be completed before the Council's Annual General meeting in May 2021.

- 6 This report represents the output of Phase 1 of our review. It reflects our views of the Council's incomplete self-assessment of its governance arrangements. Because the pandemic interrupted the Council's self-assessment work, we have not sought to evaluate the Council against each of the seven principles of the Framework. Instead, we have considered the Council's arrangements in the round, and also drawing on the context of other recent events and discussions. Our intention during Phase 2 of the project is to support and challenge the Council in the implementation of its Transformation Strategy and Strategic Recovery Framework, especially, its programme of corporate reviews.
- 7 We undertook the review during 2020 and early 2021.

What we found

- 8 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 circumstances outlined in **paragraphs 5 and 6**, we have instead focused more narrowly on the robustness of the Council's arrangements for the delivery of its Transformation Strategy.
- 9 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.

Key matters for consideration

- 10 We set out in **Exhibit 1** below the most important matters that we believe the Council should consider in taking forward the ambitious agenda that it has set itself. During 2021-22, we will focus on these matters in our ongoing audit work, supporting and challenging the Council in the implementation of its Transformation Strategy and its Strategic Recovery Framework and, especially, its programme of corporate reviews.

Exhibit 1: key matters for consideration

Key matters for consideration

Consolidate the Council's priorities

P1 In order to create and maintain a collective shared focus, the Council should consolidate its priorities into a single, manageable, sequenced and agreed plan. The plan should span both the short and medium term and should specify, for each objective, the desired outcomes.

Assign responsibilities

P2 In order to broaden ownership of its priorities and increase accountability for their delivery, the Council should assign responsibility for each priority at both officer and political levels. Those responsible should include within their duties the need to engage thoroughly with relevant stakeholders.

Monitor progress and evaluate effectiveness

P3 In order to improve the quality of evaluation and subsequent decision-making, the Council should:

- make greater use of outcome data in its planning; and
- extend the use of both quantitative and qualitative analysis to evaluate the impact of the changes arising from the delivery of its priorities.

Plan the Cabinet's work

P4 In order to help ensure that both executive and non-executive members maintain a focus on its agreed priorities, the Council should:

- schedule key decisions well in advance in the Cabinet forward work programme; and
- consider how best to engage its scrutiny function in challenging constructively the Council's progress in delivering its objectives and in setting its direction of travel.

Key matters for consideration

Ensure that decision-making is seen to be transparent

P5 In order to increase the transparency of decision-making, papers that support decision-making should:

- include adequate discussion of alternative options; and
- make explicit the views of the Monitoring Officer and S151 Officer with regard to the recommended course of action.

Detailed report

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

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

- 11 During late 2019 and early 2020, the Council began to produce a self-assessment of its governance based on the seven principles set out in the International Framework: Good Governance in the Public Sector (the Framework). The purpose of the self-assessment was to provide assurance to the Council that its corporate governance was sufficiently effective and strong to support its ambitious #Team Caerphilly Transformation Strategy (the Strategy).
- 12 The Framework sets out that acting in the public interest demands:
 - behaving with integrity; and
 - open and comprehensive stakeholder engagement.The Framework also requires that a well-governed public body should also have effective arrangements for:
 - defining sustainable outcomes;
 - determining how to achieve the intended outcomes;
 - developing capacity;
 - managing risks and performance, including robust internal control and strong financial management; and
 - effective accountability for good governance.
- 13 The need to divert resources to address the Coronavirus pandemic meant that there was no opportunity for senior management to review or moderate the initial findings of the draft self-assessment as had been intended. Furthermore, it was not possible to arrange that an external expert should challenge the evaluations, as had been planned. The Council was therefore unable to complete the self-assessment process as rigorously as intended. At the point at which the Council had to stop the self-assessment process, we found that its part-completed self-assessment focused too heavily on the existence of arrangements and policies and gave too little weight to evaluating the impact and demonstrating the effectiveness of those arrangements.
- 14 The Council's key strategies and policies are generally in place, but they are of inconsistent quality. We found, for example, that the Communication and

Engagement strategy 2019-2022 provides a clear strategic approach to the challenge of ensuring that communities are involved in helping to shape future service design and delivery. However, we found that some other important policies and strategies are less helpful in guiding their potential users, with some in need of a refresh to ensure that they are up to date and aligned to the Council's wider policy framework and priorities. The Whistleblowing Policy, for example, has not been reviewed for some time and is less clear in places than it might be.

- 15 We also judged that, in the absence of the planned moderation process, the Council had been too generous in its evaluation of the quality of some of its policies and arrangements in the self-assessment. For example, the Council judged that its record of decision-making is excellent. However, we found that, in some cases, reports to members that underpin decision-making refer only to the preferred option. The Council's policy is to include options appraisals 'in a proportionate manner and where relevant to the matter under consideration and this may be based on the financial or strategic importance of a decision.' However, it is unclear how the Council determines 'proportionality'. Under these circumstances, there is a risk that decision-making may be perceived as lacking in transparency, and that those who disagree with a decision may feel that alternative options have been considered inadequately.
- 16 Officers drafting reports to elected members use a template that is helpful in developing a consistency of style and in ensuring that authors address key matters such as the financial, equalities and personnel implications and the Well-being of Future Generations Act. Where necessary, reports to members refer clearly to the legislation that is relevant to the decision and consult with the Monitoring Officer and Section 151 Officer. However, the template does not require authors to make explicit the views of these statutory officers in relation to the proposed decisions and recommendations. Where these officers' views are omitted, there is a risk that decisions are perceived not to have been fully informed.
- 17 Outside the self-assessment, there are other examples where the Council is not explicit enough in acknowledging aspects of its arrangements that need to be improved. For example, the Council formally adopted a new Performance Management Framework in February 2020, and this framework includes a clear risk management policy. These are positive developments; the Council anticipates that the adoption of the framework will provide a basis for Cabinet, Scrutiny Committees and senior leaders to monitor progress, manage performance and drive improvement. However, the Council's Annual Governance Statement (AGS) for 2019-20 describes the new arrangements in some detail, even though they were adopted only shortly before the end of the year to which the AGS relates. The AGS does not make clear enough how the new arrangements improve on what was in place beforehand.
- 18 The Council's Scrutiny Leadership Group has overseen changes to the structure of scrutiny since we published our report on 'Overview and Scrutiny - Fit for the

Future²?' in 2018. However, a members' survey and subsequent report to the Scrutiny Leadership Group in September 2020 focused too heavily on matters such as attendance rates, the duration of meetings and the number of agenda items rather than on the issues that contribute more directly to the quality and impact of the scrutiny function.

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 Council's growing ambition across a number of plans is not articulated clearly enough

- 19 In June 2019, Cabinet agreed the Council's Transformation Strategy, '#Team Caerphilly – Better Together' (the Strategy). The Strategy is an ambitious and wide-ranging programme of change consisting of a suite of large but discrete projects, including a commercialisation and investment strategy, place-shaping and workforce-related developments. The successful delivery of the Strategy will result in significant changes in how the Council delivers its services as well as a significant programme of capital investment. The consistent implementation of these changes, some of which are cultural in nature, across a large and complex organisation will take time and will require relentless focus and considerable change management expertise.
- 20 A month after approving the Strategy, in July 2019, the Council approved its updated Corporate Plan covering the period 2018-23. As required, the Corporate Plan includes the Council's Well-being Objectives. It also includes a section about the Transformation Strategy, describing it as a, 'strategic programme of "whole authority" work', and outlining its scope in a diagram (see **Exhibit 2**).
- 21 The Corporate Plan sets out a list of seven elements of 'key work from the transformation programme'. The list reflects and is consistent with the Council's six Well-being Objectives; it includes, for example, three significant capital investment programmes to improve the Council's housing stock, its schools and its provision for vulnerable children and their families. However, only one of the seven elements listed (Delivering the Council's emerging Digital Strategy) relates clearly and directly to the nine components of the Transformation Strategy set out in **Exhibit 2**.
- 22 The Council's website includes a section dedicated to its 'Corporate strategies, plans and policies'. The Transformation Strategy and the associated action plan are easily accessible to the public from this section of the website. However, the action plan to deliver the Transformation Strategy makes no reference to the 'seven elements of key work' set out in the Corporate Plan.

² 'Overview and Scrutiny - Fit for the Future?': Wales Audit Office (2018)

23 Overall, therefore, the connections between the Corporate Plan and the Transformation Strategy are not sufficiently explicit. Furthermore, the Corporate Plan is located in a different section of the Council’s website from the Transformation Strategy. As a result, there is a risk that stakeholders will not understand the Council’s objectives clearly enough and be able to distinguish clearly between:

- **what** it intends to achieve in the short and medium term (as set out in its Well-being Objectives); and
- the changes in **how** it intends to deliver its Wellbeing Objectives (as set out in the Transformation Strategy).

Exhibit 2: the transformation strategy, #Team Caerphilly – Better Together



Source: Caerphilly CBC, Corporate Plan 2018-23, Revised and Updated for 2019-20

24 In November 2019, Cabinet and the Policy and Resources Scrutiny committee received the first six-monthly update on progress in the implementation of the Transformation Strategy action plan. The update report showed that there had been some early progress, but it also showed slippage against the initial anticipated timescales. A further update was scheduled for May 2020.

25 Between March and September 2020, the pandemic disrupted the usual pattern of the Council’s decision-making processes. The Cabinet resumed its decision-making responsibilities in June 2020, meeting remotely, but scrutiny committees did not reconvene until the end of September. The planned update on the implementation of the Transformation Strategy did not therefore occur as had been intended. However, in November 2020, the Policy and Resources Scrutiny

Committee agreed to the re-introduction of six-monthly updates on the delivery of the Strategy, and the introduction in early 2021 of six-monthly member workshops to coincide with the publication of future progress reports.

- 26 In July 2020, the Cabinet agreed a series of ten corporate reviews to strengthen the new approach embodied by the Transformation Strategy and to consolidate and develop further the considerable changes to service delivery that have emerged from the Council’s response to the pandemic. These changes include the increased digitalisation of service delivery, increased flexible working arrangements for staff and changes to the way in which residents engage face-to-face with Council services.
- 27 **Exhibit 3** shows the programme of ten corporate reviews.

Exhibit 3: Ten corporate reviews, agreed in July 2020

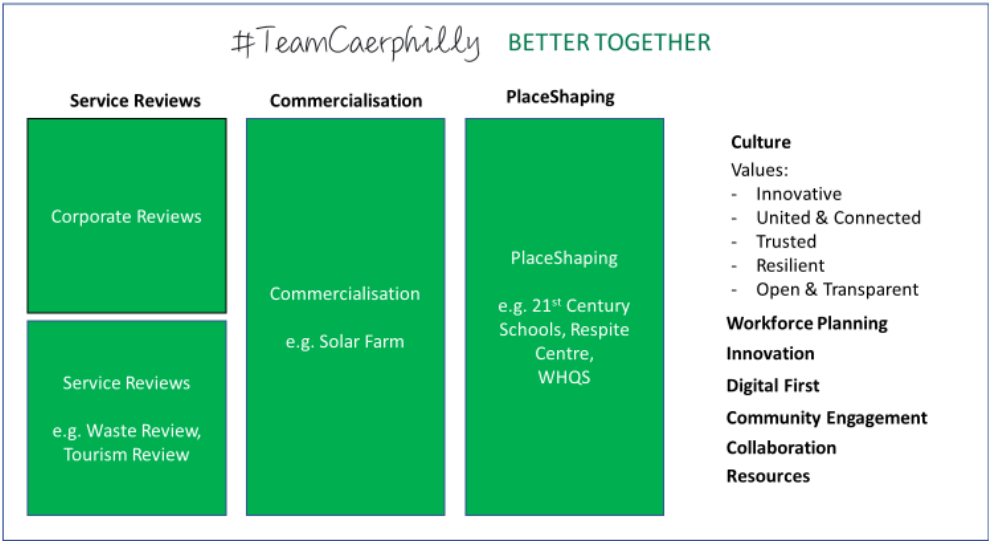
1	Walk in Services	OneCouncil	Learning Organisation
2	Remote Contact		
3	Front Line Delivery		
4	Support Services		
5	Flexible Working	Workforce	
6	Workforce Development		
7	Sustainable Financial Planning		
8	Information, Insight & Intelligence	Resources	
9	Volunteering		
10	Decision-Making		

Source: Caerphilly CBC ‘[Strengthening Team Caerphilly](#)’: Cabinet, 22 July 2020

- 28 The Council included the ten corporate reviews as part of its Transformation Strategy. **Exhibit 4** shows a clearer visualisation of the Strategy than shown on the Council’s website and in **Exhibit 2**. This model includes the place-shaping pillar

that was referenced in the Corporate Plan, and the 'commercialisation' pillar which is central to the Council's plans.

Exhibit 4: The structure of the transformation strategy, June 2020



Source: **Source:** Caerphilly CBC, [‘Strengthening Team Caerphilly’](#), Cabinet, 22 July 2020

- 29 **Exhibits 2 and 4** show that the Council’s Transformation Strategy has evolved conceptually. However, the relative priority of the Transformation Strategy and those elements of the Corporate Plan that lie outside the Transformation Strategy are not yet clear enough to the public or among non-executive councillors. Partly because of the Coronavirus pandemic, councillors have devoted relatively little time to considering and taking ownership of the Transformation Strategy and playing their part in its communication within the Council and across the County Borough. The Council plans to introduce a series of member briefings but, at this early stage in the implementation of the Transformation Strategy, we question whether six-monthly progress updates are sufficient to generate and maintain the necessary understanding, support and momentum among elected members.
- 30 The Council has recently trialled a ‘Joint Scrutiny Meeting’ to discuss the place-shaping element of the Transformation Strategy. The accompanying paper did not locate the place-shaping strategy sufficiently clearly within the broader context of the Transformation Strategy. Nevertheless, this approach may help to engage the Council’s scrutiny function with key corporate priorities.
- 31 In September 2020, in order to support the Council in recovering from the Coronavirus pandemic, the Cabinet agreed a Strategic Recovery Framework (SRF)³. The Council considers the SRF as an addendum to the delivery of the

³ [Caerphilly County Borough Council \(2020\) Strategic Recovery Framework](#)

Corporate Plan, rather than as a separate document. The SRF is intended as an overarching plan, providing an initial focus and a means of building momentum as the Council and the Caerphilly community seek to recover from the impact of the COVID-19 pandemic.

- 32 The SRF sets out two recovery aims; it seeks to:
- 'reassure our communities and steady our economy to enable us to create together, a positive and vibrant future'; and
 - 'reshape the organisation to proactively respond to social, economic and environmental needs'.
- 33 Supporting the two recovery aims are five strategic principles. These are:
- Service Reintroduction;
 - Future Wave Preparation;
 - Supporting Businesses;
 - Caerphilly Cares; and
 - Service Transformation.
- 34 The Service Transformation principle aligns with part of the #TeamCaerphilly Transformation Strategy. Within the SRF, the Council's intention is, 'to reframe Council services based upon COVID learning and embed change through the principles and transformation plans set out in #TeamCaerphilly'. The ten corporate reviews shown in **Exhibit 3** will support the principle of Service Transformation.
- 35 However, the adoption of the SRF means that the Council's priorities are set out across three documents: the Corporate Plan; the Strategic Recovery Framework addendum to the Corporate Plan; and the Transformation Strategy. Further objectives are included within the Cardiff Capital Region City Deal. We recognise that the SRF is new and has yet to be aligned fully with the Council's other strategic planning and its commitments with its regional partners. Aspects of each strategic document are consistent with one or more of the others, but overall, the Council's priorities are too numerous and are not set out concisely and clearly enough to generate the necessary public support and commitment within the Council.
- 36 The Council's priorities are, nevertheless, ambitious and potentially far-reaching, and the Council has begun to implement its Strategic Recovery Framework, which includes key parts of the Transformation Strategy. In particular, the Council has begun to undertake the programme of corporate reviews set out in **Exhibit 3**.

It is too early to judge whether the arrangements in place to deliver the Transformation Strategy are effective

- 37 The Council has learned from previous change programmes. In order to deliver its plans, it has recognised the need for additional capacity and has appointed suitably experienced managers to lead the Transformation Strategy. In autumn 2019, the Council recruited three transformation managers on fixed-term contracts to bring relevant expertise to the Council's programme. The three managers' portfolios

focus on innovation, workforce planning and commercialisation. The Council's budget for 2021-22 includes further funding to appoint a permanent Head of Transformation, a Head of Prosperity and four project managers as well as making permanent the fixed-term posts appointed in 2019.

- 38 The Council has also introduced programme management arrangements to underpin the governance of the work. Since it reconvened in November 2020, the Programme Board's remit now includes the scoping and delivery of the ten corporate reviews. Robust programme management has the potential to ensure that the Council manages the complexity inherent in its plans and, in particular, the connections between the ten corporate reviews that form part of the Transformation Strategy. The Programme Board overseeing the delivery of #TeamCaerphilly comprises the Corporate Management Team and the Cabinet member for Performance and Customer Service, supported by the Programme Co-ordination Group that manages the delivery of the programme.
- 39 However, it is not yet clear that the Board is having the desired impact across the whole of the Transformation Strategy. At its November and December meetings, for example, the Programme Board did not consider a number of standing agenda items relating to key strands of the #TeamCaerphilly Transformation Strategy.
- 40 The Council is implementing a consistent methodology for scoping and delivering the ten corporate reviews. The reviews cut across traditional service boundaries and are not mutually exclusive; for example, the reviews of Flexible Working and Workforce Development are clearly linked. The methodology requires that any such links with other reviews are noted but it is too early to conclude that the programme management arrangements will ensure that dependencies and links between the reviews are managed effectively. The methodology also requires that risks are identified and recorded, but the Programme Board's terms of reference do not refer explicitly to the management of risks.
- 41 The Council recognises the scale and complexity of implementing change effectively across such a large organisation, and among both elected members and staff. Appropriately, the methodology adopted to undertake the ten corporate reviews requires leaders to engage with service users, staff and others. In November 2020 the Council launched its residents' survey, the 'Caerphilly Conversation'⁴ which included asking residents for their views 'on public services and suggestions for where things could be improved in the future. The survey responses will be used in developing the ten corporate reviews. Nevertheless, there remains scope for the Council to extend its engagement as it develops the corporate reviews, in line with the involvement principle of the Well-being of Future Generations Act.
- 42 The last of the ten corporate reviews to get underway will consider the Council's Decision-Making. The Decision-Making Review is due for completion before the Council's Annual General meeting in May 2021. Our audit work has identified two aspects that the Council may wish to consider in reviewing its decision-making:

⁴ [Caerphilly County Borough Council \(2020\) – Join the Caerphilly Conversation](#)

- the Cabinet lacks a well-planned, medium-term decision-making programme. At its meeting on 9 December 2020, for example, the Cabinet agreed only one item requiring a decision for its next meeting the following week. The 16 December meeting agreed no future items requiring a decision.
- the lack of a medium-term forward programme for Cabinet reflects the fact that, over time, the Council's priorities have increased in number and are no longer set out coherently in a single document. Furthermore, the lack of a forward programme means that the Council's scrutiny committees are unable to plan their work in advance and may therefore spend too much time discussing matters that are not Council priorities.



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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.

Corporate Governance Review

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June 2021

Action Plan

Audit Wales Matters for Consideration from Corporate Governance Output

P1 Consolidate the Council's priorities

P2 Assign responsibilities - in order to broaden ownership

P3 Monitor progress and evaluate effectiveness

P4 Plan the Cabinet's work

P5 Ensure that decision-making is seen to be transparent

Matters for Consideration 1

Consolidate the Council's priorities - the Council should consolidate its priorities into a single, manageable, sequenced and agreed plan. The plan should span both the short and medium term and should specify, for each objective, the desired outcomes

Position: The Council is clear that the Well-being Objectives are outward facing long term objectives based on the most recent assessment of well-being and are set in consultation with the public. The next assessment will inform the 2023-2028 Corporate Plan. Team Caerphilly is an operating model intended to transform the Council to deliver differently, particularly in light of COVID. The adopted Strategic Recovery Framework is based on engagement with staff and communities and charts a response to the issues facing our communities. The PSB well-being plan is a clear partnership community plan, to which we contribute. Plans are developed at different times for different purposes and it may not be helpful to the public to merge all of those into one specific plan as this could be 'unwieldy', attempting to serve many purposes and running on different planning timeframes. However, providing further clarity wherever possible is always useful, so the Council will:

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	Key Actions / Tasks	Owner & Completion Date	Additional resource required?	Success Criteria	Progress update Insert date of update
1	Re-design and review the current schematic in the Corporate Plan to show how the plans fit together and what their purpose is.	RR	No	The new schematic will be clear and accessible as to how plans fit together. Options will be shared for feedback	
2	Use the 2021 review to make the schematic available to the public on the internet as well as in the revised Corporate Plan	RR	No	The reviewed Corporate Plan will clearly show how the plans fit together	There is already a schematic diagram, but it will be updated to include other plans.
3	Continue to promote to all staff the links between the plans and their relevance to the delivery of the Corporate Plan well-being objectives i.e. the what and the how.	KP			Team Caerphilly and Business Improvement staff are on the same groups to make the linkages.
4	Ensure that any future plans and strategies are drafted cognisant of the main Corporate Plan.	SR	No	There is a read across all plans and strategies	

Matter for Consideration 2

Assign responsibilities - To broaden ownership of its priorities and increase accountability for delivery, the Council should assign responsibility for each priority at both officer and political levels. Those responsible should include within their duties the need to engage thoroughly with relevant stakeholders

Position: Cabinet collectively own the Well-being Objectives with individual Cabinet Members contributing to multiple Objectives. This is mirrored across Corporate Management Team and is considered beneficial as Cabinet Members and Directors must work together to progress the Council's ambition. The responsibility for the progression of specific aspects of each Well-being Objective is defined at a CMT/Cabinet workshop annually and are then published within Directorate Performance Assessments. Beyond this, each Cabinet member has a portfolio with stated responsibilities, attends relevant scrutiny meetings, receives transformation updates and are part of decision making in all areas. However, we will;

	Key Actions / Tasks	Owner & Completion Date	Additional resource required?	Success Criteria	Progress update Insert date of update
1	Publicise on the Council's website the Cabinet Member/ Members and Directors who contribute to each Well-Being Objective.	RR	No	Corporate Plan clearly shows ownership to clarify for the public.	
2	Following the annual Cabinet/CMT workshop add the agreed strategic objectives to the relevant DPAs and include details of the Cabinet Member	RR	No	The Public can clearly identify Cabinet Member priorities for a given year within the Corporate Plan Framework	
3					
4					

Matter for Consideration 3

Monitor progress - evaluate effectiveness, to improve the quality of evaluation and subsequent decision-making

Position: The Council uses data both qualitative and quantitatively to evaluate its performance as evidenced through the regular Corporate and Directorate Performance Assessments, however, to embed this further we will,

	Key Actions / Tasks	Owner & Completion Date	Additional resource required?	Success Criteria	Progress update Insert date of update
1	Complete the Information, Insight and Intelligence Corporate Review and monitor progress through the Transformation board.	LL	Staff time	Review concludes and the Council enhances its approach to using data.	
2	Identify measurable outcomes for each Corporate Review so that workstreams can be evaluated for impact	KP & RR	Staff time	Each Review has clear outcomes so success can be evaluated	
3	The Directorate Performance Assessment (DPA) and Corporate Performance Assessment (CPA) will continue to be embedded and evaluated at scrutiny and Cabinet as our 'self-assessment'	RR	Staff time	Each DPA and CPA will go to scrutiny and Cabinet twice a year and we will evaluate each time for effectiveness.	Each DPA has been to Scrutiny and CPA to Cabinet in 2020. There is an existing action plan to further implement the development of DPA & CPA as part of the Local Government and Elections Act.
4	Implement the performance aspects of the Local Government and Elections Act.	RR	Staff time	An effective learning system that can answer the question 'what difference has this made?'	There is an existing action plan and project team in place to deliver this.

Matter for Consideration 4

Plan the Cabinet's work to help ensure that both executive and non-executive members maintain a focus on agreed priorities, and improve the quality of the scrutiny function

Position: This work has started as promoted by the CEO and headed up by the Director of Corporate Services and Education. A longer term forward work programme is now in place, but work is underway to strengthen these processes and arrangements further:

	Key Actions / Tasks	Owner & Completion Date	Additional resource required?	Success Criteria	Progress update Insert date of update
1	Continue to strengthen the connectivity and relationships between Cabinet Members and the Scrutiny function	RE	No		
2	Forward work programme management processes to be further developed for Cabinet and Scrutiny Committees to provide a longer term view and more efficient decision-making	RE	No	Cabinet and Scrutiny FWPs represent the level of decision-making required.	
3					
4					

Matter for Consideration 5

Ensure that decision-making is seen to be transparent - to increase the transparency of decision-making, papers that support decision-making.

Position: Currently all reports are sent to the relevant consultees which include the Head of Finance/Section 151, Head of Legal Services/Monitoring Officer and Head of People Services. The statutory officers review all reports and only comment if necessary. No comment is an indication of acceptance. The Council will, however, review the process and consider how best to make any nil feedback, which signifies approval, in a more 'explicit' manner.

	Key Actions / Tasks	Owner & Completion Date	Additional resource required?	Success Criteria	Progress update Insert date of update
1	Work with the Statutory Officers to determine the most effective way to make explicit their views on key decision reports.	SR & KP	No	The views of Statutory Officers on key decisions are clear to the public.	
2	Update author guidance in the consultation section of reporting to highlight S151 and Monitoring Officer approval/comment.	KP & SH	No		
3	Ensure that officer recommendations, and where relevant, options are included at Policy Development Meetings so the evidence base which has determined the recommendations/options is available for discussion prior to Scrutiny or Cabinet decision.	RE	No		
4					