

1. Background

- 1.1 The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads the community.
- 1.2 The system of internal control is a significant part of that framework. The system of internal control is based on an ongoing process designed: -
- To Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives.
 - To evaluate the likelihood and impact of those risks being realised.
 - To manage the identified risks effectively.

2. Scope of responsibility

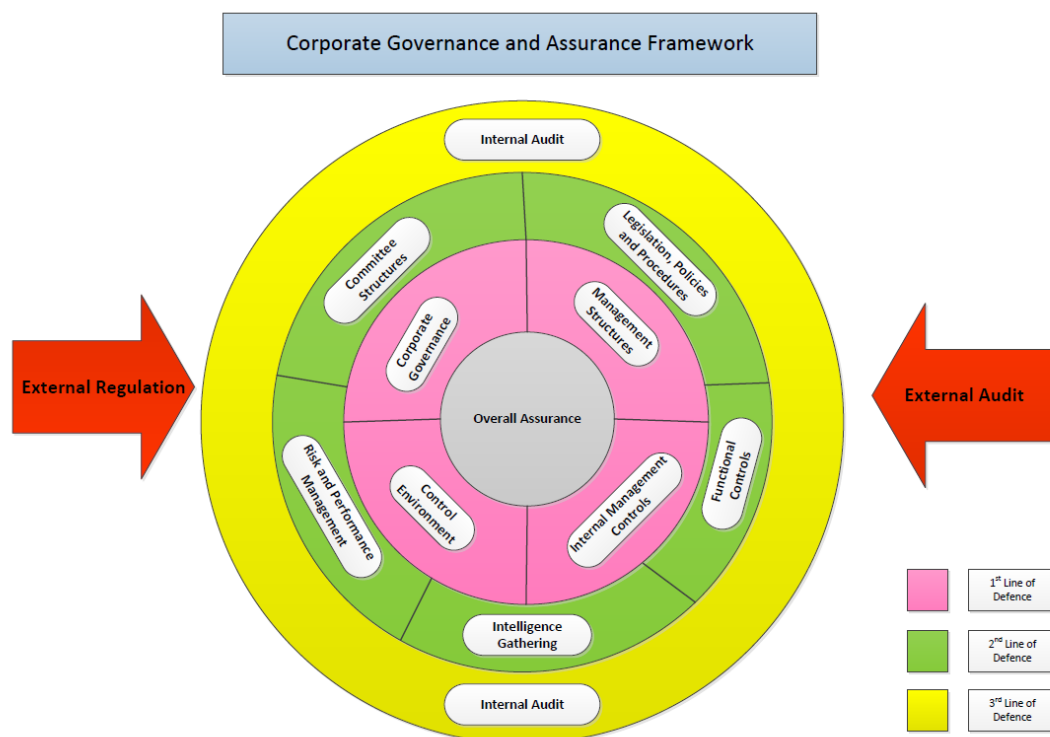
- 2.1 The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 and the Local Government Measure (Wales) 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised. Improvement is defined as having regard to a combination of strategic effectiveness, service equality, service availability, fairness, sustainability, efficiency and innovation.
- 2.2 The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies to carry out sustainable development in setting its objectives. To do this we have set and published Well-being Objectives including the steps we will take, and the resources we will need to deliver them. The Welsh Government is repealing the Local Government Measure with effect from May 2021, although the requirement to publish an Annual Report under the 2009 Measure will still be required for 2020/21.
- 2.3 Audit Wales and the Future Generations Commissioner accept that public bodies will publish one set of objectives covering improvement and well-being and in doing so will meet the requirements of the 2009 Measure and Future Generations legislation. There is an expectation that the corporate plan, which encompasses the well-being objectives is reviewed annually.
- 2.4 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 2.5 The Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the Code is available on the Council's website or can be obtained from the Council's Communications Unit.
- 2.6 The Annual Governance Statement (AGS) explains how the Authority has complied with the Code and meets the requirements of regulation 5(4) of the Accounts & Audit (Wales) Regulations 2014 in relation to the publication of a Statement on Internal Control.

3. The purpose of the governance framework

- 3.1 The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled and the activities through which it accounts to, engages with, and leads the community.
- 3.2 During the 2016/17 financial year an Assurance Framework was produced as a diagrammatic representation of the governance and assurance processes that are in place. The Framework was endorsed by the Audit Committee in December 2016 and

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continues to be relevant. Its purpose is to provide clarity and understanding of the connections between functions and activities that enable the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.



3.3 The system of internal control is an integral part of the Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3.4 The governance framework has been in place at the Authority for the year ended 31 March 2021 and up to the date of approval of the Statement of Accounts.

4. The governance framework

4.1 The following paragraphs describe the key elements of the systems and processes that comprise the Authority's current governance arrangements: -

4.1.1 *Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users.*

- The Council's Corporate Plan (2018-2023), approved by Council on the 17th April 2018, sets out the Cabinet's commitments, priorities, and Well-being Objectives. The objectives were informed by the information from the local assessment of well-being carried out by the Caerphilly Public Services Board (PSB). The plan includes our well-being statement detailing why we chose our objectives and how they will be monitored and resourced. The Corporate Plan is available on the Council's website, at our main offices, and in hard copy on request. The plan is reviewed on an annual basis to ensure its continued relevance

- Long-term outcomes and interim performance standards have been established for each Well-being Objective and progress is reported via the relevant Scrutiny Committees on a six-monthly basis.
- Through our chosen objectives we contribute to the high level strategic PSB Well-being Plan for the county borough area ('The Caerphilly We Want 2018-2023'). Our Corporate Plan follows the same planning cycle to ensure alignment and because it is based on the same data and community.
- The Council's Annual Report tells citizens and service users how we have performed against the Well-being Objectives, as required under the Well-being of Future Generations (Wales) Act 2015 and for the last time this year the Local Government Measure 2009.
- The Corporate Plan, PSB Well-being Plan and Annual Report are endorsed by Council and communicated via media release.
- The Authority structures its communications programme around the Council's Well-being themes with planned activity aligned to the chosen objectives.

4.1.2 ***Reviewing the authority's vision and its implications for the authority's governance arrangements.***

- The Corporate Plan is regularly reviewed and refined to ensure we have employed the sustainable development principle to reflect our changing aspirations, at a local and national level. A yearly review is conducted and reported to Cabinet with the most recent report being considered and approved on the 28th October 2020.
- A performance management framework is established and is routinely reviewed to ensure it is fit for purpose. During the 2019/20 financial year a new performance framework was established (see Section 4.1.3 for more details), and this was approved by Cabinet on the 26th February 2020. The full implementation of this new framework was delayed due to the Covid-19 pandemic and was formally recommenced from October 2020.
- The Authority has used the information in the local assessment of well-being which identified the well-being needs and strengths of the area. The Authority is a facilitating partner in the PSB and leads on the data assessment work. This data assessment is a regularly updated online form. We use this data to ensure we are supporting the economic, environmental, social and cultural well-being of the area.
- Following the local government elections in May 2017, the new Cabinet took the opportunity to review the existing Well-being Objectives alongside the results of the local assessment of well-being as noted earlier. This enabled the Cabinet to determine its five-year plan. This approach was taken as part of the sustainable development principle to take a longer-term view, consider how we may improve well-being, how we integrate our activity with others, particularly through collaborating with partners on the PSB, and how we have involved our communities.
- Working in partnership requires collaborative planning, delivery, and governance to deliver a collective vision. As a statutory partner in the PSB the Authority has contributed to the delivery of the Well-being Plan and is scrutinised in this activity by the dedicated Partnerships Scrutiny Committee.
- Delivering the well-being objectives of the Council has taken account of the statutory guidance for public bodies under the Well-being of Future Generations (Wales) Act 2015. The authority has updated its risk registers, planning tools, self-evaluation and reporting templates.
- The Authority has continued to work on its transformation programme through the Team Caerphilly - Better Together Strategy and has developed a programme of corporate reviews to drive the change forward. These have been developed in the light of engagement with staff and the learning from the changed working practices brought about by the Covid-19 pandemic and the reviews were agreed by Cabinet on the 22nd July 2020. The Authority has reviewed the wider implications of Covid-19 on communities and has implemented a Strategic Recovery Framework to help communities overcome the worst effects of the pandemic, adopted by Cabinet on the 30th September 2020. A new Well-being and Place-shaping Framework was also adopted by Cabinet on the 24th February 2021.

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- The governance arrangements for the transformation programme include a Programme Coordination Group and the Programme Board.

4.1.3 ***Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources.***

- A new performance framework has been established, which was approved by Cabinet on the 26th February 2020. Although it has full usage within the organisation as mentioned above the full implementation into the member arena of this new framework was delayed due to the Covid-19 pandemic and was formally rolled out from October 2020. The Council's new performance framework has a number of component parts: -
 - Corporate Performance Assessment (CPA).
 - Directorate Performance Assessments (DPAs).
 - Service Planning.
 - Risk Management.
 - MyTime Extra.
- **Corporate Performance Assessment (CPA)** - The CPA dashboard is used by the Corporate Management Team (CMT) and Cabinet to monitor the Council's progress in delivering its strategic priorities, identifying and challenging areas of underperformance and discussing and agreeing any remedial actions that may be required. The dashboard provides a graphical and easily accessible overview of: -
 - Progress against CMT priorities, Directorate Management Team (DMT) priorities, Wellbeing Objectives, and the Team Caerphilly transformation programme.
 - Budget position (over / underspend) by Directorate.
 - Corporate risk position.
 - Sickness absence position by Directorate and Service.
 - Workforce position (starters and leavers).
 - Complaints and compliments received by Directorates.
 - Public Accountability Measures.
 - Freedom of Information requests received and compliance.
- The CPA dashboard is reviewed by CMT on a quarterly basis as well as being presented twice-yearly to Cabinet. While the dashboard itself offers a rich insight, it is the quarterly discussion at CMT that enables constructive challenge and ultimately improvement activity to be agreed.
- **Directorate Performance Assessments (DPA's)** - The CPA dashboard is underpinned by a more detailed set of Directorate Performance Assessment (DPA) dashboards. DPAs provide Directorate Management Teams with a range of data to keep progress under review, drive performance improvement and manage resources, intelligence and risks. Information in the DPA dashboards is grouped as follows: -
 - Overall summary of the quarter.
 - Progress on Directorate priorities.
 - Performance data.
 - Customer intelligence.
 - Resources – financial, workforce and assets.
 - Risk Register.
 - Well-being Objectives.
 - Lessons learned.
 - Conclusion.

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- The DPAs are received by Directorate Management Teams on a quarterly basis providing opportunities to account for progress, challenge performance and agree improvement activity. The DPA's are shared with relevant Scrutiny Committee's twice-yearly.
- The new framework is different from the previous process by joining a wide range of different information in the one place to form an overall self- assessment of the Directorate. This provides a "single source of the truth" and makes it easier to identify reasons for self- assessment learning and judgements.
- **Service Planning** – The approach to service planning centres on a Directorate service planning workshop which takes place in February each year, if required by the relevant Director.
- In advance of the workshop, Heads of Service are tasked with working through a set of questions with their staff to identify key priorities and targets for the year ahead; recognise service contributions to the wellbeing objectives; propose measures of success; and define potential risks.
- The final output is transposed into the DPA and CPA dashboards for quarterly review. The outputs are also incorporated into the MyTime Extra review process as well as being published and distributed as a booklet to staff from across the service.
- Where services have existing mechanisms in place for setting priorities (for example Education have robust processes that meet ESTYN requirements), they will populate the DPA dashboards with the relevant information before the beginning of the financial year.
- **Risk Management** - The monitoring of risk is now embedded within the CPA and DPA dashboards rather than existing as a standalone document. As such, risks are monitored quarterly by Corporate Management Team and Directorate Management Teams with risk levels and mitigating actions being discussed and agreed.
- The CPA contains the organisation's 'high level risks' and is owned and updated by CMT. DPAs contain Directorate as well as CMT risks. The Council's risk position continues to be reported twice-yearly to the Audit Committee.
- **MyTime Extra** – The Council has implemented a replacement for the Personal Development Review (PDR) process for all staff. The new approach which will still be undertaken formally on an annual basis, MyTime Extra, has been rolled out across the authority, albeit that there have been delays due to the ongoing impact of Covid-19. The new approach is based on a set of principles to support annual meetings with staff to explore what has gone well and not so well and to set goals and priorities for the following year. The concept has been introduced as part of the Team Caerphilly transformation programme. The annual discussion enables staff to reflect on their prior year achievements, discuss any learning that has emerged, define their contribution to the service objectives defined at service planning workshops, and to explore their training and development needs. MyTime Extra enables a specific link to be made between the work of the individual and the priorities of the organisation.
- The Council's performance framework as set out above provides Cabinet, Scrutiny Committees, CMT and DMTs with a regular and embedded mechanism for monitoring progress, managing performance, and driving improvement. The dashboards provide a 'single source of the truth', enable key aspects of performance to be discussed, actions to be agreed and learning to be generated. The ability to specifically link individual contributions to organisational goals provides a platform for every employee to understand how they fit and to be recognised for the part they play in delivering the Council's objectives.
- The Council also conducts a "household survey" every two years. This measures citizens' perception of the quality of services. The household survey was due to be carried out again during 2020 but was delayed due to Covid-19. The survey took place over the Christmas period 2020 and ended in January 2021. It supported the ongoing Caerphilly Conversation and the Consultation and Engagement Framework 2020-2025, adopted by Cabinet on the 26th February 2020. The results have been used in refining the transformation corporate reviews. As it is the first such survey since 2017 its results will also inform the next review of the Corporate Plan.

4.1.4 *Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny, and officer functions, with clear delegation arrangements and protocols for effective communication.*

- The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.
- Policy and decision-making is facilitated through the Cabinet supported by a framework of Statutory and Scrutiny Committees. Delegated decisions made by authorised senior officers, under the scheme of delegation, are posted on the intranet, when appropriate. The CMT has no collective decision-making powers.
- The Council's Constitution is a living document and is reviewed and refreshed on a regular basis to reflect current legislation and working practices. In addition to the Annual Report presented to the Annual Meeting of Council each May, ad hoc reports are presented to Council in relation to any proposed changes to the Constitution. In addition, Members approved that overseeing the Constitution should be added to the terms of reference of the Council's Democratic Services Committee.
- Various guidance notes for officers have been prepared to sit alongside the Council's Constitution and training has been rolled out. The documentation is available on the corporate governance pages on the Council's intranet. These arrangements have now been formally embedded within the Council's governance arrangements.
- One of the ten corporate reviews being undertaken as part of the Team Caerphilly transformation programme will focus on decision-making. The review will seek to ensure that: -
 - Governance arrangements are in place that keep us safe while supporting modern ways of working.
 - Cabinet decision-making arrangements focus appropriately on Council-wide strategic issues.
 - Scrutiny Committees focus Committee time on Council wide strategic issues aligned to the Cabinet Forward Work Programme.
 - Delegated Decision-Making capability is introduced for individual Executive Members as well as Directors with appropriate thresholds and safeguards in place.

4.1.5 *Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.*

- The Council's Constitution contains formal codes of conduct that articulate the standards of ethical behaviour that are expected from both elected members and officers. These incorporate procedures for the disclosure of personal interests and offers of gifts and hospitality.
- Both members and officers are made aware of the personal conduct and disclosure requirements and they are available for reference on the Council's intranet.
- All declarations of member gifts and hospitality are reported to the Council's Standards Committee. For officers a quarterly update is given to the Council's Audit Committee.
- The Council's is developing a Workforce Development Strategy and one of the actions arising from it will be to review management and leadership learning and development requirements and opportunities to ensure current and future managers and leaders have the necessary skills to deliver the vision of the Team Caerphilly transformation strategy.
- Customer Services standards have been introduced as standards of behaviour adopted by the authority that all staff should be adhering to.

4.1.6 *Reviewing and updating standing orders for contracts, financial regulations, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls to manage risks.*

- The Monitoring Officer in conjunction with senior officers and members undertakes periodic reviews of the Council's Constitution including reviewing Standing Orders for Contracts, Financial Regulations and the Scheme of Delegation to ensure that current practices and legislation are reflected.
- The standard member reporting procedure requires a consideration of risk for all significant decisions. This is also underpinned by a robust structure and system for identifying and evaluating all significant business risks at both corporate and operational levels, the key elements of which are a Corporate Risk Register, Directorate Risk Registers and Service Level Risk Assessments. These are all key elements of the new performance framework that was approved by Cabinet on the 26th February 2020.
- The Council has a formally agreed Risk Management Strategy which was endorsed in 2013. This strategy was reviewed and updated with a report being presented to Cabinet on the 7th June 2017, followed by the Audit Committee on the 17th October 2017.
- Given the scale of Council's ongoing transformation programme and the challenges presented by the recovery from the Covid-19 pandemic, it is now considered timely for a further review of the Risk management Strategy to be undertaken. This review will be completed during the 2021/22 financial year.
- The Corporate Risk Register is reported to the Audit Committee twice-yearly, with CMT providing quarterly updates through the CPA. Cabinet also receives mid-year and year-end updates as part of the Corporate Performance Assessments.

4.1.7 *Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.*

- The Council has appointed an Audit Committee whose terms of reference comply with CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.
- The committee has been renamed from April 2021 as the Governance and Audit Committee in line with the requirements of the Local Government and Elections (Wales) Act 2021.
- Training for new members of the Audit Committee and refresher training is carried out periodically and at least twice in a Council term. Ad-hoc training is provided as required or where specific needs have been identified.
- The Terms of Reference are reviewed annually and are updated. The latest review was completed in February 2021 and reported to the Audit Committee on the 19th March 2021.

4.1.8 *Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.*

- The Council aims to ensure compliance with established policies, procedures, laws and regulations through a variety of mechanisms, including the following: -
 - Corporate Management Team.
 - Directorate Management Teams.
 - Heads of Service.
 - Head of Legal Services & Monitoring Officer.
 - Head of Financial Services & S151 Officer.
 - Senior Information Risk Owner (SIRO).
 - Data Protection Officer.
 - Internal Audit.
 - External Audit.
 - Performance Management Framework.
- The Head of Legal Services & Monitoring Officer and the Head of Financial Services & S151 Officer routinely attend each formal meeting of the Corporate Management Team and they also attend all Cabinet meetings. Furthermore, the standard committee reporting procedure and report template requires these Officers to

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examine reports to the Executive for compliance with legal and procedural issues. The report template also includes a section on financial implications which is reviewed by the Head of Financial Services & S151 Officer.

- In addition to the above, the Authority has a Deputy Monitoring Officer and a nominated Finance Manager will represent the Head of Financial Services & S151 Officer when required. This ensures that adequate cover for these roles is in place during periods of sickness absence or annual leave.

4.1.9 ***Arrangements for whistle blowing and for receiving and investigating complaints from the public.***

- The Council has in operation a widely publicised Whistleblowing Policy, which forms part of the Council's Constitution. This is overseen by senior officers within the Authority and reported to the Council's Standards Committee on an annual basis.
- The Council also operates a formal Corporate Complaints Procedure, which has been widely publicised.
- The Audit Committee has continued to play a more proactive role in monitoring the level of complaints and the procedures that are in place, with reports being presented periodically. In addition, individual Scrutiny Committees may receive reports on complaints when requested.
- There are a number of avenues for members of the public to report concerns, complaints and other matters.
- One of the corporate reviews currently underway includes a review of complaints handling, with the aim being to ensure consistency across the authority together with the consideration of the introduction of a centralised complaints logging system.

4.1.10 ***Identifying the development need of members and senior officers in relation to their strategic roles, supported by appropriate training.***

- Formal induction programmes and training and development plans are in place for members. Where identified through the staff appraisal process, senior officers participate in management development training.
- It had previously been recognised that the induction and training of members was sporadic in respect of some committees. In order to address this issue Council approved the implementation of a new, more focused training regime for members which includes the identification of certain aspects of training as mandatory.
- A training needs analysis is carried out every 18 months by Democratic Services to help members identify their own development needs and a training programme is then put together as a result of the analysis.
- The Council has previously undertaken a successful senior member development programme, which was a training framework for members who hold or aspire to hold senior office.
- A review of induction arrangements for officers is being undertaken as this area can be improved. Although some progress has been made with developing an I.T. solution, this is still in progress and needs review in line with the impact of the GDPR.
- As mentioned in Section 4.1.5 leadership and development competencies are being reviewed to identify effective behaviours that are needed to deliver the vision of the Team Caerphilly transformation strategy, and the skills and values required from all staff. A new fixed-term Principal Human Resources Officer has been appointed to assist with this work.

4.1.11 ***Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation/engagement.***

- The Authority formally adopted a new three-year Corporate Communication and Engagement Strategy in 2019 which clearly defines the way the organisation communicates with staff, residents, partners and other key stakeholders across the county borough. The Council is increasingly using digital channels in its communication and engagement activity. However, we are mindful of the needs of

all residents, so will continue to adopt a mixed approach using both digital and traditional platforms.

- Details of current and recent consultations (including links to live consultation documents / surveys and reports relating to completed consultations) are available on the Council's website.
- Extensive consultation / engagement is undertaken annually in relation to the budget setting process. Guidance exists to ensure that all efforts are made to engage with groups with protected characteristics.
- In addition, in February 2020 the council adopted its Consultation and Engagement Framework, setting out a series of high-level principles which build upon the way the Council engages with its citizens and supports enhanced consultation and engagement activity across communities. The framework complements the principles within the Corporate Communication and Engagement Strategy and also has clear links to the Council's Team Caerphilly transformation strategy. The framework's intentions are: -
 - To highlight the continued importance of effective consultation and engagement and the clear strategic link to the decision-making process.
 - To demonstrate the key role that engaged, empowered communities have in supporting the future proofing of Council services.
 - To provide a clear definition of engagement and explain the 'Spectrum of Engagement'.
 - To outline the principles and standards that underpin meaningful engagement and consultation.
- The framework is very much intended to further build on the national consultation and engagement principles and standards that the Council already operates within.

4.1.12 *Incorporating good governance arrangements in respect of partnerships and other group working as identified in the CIPFA Framework "Delivering Good Governance in Local Government" and reflecting these in the authority's overall governance arrangements.*

- The Authority has adopted a partnerships and collaborations framework which specifies the minimum governance requirements in respect of all the Authority's partnerships and the enhanced requirements in respect of its key partnerships.
- In addition, the framework sets out the requirements for creating new partnerships and collaborations and importantly includes the arrangements for disbanding and exiting arrangements.
- The Authority maintains details of all current partnerships and collaborations; this is reviewed and updated bi-annually and reported to the Corporate Governance Review Panel and Audit Committee periodically.
- The Authority has long-standing partnership arrangements with the third sector and has enshrined these in its joint agreements. In 2013 this agreement brought in the PSB partners, third sector organisations, Community and Town Council's and the Caerphilly Business Forum. The Third Sector Partnership Agreement has been updated to align with the PSB's Well-being Plan, "The Caerphilly We Want 2018-2023" and was signed by all PSB organisations in July 2019.

5. Review of effectiveness

- 5.1 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Governance Review Panel (which has responsibility for the development and maintenance of the governance environment), the Internal Audit Manager's annual report, and comments made by the external auditors and other review agencies and inspectorates. The review covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure:-

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- The Authority's policies are put into place.
- Laws and regulations are complied with.
- Required processes are adhered to.
- Performance and financial statements and other published information are accurate and reliable.
- Human, financial, data/information and other resources are managed efficiently and effectively.
- Services are delivered efficiently and effectively.

5.2 The following paragraphs describe the processes that have been applied in maintaining and reviewing the effectiveness of the Council's governance framework.

5.2.1 Corporate Level Review

- A Corporate Governance Review Panel has been established to oversee the compilation of the Annual Governance Statement. Membership of the Panel is as follows: -
 - Corporate Director for Education & Corporate Services (Chair).
 - Head of Financial Services and S151 Officer.
 - Head of Legal Services & Monitoring Officer.
 - Interim Head of Transformation.
 - SIRO/Head of Customer & Digital Services.
 - Internal Audit Manager.
 - Cabinet Member for Finance, Performance & Customer Service.
 - Audit Committee Chair.

5.2.2 Directorate Level Review

- The Council adopts Directorate Assurance Statements requiring members of the Corporate Management Team to review the operation of a range of governance systems and procedures within their service areas, and to indicate whether there are any significant non-compliance issues. These are analysed by the Corporate Governance Review Panel to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.
- The new performance management framework has resulted in the introduction of Directorate Performance Assessments (DPA's) as detailed in Section 4.1.3.

5.2.3 Scrutiny Committees

- The Council has Scrutiny Committees which meet in public and make recommendations on the improvement and development of policies and hold the Executive and officers exercising delegated powers to account for their decisions.

5.2.4 Audit Committee

- The Council has appointed an Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework
- Periodic ad-hoc training and development sessions are held for members of the Audit Committee to ensure that they are equipped with the knowledge required to effectively undertake their roles.
- The name of the Committee changed to the Governance and Audit Committee from April 2021 in line with the requirements of the Local Government and Elections (Wales) Act 2021. Revised terms of reference were agreed by the Committee on the 19th March 2021.

5.2.5 Standards Committee

- The Council has appointed a Standards Committee in accordance with the provisions of the Local government Act 2000 and associated regulations. Its terms of reference are set out in the Council's Constitution.

5.2.6 Business Improvement Team (BIT)

- The Business Improvement Team (BIT) is responsible for implementing and maintaining the Authority's new performance management framework. The Team supports and challenges the authority as a whole, and individual services, to continuously improve through the use of relevant data and also being part of a new programme of service reviews that are being undertaken as part of the Team Caerphilly – Better Together transformation programme.
- The BIT is part of the Council's Service Improvement and Partnership Unit which includes Policy, Equalities, Welsh Language and voluntary sector support. This has strengthened our approach to performance management by reinforcing the links to our policy and planning activities. It has enhanced our ability to respond to the requirements of the Well-being of Future Generations (Wales) Act 2015 in terms of having a lead role within the Public Services Board (PSB), demonstrating our own contribution to the well-being goals for Wales, delivering our Well-being Objectives, and embedding the sustainable development principle.
- The BIT also works with the council's external auditors to co-ordinate audit and inspection.

5.2.7 Information Governance

- The Council's Information Governance structure continues to provide assurance that information is used appropriately and kept securely.
- The Head of Customer & Digital Services is the Council's Senior Information Risk Owner (SIRO), and the Procurement and Information Manager is the Deputy SIRO.
- The SIRO's role is to assure the Council's information through implementation of the Information Risk Management Policy.
- During 2019/20 we updated the process for Heads of Service, as Information Asset Owners, to submit half-yearly information risk returns to the SIRO. The new process provides the SIRO with enhanced visibility to ensure risks are reported appropriately, measures to reduce risk are effective across all services, and information risk management is embedded into the culture of the organisation.
- The Data Protection Officer (DPO) required by Article 37 of GDPR is the Information Governance Manager. This post provides DPO reports to CMT via the SIRO and the relevant Cabinet Member quarterly. In addition, to respond to increasing cyber security risks, regular updates on cyber security are now provided to CMT for their consideration, which has resulted in the Chief Executive raising awareness of this key risk amongst all staff and elected members. The post also fulfils the DPO function for all of the Council's schools via a Service Level Agreement and works closely with Legal Services via the Exemption Panel.
- A network of Information Governance (IG) Stewards within each Service Area assist Heads of Service in assuring their information by communicating key messages on IG policies and training and developing and maintaining a GDPR compliant Record of Processing Activities via Information Asset Registers and Privacy Notices. A fixed-term Information Governance Compliance Officer was recruited in March 2021 for one year to address any identified gaps in the Council's data protection compliance.
- During 2019/20 the Information Security function was moved under the remit of Information Governance, providing an opportunity for management of data protection and IT security via one team, as well as an independent overview of the Council's IT systems.
- Attention has turned to encouraging effective records management practices across the Council including during the set-up of new technologies. This will ensure records repositories are well managed to encourage services to make the best use of Council data.

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- Sound records management, especially of electronic formats, will also help to address growing demands of information rights requests whilst staff Council-wide work in an agile way. Increasing request numbers, office access restrictions due to Covid, and redeployment of staff across the organisation to address Covid has led to a large backlog of information requests. The potential to automate aspects of information requests is being explored, alongside other measures to manage the volumes of requests received.
- During the 2021/22 financial year priorities will include continuing to improve the content, governance and security of records, and developing a cyber-security strategy to build on staff, management and elected member awareness, particularly when staff are working remotely/agile, and to plan our response in the event of an attack.

5.2.8 Internal Audit

- Internal Audit Services is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Directorate. Each report includes recommendations for improvements and an agreed management action plan. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon.
- Following recommendations in the external auditor's annual ISA260 reports the role of Internal Audit and the contribution made towards the overall governance framework continues to be reassessed. This process is evolving and developing over time in line with the needs of the organisation and will embrace the principles promoted within the Public Sector Internal Auditing Standards (PSIAS).
- During 2017/18 the Internal Audit Section's conformance with the Public Sector Internal Audit Standards (PSIAS) was subject to external peer review which determined that with the exception of a few minor issues the Section was compliant. A new review cycle has now been entered and plans are in place for a further external review to take place in 2022/23.
- The Covid-19 pandemic has impacted on the work of Internal Audit Services during the 2020/21 financial year. The audit programme was temporarily suspended in April 2020 with some staff being redeployed to support the Track, Trace and Protect (TTP) service and some staff providing financial support to the Caerphilly Buddy Volunteer Shopping Scheme. This left a minimum core of Internal Audit staff to provide advice and guidance on good practice and amendment of control processes to adapt to Covid-19 new ways of working. In addition, there were a number of Internal Audit team members who left the Council's employment in 2020/21 due to retirement or resignation. The Head of Financial Services & S151 Officer has been fully appraised of these issues and during the second half of the financial year an Internal Audit Services Audit Plan was established and approved, prioritising high risk financial systems. This together with the previous knowledge and experience gained from historical audits of these areas have contributed to the overall assurance in order to support the Internal Audit Annual Opinion for 2020/21.
- The Acting Internal Audit Manager has concluded for the year 2020/21 that overall, the Council's systems and control procedures are effective.

5.2.9 External Audit

- The Council receives regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.
- In May 2021, Audit Wales issued its report 'Delivering Good Governance – Caerphilly County Borough Council'. Initially it was planned that this report would be based on a review that would answer the question '**Is the Council improving its governance arrangements so that they support its transformation agenda**'? However, for reasons set out in the report Audit Wales have instead focused more narrowly on the

robustness of the Council's arrangements for the delivery of its Transformation Strategy.

- Overall, the report 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. The report included five matters for consideration and an action plan is being developed setting out how the Council will respond to these matters.
- The Audit Wales report is available through the following link: -

[Link to be inserted when document is available.](#)

5.2.10 *Extraordinary events – Coronavirus (Covid-19)*

- The emergence of the Coronavirus across the world posed a significant and unprecedented challenge to our way of life and the way in which the Council has provided services during the year.
- In response to the pandemic and the Authority refocussed, repurposed and reshaped its priorities and how it works within a very short timescale. This has ensured that we were best placed and equipped to respond to the immediate needs of our communities.
- The lockdown restrictions initially made it impractical to convene any political decision-making meetings so decision-making was temporarily transferred to the Chief Executive in accordance with Part 3 of the Council's Constitution. Urgent decisions made by the Chief Executive were posted on the Council's intranet following consultation with the Leader and/or Cabinet and were subsequently reported to full Council for information on the 6th October 2020.
- The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 have introduced several changes to the mechanisms and regulations attached to Council decision-making functions. The Welsh Local Government Association (WLGA) issued a guidance note on the regulations for Councillors on the 23rd April 2020, which has been distributed to all members. Some of the key components of the guidance are: -
 - **Remote attendance** - All members can remotely participate in meetings. This applies to meetings held before the 1st May 2021. Audio participation is all that will be required. Members have been provided with appropriate equipment and training to enable them to participate in remote meetings.
 - **Annual Meetings** - If a Council has not held an annual meeting after the 1st March or before the 22nd April 2020 then the annual meeting can be held on any date in 2020. Caerphilly CBC's annual meeting was held on the 3rd September 2020.
 - **Other meetings** - Other meetings that would normally be required to be held at specific times in the Council calendar can now be held at any time before the 1st May 2021.
 - **Summonses to meetings** - Members can now be summoned to meetings through electronic communication.
 - **Public attendance** - Due to the public health risks, public and press attendance at meetings is no longer required. However, if practicable, public viewing or listening of any meetings should be arranged. Caerphilly CBC initially recorded meetings of Cabinet and the Planning Committee using Microsoft Teams, with the recordings subsequently being made available on the Council's internet. This has now been rolled out to a wider range of meetings and we are also exploring the potential for the live streaming of meetings moving forward.
 - **Meeting papers** - A note of meeting proceedings should be published electronically within 5 days of the meeting being held. This note should include a list of attendees, declarations of interest, any decisions taken (except exempt items) and the outcomes of any votes.
 - **Executive decisions** - When a decision is taken by the Executive any written statements or reports relating to the decision should be published on the

Council's website.

- **Flexibility** - The WLGA guidance also references the fact that whilst the new regulations allow greater flexibility around managing Council business, Council resources and staff have been refocused and reprioritised to respond to the Coronavirus pandemic, and that Members should bear in mind that meetings are only likely to be held to take decisions on urgent and business critical issues until the pandemic subsides.
- The Council has worked towards bringing decision-making back online in a sensible, practical and manageable timeframe. Two of the key considerations in delivering this timetable were the availability of the technology to support remote decision-making and the extensive training and development programme that was required to ensure that every elected member can participate fully.
- The Authority has incurred significant additional costs due to the pandemic and has lost income in several key areas. The key areas where additional expenditure has been incurred include Social Care, the provision of Personal Protective Equipment (PPE), Information Technology, the establishment of Community Hubs for childcare provision and Free School Meals.
- The main areas where income loss has been experienced include Leisure Centres, Tourism Venues and School Catering. Council Tax collection rates have also been adversely affected by the economic impact of the pandemic.
- The Welsh Government has provided a significant financial support package to help Local Authorities manage the financial impact of Covid-19 in the 2020/21 financial year. The Welsh Government has also committed ongoing financial support for the first half of the 2021/22 financial year but the position beyond this remains uncertain and presents a significant financial risk.
- At its meeting on the 1st July 2020, Cabinet endorsed a recommendation in the 'Provisional Outturn for 2019/20 Report' to transfer £2.713m into an earmarked reserve to meet potential unfunded additional costs arising from the Covid-19 pandemic.
- Clearly, the virus will remain with us for some time yet and the resilience of the organisation and our communities must be ensured and protected throughout.
- At its meeting on the 30th September the Cabinet approved a Strategic Framework for Recovery setting out our strategic aim for recovery from the pandemic together with a set of underlying principles and values through which our recovery work will be guided.

5.3 Review Outcome

- The Council's governance arrangements are regarded as generally fit-for-purpose and are in accordance with the governance framework. The Council is committed to maintaining and improving the governance framework and resources are prioritised for this.
- As mentioned in paragraph 5.2.9, in April 2021 Audit Wales issued its report 'Delivering Good Governance – Caerphilly County Borough Council'. The report included five matters for consideration and an action plan is being developed setting out how the Council will respond to these matters.
- A further matter to report that emerged during the 2019/20 financial year is the actions of the former Leader of the Council who bought shares in a company that was in a contract with the Cardiff Capital Region. The councillor reported a possible breach of the members' code of conduct to the Public Services Ombudsman for Wales and the final outcome of the referral is awaited.
- Another issue to report from previous years is an investigation in the council's Waste Service into irregularities with the working practices of operatives and potential weaknesses in respect of contract management. This investigation was concluded during 2020/21 and several improvements have been implemented in relation to contract management. Furthermore, a full service review is ongoing along with the development of a new Waste Strategy.
- The 2019/20 Annual Governance Statement identified three areas, listed below, where improvements could be made to strengthen existing processes and

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procedures during 2020/21. Progress has been monitored and reviewed during the year and an update is provided below: -

- 1. Ensure that the new performance framework approved by Cabinet on the 26th February 2020 is fully embedded and operating effectively.**

Update - As set out above at 4.1.3 the new performance framework, although delayed due to the pandemic, is now operational.

- 2. Work with Audit Wales to complete the self-evaluation of the council's governance arrangements that commenced during the 2019/20 financial year.**

Update – The joint work to evaluate the council's governance arrangements has concluded and the Audit Wales 'Delivering Good Governance – Caerphilly County Borough Council' report was issued in May 2021. The report includes five matters for consideration and an action plan is being developed setting out how the Council will respond to these matters.

- 3. Continually monitor the impact of the ongoing Covid-19 pandemic to ensure that our governance and financial management systems are robust and able to response flexibly to emerging issues.**

Update – The Authority responded well to the immediate challenges posed by Covid-19. A Strategic Framework for Recovery has been approved by Cabinet and we are also now focussing on the ten Corporate Reviews under our transformation programme that will shape the way we provide services to our communities in the future.

- The review of the Council's governance arrangements operating throughout 2020/21 has highlighted three areas where steps will need to be taken to ensure that sound governance arrangements are in place and are fit-for-purpose to deal with emerging issues: -

- 1. The Council's Risk Management Strategy will be reviewed and updated as appropriate.**
- 2. We will ensure that the Council's ability to mitigate cyber risk is effective given the escalating global threats. This will include the development of a Cyber Security Strategy.**
- 3. We will develop and implement an action plan to address the five key matters for consideration included in the Audit Wales report 'Delivering Good Governance – Caerphilly County Borough Council'.**

- We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the issues identified during the review process and we will monitor their implementation over the coming months.

Signed: -

Philippa Marsden
Leader of the Authority

Christina Harrhy
Chief Executive