

## Delivering Good Governance – Caerphilly County Borough Council

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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)<sup>1</sup>.
- 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

<sup>1</sup> 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

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#### 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.

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#### 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.

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#### 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.

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#### 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**

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### **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

Future<sup>2</sup>?' 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.

<sup>2</sup> '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**

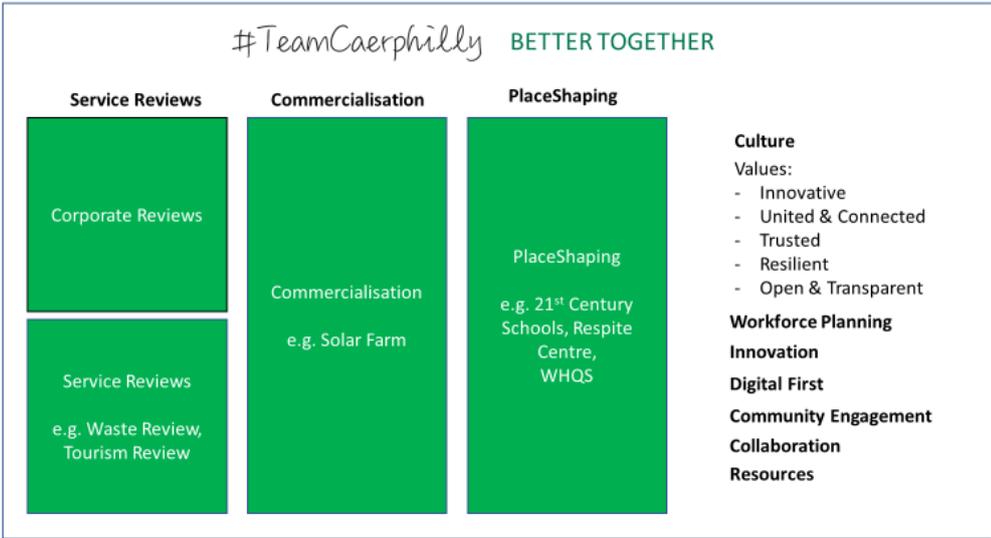
<b>1</b>	Walk in Services	<b>OneCouncil</b>	<b>Learning Organisation</b>
<b>2</b>	Remote Contact		
<b>3</b>	Front Line Delivery		
<b>4</b>	Support Services		
<b>5</b>	Flexible Working	<b>Workforce</b>	
<b>6</b>	Workforce Development		
<b>7</b>	Sustainable Financial Planning		
<b>8</b>	Information, Insight & Intelligence	<b>Resources</b>	
<b>9</b>	Volunteering		
<b>10</b>	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)<sup>3</sup>. The Council considers the SRF as an addendum to the delivery of the

<sup>3</sup> [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'<sup>4</sup> 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:

<sup>4</sup> [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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