



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