

Eifion Evans
Chief Executive
Ceredigion County Council
Penmorfa
Aberaeron
Ceredigion
SA46 0PA

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

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Annwyl Eifion

Assurance and Risk Assessment progress update

Following on from our meeting with the Leadership Group earlier this year we said that we would more formally feedback on some specific aspects of our assurance and risk assessment work that we have undertaken. This letter provides a progress update on the Council's arrangements for:

1. recovering from the pandemic; and
2. performance management and responding to the requirements of the Local Government and Elections (Wales) Act 2021.

This work was undertaken as part of our 2021-22 Assurance and Risk Assessment (ARA) project to help discharge the Auditor General's duties¹.

We recognise that the Council's recovery from the pandemic and its response to the Local Government and Elections (Wales) Act 2021 are ongoing. This feedback

¹ These duties include under 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 Well-being of Future Generations (Wales) Act 2015.

provides a point in time assurance and risk progress update on the Council's arrangements in these areas.

1. Recovering from the pandemic

What we did

Throughout the COVID-19 pandemic Audit Wales has continued to meet with the Council's key contacts on a regular basis to undertake assurance work on the Council's response to the pandemic and provide real-time feedback to the Council.

What we found

The Council has continued to provide vital information, services and additional support to its communities during the pandemic. By establishing a critical incident command, it was able to take important decisions quickly. The Council's response to the pandemic is being managed over three phases these being, Phase 1 – Preparedness – Closing down of all non-essential services, Phase 2 – Implementation – Delivering services under lockdown conditions and the current Phase 3 – Adjustment and long-term resilience – establishing medium to long-term strategies that identify new working practices while ensuring that the Council's core vision and values are promoted.

In response to the pandemic's legal requirements to work from home, significant numbers of the Council's workforce and elected members quickly moved to agile working.

The pandemic has also accelerated the Council's plans for Agile working, with the Council introducing Hybrid working for staff, where appropriate. This way of working will facilitate a commitment for many services to continue to be delivered remotely for the long term. The pandemic has also promoted several positive operational and cultural changes such as, colleagues working together to deliver a joined-up response for citizens and strengthened relationships with partners and stakeholders.

2. Performance management and arrangements for responding to the Local Government and Elections (Wales) Act 2021

What we did

We undertook our assessment of the Council's progress in responding to key requirements in the Local Government and Elections (Wales) Act 2021 between January and April 2022. The evidence was gathered through interviews and document reviews and drew on relevant findings from our other ongoing and recent work at the Council. Our work looked at the new performance management arrangements the Council is putting in place as well as arrangements it is putting in place to respond to the Local Government and Elections (Wales) Act 2021 (the 2021 Act). The work was not an assessment of the effectiveness of these arrangements.

What we found

- **Arrangements for Performance Management**

The Council has refreshed its approach to Performance Management with a new business, planning and performance process launched during 2021-22. and has plans to develop them further going forward. The main areas of focus for its refreshed performance management arrangements are: ensuring that it supports the evidence gathering for the self-assessment requirements of the 2021 Act, a clearer focus on defining and distinguishing objectives, tasks and measures, integrating risk management into the arrangements, and developing robust and more granular reporting to support its decision making.

- **Arrangements for Self-Assessment and Panel Assessments**

The Council has an outline approach for undertaking its self-assessment required by the 2021 Act, which is based around key lines of enquiry. At the time of our work, the overall approach had generally been accepted by the Council's senior leadership, and was being worked up in more detail to be agreed by the Council's wider Leadership Group and Cabinet. The approach as outlined has several positive attributes including:

- engagement of both Members and Senior Officers to provide overview and challenge at key self-assessment milestones;
- integration with the existing performance management framework and related software to support annual business planning and performance reporting at the Council's Quarterly Performance Boards; and

- integrating the self-assessment output with the review and reporting of progress on delivering its Well-being Objectives.

The Council intends to produce a self-assessment output, with the first of these being published in January 2023. However, for subsequent years it plans to move the publication date to November each year.

The decisions for the arrangements and timing for the statutory Panel Assessment as required by the 2021 Act will be taken by the new administration after the May 2022 elections, however, the Council indicated that the panel assessment will likely take place in 2024.

- **Arrangement for the Consultation Duty and Participation Strategy**

Whilst the Council recognises the need to engage and consult on its self-assessment, it told us that its approach for this first year will be to use evidence from existing engagements and not to undertake a specific consultation on the self-assessment report. In taking this approach the Council should assure itself that it has fully discharged its consultation duty around self-assessments.

The Council is currently amending its Engagement Policy, which it stated will encompass both the approach to consultation on the self-assessment and its participation strategy. This work will be supported by the Council's newly established engagement team. Whilst at the time of our review the policy was at too early a stage of development to share, the Council intends to finalise this policy after the new administration is formed.

- **Arrangements for the changes to Governance and Audit Committees**

The Council's new Governance and Audit Committees (G&AC) composition has been approved by the Council and its Audit Committee and involves six Councillors and three Lay Members. Despite some early challenges with attracting suitable candidates, by the time of our review all three new Lay Members had been recruited and appointed. The Council was also intending to undertake training for the new Lay members prior to the May elections. The Council has told us that it is in the process of making all the required changes to its Constitution prompted by the new 2021 Act, and that further changes may be made in line with the WLGA model constitution.

- **Arrangements for establishing Corporate Joint Committees (CJCs)**

The Mid Wales CJC was established on 25 January 2022 in conjunction with the other statutory partners, Powys County Council, and the Brecon Beacons National Park Authority. Key statutory decisions were taken at this meeting, such as appointment to the governance structure and approval of the Budget.

The Mid Wales CJC has been organised around a sub-committee structure, with two of the three areas of responsibility, Regional Transport and Regional Development being discharged through the existing regional groups of Mid Wales Transportation (TraCC) and The Mid Wales Growth Board. The third area of responsibility 'Regional Planning' will require the establishing of a new sub-group to manage these responsibilities. The Council highlighted that this third area of responsibility as one that presents the most challenge, due in part to the different stages of development of the individual partners' Local Development Plans.

Resources to deliver the CJC responsibilities will be met from existing partner resources, other than for the appointment of a full-time project manager until April 2023.

The Council also expressed some concern over the current lack of clarity around the agreed legal status of the CJCs across Wales. With this posing a risk that monies that may potentially flow through the CJC could be subject to VAT and Corporation Tax. The Council is working with the WLGA to seek a solution to this.

- **Use of the General Power of Competence**

The Council told us that it has no immediate plans to use this power. However, this position will be reassessed once further guidance on the power has been received from the Welsh Government.

This letter forms part of the feedback on our Assurance and Risk Assessment work. We will also be reporting in due course on two further subject areas: carbon reduction and an update on financial sustainability. It is intended that the work on these two areas will be reported in Summer 2022.

I would like to take this opportunity to thank you and your officers for the ongoing support you provide to enable us to carry out our work. We look forward to continuing to work positively with you going forward.

Diolch yn fawr.

Yn gywir,

Non Jenkins
Audit Manager