



## GOVERNANCE AND AUDIT COMMITTEE - 8<sup>TH</sup> OCTOBER 2024

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

**REPORT BY:   HEAD OF FINANCIAL SERVICES AND S151 OFFICER**

--

### **1.     PURPOSE OF REPORT**

1.1    To present the Governance and Audit Committee with the Audit Wales report on its latest financial sustainability review of Caerphilly CBC.

### **2.     SUMMARY**

2.1    Audit Wales has undertaken a further review of financial sustainability across all 22 principal councils in Wales as this continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources.

2.2    The objectives of the review are: -

- to provide assurance that councils have proper arrangements to support their financial sustainability; and
- to explain councils' financial position and the key budget pressures and risks to their financial sustainability.

2.3    As well as reporting locally to each council, Audit Wales will also produce a national report which will be published later this year.

2.4    The Audit Wales Financial Sustainability Review Report for Caerphilly CBC is attached at Appendix 1.

### **3.     RECOMMENDATIONS**

3.1    The Governance & Audit Committee is asked: -

3.1.1  to consider and comment upon the content of the Audit Wales report; and

3.1.2  to note that the Audit Wales recommendations have been accepted by Officers and progress will be reported to the Governance and Audit Committee through the existing six-monthly Regulator Recommendation Tracker Progress Update Report.

#### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that the Governance and Audit Committee is aware of the review work undertaken by Audit Wales and the resultant findings, conclusion, recommendations, and agreed actions.

#### **5. THE REPORT**

- 5.1 The Audit Wales report on the financial sustainability review for Caerphilly CBC is attached at Appendix 1.

- 5.2 Overall, the report concludes that: -

- the council understands its medium-term financial position and has a clear, but untested approach to improve its financial sustainability. However, its arrangements for reporting and oversight, and modelling of future service demands are limited; and
- the Council has a clear strategic approach to improve its financial sustainability, but it has not identified how it will meet its medium-term funding gap. In the short-term, the Council has used reserves and temporary savings to meet its immediate financial challenge while it embeds its longer-term approach.

- 5.3 The report contains a number of recommendations which are detailed in the management response form attached at Appendix 2. The management response form also includes details of completion dates for agreed actions and the responsible officer.

#### **6. ASSUMPTIONS**

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

#### **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

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

#### **8. FINANCIAL IMPLICATIONS**

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

#### **9. PERSONNEL IMPLICATIONS**

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

## **10. CONSULTATIONS**

10.1 There are no consultation responses that have not been reflected in this report.

## **11. STATUTORY POWER**

11.1 Local Government Acts 1972 and 2003.

Author: Stephen Harris, Head of Financial Services and S151 Officer  
Tel: 01443 863066 E-mail: [harrisr@caerphilly.gov.uk](mailto:harrisr@caerphilly.gov.uk)

Consultees: Dave Street, Deputy Chief Executive  
(Email: [streed@caerphilly.gov.uk](mailto:streed@caerphilly.gov.uk))  
Richard Edmunds, Corporate Director for Education and Corporate Services  
(Email: [edmunre@caerphilly.gov.uk](mailto:edmunre@caerphilly.gov.uk))  
Cllr Eluned Stenner, Cabinet Member for Finance and Performance  
(Email: [stenne@caerphilly.gov.uk](mailto:stenne@caerphilly.gov.uk))

Appendices:

Appendix 1 – Audit Wales Report, Financial Sustainability Review, Caerphilly CBC

Appendix 2 – Management Response Form