

Caerphilly County Borough Council

Annual Audit Summary 2024

Date Published: May 2025

This is our audit summary for Caerphilly County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in May 2024. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our website.

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 69 councillors who represent the following political parties:

- Labour 45
- Plaid 18
- Independent 6

The Council spent £472.8 million on providing services¹ during 2023-24².

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

² Source: 2023-24 Statement of Accounts

Key facts

As at 31 March 2024, the Council had £135 million of useable financial reserves³. This is equivalent to 29% of the Council's annual spending on services⁴.

Caerphilly County Borough Council has 10 of the most deprived 10% of areas in Wales, this is the 9th highest of the 22 unitary councils in Wales⁵.

Caerphilly County Borough Council's population is projected to increase by 1% between 2024 and 2043 from 182,400 to 185,000, including a predicted 5% decrease in the number of children, a 3% decrease in the number of the working-age population and a 20% increase in the number of people aged 65 and over⁶.

The Auditor General's duties

We completed work during 2023-24 to meet the following duties

- **Audit of Accounts**

Each year, the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

³ We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

⁴ Source: 2023-24 Statement of Accounts

⁵ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁶ Source: [Stats Wales, Population Projections](#)

What we found

Audit of Caerphilly County Borough Council's 2023-24 Accounts



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

Each year, we audit the Council's financial statements.

For 2023-24:

- The Council's responsible finance officer provided us with his signed statement of accounts (SoA) on 5 July 2024. This was five days after the agreed deadline of 30 June 2024.
- While the quality of the draft statements presented for audit was generally good, there was a significant number of audit corrections required.
- The Council's 's Annual Governance Statement and Narrative Report were prepared in line with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code and relevant guidance. They were also consistent with the SoA prepared by the Council and with our knowledge of the Council.
- We reported our audit findings to the Governance and Audit Committee on 7 May 2025 and then to all Council Members on 8 May. The audited SoA was signed by the Council on 8 May, and on 9 May the Auditor General certified it, with unqualified audit opinions.
- On 9 May the Auditor General also confirmed that the audit of the SoA had been completed and closed. The Auditor General is responsible for the audit of certain grant claims. For 2023- 24 there are six grant claims that require audit, five of which have been audited and certified. The remaining grant claim (for Gwent Frailty) is near completion.
- The Auditor General is also responsible for the audit of the Blackwood Arts Centre Charity's SoA, for which the Council is the corporate trustee. For 2023-24 the Charity's SoA required a full audit, in accordance with the Charity Commission's requirements, because its income for the financial year exceeded £1 million for the first time.
- A full audit is more extensive than the previous 'limited assurance' annual examinations. The audit is currently ongoing and in due course I will be reporting my findings to the Council's Cabinet Members, as those charged with governance for the Charity's annual accounts.

Assurance and risk assessment review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources in line with the Auditor General's duties. Our assessment is also used to inform our work planning for future years.

Unscheduled care

Our work has sought to examine whether health boards and local authorities have effective arrangements in place to ensure the timely discharge of patients out of hospital.

Overall, we found that despite a clear focus on improving patient flow within the region, a significant number of medically fit patients are occupying hospital beds. This continues to have serious knock-on effects on other NHS pathways of care and creates risks for patients' physical and mental well-being. More timely assessments of patients, a less risk averse approach to discharge planning and more consistent application of discharge policy is needed. Workforce and IT system challenges continue to be key barriers that partners will need to focus on to secure value from the investments they have made and to achieve the improvements they recognise are needed.

Digital Strategy

During 2022-23, we examined the Council's strategic approach to digital, and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the Council's resources. We found that the Council does not currently have a strategic approach to digital.

Financial Sustainability

During 2024, we reviewed the councils' financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term. We found 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.

Counter-fraud arrangements

During 2023-24, we reviewed the Council's counter-fraud arrangements, which looked at the extent to which the Council has in place proper arrangements to prevent and detect fraud and how the Council had responded to recommendations made in our earlier national report, published in 2020. We found that the Council lacks appropriate counter-fraud arrangements, which exposes it to increased risks of fraud and it has not addressed our previous recommendations in this area.

Cyber security - We assessed the extent to which the Council's arrangements for cyber resilience meet the 10 steps to Cyber Security produced by the National Cyber Security

Centre (NCSC). Given the sensitivity of this topic, the findings of this review were shared in a private session with the Council's Governance and Audit Committee.

National reports and products published in 2024

As well as local work at each council, each year, we also carry out studies across the local government sector to make recommendations for improving value for money. We published the following reports in 2024 which may be useful to the Council, and can be found on our website.

Report title	Publication date and link to report
Local Government Financial Sustainability	<u>December 2024</u>
Local Government Financial Sustainability Data tool update now includes data from the draft 2023-24 accounts	<u>December 2024</u>
National Fraud Initiative in Wales 2022-23	<u>October 2024</u>
Active travel (report and data tool)	<u>September 2024</u>
Governance of Fire and Rescue Authorities	<u>September 2024</u>
Affordable housing	<u>September 2024</u>
Digital by design? – Lessons from our digital strategy review across councils in Wales	<u>August 2024</u>
Councils' use of performance information: service user perspective and outcomes – A summary of findings from our review at Welsh councils	<u>July 2024</u>
Governance of National Park Authorities	<u>April 2024</u>
Supporting Ukrainians in Wales	<u>March 2024</u>
From firefighting to future-proofing – the challenge for Welsh public services	<u>February 2024</u>
Planning for sustainable development – Brownfield regeneration	<u>January 2024</u>

Planned work for 2024-25

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

Our planned work for 2024-25 includes:

- Assurance and risk assessment
- Review of the Council's scrutiny arrangements
- Follow up review of waste and recycling

The Auditor General is independent of government and was appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.