

Committee: **Special Council**

Date of Meeting: **7th February, 2022**

Report Subject: **Report of the Auditor General for Wales – Deficiencies in Blaenau Gwent County Borough Council’s governance and oversight arrangements in respect of the Council Owned company, Silent Valley Waste Services Limited.**

Portfolio Holder: **Councillor Nigel Daniels, Leader of the Council/Executive Member – Corporate Services**

Report Submitted by: **Michelle Morris, Managing Director**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|------------------------------|-------------------------------|--------------------|---------------------|----------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Governance & Audit Committee | Democratic Services Committee | Scrutiny Committee | Executive Committee | Council | Other (please state) |
| | | | | | | | 07/02/22 | |

1. **Purpose of the Report**
 - 1.1 To consider the report (at Appendix 1) of the Auditor General for Wales on the Deficiencies in Blaenau Gwent County Borough Council’s governance and oversight arrangements in respect of the Council-owned company, Silent Valley Waste Services Limited.

2. **Scope and Background**
 - 2.1 In 2017, the Council received a whistleblowing letter raising concerns relating to the Council's oversight of Silent Valley. The Council brought the letter to the attention of Audit Wales and requested an audit be undertaken to examine the matters raised.
 - 2.2 On 27th January, 2022 the Auditor General for Wales issued a report (the Report) in the public interest under Section 22 of the Public Audit (Wales) Act 2004. The report provides the findings of the investigation undertaken by Audit Wales.
 - 2.3 A report issued under Section 22 of the Public Audit (Wales) Act 2004 is known as a Public Interest Report and as a result the Authority must now consider the Report at this meeting of full Council.
 - 2.4 In accordance with Section 25 of the Public Audit (Wales) Act the Council must:
 - consider any action it must take as a result of the report,
 - whether the recommendation made is to be accepted and
 - what, if any, actions are to be taken in response to the recommendation.

3. **Options for Recommendation**

3.1 *To include Recommendation(s) / Endorsement by other groups, e.g. CLT/Committees/Other groups*

3.2 It is recommended that the Council:-

3.2.1 Consider and accept the contents of the Report of the Auditor General for Wales "Deficiencies in Blaenau Gwent County Borough Council's governance and oversight arrangements in respect of the Council Owned company, Silent Valley Waste Services Limited" (the report) and decide whether the Report requires the Council to take any action.

3.2.2 Consider and agree the recommendation within the Report, that

'The Council should commission a review to seek assurance that its governance and oversight arrangements in respect of other companies in which it has an interest are adequate and effective, and that the deficiencies identified in this report are not more widespread'

3.2.3 Authorise the Managing Director to prepare a written response, to be agreed with the Auditor General, to be published in a local newspaper as required under the Public Audit (Wales) Act.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The report is presented to consider the findings of the Auditor General for Wales in compliance with the requirements of the Public Audit (Wales) Act 2004.

5. **Implications**

5.1 ***Impact on Budget (short and long term impact)***

5.1.1 Annually Audit Wales publish their Fee Scheme, prepared under section 24 of the Public Audit (Wales) Act 2013 (the Act). The Fee Scheme, following approval by the Senedd, provides the basis on which Audit Wales charge fees.

5.1.2 Where additional work goes beyond their general duties, the charges will reflect the nature of the work required. This can include reports in the public interest, extraordinary audit, special inspections and further work in relation to electors' questions and objections, and the prevention of unlawful expenditure.

5.1.3 The fees for undertaking this investigation was £60,000.

5.2 ***Risk including Mitigating Actions***

Failure to consider the report will result in the Council being non compliant with Statutory Requirements.

5.3 **Legal**

5.3.1 In accordance with section 25 of the Public Audit (Wales) Act 2004 the Council must now consider this report at a full meeting of the Council within one month of the date of the report.

Considering the Report at this meeting (7th February, 2022) complies with this requirement.

5.3.2 At least seven days before the meeting, the Council must publish a notice in a newspaper circulating in the community stating:

- the time and place of the meeting;
- that the meeting is being held to consider a report in the public interest; and
- a description of the subject matter of the report.

The notice was published on 28th January, 2022.

5.3.3 At the meeting, the Council will need to decide:

- whether the report requires it to take any action;
- whether the recommendations in the report are to be accepted; and
- what action (if any) to take in response to the report and recommendations

5.3.4 The Council will then need to prepare a written response and agree the wording of that response with the Auditor General for Wales before publishing its response in a newspaper circulating in the local authority area.

6. **Monitoring Arrangements**

6.1 The outcome of the recommended review of the Council's governance and oversight arrangements in respect of other companies in which it has an interest will be presented to the Governance & Audit Committee.

Background Documents /Electronic Links

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