



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Caldicot and Wentlooge Levels Internal Drainage Board**

DATE **13 November 2012**

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Development**

On 8 October 2012 the Wales Audit Office (WAO) published a report in the public interest in relation to their audit of Caldicot and Wentlooge Levels Internal Drainage Board (CWLIDB); an autonomous public body responsible for drainage matters on the Caldicot and Wentlooge Levels. The WAO report encompassed a range of matters associated with the management and governance of CWLIDB, and in the course of their audit the WAO identified a series of operational failings.

Involvement of the Wales Audit Office

In late February 2011 officials were made aware of concerns regarding the administration of CWLIDB. Given the severity of the matters raised, officials agreed to a meeting to discuss the concerns. The meeting was held at Newport City Council.

After considering the matters disclosed, the standing of CWLIDB as an autonomous public body and the options for resolution, the Welsh Government contacted the WAO as the appointed auditor for CWLIDB. All information held by the Welsh Government was passed to the WAO who commenced a detailed audit.

Wales Audit Office Report

The report is very critical of CWLIDB. The Auditor clearly states that CWLIDB has not been governed and managed effectively for a number of years and expresses a view that the Board had lost sight of its role as a public body.

The key findings of the appointed auditor are:

- the Drainage Board's governance arrangements were inadequate and ineffective;
- some members and officers acted in a way which is likely to undermine public confidence in the Drainage Board;

- the Drainage Board did not exercise good financial management and control at a corporate level; and
- the Drainage Board has failed to demonstrate that it has achieved value for money and acted unlawfully in some key areas

Failures in governance and management have been identified across almost the full range of functions undertaken by CWLIDB. The most concerning matters raised relate to financial governance, resulting in significant overpayments to the former Clerk and Chief Engineer, public funding being used to meet costs associated with 'inspection' visits and unsatisfactory procurement and purchasing arrangements.

Underpinning all of this is a lack of an approved decision making framework.

These are grave and serious matters. Public funds have been spent inappropriately and poor record keeping undermined accountability. This is unacceptable behaviour on the part of any public body, and, while the Welsh Government provides no core or ongoing funding to CWLIDB or any IDB in Wales, the correct usage of and accountability for public funds is something the Welsh Government takes very seriously.

The WAO rightly states that the standards expected of those holding public office are high, and it seems that in this regard CWLIDB has serious failings. It is clear that, historically, not all Board Members and members of staff have conducted themselves in line with the Nolan Principles; failure to do this has consequences not only for CWLIDB, but for all public bodies.

Within Wales and the UK we look to public bodies to work in the interests of the wider population and to take decisions and actions that improve the lives of the public. While there is no suggestion that CWLIDB has failed to undertake their statutory drainage functions, it is clear that they have not done so in as open, transparent and efficient way as they should have done. It is also clear that there has been mismanagement and poor decision making at all levels.

Improvements Programme

CWLIDB has accepted the report and the recommendations made by the WAO. They have worked with the WAO throughout the audit and have already begun to make changes to address the issues raised. Changes in senior management have been made, with a new Chairman and General Manager committed to driving forward improvement.

Welsh Government officials are working with CWLIDB to help deliver the changes required, as are the three funding authorities: Newport City Council, Cardiff City Council and Monmouthshire County Council.

A core part of the Improvement Programme requires the preparation of a new decision making framework, constituted in line with the requirements of the governing legislation and

approved by the Welsh Ministers. CWLIDB continues to work on that documentation, which is expected to be submitted to the Welsh Government for approval shortly.

Internal Drainage Boards Wholly or Mainly in Wales

CWLIDB is not the only Internal Drainage Board (IDB) operating wholly or mainly in Wales. There are currently three:

- Caldicot and Wentlooge Levels IDB (wholly in Wales);
- Lower Wye IDB (mainly in Wales and partly in England); and
- Powysland IDB (mainly in Wales and partly in England).

In addition to the three Internal Drainage Districts (IDDs) wholly or mainly in Wales administered by IDBs, there are a further eleven IDBs in North Wales administered by the Environment Agency.

Given the points raised in the WAO report, the Welsh Government has contacted all three IDBs and the Environment Agency seeking reassurance that they have a robust and statutorily compliant decision making framework in place and that they are abiding by the Nolan Principles of public life.

Should we not receive the reassurances we require, consideration will be given to a wider review of the governance arrangements for all IDBs operating wholly or mainly in Wales. The WAO has already committed to look at its audit arrangements for smaller public bodies in light of the conclusions of this audit and we will work with them as appropriate to deliver on that commitment.

Future Delivery of IDB Functions in Wales

During the summer the Welsh Government consulted on proposals for reforming the way IDB functions are delivered in Wales. These were set out in our paper *Internal Drainage Districts and Internal Drainage Boards Wholly or Mainly in Wales: A Consultation*.

The consultation was developed in support of the work on the establishment of Natural Resources Wales and the wider Living Wales Programme. It built on previous reviews of IDBs carried out in 2005 and 2009 and was aligned with the Welsh Government's commitment to public service reform in Wales. The consultation was not linked to the WAO audit of CWLIDB, which was underway at that time, although it did include a commitment to consider the outcome of the audit.

We intend to publish a summary of the responses later in the autumn and will announce the outcome of the consultation in the New Year.