

GOVERNANCE AND AUDIT COMMITTEE
17 NOVEMBER 2021

Minutes of the Governance and Audit Committee of Flintshire County Council held remotely on Wednesday, 17 November 2021

PRESENT: Councillor Chris Dolphin (Chair)

Councillors: Janet Axworthy, Geoff Collett, Patrick Heesom, Joe Johnson, Martin White and Arnold Woolley

Co-opted members: Sally Ellis and Allan Rainford

APOLOGIES: Councillor Derek Butler (Cabinet Member for Economic Development) and Chief Executive

IN ATTENDANCE:

Councillor Ian Roberts - Leader of the Council and Cabinet Member for Education, Councillor Billy Mullin - Deputy Leader (Governance) and Cabinet Member for Corporate Management and Assets, Councillor Paul Johnson - Cabinet Member for Finance, Social Value and Procurement, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Corporate Finance Manager, Strategic Finance Manager, Principal Accountant, Enterprise and Regeneration Manager (minute 33), Revenues & Procurement Manager (minutes 33 and 34), Strategic Performance Advisor (minute 35), Housing Strategy & Development Manager and Senior Auditors (minute 44) and Democratic Services Officer

Gwilym Bury and Mike Whiteley from Audit Wales

31. DECLARATIONS OF INTEREST

As a Council house tenant, Councillor Martin White declared a personal interest on agenda item 4 (Housing Rent Income).

Councillor Janet Axworthy declared a personal interest on agenda item 14 (Maes Gwern contractual arrangements) as a Board member of NEW Homes.

32. MINUTES

The minutes of the meeting held on 27 September 2021 were approved, as moved and seconded by Councillors Arnold Woolley and Joe Johnson.

RESOLVED:

That the minutes be approved as a correct record.

33. HOUSING RENT INCOME - AUDIT WALES

The Revenues & Procurement Manager presented a report on the findings of an Audit Wales review on housing rent income which had been commissioned by the Council due to strategic risks around increasing rent arrears and changes to

Universal Credit. The report and its recommendations had been accepted by Cabinet and the Corporate Resources Overview & Scrutiny Committee as part of the agreed protocol for external regulatory reports.

The report acknowledged the level of work undertaken across the Council to stabilise the increase in rent arrears by March 2020 and made two minor recommendations to strengthen existing arrangements on supporting tenants and additional performance reporting on write-off levels and former tenant arrears. Progress was underway in implementing actions through the introduction of a review panel to manage complex cases and investment in new technology.

When asked by Sally Ellis about steps to improve support for tenants, the Revenues & Procurement Manager said that a more co-ordinated approach involving different teams was already proving effective in targeting interventions. On benchmarking, he spoke about the Council's involvement in national initiatives to compare performance with other authorities.

On comparison with the other Audit Wales report on the agenda, the Internal Audit, Performance & Risk Manager explained that details of actions were not included in this report due to the timing of the reporting cycle, however there was an expectation for an action plan to accompany future Audit Wales reports to give assurance of the response and associated actions.

Following Allan Rainford's comments on the use of meaningful data for benchmarking, officers said that the Council's systems would improve and simplify data collection.

The recommendation was moved and seconded by Councillors Janet Axworthy and Joe Johnson.

The Committee welcomed the findings of audit work on a data-matching exercise of Covid-19 grants distributed by the Revenues team during the pandemic which had identified no duplicate payments.

RESOLVED:

That the report be noted.

34. AUDIT WALES REVIEW OF TOWN CENTRE REGENERATION

The Enterprise and Regeneration Manager presented the report on the findings of the Audit Wales review on 'Regenerating Town Centres in Wales'. The report summarised the pressures and trends facing town centres in Wales and actions undertaken so far by the public sector to respond.

The Council's responses to each of the six recommendations (three for Welsh Government and three specifically for the Council) were summarised, as set out in the report. Having been considered by Cabinet and the Environment and Economy Overview & Scrutiny Committee, the report was shared with this Committee to consider the proposed response.

Councillor Geoff Collett welcomed the aim of supporting town centres. In response to comments about the re-distribution of national non-domestic rates (NNDR), the Chief Officer (Governance) explained that this was a long-standing national issue on which there was ongoing debate. He clarified the Council's role as a net contributor to NNDR and its position as a low-funded Council.

The Revenues & Procurement Manager confirmed that the current funding mechanism made no provision for re-distributing taxes to Town and Community Councils and would require a change in legislation to do so. He provided details of the 100% rate relief available to retailers through the Retail, Leisure & Hospitality Rate Relief Scheme by Welsh Government (WG).

Councillor Paul Johnson urged Members to take the opportunity to participate in forthcoming WG consultation on local tax reforms.

Following comments from the Chairman and Councillor Joe Johnson on support for markets, the Enterprise and Regeneration Manager spoke about ongoing engagement with key stakeholders during this challenging period and plans to review provision at a later stage.

In responding to the discussion, Councillor Ian Roberts reinforced the Council's commitment to support town centre markets and welcomed the review.

The recommendation was moved and seconded by Councillors Joe Johnson and Arnold Woolley.

RESOLVED:

That the Audit Wales recommendations to the Council are noted and the proposed response to Audit Wales is approved.

35. RISK MANAGEMENT UPDATE

The Chief Officer (Governance) presented a report to update the Committee on changes to the risk management framework to ensure the allocation of significant risks to the relevant Overview & Scrutiny Committee.

The Strategic Performance Advisor detailed the development of the framework which included a section on risk escalation previously shared with the Committee. Each of the 37 risks of significance reported to the Governance & Audit/Overview & Scrutiny liaison group had been incorporated into forward work programmes, with links to the Recovery Committee as appropriate. The framework was a live document to be kept updated and the new performance system would enable dashboard information to be shared at future meetings.

In thanking officers for their work, Sally Ellis suggested more clarity in the reporting mechanism to include the outcome of the most recent review of the risk to enable Overview & Scrutiny Committees to assess any movement and possible escalation.

The Chief Officer (Governance) said that corporate risks were reported to the Recovery Committee and that a more co-ordinated approach involving Overview & Scrutiny Facilitators would help to allocate risks accordingly.

The Strategic Performance Advisor spoke about his involvement with the Recovery Committee in allocating risks which mainly applied over the longer term. As requested by the Chair, he agreed to seek assurance from Overview & Scrutiny Facilitators on their role in the process.

In response to a question from Allan Rainford, the Strategic Performance Advisor said that the 'outcome' column of the document would be updated to clarify where risks were being reported.

Councillor Paul Johnson highlighted the collective responsibilities on risk management involving the Committee, elected Members, Overview & Scrutiny and senior officers.

The Internal Audit, Performance & Risk Manager advised that risk management would form part of the induction programme for the next Council term following the Elections.

The recommendation was moved and seconded by Councillors Geoff Collett and Janet Axworthy.

RESOLVED:

That the Committee is assured that the updated risk management framework is comprehensive and functional.

36. ASSET DISPOSAL AND CAPITAL RECEIPTS GENERATED 2020/21

The Corporate Finance Manager presented the annual report summarising land disposals and realisation of capital receipts during 2020/21 and comparison with previous years. Capital receipts were aligned to contribute towards the Council's programme of capital schemes across all portfolios. The revenue implications from capital expenditure were highlighted, along with the continued reduction in Welsh Government support for capital expenditure.

As requested by Allan Rainford, the Strategic Finance Manager provided clarification on the robust process for reviewing assets and approving disposals, and the engagement between Finance and Valuation & Estates to review capital receipts. He also advised that future projections on asset disposals formed part of work on the Asset Management Plan.

The recommendation was moved and seconded by Councillors Arnold Woolley and Patrick Heesom.

RESOLVED:

That the report be noted.

37. TREASURY MANAGEMENT MID-YEAR REVIEW 2021/22 AND QUARTER 2 UPDATE

The Strategic Finance Manager presented the draft Treasury Management mid-year report for 2021/22 for recommendation to Cabinet, together with an update on Quarter 2 activities for information.

A summary of the key points involved the continued economic recovery from the emergency situation, the continuation of low interest rates and ongoing use of short-term borrowing. The quarterly update included a reminder of forthcoming Treasury Management training sessions and confirmation that Arlingclose Ltd had been re-appointed as the Council's Treasury Management advisors following a competitive tendering exercise.

In endorsing the use of internal resources in lieu of borrowing, Allan Rainford asked about a shift in approach prior to interest rates rising. It was noted that officers would be discussing options for future borrowing requirements and that interest rate projections were being closely monitored.

The recommendation was moved by Allan Rainford and seconded by Councillor Patrick Heesom.

RESOLVED:

That the Committee notes the draft Treasury Management Mid-Year Report 2021/22 and confirms that there are no matters to be drawn to the attention of Cabinet at its meeting in December 2021.

38. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit, Performance & Risk Manager presented the regular update on progress against the Plan, final reports issued, action tracking, performance indicators and current investigations. Since the last report, there was one Red (limited assurance) report as included later on the agenda. On action tracking, there was a reduction in the number of overdue actions and alternative ways of managing these were being explored to make better use of officer time. Performance indicators for the service had been impacted by the number of audits undertaken during the period and focus given to the red assurance report.

As requested by Sally Ellis, the Amber/Green assurance report on Organisational Ethics and Values would be shared with the Committee. The high priority action on the notification of leavers to the Clwyd Pension Fund, which had been implemented after finalising the report, would be updated.

Following concerns raised by Allan Rainford on the overdue action on Payroll 2017/18 which had been delayed due to capacity issues, an update on progress would be shared with the Committee.

The Committee agreed with the Internal Audit, Performance & Risk Manager's suggestion that the progress report be omitted from November meetings to present a true reflection of quarterly statistics and given the proximity between the September and November dates.

On that basis, the recommendations were moved by Councillor Arnold Woolley and seconded by Sally Ellis.

RESOLVED:

- (a) That the report be accepted; and
- (b) That the Internal Audit Progress Report be received on a quarterly basis in June, September, January and March.

39. GOVERNANCE AND AUDIT COMMITTEE SELF-ASSESSMENT

The Internal Audit, Performance & Risk Manager presented the report on the results of the self-assessment undertaken by the Committee in October during an online workshop. The overall results were positive and would feed into preparations on the Annual Governance Statement for 2021/22.

Sally Ellis formally proposed that the actions identified from the workshop be taken forward to form the basis for further development of the Committee. On interaction with Overview & Scrutiny, she asked that outcomes of items referred for discussion be reported back to enable this Committee to identify any actions within its own remit. She also said that more clarity was needed on the process for escalating issues of poor performance identified in audit reports.

On the latter, the Chief Officer (Governance) would discuss options with the Internal Audit, Performance & Risk Manager who advised that service managers were expected to refer any limited assurance (red) reports to the relevant Overview & Scrutiny Committee. On the first point, she confirmed that outcomes from the self-assessment would be included in the Annual Report to be submitted for approval by Council in December.

It was further agreed that preparations for the Annual Report should incorporate a review of the Committee's Terms of Reference to ensure that the remit was being met in full.

The recommendation was moved and seconded by Councillors Arnold Woolley and Geoff Collett.

RESOLVED:

That the outcomes and training requirements identified in the action plan from the self-assessment be noted and progressed.

40. GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT

The Chairman introduced the Committee's Annual Report for 2020/21 for endorsement prior to submission for approval at Council. In summarising the key points, he thanked all those involved in supporting the work of the Committee and confirmed that there were no areas of concern.

The recommendation was moved by Councillor Martin White and seconded by Sally Ellis.

RESOLVED:

That the Annual Report for 2020/21 be endorsed prior to its submission to Council for approval on 7 December 2021.

41. ACTION TRACKING

The Internal Audit, Performance & Risk Manager presented an update on actions arising from previous meetings.

The recommendation was moved and seconded by Councillors Arnold Woolley and Martin White.

RESOLVED:

That the report be accepted.

42. FORWARD WORK PROGRAMME

In presenting the current Forward Work Programme, the Internal Audit, Performance & Risk Manager confirmed that the agreed change to the timing of the Progress Report would be included along with the report on complaints requested by Sally Ellis.

In response to a question from Allan Rainford on Committee oversight of preparations for the introduction of a new Financial Management Code, the Corporate Finance Manager would report back following discussions with colleagues across the region.

The recommendations in the report were moved and seconded by Councillors Martin White and Geoff Collett.

RESOLVED:

(a) That the Forward Work Programme be accepted; and

(b) That the Internal Audit, Performance & Risk Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

43. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

The exclusion of the press and public was moved and seconded by Councillors Martin White and Arnold Woolley.

RESOLVED:

That the press and public be excluded from the meeting as the following item was considered to be exempt by virtue of paragraph 12 and 13 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

44. MAES GWERN CONTRACTUAL ARRANGEMENTS

The Chief Officer (Governance) introduced the report on the Internal Audit review of Maes Gwern contractual arrangements and detailed background information.

Whilst the Senior Auditor provided information on the key considerations and findings which had been discussed with relevant officers, the newly appointed Housing Strategy & Development Manager shared an update on progress with actions to address risks identified.

Sally Ellis said that the report demonstrated good use of the Internal Audit service and officers confirmed that action implementation would be reviewed at a later stage. In response to questions from Allan Rainford, officers gave assurance on the strengthening of monitoring arrangements.

The recommendation was moved and seconded by Councillors Geoff Collett and Arnold Woolley.

RESOLVED:

That the report be accepted.

45. ATTENDANCE BY MEMBERS OF THE PRESS

There were no members of the press in attendance.

The meeting started at 10am and finished at 12.45pm

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Chair