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Governance and Audit Committee – 30-09-2022

MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD AT BY ZOOM ON FRIDAY, 30 SEPTEMBER 2022

PRESENT: Lynne Hamilton (Chair)

County Councillors P Lewington, WD Powell, G W Ratcliffe, C Walsh and A Williams

Independent Members: G Hall and J Brautigam

Cabinet Portfolio Holders In Attendance: County Councillor D Thomas (Cabinet Member for Finance and Corporate Transformation)

Officers: Jane Thomas (Head of Finance), Wyn Richards (Scrutiny Manager and Head of Democratic Services) and Bets Ingram (Strategic Equalities and Risk Officer)

1.	APOLOGIES
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An apology for absence was received from County Councillor G Breeze.

2.	DISCLOSURES OF INTEREST
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There were no Declarations of Interest from Members relating to items to be considered on the agenda.

3.	MINUTES
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The Chair was authorised to sign the minutes of the previous meetings, held on 24-06-2022 and 29-07-2022, as correct records.

Arising thereon:

24-06-2022

Page 3 – Strategic Asset Review.

Members commented that this review needed to be progressed. The Chair agreed that this is included in the work programme for a forthcoming meeting.

Page 3 – Insurance Cover for Members on outside bodies.

The Head of Finance confirmed that insurance policies were in place. The concern was in relation to Members representing the Council on outside bodies as some of those bodies would have their own insurance arrangements and some would not. The Head of Finance had asked the Insurance Officer to review what is in place and whether the Council needs to make its own arrangements for this. It was also suggested that officers consult with officers at the Brecon Beacons National Park who had undertaken a similar exercise in relation to Welsh Government representatives on the Authority.

Page 5 – Assurance Mapping.

The Chair agreed to discuss the way forward with the Assistant Director (Powys) (SWAP)

Risk Framework – the Chair asked the Scrutiny Officer to recirculate this to the Committee.

Outcome:

- **Head of Finance to provide an update to the Committee on insurance policies for Members on outside bodies.**
- **Strategic Asset Review – add to work programme for forthcoming meeting.**
- **Chair to discuss way forward with assurance Mapping with the Assistant Director (Powys) (SWAP).**
- **Risk Framework – Scrutiny Officer to recirculate to the Committee.**

29-07-2022

Global Centre for Rail Excellence (GCRE).

The Committee was advised of a potential interest for G Hall (Independent Member) as a former colleague of his now worked for GCRE. However, as there was no discussion in relation to GCRE Mr Hall was advised that there was no need to disclose an interest at this time.

Page 20 – Members asked if the informal briefing for Members with the Chief Executive of GCRE could be expedited. The previous confidential reports also needed to be circulated to Members.

Page 27 – Working Groups.

The Committee noted that the skills audit of Members was to be undertaken. The Chair suggested that Members should probably not sit on more than two working groups at a time.

Outcome:

- **The Scrutiny Officer was asked to liaise with the Corporate Director (Economy and Environment) regarding the GCRE briefing and to circulate previous confidential reports to the Committee.**

4. STRATEGIC RISK REGISTER REPORT QUARTER 1 2022-23
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Documents Considered:

- Strategic Risk Register Report – Quarter 1 2022-2023.

Issues Discussed:

- The Quarter 1 report was considered by the Cabinet in July 2022.
- The Senior Leadership Team (SLT) has been reviewing the strategic risk register to ensure that all current, potential and global risks are included. Key areas of risk were to be continually monitored by SLT and Cabinet such as health and safety and social services, the Council's budget and economy, recruitment and retention, climate and nature emergency, compliance with GDPR (General Data Protection Regulations) and DPA (Data Protection Act), cyber security and regulatory inspections.
- Further detailed work has commenced in September. At the end of quarter 1 there were 15 strategic risks, one had a probability of likely and an impact of catastrophic, and three had a probability of likely and an impact of major. Some risks had been escalated (housing), some de-escalated such as HOWPS, Highways, Transport and Recycling and the Covid risk register (transferred to the Service risk register). All these had been accepted by the Cabinet.
- Questions:

Question	Response
<p>HOWPS and transfer of risks to services. How is this being mitigated. Are the risks still at a high level when handed back to services and not downgraded.</p>	<p>There is only one risk currently with the remainder having been closed. This is being closely monitored by Directors, Heads of Service and Cabinet Members. The risks once transferred are being managed within the Service's risk registers. Additional information can be provided to the Member.</p>
<p>The concern is regarding Intellectual Property where HOWPS undertook the consultancy and design work for new builds. There is no indication whether this has been transferred seamlessly back to the Council in June 2022 and it is not included in the register although it was considered a major risk previously.</p>	<p>It was considered as a risk during the transition. It is understood that all of the issues were resolved but the Head of Finance agreed to request an update as to whether the transfer of this element of the project happened as expected and whether everything is in place.</p>
<p>What reassurance is there that the Senior Leadership Team (SLT) is taking account of the developing financial situation, particularly around the threat to pension funds and the wider budgetary implications, in view of the potential collapse in the wider UK economy.</p>	<p>The Quarter 2 period ends today, but officers review and assess risks on a continual basis based on the changing situation. The Head of Finance had advised the Committee of the budget risks and the Cabinet has considered a paper about the financial position and the economic situation this week and how this affects budget planning. The Committee received assurance that SLT and Cabinet is keeping this under review. An update had been received from the pensions advisers and action was taken to mitigate the impact of what was happening recently. An assurance was received from pension advisers that they had taken as much action as possible to mitigate impact. There is also a forthcoming Members briefing to be held where Members will be updated.</p>
<p>In relation to Housing risk and mitigating actions, there are several long standing derelict properties in Newtown. As a mitigating factor can the Council compulsorily purchase these properties and turn them into homes.</p>	<p>Compulsory purchase is not something the Council can use for this as it requires a specific purpose and need. In addition, compulsory purchase is strictly regulated as to what the Council can purchase. There is an additional Council tax premium applied to empty properties to make people think about the use of properties and bring them back into housing occupation where possible. Unless they are Council properties we have limited opportunities to do anything with these properties ourselves.</p>

	<p>The Cabinet Member commented that in relation to derelict properties Welsh Government is understood to be reviewing the position.</p>
<p>It is good to be assured that financial issues are top of the priorities for Cabinet and SLT. Would like the Council to go back to basics when looking at its budgets rather than treat this as a one off response. The Council should be considering whether it delivers some services or not rather than making incremental changes. It should also consider zero based budgeting as well as looking at outcomes and outputs. There is a need for a mid-year review of business plans as part of business planning going forward. This is an opportunity coming out of a difficult situation to establish new business practices.</p>	<p>Agree with how the process must be driven by outcomes and outputs and understanding what is being delivered for the cost of a service and whether this is appropriate. This is the basis on which services have been asked to review their Integrated Business Plans. There are different levels of success in services' understanding of the cost of activities and what is essential that they do and what they would like to do. To address the current financial situation will require a wholesale change. At the budget briefing for the Council there will be detail about what services are considering to do things differently and following that will be detailed proposals.</p> <p>The Integrated Business Plan process is defined including the toolkit used to fulfil the obligations and the Committee could review these documents. Following that there are challenge events by Cabinet and SLT. These challenge events have been delayed this year as outputs were not what was needed to respond to the current situation and so Heads of Service have been set a more rigorous approach with responses due by 21st October. Following that there will be a week of challenge of that work.</p> <p>The Cabinet Member commented that the process of challenging Heads of Service has started with a review of the Integrated Business Plans. The financial update provided is a high level document which sets out the financial challenges in setting the budget and the impact this will have. This has also been considered by the Finance Panel.</p>

Comments:

- HOPWS Intellectual Property – The Chair commented that the review of this could be undertaken by the Committee's HOWPS Working Group. The Working Group should also look at lessons learned from the HOWPS project.

- Integrated Business Planning – the chair requested a presentation to the Committee on the IBP process, including what issues were being found and risks or difficult points in the process.
- The Chair suggested that the Committee should undertake a series of deep dives into areas of risk starting with Social Care Provider risks. These reviews to be undertaken on a quarterly basis so that the Committee could understand the nature of risks, what controls and actions are in the gift of the Council and what is in the external environment where it would be difficult for the Council to influence. The relevant Head of Service and Cabinet Member would be invited to attend these sessions with the Committee.
- It was noted that the nature of the management actions and controls was not particularly clear on the risk register; it was also unclear whether actions and controls had been completed. Officers were asked to consider how the information brought to the Committee could be clearer.
- The Committee also asked for it to be clear whether of not completed actions and controls had brought down the risk scores.

Outcomes:

- **Noted.**
- **HOWPS Intellectual Property - The Head of Finance to request an update as to whether the transfer of the Intellectual Property element of the project happened as expected.**
- **Integrated Business Planning Process – Head of Finance to provide a presentation to the Committee regarding the process – to be added to the work programme.**
- **Risk – series of deep dives into areas of risk on a quarterly basis to be added to the work programme starting with Social Care, with a focus on provider financial sustainability and risk of provider failure.**

5. CORPORATE FRAUD

Documents Considered:

- The Head of Finance advised the Committee that it had not been possible for the Income and Awards Senior Manager to prepare the report as he is the Lead Officer in relation to the Cost of Living Schemes grants. The timing of the fraud reporting has coincided with the preparations for issuing the new grants schemes to meet Welsh Government guidelines and this had to be prioritised.
- The fraud work and the work of the Fraud Team continues and is an integral part of the application process for these schemes.
- The report would be presented to the next meeting of the Committee.

Outcomes:

- **Noted and report required for the next meeting.**

6. COMMITTEE SELF ASSESSMENT

Documents Considered:

- Report and Draft Self Assessment Action Plan.

Issues Discussed:

- The Assessment had been undertaken in March 2022. All committees are expected to undertake a self assessment and develop an action plan.
- The action plan was draft and provided an opportunity for the Committee to influence the final document.
- The plan is set around the four themes identified with some specific areas of focus and 53 actions. The action plan shows action taken to date and further action suggested. Most action points are currently green, some highlighted as amber. There are some gaps in the report and the Committee was asked to comment whether actions were appropriate, and once finalised the Committee could monitor the delivery of actions.
- **Comments:**
- The Cabinet Member commented that when the Committee undertakes deep dives Cabinet Members would be more than prepared to attend meetings with Heads of Service.
- Whilst the working of the Committee has improved over the years there needs to be a more dynamic relationship between the Committee and the Cabinet. The same is also true for the Finance Panel.
- The Committee should review the action plan on a quarterly basis and look at tracking actions annually as well as themes.
- In relation to engagement with the public, there are a variety of options which the Committee could consider depending on the subject matter under consideration. The Cabinet Member also commented that the Council had commenced a consultation on its public participation strategy.

Outcomes:

- **Noted.**
- **That the action plan be monitored and reported to the Committee on a quarterly basis.**

7.	WORK PROGRAMME
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The Committee noted the Work Programme as set out on the agenda. A number of items had already been identified earlier in the meeting for inclusion on the work programme. There would also be a need to commence the work of Working Groups and to identify opportunities for Working Groups to provide an update to the Committee on their work.

Lynne Hamilton (Chair)