



## **GOVERNANCE AND AUDIT COMMITTEE**

### **MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON TUESDAY 20<sup>TH</sup> JULY 2021 AT 2.00 P.M.**

PRESENT:

N. Yates – Chair

Councillors:

M.A. Adams, E. Aldworth, B. Miles, J. Ridgewell, G. Simmonds, J. Simmonds

Cabinet Member: Councillor Mrs E. Stenner

Together with:

R. Edmunds (Corporate Director for Education and Corporate Services), S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), R. Roberts (Business Improvement Manager), A. Southcombe (Finance Manager), R. Barrett (Committee Services Officer), and J. Lloyd (Committee Services Officer)

G. Jones (Audit Wales) and M. Jones (Audit Wales)

#### **RECORDING AND VOTING ARRANGEMENTS**

The Chair reminded those present that the meeting was being recorded and would be made available to view following the meeting via the Council's website, except for discussions involving confidential or exempt items - [Click Here to View](#). Members were advised that voting on decisions would take place via Microsoft Forms.

#### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors J. Bevan, Ms J. Gale, D.T. Hardacre, C.P. Mann, Mrs T. Parry, Mrs M.E. Sargent, together with L. Lane (Head of Democratic Services and Deputy Monitoring Officer) and S. Richards (Head of Education Planning and Strategy).

#### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest received at the commencement or during the course of the meeting.

### **3. MINUTES – 8<sup>TH</sup> JUNE 2021**

It was moved and seconded that the minutes of the Audit Committee held on 8<sup>th</sup> June 2021 be approved as a correct record, and by way of Microsoft Forms and verbal confirmation (and in noting there were 6 for, 0 against and 1 abstention) this agreed by the majority present.

RESOLVED that the minutes of the meeting held on 8<sup>th</sup> June 2021 be approved as a correct record.

### **4. GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME**

S. Harris (Head of Financial Services and S151 Officer) introduced the Forward Work Programme which is currently populated until the meeting in October 2021. Reference was made to the next Special meeting of the Governance and Audit Committee on 30<sup>th</sup> September 2021 where approval will be sought for the Financial Statements for the 2020/21 financial year, prior to consideration by Council on 14<sup>th</sup> October 2021.

It was also brought to Members attention that there are currently 2 items scheduled for the Governance and Audit Committee meeting on 12<sup>th</sup> October 2021 and reference was made to a previous agreement that a maximum of 4 reports would be considered at each meeting. It was proposed that a Review of the Risk Management Strategy be included in the items for the meeting on 12<sup>th</sup> October 2021.

It was moved and seconded that the Governance and Audit Forward Work Programme be approved, this was unanimously agreed by way of Microsoft Forms and verbal confirmation and it was

RESOLVED that subject to the aforementioned change, the Governance and Audit Forward Work Programme be approved.

### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

### **5. CORPORATE RISK REGISTER (Q4 20/21 YEAR END)**

R. Roberts (Business Improvement Manager) presented the report which is provided on a six-monthly basis and advised Members that this is monitored by the Corporate Management Team on a quarterly basis. Members were advised that there are currently 13 risks on the register and were referred to the relevant part of the report for information on this item, in particular in relation to changes since the last report. Reference was made to a separate Covid-19 recovery register which is frequently monitored by the Corporate Management Team.

A Member sought clarification on some items in the red zone on the report appendices, in relation to any proposed start date and timeframe for completion of the Ash Die-Back programme. The Head of Financial Services and S151 Officer referred to a report that had already gone to Council which included details of one-off investments and proposed a reserve of £750,000 to progress the work on ash die-back. The current plan is to spend £250,000 per annum which will need to be reviewed after 3 years.

Clarification was also sought on the Local Development Plan (LDP) in relation to the high-risk level and Members were advised that further information would be sought outside the meeting as there were no officers present from Communities. It was further agreed to provide this information to Members from the relevant Director, after the meeting.

A Member sought clarification on the Medium-Term Financial Plan (MTFP) in relation to the failure to make sufficient savings and referred to the recording of budget underspends. Discussion followed and the Head of Financial Services and S151 Officer clarified that it is currently anticipated that further savings of up to £21.1m may be required for the four-year period 2022/23 to 2025/26 and that this remained at a medium risk level. Members were advised of the nature of some underspends which included vacant posts not being filled and Members were also referred to the Audit Wales Financial Sustainability Assessment report for Caerphilly, which was due later on the agenda for this meeting.

A Member also sought clarification on the GDPR information and referred to a recent press article in relation to 51 complaints received by Caerphilly for statutory targets not being met and the current fine levels for not meeting these targets. The Member sought information on the reasons for this as he understood the Information Unit was back to full staff levels earlier in the year. R. Edmunds (Corporate Director for Education and Corporate Services) advised Members that 2850 FOI, EIA and SAR requests had been received by the information unit and 52 complaints. Further information was being provided by Councillor E. Stenner (Cabinet member) following a separate query by another Councillor. The Corporate Director also confirmed that Caerphilly had not received any fines in relation to GDPR.

Clarification was sought by a Member, on the adopted LDP and the lack of information in relation to the shortage of playing fields across the County Borough. Reference was made to a shortfall of 28 to 30 fields according to the National Playing Fields guidelines. Reference was also made to the sale of 2 fields in Aberbargoed and the possible loss of another 2 in Pontllanfraith. The Corporate Director for Education and Corporate Services confirmed that work is ongoing with the LDP in the form of working groups who are looking at the needs and requirements of the community.

Following a Members query in relation to school attainment levels and league tables, Members were advised that this information is no longer publicly available, under Welsh Government.

A Member sought clarification on the Welsh Housing Quality Standard (WHQS) programme in relation to the £270m spent and the future proofing of homes in relation to carbon emissions. Members were advised that the relevant Director was not present in the meeting and the requested information would be sought and provided to members after the meeting.

Some discussion followed in relation to school attainment, working through the pandemic with schools and the strong working relationships between Officers and schools.

A Member sought clarification on proposed solar panels to be installed in outdoor spaces, in relation to climate change, and queried whether this should have been included in the report. Members were advised that the recent announcement regarding solar panels may have missed the timeframe for the current risk assessment but should be included in the next one.

It was moved and seconded that the recommendations in the report be approved, this was unanimously agreed by way of Microsoft Forms and verbal confirmation and it was

**RESOLVED** that the content of the Corporate Risk Register and associated mitigating factors be noted and agreed that updates are also provided to the Committee which has the role of reviewing and challenging the Risk Register and where relevant, and any resultant action plans for the Council's key strategic or corporate risks.

## **6. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE**

R. Roberts (Business Improvement Manager) presented the report, the purpose of which was to update members on progress against proposals or recommendations made by all regulators since the last update and to advise of any new proposals that have been added since that time. The reports also provided an update on progress against recommendations in the 2019/20 Audit Wales Audit of Accounts Report for Caerphilly CBC (ISA 260 Report).

Members were referred to paragraph 5.1 of the report which included details on proposals and recommendations outstanding for each specific area of work.

A Member sought clarification on budget figures and whether underspends could be dealt with by reducing the budget in the next financial year if the budget had not been fully spent in the current financial year. The Head of Financial Services and S151 Officer confirmed that there is a system already in place which incentivises departments to spend all of their budget each year. Where underspends do occur, this amount is split and 50% goes back to the corporate centre and the remaining 50% is retained in the service area where the underspend occurred.

It was moved and seconded that the recommendations in the report be approved, this was unanimously agreed by way of Microsoft Forms and verbal confirmation and it was

RESOLVED that the **23** proposals and recommendations be closed down as completed and encourage members to view the specific proposals attached within Appendix A and judge if they agree that these are now complete. It is recommended that Governance and Audit Committee give their agreement (if appropriate) to close the proposals that are noted as 'completed' within Appendix A, and the Committee noted the current position regarding recommendations made in the 2019/20 Audit Wales Audit of Accounts Report for Caerphilly CBC.

## **7. AUDIT WALES FINANCIAL SUSTAINABILITY ASSESSMENT – CAERPHILLY COUNTY BOROUGH COUNCIL**

M. Jones (Audit Wales) presented the Governance and Audit Committee with the Audit Wales report on its latest financial sustainability assessment of Caerphilly CBC. Members were advised that the Council has a strong financial position, with an increasingly high level of usable reserves, a relatively stable level of borrowing, and significant budget underspends in recent years. Caerphilly holds the second highest reserves in Wales and has a strong liquidity position.

Members were advised that the report contains 3 proposals for improvements which have been accepted by Officers. These proposals relate to strengthening the Medium-Term Financial Plan (MTFP), budgeting and the financial benefits arising from the Transformation Programme.

Members were advised that previously planned improvements to the MTFP had not been made due to the pandemic and that Officers will now progress these improvements in the coming year.

Members were also advised that a national financial resilience assessment report is due in the next couple of months, which will summarise the position across the 22 local authorities in Wales.

A Member thanked the Officers and representatives from Audit Wales for their contribution and acknowledged the strong financial position of Caerphilly CBC.

A Member sought clarification on the level at which reserves would be expected to be used. Members were advised that this decision was not the remit of Audit Wales and the Head of Financial Services and S151 Officer clarified that useable reserves are set aside for specific purposes and that a detailed report on reserves is presented annually to the Policy and

Resources Scrutiny Committee. Members were also advised that some reserves have been set aside for the place shaping programme and that the level of reserves would be expected to reduce over the next 2 years as the reserves are being used.

A Member queried if there was a specific timescale to use the reserves and Members were advised that the place shaping programme is taking place over the next 5 years and beyond. The Head of Financial Services and S151 Officer advised members that the use of reserves is challenged each year, as to whether they are needed to be used or put back into the corporate centre.

Following consideration of the report, the Committee noted that the Audit Wales proposals for improvement have been accepted by Officers and will be addressed as part of the Sustainable Financial Planning Corporate Review.

## **8. DELIVERING GOOD GOVERNANCE REVIEW: CAERPHILLY CBC**

The Corporate Director for Education and Corporate Services introduced the item that the authority requested, and that Audit Wales had also offered. Members were advised that it was a piece of work that looked at the Council's Governance arrangements and the report sets out the findings of the review, taking into consideration the effects of the COVID-19 pandemic.

G. Jones (Audit Wales) presented the report to the Governance and Audit Committee. The report sets out the findings of the Delivering Good Governance Review for Caerphilly CBC together with the Council's action plan for addressing the matters for consideration raised within the review.

Members were advised of 5 key matters for consideration set out in the report:

- Consolidate the Council's priorities
- Assign responsibilities
- Monitor progress and evaluate effectiveness
- Plan the Cabinet's work
- Ensure that decision-making is seen to be transparent

The Chair sought clarification on the Council's response to the review. Members were advised by the Corporate Director for Education and Corporate Services that the review, findings and Caerphilly's action plan had all been included in the report and the Committee would be updated on the ongoing progress of the action plan. It was noted that the matters raised were for consideration and not proposals for improvement or statutory recommendations by Audit Wales. The Corporate Director also wished to note his thanks to the Audit Wales colleagues for their assistance in the process.

The Committee noted the contents of the Audit Wales Delivering Good Governance Review for Caerphilly County Borough Council and noted the action plan, which was agreed by Cabinet at its meeting on 23<sup>rd</sup> June 2021.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 3.06 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 12<sup>th</sup> October 2021.

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CHAIR