

No.

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of a remote meeting held on 13<sup>th</sup> December, 2021.

The Committee agenda is available [here](#).

The Meeting recording is available here.

Present: Councillor G.D.D. Carroll (Chair), L.O. Rowlands (Vice-Chair); P. Drake, Dr. I.J. Johnson, K.F. McCaffer, J. Norman, M.R. Wilson and Mr. P. Lewis (Lay Member).

Also present: S. Wyndham (Audit Wales).

### 644 ANNOUNCEMENT –

Prior to the commencement of the business of the Committee, the Chairman read the following statement: “May I remind everyone present that the meeting will be live streamed as well as recorded via the internet and this recording archived for future viewing.”

### 645 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 23<sup>rd</sup> September, 2021 be approved as a correct record.

### 646 DECLARATIONS OF INTEREST –

No declarations of interest were received.

### 647 AUDITOR GENERAL FOR WALES: REVIEW OF TOWN CENTRE REGENERATION IN WALES (REF) –

The reference from Environment and Regeneration Scrutiny Committee of 16<sup>th</sup> November, 2021 was presented.

The Auditor General Wales' review of Town Centre Regeneration in Wales was undertaken between October 2020 and May 2021 with the findings published in September 2021. The appended national report (Appendix A) concluded that, 'town centres are at the heart of Welsh life and can be vibrant and sustainable places but addressing the many challenges they face requires brave decisions and ambitious leadership'.

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The review had considered how town centres had evolved over the years, town centres of today and the challenge of regenerating town centres in the future, and concluded that:

- Past national policy choices, changing consumer expectations and technological advances were now adversely affecting many Welsh town centres.
- Businesses had been well supported during the pandemic, but some local authorities lacked the skills, capacity and resources to help create sustainable town centres despite significant Welsh Government funding.

It was reported that Town centres could continue to play an important role at the heart of Welsh life, but local and national government had to drive an ambitious regeneration agenda to help create sustainable places.

The report made six recommendations to local government and the Welsh Government:

- R1: Welsh Government to review Non-domestic Rates to ensure the system better reflects town centre conditions when the payments holiday ends in March 2022.
- R2: Welsh Government to work with local authorities to review transport challenges facing town centres and agree how best to address these.
- R3: Welsh Government to consolidate funding to reduce bureaucracy by streamlining processes and grant conditions and keeping requests for information and supporting materials to a minimum; move away from annual bidding cycles to multi-year allocations; and rebalance investment from capital to revenue to help local authorities address staff capacity and skills shortages.
- R4: Local authorities to take appropriate action, using existing powers and resources available to achieve the best possible outcome for town centres by: using alternative methods of enforcement before using Compulsory Purchase Orders as a last resort; integrating enforcement strategies with wider departmental strategies across housing, environmental health, planning and regeneration teams to make effective use of existing skills and resources; and ensuring there is capacity and the right expertise to use the full range of powers, working in collaboration with other councils to achieve good outcomes.
- R5: Welsh Government to set out how it plans to deliver its 'Town Centres First' approach in practice, its expectations of partners and the practical steps it will take to make this ambition a reality.
- R6: Local authorities to use Audit Wales' regeneration tool to self-assess their current approaches to identify where they need to improve their work on town centre regeneration.

In response to the Report findings, the Managing Director and Head of Regeneration and Planning had developed an action plan which would be progressed by the Council.

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Councillor Dr. Johnson commented on Barry, and the work going on and the work still required. He noted that there was an improvement plan in place which needed to be funded to tackle the key issues. He added that in order to make Holton Road and Hight Street more successful, there needed to be a strategy not just related to retail but also focusing on those areas as places to live. Councillor Dr. Johnson referred to the summit held in the Docks Office back in 2017 and he stated that it was a shame that this had not been repeated. He also stated that Barry was “polycentric” with a number of distinct areas, so the key was aligning these together. He also commented on the development of the Barry Docks Interchange, stating that the focus seemed to be more on getting people to Cardiff rather than encouraging more people to visit Barry.

In reply to Councillor Dr. Johnson’s comments, the Head of Regeneration and Planning agreed with the points raised. In terms of the Interchange, the focus of this had changed to getting people into Barry as well as having better linkages to the outer parts of the Town in addition to improving public transport. In terms of funding, a bid would be made to the UK Government’s Levelling Up Fund and future Shared Prosperity Fund (White Paper due in January 2022) as well as funding made available by Welsh Government. In addition, consultants (Rothwell) had recently been employed to further develop the Master Plan for Barry.

Councillor Wilson made an observation regarding the Ffordd Y Mileniwm Road in Barry, which he regarded required reconfiguration as he saw this part of Barry as a new strategic centre as a result of the new developments in the area. He also referred to Penarth, and one aspect not mentioned in the report was private landlords. He queried what engagement was taking place with landlords. Councillor Wilson, also stated that the Council needed to think more strategically and holistically when it came to town centre regeneration.

Responding to Councillor Wilson, the Head of Regeneration and Planning stated that Ffordd Y Mileniwm was part of the original regeneration of the waterfront dating back to the 2000s, so did require consideration. He added that there was recognition in the Report, that Town Centres could no longer stay as they were as mainly retail areas, so they would be become more mixed-use areas. High Street in Barry had already gone through a significant transition over the years with more independent traders locating there. Similar changes were being seen in Holton Road, but only more recently.

The Head of Regeneration and Planning then referred to developments at Barry Waterfront, which represented a success, but the Council needed to be careful that it did not impact on the other areas of Barry. Therefore, the Council was looking to develop sustainable linkages between each area.

With regards to landlords, the Head of Regeneration and Planning stated that the main focus of the Report was Welsh Government policy and how successful that had been. The Vale of Glamorgan Council, was working with landlords to try and ensure that properties were not empty on a long term basis and the Council held a record of properties so it was aware where action was needed. If landlords were not co-operative, then there were powers that the Council could employ.

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Mr P. Lewis referred to car parking, stating that Cowbridge had excellent parking facilities which he said were in contrast to Penarth which was insufficient. He added that the success of out-of-town shopping centres was because of convenience and ease of parking. In response, the Head of Regeneration and Planning advised that it was important to recognise that Penarth had one of the lowest rates of vacant properties. He added that the Council had a Car Parking Strategy that was linked to regeneration so there was a recognition of the importance of making visits as easy as possible.

The Chair, Councillor Carroll, queried the impact of Recommendation 3 – and the rebalancing of investment from capital to revenue to help local authorities address staff capacity and skills shortage. The Chair queried how this would impact the Council. In response, the Head of Regeneration and Planning stated that a percentage of any revenue stream was needed for staff and administration costs. There had been issues in the past with some funding streams that did not have a revenue element which provided financial assistance for the Council to manage and deliver a project.

There being no further comments, it was

RESOLVED –

(1) T H A T the key findings arising from Audit Wales' review of Town Centre Regeneration (Appendix A) and the Council's response to the review and Audit Wales' recommendations (Appendix B) be endorsed.

(2) T H A T the report be referred to Cabinet for endorsement of the proposed actions to address the proposals for improvement.

#### Reasons for decisions

(1) Having regard to the contents of the report and discussions at the meeting.

(2) To ensure the Council responds appropriately to local and national reviews and implements areas of improvement as identified by Audit Wales.

#### 648 DEPRIVATION OF LIBERTY SAFEGUARDS (REF)

The reference from Healthy Living and Social Care Scrutiny Committee of 9<sup>th</sup> November, 2021 was presented.

The Director of Social Services advised issues relating to the Deprivation of Liberty Safeguards (DoLS) had been reported to this Committee on a number of previous occasions. He advised that the Council had made significant progress and the back log of assessments had been reduced.

The Director stated that it had been anticipated that the new Liberty Protection Safeguards (LPS) framework would be implemented in April 2022. The Healthy Living and Social Care Scrutiny Committee had issued a letter to Welsh

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Government requesting the timely receipt of the Liberty Protection Safeguards Codes of Practice. The Director reported that since the letter, Welsh Government had indicated that it was not feasible for the Codes of Practice to be issued in by April 2022, so discussions were on going with UK Government. The Director added that the current process appeared cumbersome with many individual assessments required by different professionals. He hoped that this would be reduced.

Councillor Dr. Johnson asked what assurance could be provided that the quality of assessment was the same via virtual means when compared to face to face meetings. In reply, the Director stated that some assurance could be provided as if a face-to-face assessment was needed then that would be undertaken. The Director advised that increased funding had led to an increase in staff resources, and this had strengthened the Council's position, with every individual seen who had needed to be seen. In relation to the Risk Register, the Director stated that the current position was an improving direction of travel with the risk status reducing.

Subsequently it was

RESOLVED - T H A T the contents of the report be noted.

#### Reason for decision

Having considered the contents of the report and discussions at the meeting.

#### 649 AUDIT WALES: FINANCIAL SUSTAINABILITY ASSESSMENT OF THE VALE OF GLAMORGAN COUNCIL (REF) –

The reference from Corporate Performance and Resources Scrutiny Committee of 21<sup>st</sup> October, 2021 was presented.

The Interim Head of Finance/Section 151 Officer presented the report, which concluded that the Vale of Glamorgan Council was well-placed to maintain its financial resilience with a healthy level of reserves and sustainable plans for their use.

The key findings from the assessment were as follows:

- The immediate impact of COVID-19 on the Council's financial sustainability had been mitigated by additional Welsh Government funding.
- The Council was in a healthy financial position and had a sustainable financial approach over the medium-term, with a planned use of earmarked reserves.
- The Council had a healthy level of reserves and its plans to use them were generally sustainable despite some unplanned use in 2020-21.
- The Council had a track record of achieving a surplus and transferring monies to its reserves, until 2020-21 when service overspends led to a small unplanned use of reserves.

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- The Council had a mixed track record of identifying and delivering savings to support its financial sustainability.
- The Council had a strong liquidity position (ranked among the top two highest local authorities in Wales) meaning it could meet its financial obligations as they fall due for repayment.

The report identified one Proposal for Improvement:

- PFI 1: Given the anticipated funding gaps in 2022-23 and 2023-24, the Council needs to determine how it will meet those gaps, including the extent to which savings will contribute to that.

In response to the report findings, the ongoing funding gap would be considered as part of the budget setting process for 2022/2023 and this action would be incorporated within the Insight tracker and progressed by the Council. Progress will also be monitored by Audit Wales as part of the Council's annual audit work programme.

More recently, in September 2021, Audit Wales had published a further national summary report, Financial Sustainability of Local Government: COVID-19 Impact, Recovery and Future Challenges. The report highlights key themes and findings from the financial sustainability work undertaken during 2020-21 across all 22 Welsh Local Authorities with some reflections on how Councils' future financial sustainability could be strengthened.

Having considered the report, it was

RESOLVED –

(1) T H A T the contents of both the national and local financial sustainability reports including the key findings arising from Audit Wales' assessment of the Vale of Glamorgan's financial sustainability (Appendix A to the report) and the Council's response to the assessment findings and Audit Wales' Proposal for Improvement, be noted.

(2) T H A T the reports be referred to Cabinet for consideration and endorsement of the proposed actions to address the proposals for improvement.

#### Reasons for decisions

(1) Having regard to the Committee's review of the findings of Audit Wales' assessment of the Vale of Glamorgan Council's financial sustainability and future local government financial sustainability challenges.

(2) To ensure the Council responds appropriately and implements areas of improvement as identified by Audit Wales."

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650 CORPORATE RISK REGISTER QUARTER 2 UPDATE (MD) -

The purpose of the report was to update Committee on the Quarter 2 position of Corporate Risks for April 2021 - September 2021 contained within the Corporate Risk Register as outlined in the Corporate Risk Summary Report.

The report provided Members with an overview of the Corporate Risk Register for Quarter 2 (April 2021-September 2021). A risk analysis was incorporated within the Corporate Risk Summary Report (Annex A to the report). This enabled officers and Members to identify and assess trends and the cross-cutting nature of risks with the ability to drill down to the detail of risks as and when required.

The Head of Policy and Business Transformation asked Members to consider the addition of two new risks to the Register. Both of these related to the area of Social Care, so the Director of Social Services was invited to provide a summary.

The Director stated that the first additional risk, was market fragility within the Care Home and Care Providers sectors. This related to sufficiency of staffing, which had meant a reduction in the number of care beds and domiciliary care packages available. The Director added that Care Homes were under pressure to recruit and retain staff which had meant that there had been a reduction in beds. Furthermore, some Care Homes had recently closed, so it was good that the Council still had a presence with the Care Home sector which gave some element of control which the Director stated he did not want loose.

In addition, another key challenge for Care Providers was the ability to secure insurance cover, which was becoming more difficult. This related to all three types of insurance – public liability, building and contents insurance. The Committee agreed that further information regarding the insurance issues should be provided.

The second additional risk related to demand management and service capacity. The Director advised that this related to meeting the needs of an ageing population and an increase in the number of older people requiring support and also the number of complex care packages for children.

The Committee agreed for the two additional risks to be added to the Register.

RESOLVED –

(1) T H A T the Quarter 2 position of corporate risks for the period April 2021-September 2021 as outlined in Annex A be noted.

(2) T H A T Cabinet be requested to endorse the inclusion of two new Corporate risks on the Register (Market Fragility Risk and Demand Management and Service Capacity Risk) as outlined in Annex A.

(3) T H A T the comments of the Governance and Audit Committee be considered by Cabinet at the meeting when Cabinet will consider a report on the Corporate Risk Register for quarter 2.

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(4) T H A T the Governance and Audit Committee receives further information regarding the insurance issues being faced by Care Homes and Care Providers.

Reasons for decisions

(1) Having regard to the Quarter 2 Risk Register update report and discussions at the meeting.

(2) To identify the quarter 2 position of corporate risks across the Council along with actions to be taken to address these risks as well as highlighting emerging risks for inclusion on the Register as outlined in Annex A.

(3) On the request for the comments of the Governance and Audit Committee to be considered when the Risk Register Quarter 2 position is presented to Cabinet.

(4) To provide a more detailed information of the insurance issues facing Care Homes and Care Providers.

651 DRAFT COUNTER FRAUD STRATEGY & FRAMEWORK 2021 TO 2024 (HRIAS) –

The report provided Members with the Council's draft Counter Fraud Strategy and Framework 2021 to 2024 for consideration prior to submission to Cabinet for approval.

One of the core functions of an effective Governance and Audit Committee was to consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption policies.

The Council's Counter Fraud Strategy & Framework was integral to that and therefore at Appendix A to the report was the updated Counter Fraud Strategy & Framework 2021 to 24 which also considered the findings of the 'Raising Our Game – Tackling Fraud in Wales' report.

The Counter Fraud Strategy & Framework 2021 to 2024 outlined the aims and objectives of the strategy, identified fraud risks and included a 3-year action plan which would further improve the Council's resilience to fraud, bribery and corruption. The report included measures of success and a flow chart to demonstrate the Council's approach to a suspected fraud.

Following this strategy, key policies such as the Counter Fraud, Bribery and Corruption Policy, Anti -Money Laundering Policy and an Anti-Tax Evasion policy would be updated which would drive the commitment to developing a culture of honesty, integrity and opposition to fraud, corruption and bribery.

A Speakout line was due to be launched in mid-December which could be accessed via telephone, email or Staffnet to assist in the reporting of potential fraud.



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Councillor Wilson queried whether there were ways to reduce the amount of Blue Badge fraud. In reply, the Deputy Head of the Regional Internal Audit Service stated that discussion on the process was being held with the relevant Department. The Head of the Regional Internal Audit Service added that there was discussion some time ago about Blue Badges being the responsibility of a national body but this had not been progressed. The important factor was to ensure that customer records were kept up to date. Bridgend Council had previously undertaken fraud identification work prior to COVID-19 using officers from another Council who had expertise in this area. This maybe something for the Vale Council to consider in the future.

Subsequently it was

RESOLVED –

- (1) That the draft Counter Fraud Strategy and Framework 2021 to 2024 be noted.
- (2) That the draft Counter Fraud Strategy and Framework 2021 to 2024 be referred to Cabinet for its consideration.

#### Reasons for decisions

- (1) Following consideration of the report and discussion at the meeting.
- (2) For the draft Counter Fraud Strategy and Framework 2021 to 2024 to be considered by Cabinet.

#### 652 PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2021-22 (HRIAS) -

The purpose of the report was to provide Members with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2021-22.

The progress made against the approved internal audit risk-based plan 2021-22 was detailed in Appendix A to the report. It showed that 22 reviews had been finalised, 17 with an audit opinion whilst 4 reports had been issued in draft and 13 were on-going.

Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment of the 16 completed audits to date, an audit opinion of substantial assurance had been given to 2 audits, an opinion of reasonable assurance to 10 completed audits whilst 4 audits had resulted in an audit opinion of limited assurance.

75 recommendations had been made to strengthen the control environment; 3 were categorised as high priority, 34 medium and 38 low priority. All

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recommendations would be monitored to ensure they were effectively implemented.

Subsequently it was

RESOLVED - T H A T the contents of the report be noted.

Reason for decision

Having regard to the contents of the report and discussions at the meeting.

653 UPDATED FORWARD WORK PROGRAMME (HRIAS) -

The purpose of the report was to provide Members with an Updated Forward Work Programme for 2021/22.

In order to assist the Committee in ensuring that due consideration had been given by the Committee to all aspects of their core functions, the Forward Work Programme appended to this report at Appendix A, had been produced and was aligned to the Committee's Terms of Reference.

The Forward Work Programme would be updated to reflect changes required to the Committee's Terms of Reference under the new Local Government & Elections Act.

The Committee was asked to note the Forward Work Programme and indicate whether any additional information was required.

It was

RESOLVED -

- (1) T H A T the Forward Work Programme be noted.
- (2) T H A T the schedule of items for the next meeting, 1<sup>st</sup> March 2022, be endorsed.

Reason for decisions

(1&2) To ensure the Governance and Audit Committee is aware and informed of progress on the proposed work programme.