

No.

GOVERNANCE AND AUDIT COMMITTEE

Minutes of a Hybrid meeting held on 21st October, 2024.

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

The recording of the meeting is available [here](#).

Present: G. Chapman (Chair and Lay Member); N. Ireland (Vice-Chair and Lay Member); Councillors P. Drake, E. Goodjohn, M.J. Hooper, J.M. Norman, J. Protheroe and N.J. Wood and M. Evans (Lay Member).

Also present: Councillors A. Asbrey and L. Burnett (Executive Leader and Cabinet Member for Performance and Resources).

499 ANNOUNCEMENT –

Prior to the commencement of the business of the Committee, the Chair 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.”

500 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 23rd September, 2024 be approved as a correct record.

501 DECLARATIONS OF INTEREST –

No declarations of interest were received.

502 DEPRIVATION OF LIBERTY SAFEGUARDS TEAM ANNUAL UPDATE (REF) –

The reference from the Healthy Living and Social Care Scrutiny Committee of 8th October, 2024 as contained within the agenda was presented.

Councillor J. Protheroe queried whether the funding provided by Welsh Government had led to a reduction in the backlog of assessments. In reply, the Operational Manager, Safeguarding and Service Outcomes stated that was correct as Welsh Government funding had allowed the service to concentrate on the backlog. A political decision had been made not to review purpose of the safeguarding which was due to a change in political leadership which resulted in greater emphasis to other aspects of the Mental Capacity Act 2005. However, the service was also

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looking at areas of efficiency which were being taken forward and would improve capacity.

In terms of future funding from Welsh Government, the Operational Manager clarified that on an annual basis Welsh Government provided £150k plus an additional £47k for advocacy and £111k to support the backlog. The Operational Manager added that funding for the three parties, those being the Vale of Glamorgan Council, City of Cardiff Council and the Local Health Board, was allocated as a percentage with some specific recharges made for each party.

Mr. G. Chapman (Chair and Lay Member) outlined some concern if Welsh Government funding was taken away or reduced and he stated that the Directorate / Council needed to closely monitor the situation as it would have a significant impact on Social Services.

RESOLVED – T H A T the contents of the reference and report be noted on the basis that the Directorate monitor the financial strain that may be placed on the Authority if Welsh Government funding was reduced.

Reason for decision

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

503 FINAL DRAFT VALE OF GLAMORGAN ANNUAL SELF ASSESSMENT REPORT (REF) –

Cabinet, on 10th October, 2024, had referred the report to the Committee for its consideration and approval in line with the Committee's statutory role, under Part 6 (section 114) of the Local Government and Elections (Wales) Act 2021 and that upon consideration the Governance and Audit Committee refer any recommendations back to Cabinet for their final consideration on 7th November, 2024 prior to the report, together with any comments of the Governance and Audit Committee and Cabinet's responses, to Council on 2nd December, 2024.

In reply to a query from the Chair, the Director of Corporate Resources stated that Cabinet had endorsed all of the 13 recommendations made by the Governance and Audit Committee. For five of the recommendations however, it was considered better for those to be included in next year's report.

Councillor E. Goodjohn stated that the report was an improvement to last year's version and he was pleased that lessons had been learned but there were some changes that he would like to see. Firstly, information around social medial polls were not always statistically relevant and he queried whether all the polls were required. Councillor Goodjohn commented on the inclusion of two tables in relation to the Council's budget and how it spent public money and stated that they were something that should be publicised. He also questioned whether the hyperlinks to the budget tables were needed as well. Finally, Councillor Goodjohn referred to the comments made by Sully Community Council which gave a good indication of how the public perceived the document. Therefore, it indicated that a shorter plain

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language version of the report which was easier to read would be better for the public.

Subsequently, it was

RESOLVED –

- (1) T H A T the contents of the report be noted.
- (2) T H A T Cabinet considers the comments of the Governance and Audit Committee. The comments relating to:
 - In relation to engagement on social media and the use of the social media polls, for consideration to be given to their relevance.
 - The use of budget tables to explain how the Council spends its money were very useful and should be publicised more, but were separate hyperlinks to the tables also required;
 - For a plain language summary version of the document to be produced for members of the public.

Reasons for decisions

- (1) Having regard to the contents of the report and discussions at the meeting.
- (2) To advise Cabinet of the views of the Governance and Audit Committee.

504 CORPORATE RISK REGISTER QUARTER 2 UPDATE (CX) –

The report provided Members with an overview of the Corporate Risk Register for Quarter 2 (April 2024 – March 2025). The report also reflected the Strategic Leadership Team's consideration of the revised Corporate Risk Register and completed Risk Templates including the response to Cabinet's resolution following their consideration of the Governance and Audit Committee's referred comments on the revised Risk Management Policy and Corporate Risk Register.

The Corporate Risk Register had a total of 12 identified risks with six risks scoring high, three risks scoring medium / high and three risks scoring medium on the Register.

Due to the Risk Register undergoing a revision over the summer months, this was the first quarter for reporting on the new Risk Register and as such there had been no changes to direction of travel.

Councillor M. Hooper referred to the Delivery of Major Regeneration Projects and he questioned whether that reflected the imminent budget announcement by U.K. Government. Councillor Hooper also referred to the impact score attributed to the Climate Change and Nature Emergency risk and questioned what was preventing that risk being given a catastrophic status. He also queried the view of the Strategic Leadership Team. In reply, the Director of Corporate Resources stated that in terms

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of Major Regeneration Projects, the status in the report reflected the position at the end of Quarter 2. The Strategic Leadership Team would be monitoring the impact of major projects following the U.K. Government's budget announcement. Regarding the Climate Change and Nature Emergency risk, the Director advised that given some of the comments made over the previous months, there would be a redefining of the risks to ensure they reflected the risk to the Council. Risk was forecast to increase overtime because of the likelihood of meeting the 2030 targets. It was considered that currently the controls in place were limited in terms of being able to complete the necessary actions and due to pressures on resources.

Councillor J. Protheroe commented that Welsh Government had advised all Local Authorities to put procurement reform on their risk registers. The reason why was because of the changes of legislation, procedures and processes. The Director provided some reassurance, in that within the Financial Resources risk, there was reference to failure to meet the requirements of the Procurement Act. Although procurement was not a risk, there was a focus of that risk including a monitoring framework.

Mr. N. Ireland (Vice-Chair and Lay Member), also referred to procurement and sought further reassurance given that, later within the agenda, was a report from Internal Audit regarding a contract register. In addition, Mr. Ireland referred to Annex B and asked for some clarity regarding the risk categories. In reply to risk categories, the Director advised that there were four categories of - Political and Legislative, Resources, Service Delivery and Well-Being and Reputation. Each risk on the Register would be considered in detail under each of the four categories in order to identify the likelihood and impact of the risk occurring, which would provide a holistic view. Each of the four categories were interlinked, but it was correct to say that Resources had a particularly pertinent impact on each risk. For example, available resources would have an impact on service delivery and likely the well-being of citizens, and so could have an impact on the Council's reputation. In terms of the contract register, it had been recognised that further work was required. A monitoring mechanism had been established with issues reported to the Strategic Leadership Team. The work that was referenced to later in the agenda papers related to the overall framework of contracts which was a piece of work that Ardal had been doing on behalf of the Council. In response to procurement reform, the development of an action plan to assist the Council to understand its duties and requirements had been slightly delayed. The progress of the action plan would be regularly monitored.

Mr. M. Evans (Lay Member) queried whether there were any risks on the Register that caused immediate concern or worry and were outside of the 'risk appetite'. In reply, the Director stated that he would require more time to provide a full response.

Mr. Evans asked for more clarity regarding the effectiveness of control scores. The Director stated that scores ranged from one being the lowest which was showing that the controls that were in place had a very limited impact. On producing the inherent risk, examples being Housing, Homelessness, Climate Change, there was a lot of activity going on, but may not have an impact of that reducing the overall risk which was inherently very high. In other areas such as the Digital risk, the Council had stronger mitigation actions in place. In terms of reaching overall judgments of the

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effectiveness of controls, that was undertaken as part of defining each of the risks, with each kept under constant review as new mitigations became controls.

Mr. G. Chapman (Chair and Lay Member) referred to Risk 7 – Transition from the Welsh Community Care Information System (WCCIS) and queried what progress had been made to substantiate the risk score of eight, given that there had been delay to a number of areas, and what work was being carried out on a regional basis. In reply, the Director stated that a report on progress had been provided to Cabinet, and that report would be shared with members of the Committee.

The Chair raised a concern regarding the Financial Resources risk and stated that he supported the separating out of the procurement element and so that should be reconsidered. In addition, the Chair queried whether the risk score of 12 should be raised to 16 given that the Medium Term Financial Plan of the Authority was showing a shortfall in funding. Therefore, significant budget savings were likely. The Chair also commented that the risk score for WCCIS should also be higher. In response to some of the points made, the Director advised that the positions with the report related to the end of Quarter 2, and a refresh of the Medium-Term Financial Plan would be considered during November.

Councillor. E. Goodjohn reiterated the previous comments made by members of the Committee regarding procurement, and he stated that recommendations of the Scrutiny Task and Finish Group, once finalised, need to be implemented immediately. Councillor Goodjohn added that the Council was facing dramatic challenges around Project Zero (Climate Change and Nature Emergency) and around Financial Resources, so both of those needed to be looked at by Cabinet and the Strategic Leadership Team immediately. Councillor Goodjohn stated that there were dramatic risks to the Council, including reputational damage, if it did not meet its targets such as reducing carbon emissions.

There being no more queries or comments, the Committee

RESOLVED –

(1) T H A T the comments of the Council's Senior Leadership Team and Cabinet in response to Governance and Audit Committee comments be noted.

(2) T H A T the Quarter 2 position of Corporate Risks (April 2024 – March 2025), as outlined in the Risk Summary Report (Annex A to the report) be noted.

(3) T H A T the comments of the Governance and Audit Committee be referred to Cabinet. The comments being:

- That procurement should be separated from the Financial Resources Risk and be a free standing risk on the Corporate Risk Register;
- That the scoring of the Financial Resources Risk be reconsidered and whether it warranted a higher risk score;
- That the Welsh Community Care Information System Risk and the Climate Change and Nature Emergency Risk be looked at as a matter of urgency by Cabinet and the Council's Senior Leadership Team.

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Reasons for decisions

- (1&2) Having regard to the contents of the report and discussions at the meeting.
- (3) To advise Cabinet of the views of the Governance and Audit Committee.

505 PROPOSAL TO AMEND THE MINIMUM REVENUE PROVISION 2024/25 POLICY (DCR) –

Minimum Revenue Provision (MRP) was the method that Local Authorities used to charge their revenue accounts over time with the cost of their capital expenditure that was originally funded by debt. Before 2007/08, the method of calculating MRP was specified in legislation, from 2007/08 onwards Local Authorities had been free to set their own policy on calculating MRP.

For supported capital expenditure the Council operated the "Asset Life" Method when calculating MRP. MRP was determined by charging the expenditure over the expected useful life of the average asset lives (40 years) of the (Non HRA) Council Assets in equal instalments, starting in the year after the asset became operational.

Following some recent benchmarking across other Welsh Local Authorities, the Council had identified a number of Authorities that used an asset life of 50 years rather than 40 years which would potentially release further savings to the revenue budget whilst still maintaining prudent provision.

Taking into account the guidance that the Council must adhere to, the team had carried out a piece of work looking at the average asset lives funded from supported borrowing for the previous eight financial years where those assets had been funded through supported borrowing and due in part to significant contributions towards Sustainable Communities for Learning Schemes in recent years which typically had an asset life of 65 years. Following this analysis the average asset life over this period was 50.70 years.

Therefore, the Council still proposed to use the "Asset Life" Method when calculating MRP, however it was proposed to amend the average asset life from 40 to 50 years. This change would result in a revenue saving of £615k.

MRP was intrinsically linked to the concept of the Capital Financing Requirement (CFR) in the Prudential Code. The CFR represented the total of all the Council's past capital expenditure, less the total capital financing applied other than debt. Debt was only a temporary form of finance as loans must be repaid. The CFR therefore represented the Council's underlying need to borrow for capital purposes, and the amount that had yet to be permanently financed. MRP was the main method of permanently financing that expenditure. If approved the revised CFR projections are detailed below.

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Year	1	2	3	4	5	10	20	30
	2024/25	2025/26	2026/27	2027/28	2028/29	2033/34	2043/44	2053/54
CFR	£000	£000	£000	£000	£000	£000	£000	£000
Current	235,061	269,484	298,573	322,579	352,207	457,146	691,165	856,175
Revised	235,676	270,731	300,469	325,142	355,454	464,245	707,262	882,793

The application of an equal instalment method over the average asset life (50 years) to the Council's Supported Borrowing CFR was the Section 151 Officer's preferred methodology for the Council as it was fully consistent with the statutory duty to make prudent revenue provision for the redemption of debt. Whilst this would lead to a higher CFR profile initially than the existing approach, it ensured that the capital expenditure financed by borrowing was repaid within the expected asset life rather than extending beyond it.

The Committee discussed the contents of Table 3 within the report showing the average asset live per year, noting that there were a number of outlier years which may skew the overall average. It was therefore agreed that a further analysis of the average asset lives would be required as well as a more detailed assessment of policies adopted by other Local Authorities.

Subsequently, it was

RESOLVED – T H A T the report be deferred to the next meeting of the Governance and Audit Committee in order to allow for an analysis of the average asset lives and policies adopted by other Local Authorities.

Reason for decision

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

506 GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2023/24 (HRIAS) –

The Annual Report 2023/24 had taken into account comments from Members of the Committee and demonstrated how the Committee had met its Terms of Reference as per the Council's Constitution as set out by the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021. It had achieved this by concentrating on its core responsibilities during the year.

During the year Members demonstrated they were keen to challenge the reports presented to them, the robustness of information and process and made suggestions to improve governance reporting moving forward. They were also keen to ensure officers learnt lessons from issues identified and held senior management accountable for making the required improvements. Where appropriate Directors were invited to Committee to provide further assurances.

The Committee endorsed the Annual Report 2023/24, subject to an amendment to paragraph 4.4.1 to clarify that the Governance and Audit Committee had not considered all audit reports but only those with a limited assurance.

No.

It was

RESOLVED –

(1) T H A T the Governance and Audit Committee Annual Report 2023/24 be endorsed subject to an amendment to paragraph 4.4.1 to clarify that the Governance and Audit Committee had not considered all audit reports but only those with a limited assurance.

(2) T H A T the Governance and Audit Committee Annual Report 2023/24 be referred to Full Council for their consideration and endorsement.

Reasons for decisions

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

(2) In line with the Local Government and Elections (Wales) Act 2021 and for Full Council endorsement.

507 STANWELL SCHOOL CAPITAL PROJECT UPDATE (HRIAS) –

An Internal Audit report relating to Stanwell School was presented to Governance and Audit Committee in June 2023 as part of the Annual Internal Audit Review 2022/23.

The Committee had requested Internal Audit undertake further, more detailed work relating to the Stanwell School Capital Project.

Further work was undertaken by Internal Audit with advice provided by the Council's Property Team in relation to the tendering and contract process undertaken at the school.

The Headteacher was not in school and was not available during the period of the audit review; subsequently left the employment of the school in August 2023. The Site Manager sadly passed away in June 2023.

Due to the confidential nature of the findings of the subsequent Internal Audit work, the matter was referred back to the Chair of Governors and the Acting Headteacher at the school to deal with under the appropriate Council / school policies and procedures and referred on to a relevant external organisation for further consideration; this was ongoing.

A further regularity audit was undertaken at the School in October 2023 which resulted in a Reasonable Assurance Audit Opinion.

Issues around the capital project previously identified were not and could not be followed up as no further capital projects had taken place.

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The Acting Headteacher provided assurances that if such projects were considered in the future, he would ensure all financial and procurement procedures would be complied with. The report advised that the overspend had significantly reduced by the end of April 2024.

Having considered the report, it was

RESOLVED – T H A T the contents of the report be noted and the actions taken by the Internal Audit Team following the further work undertaken be agreed.

Reason for decision

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

508 INTERNAL AUDIT FOLLOW UP LIMITED OPINION (HRIAS) –

In line with the Public Sector Internal Audit Standards the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based audit plan should cover the Council's overall control environment including risk, governance and internal controls as far as practicable.

On behalf of the Head of Internal Audit, an audit assurance opinion is issued at the conclusion of each audit job within the plan, based on the strengths and weaknesses identified throughout the audit work.

The opinions used by the Regional Internal Audit Service are those recommended by the Chartered Institute of Public Finance and Accountancy CIPFA and are used throughout Internal Audit within the public sector in the UK; Substantial, Reasonable, Limited, No Assurance.

Progress v Internal Audit Plan 2024/25 was reported into Governance and Audit Committee on 23rd September, 2024. Members noted that a follow up audit of a previous Limited Assurance audit resulted in a further Limited Assurance opinion.

Governance and Audit Committee therefore recommended that the relevant Director / Head of Service responsible for the Tender Evaluation & Award - Building Services (Project & Planned Team Services) be requested to attend the next meeting of the Governance and Audit Committee to provide a report and update on the actions being taken in response to the recommendations following the review of Internal Audit.

The Head of Housing and Building Services had provided an update on progress as contained in Appendix B to the report. He was disappointed that not all the issues identified in the 2021 audit report had been addressed and that some were identified again in the 2024 audit report.

Councillor E. Goodjohn referred to priority action 2.3 – Officers do not complete any declaration to state that either they do or do not have a personal interest in any of

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the bidding contractors, and it was clarified that staff were expected to make such declarations in line with the Employee Code of Conduct.

Councillor J. Protheroe queried future progress and plans. In reply, the Head of Housing and Building Services stated that Senior Officers had been provided with procurement training from Ardal, but further training for more staff would be required. The new Act had led to discussions around Council resources and capacity and future requirements, which would be part of the role for the new procurement resource. It would be an area for constant review and monitoring.

Councillor M. Hooper stated that he had noted that the issue of resources was a regular theme within the report, and he asked whether there were sufficient resources within Housing and Building Services. In reply, the Head of Housing and Building Services advised that in the area of Wales Housing Quality Standards, the majority of work would be of a capital nature which meant that there were associated fees, with a charge back through the Housing Revenue Account. It also meant that work would be targeted at tenant activities. There was a level of income derived from the project work, therefore, any increase in back-office resource would be charged to clients.

In terms of monitoring recommendations from 2021, the Head of the Regional Internal Audit Service advised the service would always seek evidence that all recommendations previously issued had been addressed by the service managers, although within follow up audits the wording may have slightly changed. A follow up audit would be undertaken within 6 to 12 months, and the Governance and Audit Committee would be advised of the outcome.

Subsequently, it was

RESOLVED – T H A T the remedial actions taken to address the Internal Audit recommendations of 2021 and 2024 be noted and the Head of Housing and Building Services report back on progress made against the outstanding actions at the meeting scheduled for 24th March, 2025.

Reason for decision

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

509 FORWARD WORK PROGRAMME 2024/25 (HRIAS) –

The Governance and Audit Committee had several core functions and responsibilities within its remit. It received reports and presentations throughout the year to enable it to carry out those core functions and responsibilities effectively and to provide it with confidence in the financial governance of the Authority.

To enable the Committee to provide this assurance and to ensure it was covering its range of responsibilities, a Forward Work Programme (FWP) was presented at each meeting, setting out the reports to be presented at future meetings, for approval or amendment, as necessary.

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The updated FWP for 2024/25 had been produced and was at Appendix A to the report.

Committee was requested to approve the updated FWP or request changes for future meetings.

It was noted that an extra meeting of the Governance and Audit Committee had been scheduled for Monday, 18th November, 2024 at 7pm, in order to consider the Council's Statement of Accounts. There would also be the deferred report – Proposal to Amend the Minimum Revenue Provision 2024/25 Policy.

It was also agreed for the Head of Housing and Building Services to provide an update regarding Tender Evaluation & Award - Building Services (Project & Planned Team Services) at the meeting scheduled for 24th March, 2025.

Having consider the report, it was

RESOLVED – T H A T the updated Forward Work Programme be approved.

Reason for decision

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