

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD
AT TEAMS LIVE ON MONDAY, 13 SEPTEMBER 2021**

PRESENT

County Councillors JG Morris (Chair), G Breeze, M J Jones, DW Meredith, WD Powell, D A Thomas, T J Van-Rees, A Williams and R Williams and Mr J Brautigam

Cabinet Portfolio Holders In Attendance: County Councillors A W Davies and R Powell

Officers: Jane Thomas, Head of Finance, Jan Coles, Head of Children's Services, Nigel Brinn, Corporate Director, Economy and Environment, Emma Palmer, Head of Transformation and Communication and Wyn Richards, Head of Democratic Services

Other Officers In Attendance: Ian Halstead and David Hill, SWAP and Phil Pugh, Audit Wales

1. APOLOGIES

Apologies for absence were received from County Councillors M Barnes, R G Thomas and J M Williams

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The Chair was authorised to sign the minutes of the previous meeting, held on 30 July 2021, as a correct record subject to County Councillor G Breeze being included as present.

Arising thereon:

WCCIS

The update prepared for the Chief Executive had not yet been circulated. An update would be requested.

HOWPS

The Chair had not yet spoken to the Chair of the Economy, Residents and Communities Committee

4. INTERNAL AUDIT REPORT - CHILDREN'S BUDGET MANAGEMENT
--

Documents:

- SWAP Final Report – Children's Services Budget Management

Discussion:

- The audit had commenced before the pandemic, was subsequently put on hold but completed in 2021
- The Assistant Director, SWAP informed the Committee that nine recommendations to tighten up financial controls had been suggested. In the past there had been a mismatch between available resources and required resources but in 2020/21 an underspend had been recorded. Whilst this was positive there were concerns that this was a misleading picture which had been affected by the pandemic and Welsh Government Grants and end of year housekeeping. The Assistant Director was of the opinion that the Committee needed more assurance that the Children's Service budget was being managed effectively.
- A general improvement in budget setting was acknowledged
- Effective impact assessments were in place
- No specific budget had been set aside for agency staff and therefore this was not being corporately monitored
- Budget management maintenance was key to enable commitments to be managed and ensure that an accurate position could be given at any point in time
- The budget gap was closing albeit slowly although a surplus had been generated in 2020/21 due in part to additional grant funding arising from the pandemic and housekeeping undertaken late in the year
- Budget pressures are now embedded into the baseline budget
- Work has restarted on improving process to ensure effective housekeeping
- The audit identified that there was a lack of mitigating action in addressing projected overspends identified in reports being submitted to Cabinet
- There was a lack of consistency in budget monitoring making it difficult for the Cabinet and Scrutiny to monitor assurance
- A questionnaire showed conflicting opinions but demonstrated some awareness of the issues
- A reasonable assurance had been given with 6 priority 2 recommendations and 3 priority 3 recommendations. Whilst it was generally a positive report, further assurance was needed.
- The Chair noted that the audit had been conducted at a difficult time for the authority and the service. The Committee was seeking assurance that budget management was sound. All services must be financially efficient and show good governance.
- The Vice Chair noted the difficulties that the service had faced. The current Chief Executive, Director, Heads of Service and Head of Finance were all relatively new to their posts. For some time, the service had lacked strategic direction and a large deficit had been reported in 2018/19. This deficit had reduced to £4M in 2019/20 followed by an underspend in the last financial year.
- The Committee asked who was responsible for budget management within the service. The Head of Service responded that she had that responsibility.
- The issue of housekeeping was causing some concern as last minute changes may not have led to a favourable outcome on the budget. The Head of Service informed the Committee that the pandemic had exposed strengths and weaknesses in both operations and administration. The pressures were clear, and the service was, with the support of business partners, effectively managing those pressures. However, work to

improve housekeeping issues has been delayed. Staff are equipped to manage budgets. An action plan has been put in place to rectify some systems. The service deals with very complex cases and this can lead to uncertainty in budgets. Good partnership working exists. The Finance Business Partner attends management meetings. Social Workers are not finance experts and rely on the Finance Business Partner. Budget holders have had training to ensure they are effective.

- The questionnaire highlighted that 25% of officers did not know what the Council's Financial Regulations were, understand virements or know the status of the current budget. It was noted that there had only been a limited response to the questionnaire and a full picture may not be represented. The Committee remained concerned and noted that there was insufficient evidence to show that training has been embedded within the service.
- There was further concern that a deficit position may be considered to be acceptable. The Head of Service did not recognise that position in the current service but acknowledged it may have been historically.
- The Portfolio Holder was confident the culture in the service had changed and did not recognise some of the statements in the report. She acknowledged that more work needed to be done but that the service would always carry risk.
- The Portfolio Holder for Finance noted that the report was relatively positive and welcomed the commitment of the Head of Service and Portfolio Holder for Young People and Culture. He questioned some of the language used in the report and highlighted the potential volatility of the service.
- The Committee acknowledged the need for the Service to react and believed that children were safer in Powys now than had been the case. The budget had increased by 100% over a relatively short time. The Committee questioned whether there was benchmarking across other authorities in Wales in order to enable comparators to be available.
- SWAP noted that measuring performance was key in managing any service but that this had been outside the scope of the report. Information would be valuable but he expected that diligence would be undertaken by the service as a matter of course.
- The Portfolio Holder for Young People noted that comparators would be valuable but there were too many variables across different authorities – for example Families First was included within Children's Services in Powys but was in Education or Communities services in other authorities
- Accuracy of data is key, and the corporate insight centre has dramatically improved the information available
- Investment in early care and prevention is seeing cost reductions in expensive placements. The numbers of children coming into care have been limited due to the introduction of these services. The service remains 'needs led' and will always endeavour to deliver best value. Both qualitative and quantitative measures must be assessed.
- The Committee sought assurance that a full range of strategies was being used to drive down the long-term use of agency staff. The Head of Service indicated that this was a key priority. There had been a significant reduction in reliance on agency social workers, but the pandemic had badly affected the service. It is currently challenging to recruit both permanent and agency social workers. This is a similar problem across

other authorities. The Portfolio Holder for Younger People highlighted the need for the value of the social worker role to be appreciated.

- The service is currently predicting a £1.2 M overspend at year end which is almost entirely based on two placements. There are ongoing shortages of placements but this is being addressed
- The Chair suggested that the scrutiny committee should monitor savings accruing from early intervention and prevention measures
- Based on concerns raised regarding assurance the Committee suggest that the Health and Care Scrutiny Committee should consider the budget management report and monitor the implementation of the action plan to ensure that the Service is working within budget.
- The Head of Finance advised that it was more important than ever to understand the financial position at any given time during times of crisis

Outcomes:

- **The report and comments from the Governance and Audit Committee be referred to the Health and Care Scrutiny Committee for consideration and monitoring**

5.	CAPITAL PROGRAMME GOVERNANCE AND ASSURANCE
-----------	---

The Head of Finance updated the Committee on work being undertaken to provide governance and assurance around the capital programme.

- A peer review of the cost plan of one project is being undertaken
- The Education Service is developing a Programme Finance Management Plan which sets out the approach to financial management on the 21st Century Schools programme, and the various roles and responsibilities etc
- A review is being undertaken of the Council's 21st Century Schools Programme through the Welsh Government Gateway Assurance Process: Gate 0 Programme Strategic Assessment this will be undertaken through October.
- These pieces of work will provide the Committee with greater visibility of the Governance arrangements in place and will enable them to assess their effectiveness.

6.	GOVERNANCE AND AUDIT COMMITTEE - CONSTITUTION
-----------	--

Documents:

- Report of the Chair of Governance and Audit Committee, Head of Finance and Head of Legal, Scrutiny and Democratic Services

Discussion:

- The Local Government and Elections (Wales) Act will lead to one third of the membership of the Governance and Audit Committee being lay members with one of those lay members chairing the committee
- County Council will be asked to approve proposals on 23 September 2021
- A number of options had been considered with the preferred option being 9 members, 6 county councillors and 3 lay members

- The Chair of the Committee was concerned regarding continuity of work and suggested adding a third recommendation to the report to ensure the three lay members were appointed before January 2022 to enable training and transition arrangements to be put in place.
- Members asked for a breakdown of the political make up of the Committee – this would of course depend on the political arrangements following the election, but, under current arrangements this would be 2 Independent members, 1 Conservative, 1 Liberal Democrat, 1 Labour and 1 Action for Powys

Outcomes:

- **An additional recommendation be included to ensure the lay members are appointed before January 2022 to enable training and transition to take place**

7.	WORK PROGRAMME
-----------	-----------------------

Documents:

- Work Programme

Discussion:

- Several Internal Audit Reports were due to be considered at today's meeting but had been deferred. The proposed timescales were as follows:
 - Y Gaer – special meeting to consider in early October (subsequently arranged for 8 October 2021)
 - Ysgol Calon Cymru – late October
 - Covid Business Grants – late October
 - Highways – end of 2021

8.	EXEMPT ITEMS
-----------	---------------------

RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 1 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

9.	GENERAL CENTRE FOR RAIL EXCELLENCE (GCRE)
-----------	--

The Corporate Director Economy and Environment provided an update on the Project to the Committee.

County Councillor JG Morris (Chair)