

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD
AT TEAMS LIVE ON FRIDAY, 21 JANUARY 2022**

PRESENT

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

In attendance: County Councillor P Roberts, Chair of the Learning and Skills Scrutiny Committee

Cabinet Portfolio Holders In Attendance: County Councillors A W Davies, Portfolio Holder for Finance and P Davies, Portfolio Holder for Education

Officers: Jane Thomas, Head of Finance and David Morris, Income and Awards Senior Manager, Emma Palmer, Head of Transformation, Vincent Hanley, Interim Professional Lead, Procurement

Other Officers In Attendance: Ian Halstead and Kate Ryde, SWAP and Phil Pugh, Audit Wales

1.	APOLOGIES
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Apologies for absence were received from County Councillors K Lewis and T J Van-Rees

2.	DECLARATIONS OF INTEREST
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There were no declarations of interest.

3.	MINUTES
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The Chair was authorised to sign the minutes of the previous meetings, held on 5 and 18 November 2021, as correct records.

4.	PROCUREMENT STRATEGY
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Documents:

- Report of the Portfolio Holder for Finance
- Draft Powys Procurement Strategy 2021-25

The Interim Professional Lead for Procurement Services was welcomed to the meeting.

Discussion:

- The Interim Professional Lead gave an overview of the vision for the next four years. The strategy represented a major shift in the buying of goods,

services and works whilst considering the zero-carbon agenda, fair working agenda, Wellbeing and Future Generations Act and the Council's Vision 2025. Collaboration will be key. There has been extensive consultation. It is intended to prepare an Action Plan detailing the governance to assure delivery of the Strategy.

- Members asked that consideration be given to various options as it may not necessarily prove effective to switch to electric vehicles given the initial costs and that consideration should be given to running older vehicles for longer rather than replace. Consideration would also need to be given to the ability of the workforce to maintain electric vehicles. The Welsh Government were stipulating the type of vehicles that could be purchased and work was ongoing with Fleet to address the requirements. Housing will also need to be net zero. The Portfolio Holder noted that many initiatives will come at a cost but may realise savings in the longer term. Social values also need to be embedded.
- The Committee would like to see more detail around proposed KPIs and the Action Plan. KPIs were already in existence and the Committee questioned if these could be adapted. Some processes are to be developed on a national basis through the WLGA Decarbonisation Group and other parties.
- Deliverability and accountability will need to be monitored – a cell will be established to steer the strategy and monitor its implementation.
- A climate emergency has been declared by both the Council and the Welsh Government and Members were concerned regarding the speed of delivery. Several projects are already in hand including passivhaus schools and houses. The Authority was moving forward and embracing the initiatives. A new Welsh Procurement Policy Note will be issued.

Outcomes:

- **The Committee wish to see the Action Plan, including timescales, once it is available**
- **The draft Strategy to be referred to the Economy, Communities and Residents Committee for consideration**

5.	INTERNAL AUDIT
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5.1. Evaluation of the Merger Proposal for Ysgol Calon Cymru

Documents:

- SWAP Evaluation of the Merger Proposal for Ysgol Calon Cymru

Discussion:

- The Assistant Director, SWAP, outlined the main issues within the report.
 - Objectives had been taken from the business case and showed there was a clear mandated framework
 - Project Management was in its infancy at the time but was managed within the framework. More robust frameworks are now in place.
 - The project had been conducted in line with the five-model business case

- Four areas for change had been identified – quality of education, the need for places and accessibility of those places, resources and financing and Welsh language provision
- Objectives were clearly identified but were neither SMART nor measurable or time bound. It was difficult to assess what success would look like
- There was a strategic fit for the proposal, but a compelling business case had not been provided
- Seven solutions had been identified but the scoring criteria was overly simplistic, and the analysis had not had sufficient detail to enable an informed judgement or challenge to be made
- There was a lack of transparency
- An option was selected and then changed to another option which had previously been rejected as it did not meet the objectives. Limited information was provided and it was not clear how this option would be delivered or how it would improve school standards.
- There had been a lack of financial information regarding the options
- The process continued but there was no updating of financial information provided to reflect changing circumstances including the new Funding Formula
- The School had been expected to deliver the curriculum with reduced funding and a fluctuating budget
- There had been no effective scrutiny of the proposals
- Budget deficits and uncertainty still exist – there remains a disagreement regarding the Funding Formula. Better collaboration and a consistent approach across all schools is needed.
- There was no defined pathway regarding delivery of the proposals
- A limited opinion was given with one priority 1 recommendation
- The Chair summarised that there had been poor planning and a poor business case, with a lack of governance and project control. The report was worrying and should be considered in detail by the Learning and Skills Committee. The Governance and Audit Committee's role is to assess whether the action plan was sufficiently robust to address the issues raised.
- The Head of Transformation informed the Committee that the senior officers and Cabinet in post at the time of the decision were no longer with the organisation and confirmed that lessons had been learned
- The Chair of the Learning and Skills Committee had been invited to the meeting. In his opinion, many of the issues should have been identified much earlier in the process. The Schools Panel had highlighted the risks and the lack of scrutiny at the time had compounded the issue. There was a clear case for strategic outline cases being considered by scrutiny.
- The current Portfolio Holder for Education agreed with many of the comments made and that the decision made had been poor. Since the Estyn Inspection in 2019 significant improvements have been made as evidenced by the recent PAR review into schools transformation. The Funding Formula for secondary schools has not been as updated as much as the Portfolio Holder would have liked. However, the organisation has improved significantly and the advice of professionals must be heeded when making strategic decisions.

- Funding for schools is driven by pupil numbers and is subject to fluctuation. Schools are offered support by the Finance Team and this improvement is recognised.
- The Head of Transformation reported that a strategy and supporting data had not been in place at the time the decision had been made. This has improved significantly in recent years and all schools' projects are subject to the 5 case business model. There is much improved scrutiny across the transformation programme. Any project is now subject to an options appraisal, swot analysis alongside extensive consultation. A Transforming Education Board is also in place.
- The Team has improved in knowledge and has received extensive training. External support has also been commissioned to support the preparation of business cases
- The Head of Finance reported that financial analysis is more robust and mature. There is more focus on the expected outcomes. Greater collaboration between teams takes place to provide more constructive challenge
- It was suggested that the Authority should not reject any proposals for future mergers because of this one poor decision. The new Strategy refers to 13 all age schools – if the schools' estate was based solely upon pupil numbers there would only be a need for 8 high schools and 21 primary schools.
- It was recognised that discussions around schools were emotive but areas that have been subject to transformation have been pleased with the outcomes achieved
- Relationships between teams are stronger and there is greater monitoring of proposals
- At the time of the merger, both Builth Wells and Llandrindod Wells High Schools were in Estyn monitoring. Ysgol Calon Cymru has improved significantly since then.

Outcomes:

- **The Governance and Audit Committee should monitor progress against actions identified**
- **The Learning and Skills Committee should be given the opportunity to review the SWAP report**
- **Scrutiny should take an active part in reviewing proposals to ensure sound decisions can be made**

5.2. Covid Business Grants

Documents:

- SWAP report Covid Grants Assurance

Discussion:

- During the pandemic the Welsh Government supported small businesses and charities with grant funding. This commenced in 2020 and is continues today.
- In general, the risk of fraud is continually rising and the report aims to provide assurance that there are robust mechanisms in place to protect the public purse from fraud

- At the beginning of the pandemic there was limited guidance with the Welsh Government focussing on speed of distribution of grants
- SWAP found that the process used was effective and supported local businesses and charities. The Team was competent and skilled. Fraud processes were in place and evolved as time progressed.
- There were some minor issues to report including the reporting of fraud and overpayments to senior management
- 58 cases of proven fraud were identified
- The administrative system was simplistic and digital checking could have been used at an earlier stage to provide increased rigour
- The Head of Finance informed the Committee that there had been 14 tranches of grant, over 15000 applications with 13000 businesses being awarded grants. £85.5M had been distributed.
- The Team was congratulated for their work during the pandemic by officers and Members

Outcomes:

- **The Action Plan would be forwarded as soon as it became available**

6.	DRAFT MTFS 2022-27, DRAFT 2022-23 BUDGET AND CAPITAL PROGRAMME 2022-2027
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The draft MTFS, draft Budget and Capital Programme had been circulated to Members through various seminars and other Committees.

The details would be scrutinized by the appropriate Scrutiny Committees. Their feedback would be considered by the Finance Panel and a report would be provided for Cabinet and County Council summarising the issues and commenting on overarching issues such as Council Tax, Reserves, Risk, Climate emergency etc. The next meeting of the Panel would be on 2 February 2022.

7.	CAPITAL WORKSTREAMS WORKING GROUP
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The Chair of the Capital Workstreams Working Group reported that the Group had met three times and had been very constructive. It had been intended to prepare a report for consideration by the Committee but this has been deferred to the next meeting on 10 February 2022. There was no reason for pessimism or cause for concern regarding affordability. A clearer view of the trajectory of the debt profile had been received.

8.	WORK PROGRAMME
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Documents:

- Forward work programme

Discussion:

- It was suggested that an introductory session or briefing with the newly appointed lay members should be arranged once they have been appointed

County Councillor JG Morris (Chair)