

**GOVERNANCE AND AUDIT COMMITTEE**  
**26 JANUARY 2022**

Minutes of the Governance and Audit Committee of Flintshire County Council held remotely on Wednesday, 26 January 2022

**PRESENT: Councillor Chris Dolphin (Chair)**

Councillors: Janet Axworthy, Geoff Collett, Patrick Heesom, Joe Johnson, Martin White and Arnold Woolley

Co-opted members: Sally Ellis and Allan Rainford

**APOLOGY:** Councillor Billy Mullin (Deputy Leader and Cabinet Member for Corporate Management and Assets)

**IN ATTENDANCE:**

Councillor Ian Roberts - Leader of the Council and Cabinet Member for Education, Councillor Paul Johnson - Cabinet Member for Finance, Social Value and Procurement, Chief Executive, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Corporate Finance Manager, Strategic Finance Manager, Principal Accountant and Democratic Services Officer

Gwilym Bury and Mike Whiteley from Audit Wales

**46. DECLARATIONS OF INTEREST**

None.

**47. MINUTES**

The minutes of the meeting held on 17 November 2021 were approved, as moved and seconded by Councillors Joe Johnson and Arnold Woolley.

**RESOLVED:**

That the minutes be approved as a correct record.

**48. TREASURY MANAGEMENT STRATEGY 2022/23 - TREASURY MANAGEMENT POLICY STATEMENT, PRACTICES AND SCHEDULES 2022-25 AND QUARTER 3 UPDATE 2021/22**

The Corporate Finance Manager presented the draft Treasury Management Strategy 2022/23 and associated documents for review and recommendation to Cabinet, along with a quarterly update on Treasury Management activities for 2021/22 for information.

The Strategic Finance Manager reported no significant changes and highlighted key areas on the economic context, increased focus on borrowing, changes to counterparty limits and a continuation of the borrowing strategy. In addition, work was ongoing with Arlingclose (the Council's treasury management advisors) to explore investment options to support climate change and meet future requirements of the revised Treasury Management Code on which the

Council was already mainly compliant. The quarterly update for 2021/22 reported the position on investments at December 2021 along with long and short term borrowing portfolios.

Sally Ellis asked about the increase in investment limits with counterparties following the cessation of the Welsh Government (WG) Hardship Fund at the end of the financial year.

The Corporate Finance Manager said that the availability of supplementary grant funding after this period for aspects of the Hardship Fund would provide flexibility and that details of investments with low-risk counterparties formed part of quarterly updates to the Committee. On a further question, the strategy reflected the need for continued long-term borrowing and such decisions were made as the need arose and with balanced judgement. An update on borrowing activities since December would be included in the outturn report.

On changes introduced by WG to support a low carbon economy, the Strategic Finance Manager said that environmental, social and governance (ESG) investment opportunities were becoming more available and that officers were working closely with Arlingclose on this.

In response to comments from the Chairman on the climate change targets set by WG, the Strategic Finance Manager spoke about various activities across the Council to invest in carbon reduction schemes. As suggested by Sally Ellis, the Chief Executive agreed that a future report would be shared with the Committee on progress with work under the Green Society and Environment theme to address climate change and decarbonisation challenges.

Allan Rainford asked about the impact of the interest rate forecast on long-term borrowing and the Capital Strategy. The Corporate Finance Manager spoke about the prudent approach taken to budgeting for the central loans investment account and said that approval of the Capital Strategy and Capital Programme in December had allowed for revenue consequences to be built into the forecast prior to the final stage of budget-setting in February. The Strategic Finance Manager provided clarification on new borrowing undertaken this year through the Invest to Save scheme.

Councillor Paul Johnson thanked officers for the detailed report which demonstrated the transparency of treasury management decision-making.

The recommendations were moved by Sally Ellis and seconded by Councillor Janet Axworthy.

**RESOLVED:**

- (a) That having reviewed the draft Treasury Management Strategy 2022/23, the Committee has no specific issues to be reported to Cabinet on 15 February 2022; and
- (b) That the Treasury Management 2021/22 quarterly update be noted.

**49. CODE OF CORPORATE GOVERNANCE**

The Chief Executive introduced the report on the annual review of the Code of Corporate Governance prior to consideration by the Constitution & Democratic Services Committee in June. He drew attention to Section 2 of the document reflecting on changes in governance arrangements during the pandemic.

Sally Ellis welcomed the availability of information on the work of the Recovery Committee on the Council's website. Her suggestion that this be made clearer in the Code was noted by officers including the Chief Executive who said that the transparency of such information complied with the requirements of the Code.

The recommendation was moved and seconded by Councillors Arnold Woolley and Martin White.

**RESOLVED:**

That the updated Code of Corporate Governance be endorsed for adoption as part of the Council's Constitution.

**50. ANNUAL GOVERNANCE STATEMENT 2020/21 MID-YEAR PROGRESS REPORT**

The Chief Officer (Governance) presented a mid-year progress report on the areas of improvement set out in the Annual Governance Statement (AGS) for 2020/21 which demonstrated positive progress in addressing the issues identified.

The Internal Audit, Performance & Risk Manager explained that whilst governance issues had been identified during the process, strategic issues from the risk register applied over the longer term. She advised that the only remaining 'red' risk was due to delays in gaining regulatory approval (planning; drainage; environmental permitting) to progress key infrastructure projects and that progress was being closely monitored.

Sally Ellis thanked officers for the report which provided assurance to the Committee. On the development of an action plan to improve consultation and engagement, the Chief Officer (Governance) provided clarification on work by the Corporate Communications team aligned with preparations on the corporate self-assessment which would be reflected in the AGS.

Allan Rainford commented on the potential for some issues to continue into 2022/23, in particular those impacted by economic pressures. The Chief Executive shared these concerns and explained that additional resources had been allocated to a number of service areas such as rent collection where early interventions with customers helped to prevent escalation.

The recommendation was moved by Allan Rainford and seconded by Councillor Joe Johnson.

**RESOLVED:**

That the Annual Governance Statement mid-year progress update report be accepted.

**51. INTERNAL AUDIT CHARTER**

The Internal Audit, Performance & Risk Manager presented a report to consider the outcome of the latest review of the Charter to meet all legal and regulatory requirements. There were no significant changes other than to reflect name changes to job and Committee titles along with general formatting.

In response to questions from Allan Rainford, an update was shared on current resources within Internal Audit and clarification given on professional qualification requirements.

The recommendation was moved by Councillor Arnold Woolley and seconded by Sally Ellis.

**RESOLVED:**

That the updated Internal Audit Charter be approved.

**52. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit, Performance & Risk Manager presented the regular update on progress against the Plan, final reports issued, action tracking, performance indicators and current investigations. Since the last report, no Red (limited assurance) reports had been issued and details were shared on the three Amber/Red (some assurance) reports. On action tracking, there was an increase in the number of overdue actions and a process had been agreed for regular reporting to the Chief Officer Team and quarterly attendance by a Principal Auditor to progress the matter. Performance indicators for the service generally remained positive, however there was some impact from external factors. An update was also given on movements within the current Plan which was progressing well.

Sally Ellis asked that information on Amber/Red reports include details of reporting arrangements and frequency. The Internal Audit, Performance & Risk Manager agreed to refer Amber/Red reports (in addition to Red reports) to the relevant Overview & Scrutiny Committee and would ensure that this was actioned.

The recommendation was moved by Allan Rainford and seconded by Councillor Janet Axworthy.

**RESOLVED:**

That the report be accepted.

**53. ACTION TRACKING**

The Internal Audit, Performance & Risk Manager presented an update on actions arising from previous meetings.

The recommendation was moved by Councillor Joe Johnson and seconded by Sally Ellis.

**RESOLVED:**

That the report be accepted.

**54. FORWARD WORK PROGRAMME**

The Internal Audit, Performance & Risk Manager presented the current Forward Work Programme for consideration. As requested by Sally Ellis, she agreed to liaise with officers to bring forward the Corporate Complaints report and schedule an item on Carbon Reduction for a future meeting.

On the Audit Wales report on Commissioning Older People's Care Home Placements scheduled for March, Gwilym Bury explained that regional and national reports were available on the Audit Wales website.

Allan Rainford thanked officers for scheduling an item on the Budget 2023/24 for September and suggested that this be brought forward if possible. He reminded officers that the purpose of the report was to enable the Committee to understand the risks and challenges at that stage of the budget process.

The recommendations in the report were moved and seconded by Councillors Arnold Woolley and Martin White.

**RESOLVED:**

- (a) That the Forward Work Programme be amended as necessary; and
- (b) That the Internal Audit, Performance & Risk Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

**55. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC**

None.

The meeting started at 10am and finished at 11.05am

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**Chair**