

**GOVERNANCE AND AUDIT COMMITTEE**  
**28 SEPTEMBER 2022**

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 28 September 2022

**PRESENT:** Sally Ellis (Chair)

Councillors: Glyn Banks, Allan Marshall, Ryan McKeown, Andrew Parkhurst and Linda Thomas

Co-opted members: Reverend Brian Harvey and Allan Rainford

**SUBSTITUTE:** Councillor: Rob Davies (for Bernie Attridge)

**APOLOGY:** Chief Officer (Social Services) - *minute number 26*

**IN ATTENDANCE:** Councillor Ian Roberts (Leader of the Council and Cabinet Member for Education, Welsh Language, Culture and Leisure), Councillor Paul Johnson (Cabinet Member for Finance, Inclusion, Resilient Communities), Councillor Billy Mullin (Cabinet Member for Governance and Corporate Services), Chief Executive, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Senior Manager (Safeguarding & Commissioning) - *minute number 26*, Strategic Finance Manager (Schools) - *minute number 27* and Democratic Services Officer

Gwilym Bury and Simon Monkhouse from Audit Wales

**23. SUBSTITUTION**

In accordance with Constitutional requirements, the Committee agreed to allow Councillor Rob Davies (who had undertaken the requisite training) to substitute for Councillor Bernie Attridge.

**RESOLVED:**

That Councillor Rob Davies be permitted as a substitute for the meeting.

**24. DECLARATIONS OF INTEREST**

As school governors, the following declared a personal interest on agenda item 5 'School Reserve Balances': Rev Brian Harvey, Councillors Glyn Banks, Rob Davies, Allan Marshall and Ryan McKeown.

Sally Ellis declared a personal interest on the same item due to her son being employed by a school in Flintshire.

**25. MINUTES**

The minutes of the meeting held on 27 July 2022 were approved, as moved and seconded by Councillors Ryan McKeown and Andrew Parkhurst.

## **RESOLVED:**

That the minutes be approved as a correct record.

### **26. AUDIT WALES REVIEW OF COMMISSIONING OLDER PEOPLE'S CARE HOME PLACEMENTS BY NORTH WALES COUNCILS AND BETSI CADWALADR UNIVERSITY HEALTH BOARD**

The Senior Manager (Safeguarding and Commissioning) presented a report on the outcome of an Audit Wales review of Commissioning of Older People's Care Home Placements by North Wales councils and Betsi Cadwaladr University Health Board (BCUHB). She provided background on arrangements for the review, the purpose of which highlighted a number of continuing pressures within social care. Extensive engagement with Audit Wales and BCUHB colleagues had led to publication of the final report which reflected a more balanced view of the position across North Wales.

In highlighting the Committee's role, the Chair advised that the report had been considered by the Social & Health Care Overview & Scrutiny Committee.

The Senior Manager provided detailed explanation on work undertaken to date to address the five recommendations by Audit Wales, together with revised deadlines for completion.

Gwilym Bury from Audit Wales explained that councils and health boards in Wales were required to discharge their statutory responsibilities within the legal framework set by Welsh Government (WG). He spoke about the complexities involved in nationally set fee structures and their impact on individuals. Whilst the action plan for North Wales would help to address local issues, a separate national report to WG highlighted the need for intervention to avoid continuation and escalation of the more fundamental issues. As stated in a previous report, Audit Wales considered that the current pooled fund arrangement to support the delivery of care home accommodation functions across the region did not provide value for money or any of the intended benefits associated with the pooled fund model. However, it was the view of the North Wales councils and BCUHB that the arrangements complied with the obligations. Officers were thanked for their contributions to the review.

In response to questions from Rev Brian Harvey on recruitment and retention in the care sector, the Senior Manager spoke about the success of the value-based recruitment process in collaboration with partners. When asked about learning from the review, she said that maintaining close working relationships with care providers was a key factor in strategic planning.

Councillor Glyn Banks said that the report recognised the significant and complex work carried out by people working in social care across the region. He commented on the potential for more collaborative working and opportunities for change influenced by WG.

In response to comments on the implementation of recommendations, Gwilym Bury advised that progress would be reviewed at an appropriate stage and that a follow-up review of arrangements across the whole of Wales was

likely. Whilst most councils and health boards in Wales disagreed with the view of Audit Wales on the approach to pooled funding arrangements, there was shared agreement on the need for national change to resolve long-standing complex funding issues within the current system.

Following questions from Allan Rainford, the Senior Manager provided clarification on governance arrangements for the Regional Partnership Board and links to Overview & Scrutiny. During discussion on the care home market, the Committee was updated on the local situation and steps being taken to strengthen provision.

On pooled funding, Councillor Andrew Parkhurst sought an officer response on the concerns raised by Audit Wales. The Senior Manager explained the regional approach which was supported by pre-placement agreements and strong relationships with care providers to give assurance on value for money. The Chief Officer (Governance) spoke about the challenges in reducing cost for care provision.

As Leader of the Council, Councillor Ian Roberts said that money raised by Flintshire should be spent on local people and facilities. He spoke about the expansion of care home provision across the County and positive working relationships with care providers. On pool funding, he drew comparison with a similar arrangement with GwE (the regional school improvement service).

The Chief Executive made reference to the latest market stability report considered by County Council the previous day, which would help to inform future activities in creating resilience and stability in the care sector in Flintshire.

The recommendations were moved and seconded by Allan Rainford and Councillor Linda Thomas.

On the second recommendation, Gwilym Bury agreed to pass on the Chair's request that updates include any actions taken forward by WG, along with timescales, following the national report by Audit Wales.

**RESOLVED:**

- (a) That the Committee notes the recommendations in the Audit Wales report on Commissioning of Older People's Care Home Placements by North Wales Councils and Betsi Cadwaladr University Health Board; and
- (b) That the Committee notes the agreed actions in the Management Response to address these recommendations and receives regular updates on the implementation of the actions going forward.

**27. SCHOOL RESERVE BALANCES YEAR ENDING 31 MARCH 2022**

The Strategic Finance Manager (Schools) presented the annual report on reserves held by Flintshire schools and the risks and internal processes associated with schools in deficit.

In comparison with the previous year, there was a significant increase in reserve levels across all sectors as at 31 March 2022 (as replicated across Wales), coinciding with a number of additional Welsh Government (WG) grants awarded in recognition of the impact of the pandemic on learners. Although welcomed, a number of grants awarded at a late stage had inflated school reserves at year end. Trend analysis illustrated the shift to reserves increasing from 2020 which was mainly attributed to significant amounts of WG grant funding during the pandemic. It was important to recognise that whilst overall reserve levels were a snapshot at that time and subject to fluctuation, there was background context for each individual school to achieve the right balance in ensuring levels of reserves were not excessive but adequate reserves with a clear purpose. An overview was given of the process in monitoring school reserve levels along with a summary of responses from schools on balances in excess of 5% of the school budget recommendation.

In response to questions from Allan Rainford, the Strategic Finance Manager provided clarification on criteria linked to grant funding and the ongoing review of the funding formula.

As requested by Councillor Andrew Parkhurst, the protocol for schools in financial difficulty would be circulated to the Committee to show the stages involved in applying for a licensed deficit. He was also advised of support for schools in managing budgets and cost projections including energy on which the impact for next year was not yet known.

In thanking the Strategic Finance Manager for her detailed report, Councillor Ian Roberts referred to the complex funding formula and the impact of projected increases in the number of secondary school pupils coinciding with a reduction at primary level. He spoke about the priority to maintain a broad balanced curriculum and welcomed financial contributions from WG towards school budgets as a result of the pandemic.

In welcoming the improved reserves position, the Chair asked about the process for dealing with schools with higher levels of reserves. The Strategic Finance Manager gave assurance that whilst high quality information was provided by schools, there was robust challenge where necessary. She highlighted the need to allow time for schools to utilise the WG funding to support recovery from the pandemic.

The recommendation was moved and seconded by Rev Brian Harvey and Councillor Andrew Parkhurst.

**RESOLVED:**

That the level of school reserves as at 31 March 2022 be noted.

**28. 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, one Amber Red (some assurance) report had been issued on Planning, Environment & Economy - Domestic Energy. On action tracking, outcomes were shared from the Chair and Vice-Chair's meeting with the Chief Officer team in July, which included the option to request relevant officers to attend the Committee to explain reasons for overdue actions. Further work to reduce overdue actions to 38% was welcomed by the Committee. On performance indicators, progress was overall positive with the two red ratings (including the average number of days from end of fieldwork to debrief) coinciding with the holiday period. The report also detailed changes to the audit plan to reflect current capacity within the team.

In response to a question from Rev Brian Harvey on risk management of overdue actions, the officer explained that in most cases, services had failed to update the system after completing their actions.

On the areas for improvement within the Amber/Red report, Allan Rainford raised concerns about the use of two separate processes to validate information. The Internal Audit, Performance & Risk Manager agreed to liaise with the auditor in order to assure the Committee that work was not being duplicated.

In welcoming progress on overdue actions, Councillor Andrew Parkhurst questioned whether some of the reasons for high and medium overdue actions were up-to-date, in particular reference to the response to the pandemic.

On the same matter, the Chair sought updates on red reports for the O Licence and Maes Gwern contractual arrangements which had been previously considered. The Internal Audit, Performance & Risk Manager reported that there was no progress on the former report due to staffing issues and that this was being monitored by the Chief Officer. On the latter, no further progress had been made and the matter was being prioritised by the Chief Officer.

The Chair requested that the responsible officer for Maes Gwern be invited to the Committee to provide explanation.

The Chief Executive acknowledged that more improvement was needed to close outstanding actions. He thanked the Committee for its support and gave assurance that this continued to be prioritised within the Chief Officer team.

In response to a question from Councillor Glyn Banks, clarification was given on the reasons for the two deferred high priority audits. Whilst a follow-up review of progress with implementing actions on the Amber/Red report could not be accommodated this year, the Committee would be kept updated as part of regular reporting.

The recommendations, as amended, were moved by Allan Rainford and seconded by Rev Brian Harvey.

**RESOLVED:**

- (a) That the report be accepted; and

- (b) That the responsible officer for Maes Gwern contractual arrangements be invited to attend Committee to provide reasons for overdue actions.

**29. EXTERNAL ASSESSMENT - PUBLIC SECTOR INTERNAL AUDIT STANDARDS 2022**

The Internal Audit, Performance & Risk Manager presented a report on the outcome of the external assessment of conformance with the Public Sector Internal Audit Standards (PSIAS) which was carried out every five years. The external assessment, which had been carried out as a peer review, found the Council's Internal Audit service to be compliant with the Standards in all significant areas and was operating independently and objectively.

Councillor Glyn Banks congratulated the Manager and her team for the positive outcome.

The recommendation was moved by Councillor Andrew Parkhurst and seconded by Councillor Ryan McKeown.

**RESOLVED:**

That the report be noted.

**30. ACTION TRACKING**

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

On actions from the July meeting, Councillor Glyn Banks continued to raise his concerns about the legal relationship between the Council and Theatr Clwyd within the accounts, despite the explanations given at the meeting.

The recommendation was moved by Councillor Ryan McKeown and seconded by Allan Rainford.

**RESOLVED:**

That the report be accepted.

**31. FORWARD WORK PROGRAMME**

The Internal Audit, Performance & Risk Manager presented the current Forward Work Programme for consideration, including movements since the last report. The following changes were agreed:

- Risk Management Update to be brought forward to November 2022.
- The Committee's Self-Assessment for 2022/23 to move to January 2023 and the associated workshop to be arranged for December 2022.
- A follow-up on Commissioning Care Home Placements to be included within the External Assurance update.

The recommendations in the report were moved and seconded by Councillors Andrew Parkhurst and Rob Davies.

**RESOLVED:**

- (a) That the Forward Work Programme, as amended, be accepted; 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.

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

None.

The meeting started at 10am and finished at 12.10pm

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**Chair**