

**GOVERNANCE AND AUDIT COMMITTEE**  
**25 JANUARY 2023**

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 25 January 2023

**PRESENT:**

Co-opted members: Sally Ellis (Chair), Reverend Brian Harvey and Allan Rainford

Councillors: Bernie Attridge, Glyn Banks, Allan Marshall, Andrew Parkhurst and Linda Thomas

**IN ATTENDANCE:**

Councillor Paul Johnson (Cabinet Member for Finance, Inclusion and Resilient Communities), Councillor Billy Mullin (Cabinet Member for Governance and Corporate Services), Chief Executive, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Corporate Finance Manager, Strategic Finance Manager, Principal Accountant and Principal Auditor

Wales Audit Office: Matthew Edwards and Carwyn Rees

Minute number 49

Chief Officer (Planning, Environment & Economy) and Climate Change & Carbon Reduction Programme Manager

Minute number 50

Customer Contact Service Manager and Matthew Harris (Head of the Complaints Standards Authority)

**46. DECLARATIONS OF INTEREST**

None.

**47. MINUTES**

The minutes of the meeting held on 14 November 2022 were approved, as moved and seconded by Councillors Linda Thomas and Bernie Attridge.

Minute 37: Asset Disposal and Capital Receipts Generated 2021/22 - Councillor Andrew Parkhurst sought clarity on the difference between asset sales figures appended to the report compared with the full breakdown later circulated, which included those omitted from the original document due to commercial sensitivity. The Chief Officer (Governance) asked that Councillor Parkhurst email him separately so that a response could be provided to the Committee.<sup>1</sup>

Minute 44: Maes Gwern - Councillor Parkhurst made reference to officers agreeing to consider how best to report capital receipts without breaching

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<sup>1</sup> The complete breakdown of all assets sold reflected total sales of £2,028,000 for 2019/20, £1,977,000 for 2020/21 and £1,935,000 for 2021/22

commercial confidence. The Chief Executive advised that officers would report back on this to a future meeting.

**RESOLVED:**

That the minutes be approved as a correct record.

**48. STATEMENT OF ACCOUNTS 2021/22**

The Corporate Finance Manager presented the final version of the Statement of Accounts 2021/22 incorporating changes agreed with Audit Wales (AW) during the course of the audit. He reminded the Committee that, as reported to the previous meeting, the extended statutory deadline for publishing the final audited accounts had been extended further to 31 January 2023, largely due to a technical accounting issue on infrastructure assets.

In summarising the Audit Wales report, Matthew Edwards thanked the Corporate Finance Manager, Strategic Finance Manager and the team for their support in efficiently working through the issues arising during the audit, which reflected the positive working relationship. He highlighted the level of materiality determined for the audit and areas of general interest where lower levels applied. He confirmed that the accounts had been prepared to a good standard and that the Auditor General intended to issue an unqualified audit opinion in due course. He provided clarification on two significant issues arising from the audit (Exhibit 2) which were consistent with other authorities and confirmed that these were technical accounting adjustments which had been satisfactorily resolved and did not impact on the overall financial position of the Council.

In echoing the tributes paid to Council officers and Audit Wales colleagues, the Chair welcomed continued positive engagement between the two organisations to resolve the issues identified.

Allan Rainford acknowledged the complexities involved in producing the accounts. In response to a question on Note 18, the Strategic Finance Manager provided clarity on the inclusion of transactions between the Council and related parties within the accounts. On further questions, Matthew Edwards confirmed that he had no concerns and that Flintshire was one of the majority of councils across Wales expected to sign off their accounts within the revised statutory deadline. On value for money arrangements, it was noted that the Annual Audit Summary would be shared at a forthcoming meeting.

Councillor Andrew Parkhurst asked if the Council's asset register could be shared with the Committee. The Chief Officer (Governance) agreed that this would be provided on the basis that it be kept strictly confidential due to commercial sensitivity.<sup>2</sup> On a request to share the register of interests for senior officers, he advised that whilst the Members' register was a public document, officers were not subject to a mandatory register and therefore the information would need to be shared on a voluntary basis and with good reason, due to the personal information involved.

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<sup>2</sup> A non-confidential version of the asset register was subsequently shared with the Committee. See reference under minute 61 of the meeting held on 22/03/23.

Councillor Parkhurst stated that his request was to assure the Committee that any potential conflict of interests were being properly managed and he commented that the notes to the core financial statements did not reflect the voluntary nature of the officers' register of interests.

The Chief Officer advised that there was no requirement for the arrangement to be stipulated within the accounts. He explained that it was the responsibility of individual officers to manage any conflicts of interest and referred to the Code of Conduct which was subject to regular review by the Standards Committee. He suggested that the Governance & Audit Committee receives an assurance report from officers on how such issues were managed which could be a more appropriate way forward.

Councillor Glyn Banks spoke in support of Councillor Parkhurst's request. His query on the income generated from the collection of water and sewerage charges was responded to by Councillor Bernie Attridge as it had been raised at the Community & Housing Overview & Scrutiny Committee.

When asked for his view on Councillor Parkhurst's request, Matthew Edwards was not aware of specific arrangements across Wales and was a matter that officers may wish to follow-up. In providing context on the auditing of the accounts, he explained the approach taken by Audit Wales in respect of auditing disclosures, to give assurance to the Committee.

In response to the Chief Officer's suggestion, the Chair proposed that a detailed assurance report be shared at a future meeting on the Council's approach to managing potential interests of officers, with examples where possible. She suggested that the report could also include examples of good practice at other authorities in Wales.

The Chief Officer said that the officers who had completed the register of interests could also be approached to see if they are willing to share their information on a voluntary basis.

The proposed actions were welcomed by Councillor Parkhurst who thanked everyone for their input.

The recommendations in the report were moved and seconded by Councillor Attridge and Rev Brian Harvey. The additional recommendation put forward by the Chair was moved and seconded by Councillors Attridge and Marshall.

**RESOLVED:**

- (a) That the final version of the Statement of Accounts 2021/22 be approved;
- (b) That the Audit Wales report - Audit of the Financial Statements 2021/22, Flintshire County Council - be noted;
- (c) That the Letter of Representation be approved;

- (d) That a detailed assurance report be shared with the Committee about arrangements in place to manage potential conflicts of interests of senior officers; and
- (e) That a request is made to senior officers who have made such declarations to establish whether they are willing to share that information with the Committee.

#### **49. CLIMATE CHANGE STRATEGY**

The Chief Officer (Planning, Environment & Economy) introduced the report on progress with the Climate Change Strategy which was adopted by Cabinet in February 2022. The accompanying action plan outlined progress in creating a net zero carbon Council by 2030 and was split into key themes. In addition to the appointment of an experienced officer, the establishment of the Climate Change Committee (from the former Climate Change Programme Board) would help to embed climate change across the organisation.

The Committee was introduced to Alex Ellis, the Climate Change & Carbon Reduction Programme Manager, who gave a presentation covering:

- Context
- Achievements so far
- Development of the Strategy - Baseline and Engagement
- Action Plan to Net Zero Carbon
- Current Staff Resource
- Governance Structure
- Timeline to 2030
- 2021/22 Progress Report
- Recommendations
- Priorities for 2023-24

In response to a question from Rev Brian Harvey, the Programme Manager spoke about increasing public awareness of the issues amongst younger people and plans to engage further. The Chief Officer referred to working with partners and previous Member workshops to promote positive change.

Following a question from Allan Rainford on investment decisions, the Programme Manager referred to proactive work to identify funding opportunities including collaborative projects and Invest to Save options, to achieve medium to long-term benefits. The roll-out of carbon literacy training to elected Members and senior managers would help stakeholders to understand the benefits of those investments.

As Vice-Chair of the Climate Change Committee, Councillor Allan Marshall referred to savings achieved by controlling heating temperatures in buildings. The Programme Manager referred to temperature management measures in non-domestic building stock and confirmed that Council domestic properties were not included in the scope of the carbon emission data.

The Chief Officer (Governance) commented on actions to reduce carbon emissions from procurement activities which had increased during 2021/22.

The Chair highlighted the need for more clarity on milestones in the action plan to achieve the aims within the strategy, which was noted by the Programme Manager. In response to concerns about the level of focus on procurement, reference was made to the methodology for reporting carbon emissions as set out by Welsh Government.

On behalf of the Committee, the Chair thanked the officers for their attendance and detailed presentation.

The recommendations were moved and seconded by Councillors Bernie Attridge and Linda Thomas.

**RESOLVED:**

- (a) That the Committee notes the contents of the report;
- (b) That the Committee supports the improvement of internal communications to raise awareness of the Council's positive progress in moving to achieve its climate change ambitions;
- (c) That the Committee supports the introduction of embedding carbon measures into procurement processes within a pilot portfolio of the Council;
- (d) That the Committee supports the case for an Invest to Save post and resources to introduce Building Management Systems within more of our building assets to improve the management of energy use; and
- (e) That the Committee supports the embedding of climate change principles throughout the Council, through delivery of Carbon Literacy training to Elected Members, Senior Managers and other key decision makers.

**50. PUBLIC SERVICES OMBUDSMAN FOR WALES ANNUAL LETTER 2021-22 AND COMPLAINTS MADE AGAINST FLINTSHIRE COUNTY COUNCIL DURING THE FIRST HALF OF 2022-23**

The Chief Officer (Governance) introduced the report to share the Public Services Ombudsman for Wales (PSOW) Annual Letter which summarised the Council's performance on complaints investigated during 2021-22.

The Committee was introduced to Rebecca Jones, the Customer Contact Service Manager, who was also appointed as Chair of the All-Wales Complaints Group which aimed to share good practice and identify improvements on complaints handling. In summarising the main areas of the report, she explained that the increase in new complaints made against the Council during 2021/22 aligned with the national trend and was likely to be a result of suppressed complaints during the pandemic. The majority of those complaints had been closed due to being out of jurisdiction, premature or closed after initial consideration by the PSOW. A review of public information to increase

awareness of the Council's complaints procedure was helping to reduce the number of premature complaints and actions to keep complainants informed of progress would help to tackle the number of duplicated cases. Other improvements reported good progress with the mandatory training programme, the introduction of a new policy on managing customer contact and setting out house rules on expected behaviour for contact with the Council on social media. A summary of performance during the first half of 2022/23 indicated a slight increase in complaints received to date and improved complaint responses across portfolios.

Matthew Harris, Head of the Complaints Standards Authority, was in attendance and welcomed the Council's investment in training and its impact on referrals to the PSOW and intervention levels during the first half of 2022/23. He referred to the ongoing commitment to support the Council's training programme and the statutory guidance within the All-Wales model which aimed to standardise complaints handling throughout Wales.

Rev Brian Harvey asked how the procedure was used to improve customer services. Officers advised that sharing performance data with key officers helped to inform learning and analyse trends in order to target improvements, noting that the nature of some complaints were outside the control of the Council.

Councillor Andrew Parkhurst welcomed the work being undertaken to improve complaints handling and publicise the Council's complaints procedure. In response to a question on Members' complaints communicated to officers, the Customer Contact Service Manager advised that performance data was based on complaints reported directly to the Corporate Complaints Team.

In response to comments on comparison of performance across Wales, Matthew Harris provided context on the proportion of complaints referred to the PSOW and he welcomed the reduction in referrals in Flintshire for the first half of 2022/23 compared with the previous year. He agreed with the point raised by the Chief Officer (Planning, Environment & Economy) that public interest reports raised the public profile of the PSOW, which could be one of the factors contributing to the increase in premature complaints.

The Chair suggested that the Committee may wish to request additional information for the next report to show how feedback had helped to identify changes to improve services. In response to a further suggestion, the Chief Officer (Governance) advised that demonstrating outcomes from community feedback already formed part of the corporate self-assessment.

The recommendations, as amended, were moved and seconded by Councillor Bernie Attridge and Rev Brian Harvey.

**RESOLVED:**

- (a) That the Committee notes the annual performance of the Council in respect of complaints made to the Public Services Ombudsman for Wales during 2021-22;

- (b) That the Committee notes the 2022-23 half year performance of the Council in respect of complaints made to services in line with its complaints procedure;
- (c) That the Committee supports the actions outlined in paragraph 1.15 to improve complaints handling across the Council; and
- (d) That the Committee requests additional information for the next report to demonstrate how community feedback helps to identify changes to improve service delivery.

**51. TREASURY MANAGEMENT 2023/24 STRATEGY AND QUARTER 3 UPDATE 2022/23**

The Strategic Finance Manager presented the draft Treasury Management Strategy 2023/24 and associated documents for review and recommendation to Cabinet, along with a quarterly update on Treasury Management activities for 2022/23 for information.

The officer reported no significant changes to the strategy and highlighted key areas on the economic context, the Council's anticipated treasury position with focus on borrowing and a continuation of the investment strategy. The quarterly update for 2022/23 reported the position on investments at December 2022 along with long and short term borrowing portfolios.

In response to a question from Allan Rainford, officers advised that whilst the Public Works Loans Board (PWLB) was the preferred borrowing option, the potential for issuing Bonds would be explored in conjunction with advice from Arlingclose. It was also clarified that no further changes were expected to the team structure set out in the Practice Schedules.

Officers agreed to look into Rev Brian Harvey's suggestion that reference to the Climate Change Strategy be included in section 1.03 of the Treasury Management Policy Statement, in addition to that already included in the Strategy.

Following a query by Councillor Bernie Attridge on clause 3 of the Treasury Management Code referenced in the Practical Guide for Local Authorities' Audit Committees, officers agreed to share a written response to clarify the roles of this Committee and Cabinet on treasury management reporting.

The recommendations were moved and seconded by Allan Rainford and Councillor Bernie Attridge.

**RESOLVED:**

- (a) That having reviewed the draft Treasury Management Strategy 2023/24 and accompanying documents, the Committee has no specific issues to be reported to Cabinet on 23 February 2023; and
- (b) That the Treasury Management 2022/23 quarterly update be noted.

## **52. 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 March. He highlighted key areas including the roles of the Corporate Governance Working Group and the seven principles of good practice applied to the Code.

The Internal Audit, Performance & Risk Manager advised of a minor change in the removal of reference to the emergency response from the pandemic.

The recommendation was moved and seconded by Councillors Bernie Attridge and Linda Thomas.

### **RESOLVED:**

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

## **53. 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 35 of the 58 overdue actions were high or medium priority.

As requested by the Chair, the officer provided an update on progress with overdue high priority actions including those older than six months from the original due date. Following the report on Maes Gwern contractual arrangements at the previous meeting, a detailed positive update was given on the current position including capital receipts received to date. On 'O' Licenses, due dates had been extended due to the impact of staffing issues in Streetscene & Transportation and would be progressed following the current recruitment exercise. In agreement with the Chief Officer, the Internal Audit team would be identifying ways of adding value to that service through a lean review in next year's Audit Plan.

It was agreed that an update on progress with actions from the Homelessness and Temporary Accommodation review would be shared once available, noting the current pressures within that service.

In response to questions from Councillor Andrew Parkhurst, the officer explained that the deferment of the audit on Section 106 Agreements was due to a management review and would be scheduled in the 2023/24 Audit Plan. She detailed the process for encouraging and supporting key officers to update the system on overdue actions and provided clarification on the reasons behind some reviews involving extended revised due dates. On the use of consultants, she shared background on historic issues prior to the introduction of strengthened processes.

The recommendation was moved and seconded by Rev Brian Harvey and Councillor Allan Marshall.

**RESOLVED:**

That the report be accepted.

**54. ACTION TRACKING**

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

The recommendation was moved and seconded by Councillors Bernie Attridge and Andrew Parkhurst.

**RESOLVED:**

That the report be accepted.

**55. FORWARD WORK PROGRAMME**

The Internal Audit, Performance & Risk Manager presented the current Forward Work Programme for consideration.

The recommendations were moved and seconded by Councillor Bernie Attridge and Rev Brian Harvey.

**RESOLVED:**

- (a) That the Forward Work Programme 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.

**56. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC**

Exclusion of the press and public was moved and seconded by Councillors Bernie Attridge and Andrew Parkhurst.

**RESOLVED:**

That the press and public be excluded from the meeting as the following item was considered to be exempt by virtue of paragraph 12 and 13 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

**57. DRURY PRIMARY SCHOOL FINANCIAL MANAGEMENT FOLLOW-UP**

The Committee received a follow-up report on progress with actions relating to recommendations arising from the Internal Audit report shared in May 2022.

In moving the recommendation, Councillor Bernie Attridge welcomed the progress which had been made. He was seconded by Allan Rainford.

The Chair requested that the Committee be informed when the outstanding action had been completed.

**RESOLVED:**

That the progress made in implementing the actions from the original report be noted.

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

None.

The meeting started at 10am and finished at 12.40pm

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**Chair**