

COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: THE CHAIR AND MEMBERS OF THE AUDIT COMMITTEE

SUBJECT: GOVERNANCE & AUDIT COMMITTEE – 2ND NOVEMBER, 2021

REPORT OF: DEMOCRATIC SUPPORT OFFICER

PRESENT: Mr. Terry Edwards (Chair)

Councillors S. Healy
B. Baldwin
D. Davies
D. Hancock
W. Hodgins
J. Millard
J.C. Morgan
K. Rowson
B. Summers
S. Thomas
H. Trollope
L. Winnett
Mr. Martin Veale

WITH: Chief Officer Resources
Audit & Risk Manager
Senior Business Partner - Capital and Corporate Accounting
Professional Lead – Internal Audit
Head of Legal & Corporate Compliance
Head of Community Services
OD Manager – HR
Service Manager - Registration, Elections & Corporate Complaints

AND: **Audit Wales**
Mike Jones
Alice Rushby
Charlotte Owen

DECISIONS UNDER DELEGATED POWERS

<u>ITEM</u>	<u>SUBJECT</u>	<u>ACTION</u>
No. 1	<p><u>SIMULTANEOUS TRANSLATION</u></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
No. 2	<p><u>APOLOGIES</u></p> <p>Apologies for absence were received for Councillors J. Hill, J. Holt and the Data Protection & Governance Officer.</p>	
No. 3	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>Councillor B. Summers declared an interest in any reference to Silent Valley Waste Services Limited.</p>	
No. 4	<p><u>AUDIT COMMITTEE</u></p> <p>The minutes of the Audit Committee held on 27th July, 2021 were submitted.</p> <p>A Member sought clarification of the amount of £71m referred to on page 5 of the minutes (page 9 of the agenda document pack).</p> <p>The Chief Officer Resources confirmed that the figure should be amended to read £70m.</p> <p>RESOLVED, subject to the foregoing, that the minutes be accepted as a true record of proceedings.</p>	

<p>No. 5</p>	<p><u>ACTION SHEET</u></p> <p>There were no actions arising from the meeting held on 27th July, 2021.</p>	
<p>No. 6</p>	<p><u>AUDIT WALES - FINANCIAL SUSTAINABILITY ASSESSMENT BLAENAU GWENT COUNTY BOROUGH COUNCIL</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources presented the report. She said Members would be aware that long term financial sustainability continued to be a risk to Councils putting in place proper arrangements to secure value for money in the use of resources. During 2021 Audit Wales undertook an assessment across all Councils in Wales, and this report provided the findings of the assessment undertaken by Audit Wales specific to Blaenau Gwent. A summary of the findings was detailed at section 6 of the report and the full Audit Wales report was also attached.</p> <p>A Member expressed concern regarding the impact of the £70m loan for the Ebbw Valley Railway improvements on the Council's liquidity ratio moving forward, and also the impact of the Council's disposal of assets.</p> <p>In response the Chief Officer Resources confirmed that as at the 31st March, 2021 the Council had accepted a £70m short term loan from Welsh Government, and this was included within the liquidity ratio calculation. She pointed out that in the 'Audit of Financial Statements' report on the agenda, this had been changed to a long term loan, and Members would be aware that an income source to fund repayments of the loan had been identified. The Officer explained that the liquidity ratio measured an organisations' ability to pay debts, and whilst this was low, it was not such a significant issue for Local Authorities as they were able to source borrowing from the PWLB.</p> <p>The Member then asked whether the Council's response to</p>	

	<p>the proposals for improvement would be reported to Members, and also questioned the figures at exhibit 2 on page 30 of the report.</p> <p>The Chief Officer Resources confirmed that the proposals would be responded to.</p> <p>In relation to the figures the Audit Wales Officer explained that whilst some money had been received from WG, some of the claims for costs incurred by the Council as a result of Covid were not eligible for WG funding.</p> <p>In response to a further question the Chief Officer Resources explained that there was a rolling programme of asset valuations in place, and a certain percentage of assets were valued on an annual basis.</p> <p>RESOLVED that the report be accepted and the Committee accept the findings of the Audit Wales report, as detailed in the report and appendix (Option 1).</p>	
<p>No. 7</p>	<p><u>AUDIT WALES: REVIEW OF PEOPLE, PERFORMANCE AND FINANCIAL RESILIENCE IN COMMUNITY SERVICES</u></p> <p>Consideration was given to the report of the Head of Community Services.</p> <p>The Head of Community Services presented the Audit Wales Report, 'Review of People, Performance and Financial Resilience in Community Services' (attached at Appendix 1). The report also included the Community Services action plan in response to Audit Wales Proposals for Improvement (attached at Appendix 2). The Officer went through the report and highlighted the key findings contained therein, and the Audit Wales proposals for improvement highlighted at section 2.17 of the report.</p> <p>A Member said he had every confidence in the management of the Community Services department. He had expressed concerns previously regarding the ongoing adverse financial position of the Environment Portfolio, particularly with more difficult financial settlements expected over the coming years</p>	

	<p>as a result of the Covid pandemic, and the Council's ability to deliver services in the future.</p> <p>The Head of Community Services welcomed the Member's support and assured that the proposals for improvement would be implemented. He said it was recognised that a large element of the Environment revenue budget was reactive led and this was difficult to manage. He said proposals for utilising in-year reserves to support leaner periods was welcome in terms of managing winter management, but he said it would always be a challenging area, hence the need for appropriate budgets.</p> <p>The Member said in recognising that there will be difficult times ahead, the Council needed to make advances elsewhere to ensure reactive services do not become an unbearable burden. He said in scrutinising overspends during the last 6 years there were other areas where savings could be made, and in order to make savings Members would need to make difficult decisions in order to secure those services.</p> <p>Another Member thanked the Community Services department for their work during the Covid pandemic, and said he agreed with the comments made and hoped that moving forward decisions would be taken to ensure adequate budgets are put in place.</p> <p>In response to a question raised by a Member regarding Silent Valley Waste Services, the Head of Community Services confirmed that a review of the Council's arrangements with Silent Valley was currently being undertaken and would be reported to Members in due course.</p> <p>RESOLVED that the report be accepted and the Committee be assured that the management response will respond to the Audit Wales proposals for improvement (Option 1).</p>	
<p>No. 8</p>	<p><u>INTERNAL AUDIT PROGRESS REPORT</u></p> <p>Consideration was given to the report of the Professional Lead Internal Audit.</p>	

The Professional Lead Internal Audit presented the report which provided an update on progress against the Internal Audit Plan for the period 1st April 2021 to 30th September 2021. Activities during the period, including the audits concluded from the financial year 2020/21 were set out in Appendix A. The format showed a summary of findings from audit reports produced in the period, including a formal audit opinion where appropriate. Where individual audits were graded as Limited Assurance or No Assurance, an Internal Audit Summary Report was presented, and the Officer confirmed that there was one Internal Audit Summary report attached at Appendix B. Appendix C presented the performance data for the period, and Appendix D and E provided the gradings issued during the period and percentage coverage for each department.

A Member expressed concern regarding Appendix B (Internal Audit Summary Flexible Working) and asked whether more work would be done to consider the implications of the findings identified in the audit.

The Officer explained that this was an audit of the previous flexible working policy. The Council had now moved to a new flexible working system and some of the elements identified within the summary report would have been addressed. However, a follow-up audit of the new system would be undertaken to ensure that where it aligned to the previous system, those processes have been put in place.

The Audit & Risk Manager said the findings included in the summary report were non-adherence to the policy in place at the time. However, due to the new ways of working the policy would be amended, and it may be that some of the issues identified would not apply moving forward.

The OD Manager confirmed that further guidance had been issued to Managers in relation to certain aspects of the audit, and in addition as part of the agile working arrangements, a review of the flexible working policy would be undertaken after one year to inform development of that work.

In response to a further question the OD Manager confirmed

	<p>that staff well-being would form part of the review. She also reported that a significant amount of work had been undertaken around well-being and resources had been put in place for staff to access.</p> <p>RESOLVED that the report be accepted and the Committee notes the findings within the attached Appendices, and the progress on activities for the period 1st April 2021 to 30th September 2021.</p>	
<p>No. 9</p>	<p><u>STATEMENT OF ACCOUNTS 2020/2021</u></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>The Senior Business Partner Capital and Corporate Accounting presented report which informed Members of material changes since the draft Statement of Accounts were presented to Committee in July, together with any issues arising since the audit of the Accounts, and presented the 2020/21 Statement of Accounts for approval.</p> <p>The Officer confirmed that the Council had complied with the statutory requirements in relation to publication of the Accounts and, subject to approval and signing by the Auditor General, would meet the extended deadline for completion by 30th November, 2021. Section 2.5 of the report indicated that the Accounts had been made available for inspection by the public during July and no requests to inspect the Accounts was received. He said it was also pleasing to note in Section 2.8 of the report that Audit Wales intend to provide an unqualified audit opinion on the Accounts.</p> <p>The Officer then went through the report and highlighted points contained therein.</p> <p>A Member referred to Section 2.8 of the report and asked when the certificate for completion of previous years' audit could be expected.</p> <p>In response the Officer confirmed that the issue preventing the 2015/16 accounts being certified as completed was still</p>	

ongoing and until they are certified, a certificate of completion for the previous years' accounts could not be certified.

The Audit Wales Officer presented the Audit of Financial Statements and went through the main findings of the audit. He confirmed that it was intended to issue an unqualified audit opinion on this year's accounts.

He drew Members attention to paragraph 18 of the report where it referred to previous issues relating to the quality of the draft accounts, the standard of quality control procedures in preparation of the statements, and the timeliness of the working papers. However, he was pleased to report that significant improvement had been made in these areas during the 2020/21 audit.

He confirmed that it was intended to issue an unqualified audit opinion, however, the certificate of completion of the audit could not be issued due to the ongoing issues in relation to Silent Valley. However, he was pleased to report that the legal responses from the individuals identified in the report had now been received and publication of the report was imminent.

The Audit Wales Officer's colleague confirmed that improvements had been made this year, and reported that the Finance Team had engaged with Audit Wales on a pilot scheme for conducting future audits to be rolled out across Wales. She commended the Team for their engagement on the pilot and the positive attitude towards the changes being implemented.

A Member referred to the £70m loan for the railway and asked whether the Accounts should include a statement that there was no liability to the Council.

In response the Senior Business Partner explained that when the Council starts to spend the £70m, it would be changed in the Accounts to show that we have a long term debtor and that we are owed £70m from WG/TfW to cover that liability with matching assets.

	<p>RESOLVED that the report be accepted and on consideration of this report and the External Auditor's report, the Accounts be approved by the Governance & Audit Committee under the delegated authority of the Council. (Option 1)</p>	
No. 10	<p><u>AUDIT OF ACCOUNTS REPORT – BLAENAU GWENT COUNTY BOROUGH COUNCIL 2020/21</u></p> <p>Consideration was given to report of Audit Wales.</p> <p>RESOLVED that the Committee note the Audit of Accounts Report – Blaenau Gwent County Borough Council 2021/21.</p>	
No. 11	<p><u>ANNUAL GOVERNANCE STATEMENT</u></p> <p>Consideration was given to report of the Audit & Risk Manager.</p> <p>The Audit & Risk Manager presented the final Annual Governance Statement (AGS) for 2020/21. The draft AGS was submitted to Committee in July 2021, and had now been updated to reflect the current position, with only minor typographical amendments being made.</p> <p>RESOLVED that the report be accepted and the Committee approve and adopt the AGS having considered and challenged the content, ensuring it is consistent with their knowledge and understanding of the wider issues affecting the Council. (Option 1)</p>	
No. 12	<p><u>ANNUAL UPDATE REPORT – USE OF POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000</u></p> <p>Consideration was given to report of the Head of Legal & Corporate Compliance.</p> <p>The Head of Legal & Corporate Compliance presented the report which provided information relating to the Council's use of statutory powers under the Regulation of Investigatory Powers Act (RIPA) 2000 for the period 2020/2021, as required under the Council's RIPA policy and procedures.</p>	

The Council could only undertake covert surveillance if the proposed operation was authorised internally by one of the named authorising officers, and in addition any proposed surveillance must also be approved by a Magistrates' Court. A Council could only use directed surveillance if it was necessary to prevent or detect criminal offences which attracted a custodial sentence of six months or more, or criminal offences relating to the underage sale of alcohol or tobacco. The use of the Council's powers under RIPA had reduced significantly over recent years and this was a trend noted across the UK. Use of the powers has to be demonstrated to be proportionate to what is sought to be achieved, and for most areas of Council activity it would not be proportionate to utilise the powers.

The Officer then went through the report and highlighted points contained therein. She confirmed that updated training on the topic of the use of RIPA was delayed due to the Covid pandemic, but it was anticipated that this would take place in January 2022. A review of the policy and procedures would also take place early in 2022.

In response to a question raised by a Member regarding the deployment of covert cameras in fly tipping hot spots, the Officer explained that the RIPA policy would not apply as fly tipping offences did not attract a 6 month custodial sentence. The Council could legitimately place cameras at an area prone to fly tipping, but would have to provide signage stating that a camera was in place. However, if a particular area was causing significant problems that required intervention, there were mechanisms to deploy a covert camera if it was proportionate to what the Council aimed to achieve.

In response to a further question, the Officer reported that since July 2021, one application had been made for surveillance which had resulted in a successful prosecution.

RESOLVED that the report be accepted and the Governance and Audit Committee accepts the information in the report which is given as assurance that appropriate oversight and monitoring is taking place. (Option 1)

No. 13

**THE ANNUAL REPORT OF THE PUBLIC SERVICES
OMBUDSMAN FOR WALES 2020/2021**

Consideration was given to report of the Head of Legal & Corporate Compliance.

The Head of Legal & Corporate Compliance presented the report which informed Members of the Council's performance with regard to complaints to the Public Services Ombudsman for Wales. The overall number of complaints received by the Ombudsman relating to Local Authorities across Wales had decreased by 12.5% during 2020/21. This reflected the reduction in complaints being reported by Local Authorities during the Covid-19 pandemic.

The Ombudsman referred a higher proportion of Code of Conduct complaints to a Standards Committee or the Adjudication Panel for Wales: 3.4% compared to 2% in the previous year. This higher referral rate was also accompanied by a sharp increase in the number of Code of Conduct complaints received.

The Officer reported that the number of complaints to the Ombudsman for Blaenau Gwent during 2020/2021 was 15 with only 1 complaint requiring intervention. This was a reduction from 17 complaints received in 2019/2020.

A Member asked whether the Council had a responsibility to inform the public of the change to agile working.

In response the Officer explained that if the change in working arrangements was impacting upon the number of complaints received, this would be identified during the Council's internal processes for discussing complaints. All complaints received were considered to ascertain the reasons for the complaints and where improvements could be made. She said staff working from home should not impact the service, and nothing had been highlighted through performance, other than at the height of the pandemic when staff were redeployed to other areas and some services were temporarily ceased, and this was communicated to the public at the time, apologising for the disruption to services.

A Member said it would be beneficial to have information on the response to complaints.

The Officer said this information would not form part of this report, however, a system had been developed to report that data in greater detail, and this would be submitted to the next meeting of the Committee.

RESOLVED that the report be accepted and the Governance and Audit Committee be assured that the process for the monitoring of complaints is robust and the performance information provided reflects these practices. (Option 1)