

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting held on 21 September, 2021

- PRESENT:** Councillor Peter Rogers (Chair)
Mr Dilwyn Evans (Lay Member) (Vice-Chair)
- Councillors John Griffith, Gwilym O. Jones, Dylan Rees, Alun Roberts.
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer
Director of Function (Council Business)/Monitoring Officer (for items 3, 4, and 5)
Head of Internal Audit & Risk (MP)
Principal Auditor (NW)
Head of Profession (HR) and Transformation (for item 8)
Programme, Business Planning and Performance Manager (for item 9)
Head of Housing Services (for item 10)
Committee Officer (ATH)
- APOLOGIES:** Councillor Mrs Margaret Roberts, Mrs Annwen Morgan, (Chief Executive), Mr Rhys Hughes (Director of Education, Skills and Young People), Mr Fôn Roberts (Director of Social Services)
- ALSO PRESENT:** Councillors Robin Williams (Portfolio Member for Finance), Carwyn Jones (Portfolio Member for Major Projects and Economic Development), Alun Mummery (Portfolio Member for Housing and Supporting Communities), Dafydd Rhys Thomas (Portfolio Member for Corporate Business), Alwen Williams (NWEAB), Mr Alan Hughes (Audit Lead – Performance Audit, Audit Wales), Bethan Roberts (Audit Wales), Mr Gareth Williams (Local Democracy Reporter)

The Chair welcomed everyone present to this virtual meeting of Governance and Audit Committee.

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Governance and Audit Committee held on 20 July, 2021 were presented and were confirmed as correct.

Arising thereon –

Reference was made to Audit Wales's Programme and Timetable which showed that the audit of the Council's Statement of the Accounts for 2020/21 would take place in the period from June to September, 2021 whereas in previous years the final audited accounts would normally have been published in September. Clarification of the altered schedule and the reasons behind it was sought.

The Director of Function (Resources)/Section 151 Officer clarified that the deadline for the publication of the 2020/21 accounts has been extended to the end of November, 2021 in line with what was agreed with regard to the accounts completion and publication process for 2019/20 due to the added pressures on councils in responding to Covid-19 which are still continuing. Audit Wales is also dealing with resource pressures in auditing local authority accounts across the region. The amended schedule means that the audited accounts for 2020/21 along with External Audit's report on the financial statements will be brought to this Committee in a meeting arranged for 20 October, 2021 and will be presented to Full Council for approval later that month which is in compliance with the regulations extending the statutory deadlines to 31 August for the publication of draft accounts and 30 November for the publication of audited accounts.

3. INFORMATION GOVERNANCE: ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER (SIRO) 2020/21

The Annual Report of the Senior Information Risk Owner (SIRO) for 2020/21 was presented for the Committee's consideration. The report set out the SIRO's statement and overview of the Council's compliance with the legal requirements and relevant codes of practice in handling corporate information and, at Appendices 1 to 7 provided key data about the Council's information governance including contact with external regulators, security incidents and breaches of confidentiality or near misses, and Freedom of Information requests and complaints during the period.

The Director of Function (Council Business)/Monitoring Officer and designated Senior Information Risk Owner (SIRO) reported on the main points from the Annual Report as follows –

- The Council's processes and practices under the Regulation of Investigatory Powers Act 2000 (RIPA) were inspected by the Investigatory Powers Commissioners Office during the period covered by the report. The inspection was favourable and no formal recommendations were made. Although the Council makes responsible but limited use of RIPA, the relevant roles, policies procedures and training are necessary and must be in place.
- The Council was contacted by the Information Commissioner's Office (ICO) in respect of 2 data protection complaints. While the matters were not ultimately investigated by the ICO, the Council was asked to review its responses to the complainants and take any appropriate steps to ensure the complaints were dealt with fully. The complaints have been reviewed and the matters concluded. One appeal was lodged with the ICO in this period which was upheld.
- The Office of the Surveillance Camera Commissioner (OSCC) oversees compliance with the Surveillance Camera Code of Practice. The Council has been using the Surveillance Camera Commissioner's CCTV specific Data Protection Impact Assessment (DPIA) since 2019/20 and it is now used by the Council whenever a new CCTV system is proposed. Whilst the Council had no contact with the OSCC during the period of the report, a great deal of work has been undertaken in that time to strengthen arrangements including addressing the governance gaps surrounding historic CCTV systems which existed before the introduction of the SCC Code. During the period of the report, CCTV users and managers were trained in the data protection elements of using CCTV.

- During the year, 30 data security incidents were recorded by the Council comprising of 28 Level 0 -1 (near misses or confirmed incidents but no need to report to ICO/other regulators) and 2 Level 2 incidents (data security incidents that must be reported to the ICO because of the risk presented by the incident).
- A total of 736 FOI requests was received during the period 1 April, 2020 to 31 March, 2021 comprising of 5,397 individual questions. A breakdown of the requests per service and by applicant type is provided in Appendix 3 of the report. Of the 736 requests, 5 resulted in an internal review of the responses made by the Council the outcomes of which are as outlined. At its September, 2020 meeting the Committee discussed the possibility of the Council making more information routinely available in order to better manage the impact of FOI requests. To assess whether the Council's routine publication of information is an effective factor in minimising the impact of FOI requests, a self-assessment tool was prepared and circulated to the Council's services with all but the Resources function participating in the self-assessment. The outcome of the self-assessment is set out in Appendix 8 and confirms that it is unlikely that the publication of information reduces the number of requests since routine publication of documents rarely provides the context that FOI applicants require. There is also evidence to suggest that published information results in additional requests.
- A total of 5 Data Protection Act complaints were received during the year of the report of which 4 were investigated but were not upheld. In these four instances it was found that the Council's processing was considered to be lawful and the data subject rights were not compromised.
- A total of 24 Subject Access Requests were received; of the 22 SARs responded to, 78% of the responses were sent within deadline. Two SARs are on hold subject to the receipt of the necessary evidence and one was received at the end of the reporting period and was therefore not due a response within the period of the report. These requests can be complex and addressing them is often time consuming. A methodology has been developed and training provided.
- A Data Protection Work Plan was developed in the months following the implementation of the new data protection legislation in 2018 and has been reported to this Committee. All elements of that work plan have long since been completed apart from the two elements outlined in the Table at Appendix 6 which are both attributable to the Learning Service; these outstanding elements relate to the need to review the use of consent as a lawful ground for processing and to develop and monitor the Council's Article 30 ROPA.
- A schedule of Information Governance training is provided at Appendix 7; 90% of the staff targeted have undertaken training during the period of the report and Heads of Service will be encouraged to target the remaining 10% in the current reporting period.
- Owing to the demand for operational advice, the Council's information governance capacity is being invested in providing direct support to clients in accordance with the key obligations of data protection meaning there is no longer capacity for any non-essential strategic and corporate initiatives. It is therefore proposed that rather than reporting on the progress of services with action plans, future attention will shift to seeking assurance from Heads of Services as Information Asset Owners on key compliance areas.
- That it is the SIRO's conclusion that there is significant documented evidence to demonstrate that the Council's data protection and information governance arrangements are good. This assessment is based on the information governance systems, processes, policies and training that the Council has in place which provide assurance that the Council is aware of the risks and has taken appropriate and reasonable steps to mitigate those risks. The SIRO also considers that information governance is embedded within the operational culture of the Council. However there remain two areas where further work is necessary in connection with the uncompleted tasks falling to the Learning Service and CCTV Data Protection Impact Assessments.

- In the coming year the focus will be on supporting services with specific cases and providing ongoing training; the past year has seen the evolution of new, different and often pioneering ways of working in connection with Covid 19 including on a regional and national basis which will demand time and attention. In addition, a specific package for Heads of Service is being developed in tandem with a statement of assurance system which will be underpinned by appropriate training.

The Committee in considering the annual report and the level of compliance and risk which it reflects, raised the following points –

- The actions needed and might practicably be taken to enable the SIRO to come to a conclusion that the Council's data protection and information governance arrangements are very good or excellent. The Committee also sought clarity on the criteria against which the assessment of service performance is made. The Monitoring Officer/SIRO advised that should the priorities and areas of focus as outlined be achieved and the quality assessment of these areas prove satisfactory then it may be possible to upgrade the evaluation of the Council's arrangements. Last year was the first year the SIRO deemed it possible to designate the Council's arrangements as good so the direction of travel is positive. In terms of assessing services' performance, it is intended to work with the Heads of Services and Directors to develop specific criteria. The Monitoring Officer/SIRO highlighted that while there is no precedent for such work among local authorities which the Council can draw upon, areas of performance in relation to training, supervision, complaints and turnaround times will be considered and many of the corporate elements will be applied to services individually the aim being to identify any weaknesses at service level so that they can then be addressed.
- The Committee noted that the Learning Service as at March, 2021 remained non-compliant with regard to implementing actions in relation to completing the consent audit and ROPA related work; the Committee queried whether the SIRO was able to provide an update on any developments that may have taken place in the intervening period. The Monitoring Officer/SIRO confirmed that the situation remains unchanged despite the matter being raised with the Learning Service on several occasions including in a number of meetings and despite the support of Governance and Audit Committee in doing so. The Learning Service states that it has a number of priorities and that the elements highlighted are not uppermost among them. Responding to a further question, the Monitoring Officer/SIRO confirmed that the outstanding work is statutory with it being an expectation therefore that the Learning Services complies.

In light of the clarification above, it was proposed that in order to obtain assurance on this matter the Learning Service be asked to report to the Committee's next meeting at the latest with clarification of its arrangements for completing the outstanding work encompassing the consent audit and the Record of Processing Activities.

It was resolved –

- **To accept the SIRO's statement.**
- **To note that the longstanding consent audit in the Learning Service remains uncompleted.**
- **That the Committee endorses the Council's development of its GDPR Article 30 Record of Processing Activities be supported by the Learning Service;**
- **That the Learning Service report to the Committee's next meeting at the latest with clarification of its arrangements for completing the outstanding work as described above i.e. the consent audit and the Record of Processing Activities.**

- **That the SIRO's future reports to the Governance and Audit Committee report on assurances received by the SIRO from the Heads of Service as Information Asset Owners.**

4. ANNUAL REPORT: CONCERNS, COMPLAINTS AND WHISTLEBLOWING 2020/21

The report of the Director of Function (Council Business)/Monitoring Officer providing information on issues arising under the Council's Concerns and Complaints Policy for the period 1 April, 2020 to 31 March, 2021 was presented for the Committee's consideration. The report also included Social Services complaints but only those where the complainant was not a service user. Service user complaints are dealt with under the Social Services Policy - Representations and Complaints Procedure for Children and Adults and are reported annually to the Social Services Improvement Panel.

The Director of Function (Council Business)/Monitoring Officer reported on the main points as follows –

- That during the reporting period, 104 concerns were received and 43 complaints were made. Of the 43 complaints, 42 had received a full response by the 31 March, 2021, with the remaining complaint requiring significant further investigation prior to providing a final response to the applicant.
- That of the 42 complaints dealt with during period, 2 were upheld in full, 1 was partly upheld and 39 were not upheld. Nine complaints that had been through the internal process were escalated to the Public Service Ombudsman Wales (PSOW) and all 9 were rejected.
- The number of complaints investigated in the year fell by 26, down from 69 in 2019/20; a breakdown of concerns, complaints and compliments by service is provided in the table at paragraph 8 of the report.
- The overall rate of responses to complaints issued within the specified time limit (20 working days) was 90%. When responses are late services are expected to send a holding response to the complainant to keep them informed of progress and to explain the reasons for the delay.
- From an analysis of the table at paragraph 8 of the report, 9% (up from 8% in 2019/20) of the complaints received resulted from escalated concerns which suggests that services are dealing effectively with concerns thereby limiting formal complaints. A further 9% (4 of the 43) were sent to the Council by the PSOW who refused to deal with them until the internal Council process had first been exhausted. Complainants may also take their complaints directly to the formal stage of the internal complaints process and this accounts for remaining 82% of the complaints received.
- The Concerns and Complaints Policy places an emphasis on learning lessons from complaints thereby improving services. Previous recommendations endorsed by the Governance and Audit Committee have now become embedded as part of business as usual when dealing with complaints. Appendix 1 of the report explains what lessons have been learnt from the 2 upheld and 1 partly upheld complaints.
- Whilst there is no internal right of appeal against a decision reached in response to a complaint, the Concern and Complaints Policy includes the option of escalating a complaint to the PSOW where the complainant remains dissatisfied with the Council's response. There were 18 complaints relevant to this process lodged with the PSOW within the timescale of the report. None of the complaints were taken into investigation.
- During 2020/21 no code of conduct complaint was received by the PSOW against a County Councillor. Limited information about such complaints is formally reported to the County Council's Standards Committee twice a year.
- No formal language related complaint was received during the year. However, one expression of concern was received as documented and was resolved without it being

escalated into a formal complaint. Any other issues relating to the Welsh language are reported annually in the Welsh Language Standards Annual Report.

- During 2020/21, 2 whistleblowing concerns were received an outline of which is provided in the table at paragraph 14 of the report. Both concerns were acted upon and the results fed back to the whistle-blower by the Monitoring Officer.
- During the year the Corporate Concerns and Complaints policy was reviewed and amended to bring it into alignment with the complaints handling guidance under the Complaints Standards Authority created by the Public Services Ombudsman (Wales) Act 2019. The amendments were minor and have not changed the process that has been in force since April, 2013. The Ombudsman confirmed on 26 May, 2021 that the Council's policy was deemed compliant with the guidance.
- The Council's Constitution has been amended to reflect the Governance and Audit's new responsibility under the Local Government and Elections (Wales) Act 2021 to review and make reports on complaints handling.

The Committee in considering the report raised the following points -

- Whether an elected member who is the subject of a complaint to the Ombudsman has right of access to the evidence against him/her. The Director of Function (Council Business)/ Monitoring Officer advised that where the PSOW decides to open a case and undertake an investigation into a complaint against an elected member then evidence relevant to the subject matter of the complaint has to be shared with the elected member against whom the complaint is made who then has a right of reply.
- Noting that a high proportion of the complaints made are attributable to three services, the Committee wanted to know whether they share a common theme thereby making it easier to predict and/or prevent further complaints in future. The Director of Function (Council Business)/Monitoring Officer advised that whereas the Services' Complaints Officers are asked to identify any trends/patterns and/or issues with regard to complaints received, the Annual Report to this Committee documents the complaints upheld rather than the complaints lodged.
- Whether a lack of response to correspondence and/or not phoning people back as promised is as common a complaint as anecdotal evidence provided to elected members might suggest. The Director of Function (Council Business)/Monitoring Officer advised that the number of such complaints is not particularly high indicating that what elected members hear about complaints of this kind is not borne out by the actual number of such complaints coming through the complaints process. A new corporate telephone system is to be installed which it is hoped will also aid and facilitate responsiveness.
- That it is gratifying to note that a total of 464 compliments were also received during the period covered by the report which testify to what services across the Council are doing right especially since a considerable number of those compliments relate to services which have regular contact with the public.

It was resolved to accept the report as providing reasonable assurance that the Council handles its complaints effectively.

5. ANNUAL POLICY ACCEPTANCE REPORT 2020/21

The report of the Director of Function (Council Business)/Monitoring Officer setting out the level of compliance in relation to policy acceptance via the Council's Policy Portal Management system for the fourth year of monitoring was presented for the Committee's consideration.

The Director of Function (Council Business)/Monitoring Officer highlighted the following –

- The nine core policies currently included in the core set as listed in paragraph 1 of the report. These nine core policies are subject to acceptance every two years but will be compulsory for new staff throughout that time. Due to Covid 19, the process was suspended in March, 2020 but was re-started on 1 September, 2021.
- The five policies listed in paragraph 3.1 of the report which have been subject to re-acceptance since 1 September, 2020. Compliance data per service as at 11 August 2021 is shown in Appendix 1 to the report. The table at paragraph 3.1 compares the average compliance rates reported to this Committee over the past four years.
- Declining compliance levels within Housing Services was questioned by this Committee at its meeting on 1 September, 2020 and was subsequently brought to the attention of the Head of Housing Services after which the average compliance rate for the Service significantly improved overall. Nevertheless the data in Appendix 1 shows a marked decline in Housing Services' acceptance of the last policy issued which is down to 76%. However, compliance reports to the SLT indicate that there is more of a time lag for policy acceptance within Housing Services which is possibly due to the higher number of technical rather than clerical/office based staff within the service.
- A pilot commenced on 14 September, 2020 which required middle managers to accept three HR policies with each policy assigned to relevant officers nominated by each service. Compliance data per service for the papers issued is set out in Appendix 2 to the report. The final paper – guidance for designating language skills for internal and external posts – will be issued for acceptance in the coming weeks.
- The compliance issue in connection with staff without access to the Policy Portal. Staff who are not AD users - estimated at around 700 employees - who include those listed in the table at 3.3 - are not part of the policy acceptance process. The Policy Portal's reliance on the Council's Active Directory (AD) has been recognised as a weakness from the outset and was recognised as a risk by this Committee at its meeting in September, 2020 when it sought assurance that the matter was being pursued at the highest level. Whilst the matter has been receiving corporate consideration, this specific aspect of corporate policy acceptance remains on hold and will remain so indefinitely until a digital and cost effective solution becomes available. A proposal to trial a paper based process with Adults' Services whereby staff would attend Council Headquarters to be briefed on the policies after which they would sign up to them was suspended due to the pandemic and is unlikely to be implemented in the near future. Until or unless the situation changes the matter will no longer be reported to the Committee. It should be noted however, that many of the areas covered by the core set policies are also included within corporate induction and training programmes although this does not provide the same degree of assurance as the Policy Portal.
- Policy acceptance for partnership and/or agency staff who are not technically employed by the Council. In order to be assured that staff who are not directly employed by the Council are aware of and comply with the corporate policies set out in paragraph 3.4 of the report, services have been provided with a template containing a declaration to be signed by staff categorised as such. The policies are available to them in the Portal to read beforehand but completing the process in the portal is optional.
- Next steps. The Equality and Diversity Policy will shortly be subject to re-acceptance to be followed by the Corporate Safeguarding Policy which has been re-scheduled from March, 2021 to ensure it incorporates the requirements of the Wales Safeguarding Procedures 2019 before it is re-accepted. All nine policies in the core set (paragraph 1 refers) will then have been issued for re-acceptance and will be subject to a report to the SLT to confirm whether or not all nine of the policies are to be retained as part of the compulsory acceptance process.

The Committee considered the report and in the ensuing discussion, the following points were raised –

- The position with regard to policy familiarisation and acceptance for new employees of the Council. The Director of Function (Council Business)/ Monitoring Officer advised that new employees who are on the Council's Active Directory and have access to the Policy Portal, are recognised by the system one day after they have joined and the policy acceptance process will begin for them at that point. Those staff who are not on the AD system will receive training in the role as part of their job but they will not have access to the facilities of the Policy Portal.
- Whether the compliance issue linked to the staff without access to the Policy Portal has been formally registered as risk on the Corporate Risk Register and if so, what is its RAG status? The Director of Function (Council Business)/ Monitoring Office advised that while she was able to confirm that this specific compliance issue has been included as a risk within the Corporate Risk Register she did not have information about its RAG status to hand but would report back to the Committee after consulting with the relevant officer.
- Whether other local authorities have been approached about their response to the compliance issue with regard to staff without access to the Policy Portal. The Director of Function (Council Business)/Monitoring Officer advised that most councils do not use a Policy Portal system in the way Anglesey does; where they do have such a system e.g. in a neighbouring council she understood that the portal is utilised more as a policy library and does not operate the click to accept facility.

It was resolved to note the current position with regard to policy acceptance across the Council.

6. EXTERNAL AUDIT: FINANCIAL SUSTAINABILITY ASSESSMENT – ISLE OF ANGLESEY COUNTY COUNCIL

The report of External Audit on the outcome of an assessment of the financial sustainability of the Isle of Anglesey County Council was presented for the Committee's consideration. The assessment was undertaken as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources. External Audit's 2020/21 assessment on councils' financial sustainability was in two phases: Phase 1 was a baseline assessment of the initial impact of Covid-19 on local councils' financial position following which a national summary report regarding the financial sustainability of Local Government as a result of the Covid-19 pandemic was published. The report above concludes Phase 2 of External Audit's financial sustainability assessment work during 2020/21 as part of which a local report is being produced for each of the 22 principal councils in Wales.

Mr Alan Hughes, Audit Wales's Performance Audit Lead commenting that the conclusion of the assessment overall was positive but that a number of challenges remain, referred to the headline findings as follows –

- *The Council has a good understanding of its financial position and currently delivers services within overall budget, but several financial challenges remain –* the immediate impact of Covid19 on the Council's financial sustainability has been mitigated by additional Welsh Government funding. The Council will incur in the region of £6.2m of additional Covid-19 related expenditure and £2.4m loss of income during 2020/21. The Council will have incurred £0.1m additional expenditure and income loss that has not been covered by additional funding.
- *Increasing budgets of demand led services has enabled the Council to deliver services within overall budget, but several financial challenges remain –* the Council's Corporate Asset Management Plan for Land and Buildings for 2015-2020 is out of date and needs to be updated. In common with other councils in Wales, the Council has limited access to

capital funding thereby reducing its capacity to undertake capital investment; difficulties in predicting with any degree of certainty what future levels of Aggregate External Financing will be before the announcement of the draft settlement in December leads to the presentation of a significant aggregate funding gap in the Medium Term Financial Plan

- *The Council's financial strategy has restored the general fund to target level, but the Council continues to use reserves to balance the budget, this is not sustainable – the Council's level of usable reserves increased to £29.7m by the end of 2020/21 which is 20.6% of the net cost of services. The Council utilised £300,000 of reserves to fund the 2021/22 budget which allowed for a 0.75% reduction in Council Tax. Funding baseline commitment from one-off funding sources is not sustainable and leads to unresolved funding pressure in future budgets.*
- *The Council has delivered services within budget in 2019/20 and 2020/21 after deficits in the two preceding years*
- *Identifying and delivering savings will be more challenging going forward – the Council delivered 86% of the planned savings in the 2019/21 budget (£2.2m of £2.56m) and 79% of the planned savings in the 2020/21 budget (£244k of £307k). Exhibit 7 shows the Council's planned savings during 2016/17 to 2020/21 set against actual savings. Unachieved planned savings in one year adds to the pressure to deliver savings in subsequent years.*
- *The Council's liquidity after a period of decline has recently stabilised.*
- The report contains one proposal for improvement in relation to updating and approving the Council's Asset Management Plan.

Responding to the report, the Director of Function (Resources)/Section 151 Officer welcomed the report as supportive of the Council's financial management arrangements and thanked Audit Wales for the comments and analysis. He agreed that the additional investment which the Council has made in demand led services more accurately reflects those services' budgets and brings them into closer alignment with their needs meaning those budgets are now more robust. However, the situation may change depending on future levels of demand as the Council continues to emerge from the pandemic which may mean those budgets having to be reviewed. As with many other councils in Wales, Anglesey's financial position has improved due in no small part to the Covid 19 related financial support provided by Welsh Government in what was an exceptional year; however it is expected that the call for the Council's services will increase as a result of the pandemic thus adding to the Council's costs. This has been raised as a risk with the Executive which subsequently approved increasing the minimum level of General Fund balances above the 5% of the net revenue budget benchmark to £9m for 2021/22 in order to mitigate the impact of any significant rise in costs to the Council which could lead to potential overspend. The Section 151 Officer acknowledged the point made by External Audit about the Council not always succeeding in delivering its intended savings in full; in accordance with a previous recommendation by External Audit, the Council is considering setting a savings target over and above what is needed to deliver a balanced budget so that it has a surplus to fall back on. While the future remains uncertain, it is hoped that Welsh Government may be able to give an indication of what the level of local government funding will be over a longer term than the current annual determination of funding. With regard to the report's single recommendation, updating the Asset Management Plan is in the offing with further work required to bring the Plan into alignment with the Council's Capital Strategy.

In considering the contents of External Audit's assessment, the Committee made the following points –

- In noting that delivering all planned identified savings year in year out is becoming an increasing challenge especially if reductions in services are to be avoided, the

Committee wanted to know whether other local authorities in Wales are in a similar position. Mr Alan Hughes, Audit Wales in confirming that this is a dilemma facing all local authorities in Wales and beyond especially after a prolonged period of austerity, accepted that the financial environment in which local authorities are currently operating is very challenging.

- Referring to the contribution made by carers throughout the pandemic the Committee noted that a 3% pay rise has been recommended for healthcare workers. The Committee sought clarification of the likely pay increase for care sector workers and the possible resulting cost implications for the Council.

The Director of Function (Resources)/Section 151 Officer clarified that care needs on Anglesey are met in two ways – by the Council's own care staff and by staff in the independent care sector under contract to the Council. For 2021/22 the offer for non-teaching Council staff is a pay increase of 1.75% which at this point in time has not been accepted by the Unions who have pointed out the higher offer made to health sector workers and the need for fairness between the two sectors. Explaining that the Council has two main agreements which are used to determine pay and conditions – the one covering teaching staff and the other non-teaching staff, the Section 151 Officer advised that the Council is not able to differentiate between categories of non-teaching employees when it comes to pay increases and further it is not a decision for the Council alone – the non-teaching staff pay award is set by agreement across England and Wales. Additionally, there are two measures of pay, the Government's National Living Wage and the Real Living Wage advocated by the Living Wage Foundation. Whilst the Council pays above the Real Living Wage, independent care sector providers generally pay below the Real Living Wage although pay rates for their staff is a matter for each independent provider to determine. Calls to financially recognise the pandemic contribution of care workers are likely to be made, and should independent care sector providers decide to increase their staff pay to up to the Real Living Wage (an increase of around £1 p/h) and pass the cost onto the Council in the fees the Council pays providers, then that would entail an estimated additional cost to the Council of approximately £750k which the Council would find difficult to fund without additional support in the settlement from Welsh Government or alternatively, by increasing Council Tax by 2%.

- Referring to the recommendation that the Council's Asset Management Plan be updated, the Committee sought clarification of the Plan's significance in the context of the Council's financial sustainability. Mr Alan Hughes, Audit Wales clarified that the Council's aspirations for its assets will likely have changed since the existing Asset Plan was formed so bringing it up to date affords the Council the opportunity to reconsider its asset base and to link the Plan with its ambitions balanced against what is affordable.

The Director of Function (Resources) and Section 151 Officer advised that the Asset Plan needs to set out an inventory of the Council's current assets, condition, suitability and investment needs; it is then for the Executive to determine a strategy based on how many of those assets it deems are necessary to deliver services in an efficient and cost effective way. It may be that not all the assets the Council holds are required to meet service objectives and neither may it be affordable to do so given the constraints on capital funding and the high cost of maintenance. The Asset Management Plan in providing an overview of the overall property assets held by the Council and their cost, feeds into the Capital Strategy which sets out the availability of resources and their allocation for capital purposes. An added complication are carbon reduction targets the achievement of which will require significant investment and which may mean having to dispose of assets that can't be adapted or transformed into carbon neutral buildings.

- With reference to External Audit's comments about the use of reserves to help fund the revenue budget as unsustainable, the Committee wanted to know whether the Council's current system is therefore a risk and needs to be changed. Mr Alan Hughes, Audit Wales confirmed that the Council utilised £300k of reserves to fund the 2021/22 budget; he advised that that would have been a matter of greater concern 2 to 3 years ago when the Council's budget was overspent and its usable reserves had decreased significantly. Although it is not an immediate concern at this point in time as the figure is not significant, using reserves in this way is not advisable as the saving will have to be made in the following year when it will be added to that year's savings thereby increasing the financial pressure on the Council.

The Director of Function (Resources) and Section 151 Officer clarified that Elected Members have been advised that the use of reserves to fund the revenue budget is not a sustainable strategy in the long term. However, £300,000 was drawn from the reserves to fund the 2021/22 budget in the context of an improved general reserves position and also in the knowledge that savings that would meet the £300k shortfall (school meals contract) were to become available in 2021/22. While the Council will assess the situation for 2022/23, the strategy is that general reserves will not be used to fund the revenue budget unless there is no other option available. The Executive will be advised on proposing a budget for 2022/23 that can be balanced without resorting to the use of reserves.

It was resolved to accept External Audit's report on the financial sustainability of the Isle of Anglesey County Council and to note its contents.

7. EXTERNAL AUDIT: PROGRESS REVIEW OF THE NORTH WALES GROWTH DEAL – NORTH WALES ECONOMIC AMBITION BOARD

The report of External Audit on the outcome of its review of the progress made by the North Wales Economic Ambition Board (NWEAB) on its journey to support the development of the region's economy and delivery of the North Wales Growth Deal was presented for the Committee's consideration. The review was focused on how the NWEAB is making progress in delivering the low carbon energy programme and in so doing it examined governance arrangements; the support provided by the programme management office; the impact of Covid 19 on planned delivery and shared learning for the ambition overall.

Mr Alan Hughes, Wales Audit's Performance Audit Lead reported that the review found that the NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office, that external factors may impact on the planned ambitions and that NWEAB is adapting to accommodate these. This conclusion was reached because –

- Partners have agreed ambitions for the North Wales economy and have established a clear governance framework, although not all elements are operational;
- The NWEAB has established a well-resourced Portfolio Management Office to support delivery of its ambitions; where it finds gaps in skills, knowledge or capacity it is resourceful in filling shortfall; and
- The success of the Growth Deal is dependent on many external factors that may change planned ambitions; the NWEAB is adapting to overcome these emerging challenges and risks.

The report contains six proposals for ways in which the councils through the North Wales Economic Ambition Board could improve the delivery of their overall goals and these are set out in Exhibit 1 at page 5 of the report.

In responding to the report, Alwen Williams, Portfolio Director for the North Wales Economic Ambition Board said that the situation is evolving quickly and several of the proposals have already had a response; it is expected that further progress will have been made when a report back is made towards the end of the year. The economic situation having been impacted by Brexit and by Covid-19 has changed and it remains fluid. However, the review findings and recommendations do not contain any surprises and a number of the recommendations relate to areas where pieces of work have already commenced. This was the first review of the North Wales Growth Deal and supporting arrangements conducted by Audit Wales and upon reflection it has proved to be a constructive process and the resulting opinion and proposals for improvement have been positive for the Team.

In considering the content of External Audit's report, the Committee raised the following points –

- The Committee sought clarity on whether any of the North Wales Growth Deal projects have commenced; whether price increases are likely to pose a problem and whether any issues are envisaged in navigating the planning process.

The Portfolio Director confirmed that whilst no project has yet started, three Outline Business Cases have been presented to the NWEAB and have received approval to proceed to the next stage of Final Business Case development which involves the procurement process. It is not anticipated that actual construction work will begin until the end of the calendar year or early into next year. The Portfolio Director advised that the availability of resources, skills and materials is a significant risk and has been recognised as such by Growth Deals across the UK. Those and other risks are being recognised and managed. By the time the projects enter the procurement phase and spend occurs it is hoped that economic conditions will have settled; however the Team is working against a set of assumptions since the economic situation has been volatile. There are benefits to working on a Growth Deal where there are many other such deals across the UK in that lessons can be learned and best practice can be shared. To ensure the projects can move forward, there needs to be intervention in the market as this may be a risk that cannot be mitigated. A situation where projects are de-scoped needs to be avoided as a value that is to be achieved for North Wales through the Growth Deal has been set and that is the planned outcome for the investments made. The Portfolio Management Office will work with project sponsors and local planning authorities to identify any planning risks early in the process to assess whether or not risks identified pose a challenge and to subsequently work through each risk. The desire to see Growth Deal projects being realised is strong as the projects have been designed to deliver growth and jobs for the region.

- Whether given escalating costs and a number of other external factors beyond the control of the NWEAB, the projects under the Growth Deal will still deliver according to aspirations or whether they will be watered down and fail to bring value for money.

The Portfolio Director confirmed that a Portfolio Risk Register has now been produced and implemented and a reporting process established whereby the Risk Register is reported to the NWEAB quarterly. Programme Risk Registers have also been developed for each of the five programmes. Information on higher risk projects is brought forward in order that risks may be dealt with transparently thereby ensuring that appropriate decisions are taken at the appropriate time to obtain value from the investment. In response to a further question she confirmed that a national

group of Portfolio Offices drawn from Growth Bid Deals in Wales, Ireland and Scotland does share good practice. In terms of the funding landscape, she clarified that the next challenge will be to develop a strategy to bring in private sector funding as the contributions to the North Wales Growth Deal by the Westminster and Welsh Governments have been made on the basis of securing private sector investment as well.

On behalf of the Committee, the Chair thanked Alwen Williams, Portfolio Director for her attendance and contribution to this meeting of the Committee.

It was resolved to accept the report of External Audit on its progress review of the North Wales Growth Deal and to note its contents.

8. EXTERNAL AUDIT: ISLE OF ANGLESEY COUNTY COUNCIL – WORKFORCE PLANNING

The report of External Audit with regard to the Isle of Anglesey County Council's approach and arrangements with regard to workforce planning was presented for the Committee's consideration.

Ms Bethan Roberts, Audit Wales referred to the importance of workforce planning in identifying and meeting future workforce needs and in responding proactively to any issues that may arise; she highlighted the main findings of External Audit's report as follows –

- Having experienced workforce challenges in the Children and Families Service, the Council is using that experience to progress workforce planning and has further opportunities to realise benefits across services; this conclusion was reached because –
 - The Council developed a Workforce Strategy in 2012 but embedding did not happen in all services.
 - The approach to workforce planning taken by the Council's Children and Families Service helped it respond to the challenges it faces
 - The Council is now more focused on workforce planning and by maintaining this focus, it can realise more benefits across all services.

External Audit has made two recommendations, the one in relation to workforce plan implementation across all services and the other in relation to obtaining assurance that workforce plans are living documents.

In responding to the report, the Head of Profession (HR) and Transformation confirmed that discussions and feedback from Audit Wales have been constructive and helpful and that since External Audit's review in February, 2021 a process has now begun whereby workforce planning is discussed each quarter in meetings of the Penaethiaid which comprises of the Senior Leadership Team and all Heads of Service. All services now have a workforce plan albeit some need to be formalised in greater detail. Heads of Service also meet with Human Resources Officers every quarter to consider workforce data which in turn informs the service's workforce plan. Workforce planning has taken on greater significance in light of the pandemic and widespread recruitment issues that are being felt nationally; it requires flexibility in order to be able to deal with a changing environment and changing recruitment needs and challenges.

It was resolved to accept the report of External Audit with regard to workforce planning within the Isle of Anglesey County Council and to note its contents.

9. EXTERNAL AUDIT: AUDIT WALES REPORTS AND RECOMMENDATIONS – LETTER TO THE CHAIR

A letter to the Chair of the Governance and Audit Committee from Audit Wales dated 3 June, 2021 was presented for the Committee's consideration. The letter set out the approach to be taken by Audit Wales to help councils in Wales actively consider reports by the principal external review bodies and to assure themselves that they have arrangements in place to monitor and evaluate progress against any recommendations contained in them.

Mr Alan Hughes, Performance Audit Lead for Audit Wales confirmed that the letter had been sent to the Chairs of all Governance and Audit Committees in Wales as a reminder to those committees of the importance of considering the reports by external regulators in all their forms and of having a process in place to obtain assurance that those reports and recommendations have been acted upon.

The Programme, Business Planning and Performance Manager in responding to the letter advised that the Authority in consultation with Audit Wales has identified all the national review reports issued by Audit Wales since an agreed point in 2019 and that as a result work is in progress to provide an update on the Authority's response to those national reviews to the Governance and Audit Committee at its next meeting in December. Work has also been undertaken on formalising arrangements for tracking the recommendations made by Audit Wales in its local review reports through the Council's action tracking system 4action which is used to manage and follow up actions against Internal Audit's review reports.

It was resolved to note the letter to the Chair from Audit Wales and the response by the Programme, Business Planning and Performance Manager, and to note also that the Committee at its next meeting will be provided with an update on the progress of actions against the recommendations contained in Audit Wales's national review reports.

10. INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk setting out the audits completed since the last update as at 20 July, 2021, the current workload of Internal Audit and its priorities for the short to medium term was presented for the Committee's consideration.

The Head of Audit and Risk summarised progress to date as follows –

- That two reports have been finalised in the period both of which resulted in a Reasonable Assurance rating, the one relating to Housing Allocations for which 3 major and 3 moderate issues/risk were raised and the other in relation to Leavers Process First Follow up for which 3 moderate issues were raised.
- The review of Housing Allocations was undertaken at the request of the Executive after it received a report of poor performance regarding the time taken to re-let void properties. Whilst the review of this performance measure concluded that the Council does have adequate arrangements in place for managing and re-letting empty properties, it found that the performance measure which focuses solely on the how quickly empty properties are turned around does not align with recent housing policy and approach which seeks to improve community cohesion, increase sustainability of tenancies and consequently reduce the overall number of void properties, and that this misalignment had contributed to poor performance in this area. Also highlighted was the absence of a performance measure to reflect the Council's ambitious target for purchasing, renovating and letting former Council properties. While the six issues/risks raised pose a risk to the service's ability to meet its performance targets in this area, Internal Audit is satisfied that they are

containable at service level and do not pose significant risks to the Council's overall achievement of its objectives hence the Reasonable assurance opinion.

- The follow up review of the Leavers Process was undertaken in May, 2021 to determine progress in addressing the four issues/risks raised by the original review report in September, 2020 one of which was designated as "major" due to the potential impact of the risk. The follow-up concluded that management had addressed the risk classified as major and is making progress to address the remaining three risks.
- That 5 audits are currently in progress as summarised in the table at paragraph 14 of the report which updates the status of the work in progress. The Internal Audit team is also currently involved in three complex investigations.
- The first tranche of the National Fraud Initiative 2020/21 matches were released in January, 2021. Matches highlight potential fraud and error in the Council's systems. Internal Audit is currently working on investigating matches in the five areas listed in paragraph 18 of the report.
- There are currently no overdue actions. Details of outstanding actions are reported separately.
- Despite staff returning from redeployment and the additional responsibilities due to the pandemic having reduced, the team is still not at full capacity. The recruitment proposal to fill the Senior Audit vacancy has been approved by the SLT and it is currently being advertised with a closing date of 20 September, 2021. Filling this post will mean that the team will almost be up to full strength with only half a full time equivalent post remaining vacant due to flexible working. However, a further member of the team's secondment to Accountancy has recently been extended to the end of March, 2021. Whilst this means the team will be operating at reduced capacity until the end of the year, the savings from these posts are being used to fund the IT audit programme and some contracts for specific pieces of work.
- Internal Audit's immediate priority remains to review the new red and amber residual risks (6 risks) on the Corporate Risk Register followed by the risks that have not been reviewed in over two years (6 risks). In the longer term, a review of the management of fraud identified a number of actions as outlined in paragraph 29 of the report which will be addressed before the end of the year.

In considering the report, the Committee raised the following matters –

- With regard to Internal Audit's review of Housing Allocations, the Committee noted that the review had identified shortcomings in the Housing Service's Orchard housing management system, specifically its inability to perform some aspects of the void process which has resulted in the service adopting and operating separate processes and systems concurrently causing inefficiency and duplication. The Committee sought clarification of the position with regard to the Orchard system and whether the Housing Service would be able to upgrade the system to address the issues identified.

The Head of Housing Services confirmed that the service has over the course of the preceding few months made significant investment in upgrading the Orchard system with the introduction of Acuserve software which will provide additional capability with regard to specifically managing the void process and that this will be effective as from October, 2021.

- The Committee wanted to know on what basis had the review of Housing Allocations which raises 3 major risks attracted the same Reasonable assurance rating as the follow-up review of the Leavers Process which raises no major issues.

The Head of Audit and Risk clarified that had Internal Audit deemed that the issues/risk raised by the review of Housing Allocations necessitated a referral to the SLT or had

their impact not been confined to the Housing Service alone in terms of its ability to meet its performance targets in the areas reviewed, then the review would have carried a Limited assurance rating. She advised that the assurance rating which Internal Audit provides is based on a qualitative rather than a quantitative assessment of the issues/risks identified.

It was resolved to accept the report and to note Internal Audit's assurance provision and priorities going forward.

11. OUTSTANDING ISSUES AND RISKS

The report of the Head of Audit and Risk incorporating an update on outstanding issues and risks as at 31 August, 2021 was presented for the Committee's consideration.

The Principal Auditor highlighted the main points as follows –

- That prior to the upgrade of the 4action tracking system, a report on outstanding issues and risks was presented to the Committee twice a year. The first detailed report outlining performance in addressing audit actions since the implementation of the new 4action system was presented to the Committee on 20 April, 2021. At the time the Committee confirmed that it would like a report of this nature to be presented to it bi-annually. As such this report is the second, mid-year update.
- That no Red issues/risks were raised during the year and there are no Red issues/risks currently outstanding.
- As at 31 August, 2021 there are 56 outstanding actions being tracked in 4action. Of these 19 are rated major (amber) and 37 moderate (yellow) in risk priority. (Graph 1 refers).
- That there are currently no actions that have reached their target date for completion and become overdue.
- That Graph 3 in the report shows the status of all actions irrespective of the date management agreed to address them. It shows that management has now addressed 49% of them with Internal Audit having verified completion of 47% of these. The remaining 2% related to actions from an audit of Payments Supplier Maintenance which Internal Audit will be following up formally in January, 2022.
- That around 20% of the actions shown as not started on 4action relate to two audits – Payments Supplier Maintenance and Corporate Parenting Panel which were finalised towards the end of the 2020/21 financial year and where the issues/risks identified have not yet reached the dates by which management has agreed for their completion.
- That Graph 4 within the report shows the status of all actions that have reached their target date. It shows that where due, 100% have been addressed. Of these Internal Audit has verified almost all apart from those relating to the Payments Supplier Maintenance audit which is scheduled for follow-up in the New Year. Occasionally and only where there is a legitimate reason for doing so, target dates may be extended. Due to the Covid 19 emergency, several target deadlines have been extended for services whose priority over the last 18 months has been focused on responding to the pandemic.
- That the 56 outstanding actions are spread between 2016/17 and 2020/21. A single "old" action dating back to 2016/17 is yet to be fully addressed by management. This is rated as moderate or yellow in risk priority and relates to the requirement for services to provide assurance that their procurement activity is effective in the annual service challenge process. Work to address it is nearly complete with management assuring that it will be resolved in time for the next service challenge exercise in November, 2021.
- That there are no major or amber rated issues/risks dating back further than 2019/20 (graph 6 refers) which demonstrates that management is prioritising addressing risks of higher risk priority.

- That a detailed status update of all outstanding major or amber rated issues/risks currently being tracked in 4action is provided at Appendix 1 to the report. Internal Audit will endeavour to pursue all outstanding actions to ensure their completion.

It was resolved –

- **To note the Council’s progress in addressing the outstanding Internal Audit issues/risks.**
- **To confirm that the level of detail included in the report meets the Committee’s assurance needs in this area.**

12. UPDATED FORWARD WORK PROGRAMME

The report of the Head of Audit and Risk incorporating the updated Forward Work Programme for 2021/22 was presented for the Committee’s consideration. Further minor amendments had been made to the Forward Work Programme since its submission to the Committee’s July, 2021 meeting to reflect items that have been rescheduled due to workload or other factors and the inclusion of an additional meeting to consider the finalised Statement of the Accounts and Annual Governance Statement.

It was resolved to note the minor amendments to the approved Forward Work Programme for 2021/22.

13. ANY OTHER BUSINESS – APPOINTMENT OF LAY MEMBERS TO THE GOVERNANCE AND AUDIT COMMITTEE

Although this matter was not included as part of the business of the meeting, the Chair agreed to it being reported in order to provide assurance about the timeliness of the process for appointing lay members to the Governance and Audit Committee.

The Head of Audit and Risk provided an update on the arrangements for recruiting lay members to the Governance and Audit Committee who under the provisions of the Local Government and Elections (Wales) Act 2021, will make up one third of the Committee’s membership as from May, 2022 and one of whom will chair the Committee.

The Head of Audit and Risk reported that a Welsh Local Government Association Task group has developed a generic application form and advert for the recruitment of lay members to the Governance and Audit Committees of all the councils in Wales which it is hoped will be published in the week commencing 4 October, 2021. The WLGA will be dealing with the advertising and promotion of the positions as a Wales wide process. In Anglesey the Council’s Constitution requires that the Chair and Vice Chair of the Committee recommend the appointment of lay members to the Governance and Audit Committee to Council and the aim is to have undertaken that commitment by the end of the calendar year so that the new lay members are in place by the Committee’s February, 2022 meeting and can commence in post in line with the May, 2022 deadline.

The Chair and Committee noted and welcomed the update and took assurance from the early preparations that all necessary arrangements will be in place to be able to meet the legislative requirements with regard to the appointment of lay members.

**Councillor Peter Rogers
Chair**