

Minutes

Governance and Audit Committee

Date: 28 September 2023

Time: 5:00pm

Venue: Council Chambers - Hybrid Meeting

Present: Mr G Chapman (Chair), Mr D Reed, Dr N Barry, Councillors G Horton, J Jordan and S Cocks

In attendance: Councillor D Batrouni (Cabinet Member for Organisational Transformation), R Cornwall (Strategic Director: Transformation and Corporate), M Rushworth (Head of Finance), D Newens (Audit Manager), T McKim (Head of People, Policy and Transformation), P Flint (Performance and Programme Manager), S Powell (Transformation and Intelligence Manager), B Edwards (Complaint Resolution Manager), M Bleazard (Digital Services Manager), R Green (Assistant Head of Finance), P Jones (Strategic Director: Environment and Sustainability), S Jarret (Head of City Services), E Bryant (Head of Law and Standards), L Rowlands (Democratic and Electoral Services Manager), T Strange (Governance Officer), A Jenkins (Governance Team Leader)

1. Apologies for Absence

Councillor Harris.

2. Declarations of Interest

None received.

3. Minutes of the Last Meeting

- 3.1 Mr Reed considered that the Minutes should not be agreed at this point and should be amended and deferred to the next meeting for approval.
- 3.2 Dr Barry agreed with the comments.
- 3.3 The Chair put it to a vote and the Committee unanimously agreed.

Resolved:

That the Minutes of 27 July be deferred and ratified at the next meeting.

Verbal Update on the Unsatisfactory Audit Opinion – Passenger Transport Unit (PTU)

- 3.4 The Chair requested that the Strategic Director for Environment and Sustainability and the Head of Infrastructure be invited to provide a verbal update on the progress in the Passenger Transport Unit (PTU).

- 3.5 The Head of City Services updated Committee members on the final audit that had taken place to review progress made against the agreed recommendations. The review had found that the actions had been followed up and that there were no further concerns raised by Audit.
- 3.6 The Head of City Services was also pleased to report that following the review, the Audit team had provided PTU with a Substantial rating which was the highest rating that could be received from Audit.
- 3.7 Additionally, the PTU team had met with the Audit team and agreed any further minor management actions required.
- 3.8 The Chair thanked the Strategic Director for Environment and Sustainability and the Head of Infrastructure for attending and congratulated them on their hard work and wanted to extend his thanks to the team.

Resolved:

The Committee noted the update provided by Infrastructure on PTU and the positive progress that had been made.

4. Corporate Risk Register Quarter 1

- 4.1 The Head of People, Policy and Transformation and the Performance and Programme Manager presented to the Committee the Council's Corporate Risk Register, which monitored those risks that may prevent the Council from achieving its strategic priorities or delivering services to its communities and service users in Newport.
- 4.2 At the end of Quarter 1, there were 15 risks recorded in the Corporate Risk Register considered to have a significant impact on the achievement of the Council's objectives and legal obligations.
- 4.3 Overall, there were 9 Severe risks (risk scores 15 to 25) and 6 Major risks (risk scores 7 to 14) outlined in the report. In comparison to the Quarter 4 Corporate Risk Register, there was no change to the risk scores. One risk (failure to achieve the completion of the annual Internal Audit plan) was escalated from the Finance service area risk register.
- 4.4 As set out in the Council's Risk Management Policy, the Governance and Audit Committee reviewed the Corporate Risk Register on a quarterly basis ensuring procedures were in place to monitor the management of significant risks.

Committee Member Comments:

- 4.5 The discussion that followed clarified the difference between inherent risk score and residual risk score, and how these scores are assessed considering impact and likelihood. Further context was shared by Officers regarding the risk score in some of the individual risks, reflecting that the monitoring of performance regarding risk sits within the remit of the relevant Scrutiny Committee.
- 4.6 The Head of Policy, Performance and Transformation had previously mentioned that it would be advantageous to arrange a session before the next committee to demonstrate the risk management system itself, including how the risk register was

compiled, assessed, and escalated. The Chair agreed that this would be helpful, and the recommendation was agreed.

- 4.7 Dr Barry highlighted that there were no mitigation actions for highways infrastructure. The Performance and Programme Manager confirmed that a risk assessment was carried out last year and presented to the executive board. The scale of the work needed to maintain the highway requires considerable capital funding, which would be considered by Welsh Government as a pressure for Newport. All actions that can be taken to address the risk is being carried out within these constraints. In the report, Committee members would see the existing governance in place and this management, or mitigation, of risk could be explored as part of the training session on the risk management system.

Recommendation:

Training Session would be arranged for the Governance and Audit Committee before the next Meeting in October, demonstrating the risk management system and explaining how the Corporate Risk Register is completed.

The Governance and Audit Committee considered the contents of the report and assessed the risk management arrangements for the Authority, providing additional commentary and recommendations to Cabinet.

5. Internal Audit Update

The Head of Finance provided an update on the plan for 2023/24 seeking to deliver as much of the annual plan as possible, and summarise the progress made on recruitment.

- 5.1 Two Audit Officer positions had been offered following recruitment. The Principal Auditor advert had not resulted in a shortlist of potential candidates, as there was a poor response to the advert. The Audit Manager role is being shortlisted next Monday.
- 5.2 Considerations are being made concerning the structure of the team to create opportunities for succession planning, to reflect current responsibilities and to encourage recruitment and retention.
- 5.3 Discussions regarding regional collaboration are ongoing.
- 5.4 The Head of Finance also introduced Daniel Newens who was joining Newport for an interim period as Audit Manager.
- 5.5 D Newens, Audit Manager introduced himself to the Committee.
- 5.6 The Chair welcomed D Newens.

Committee Member Comments:

- 5.7 The Committee explored the timeline surrounding recruitment, the impact of local market factors and the long-term solutions being explored by Officers to create resilience in the service.
- 5.8 Councillor Jordan asked about the challenges concerning attracting Principal Auditor applications. The Head of Finance explained that the market for recruitment is difficult at present, in Newport and other local authorities. Short-term arrangements may not provide job security, when considering the potential regional consortium collaboration. There is, however, a general recruitment challenge across the board.

- 5.9 The Chair added that there is an evident shortage of suitable candidates for professional roles in local authorities and considered that the Head of Finance was in a difficult position. The Chair stated that the report from the Head of Finance dealt with the issues addressed and a regular update from the Head of Finance would be helpful to receive that ongoing reassurance. The Chair therefore thanked the Head of Finance for the report.

Recommendation:

That Governance and Audit Committee noted the position and impacts described in the report and the action being taken to mitigate in both the short and longer term.

Head of Finance to provide a verbal update at the next meeting on the progress made in recruitment to Audit vacancies.

6. Annual Corporate Self-Assessment

- 6.1 The Head of People, Policy and Transformation presented the report to the Committee. Newport City Council is required to self-assess the extent to which it has met the performance requirements under the Local Government and Elections (Wales) Act 2021. This Annual Report provides an overview of the Council's 2022/23 performance including the progress made in delivering against its Corporate Plan Well-being Objectives and making consideration to the Well-being of Future Generations (Wales) Act 2015). In compiling the assessment, other strategic and statutory reports published by the Council for 2022/23 have been considered. Governance is also considered as part of the report as part of the controls and arrangements that underpin good decision making and support continuous improvement.
- 6.2 The role of the Council's Governance and Audit Committee s to ensure the self-assessment has been completed in accordance with the Act; review the draft report with its considerations and actions; and propose recommendations for change. The final report will be presented to Council in November for approval.

Committee Member Comments:

- 6.3 The committee appreciated the Amendments to the style and structure of the report that have been made based on previous feedback given by the committee.
- 6.4 Dr Barry considered that the focus should be on how well the Council is performing, how the Council knows how well it is performing and how the Council can do better. Dr Barry referred to the Wellbeing Objectives and could not see how the achievements related them within the report. Dr Barry went on to say that the Performance measures were all quantitative and there should be more qualitative data included in the report. The Head of People, Policy and Transformation noted the points in reference to the challenges and explained that the report attempted to cover the qualitative data.
- 6.5 Dr Barry raised concerns about the rate of sickness absence. The Strategic Director for Transformation and Corporate noted the feedback and confirmed that the Performance Measures had been considered by the Corporate Performance and Scrutiny Committee under their remit of monitoring performance. The Strategic Director went on to say that there was a reported increase of sickness nationwide, this was therefore a global workforce issue. The service plans showed how the Council would meet the wellbeing objectives. Dr Barry referred to other authorities'

self-assessments and made comparisons. The Strategic Director for Transformation and Corporate confirmed they had looked at other authorities' reports and there were strengths and weaknesses and appreciated comments which were taken on board. Dr Barry was happy to give her time to support the process.

- 6.6 The Chair advised that the report had gone through the relevant Scrutiny Committee and the comments from Governance and Audit Committee were taken on board as part of the process. The Chair suggested that N Barry could create an example document for next year's reporting cycle for discussion and comments.

At this point, Mr Chapman gave apologies and left the meeting and Mr Reed took over as Chair as pre-arranged.

- 6.7 The Chair considered that it was not clear why there were amber markings, and it would be advisable to add this into the narrative going forward.
- 6.8 Councillor Cocks referred to conflicting information about Highways on page 91 and page 97. The Strategic Priority 5. Regarding Highways was considered to be green, however, the performance measures showed highways as red. This contradiction in assessment also applied in a number of other areas. The Performance and Programme Manager agreed that this was a good point and would explore this with the relevant Head of Service. To provide context, however, there is a balance between examples of positive work being delivered versus risk and performance measures.
- 6.9 Councillor Cocks stated that he could not see any monitoring of equality, data for Education in the report. The Head of People, Policy and Transformation explained that most of that was covered by the Strategic and Equalities Annual report, which was currently being drafted before being taken through the appropriate scrutiny and governance processes. By the time this reached the final version both reports would dovetail.
- 6.10 The Chair considered noted the positive improvements in the report format and content as part of the development on the first legislative report prepared last year.

Recommendation:

The Governance and Audit Committee agreed that Dr Barry would put together a written piece supporting the work of the Policy and Transformation Team.

The Governance and Audit Committee was provided with an overview of the Council's Annual Corporate Well-being Self-Assessment Report 2022/23 and the Committee put forward their comments and recommendations for consideration.

7. Draft Annual Governance Statement (AGS) 2022/23

- 7.1 The Head of Finance presented a report on the draft 2022/23 AGS that was considered by the Committee in their July meeting. general feedback was received indicating that further internal review and assessment was required. Feedback from committee has been incorporated into the report, concerning improvements to the processes, policies and procedures that make up organisational governance. There is a new introduction to the report which provides more focus, along with a summary on how the council is structured and how decisions are made. The report also explains how governance arrangements are reviewed and identified new developments and initiatives. This report has been improved based on the feedback received and welcomed further comment from the Governance and Audit Committee, which would be fed into the annual statement of accounts in 2022/23.

Committee Member Comments:

- 7.2 The Committee referred to the comments regarding ward meetings. The report covered 2022/23 and the first ward meeting took place in 2023/24, it should therefore read as the re-introduction of ward meetings.

Resolved:

To consider the updated draft of the 2022/23 AGS and provide recommendations for reflection before the document was finalised.

8. Annual Report on Compliments, Comments and Complaints Management 2022/23

- 8.1 The Annual Report was introduced by the Complaints Resolution Manager, confirming that the focus is very much on capturing and recording complaints received through various channels, and how this feedback is used by the organisation to improve service delivery. With this in mind, the increase in number of complaints recorded is a positive step in improving that feedback process. The Complaints Resolution Manager outlined the key information set out in the report to the Committee, including the statistics, trends, challenges, progress made and future actions.
- 8.2 The report reflected on lessons learned for the Council to improve and actions to deliver these improvements. For 2022/23 there was significant engagement with managers following the update of the Customer Feedback Policy: Compliments, Comments and Complaints. Complaint handling workshops and bespoke service area training sessions were delivered throughout 2022/23 to support service areas in their approach to recording and responding to complaints.

Committee Member Comments:

- 8.3 The Committee explored the definition of a complaint, which was confirmed to be that which is set by the Public Service Ombudsman for Wales and reflected in the policy as being 'an expression of dissatisfaction'.
- 8.4 There was further discussion regarding the new addition of data concerning the demographics of complainants and how this could be developed and utilised in future reports. This is a benchmark year from which further data analysis can be considered as more statistics are available. This can be considered in future to understand if feedback the Council receives is representative of all Newport residents.
- 8.5 Councillor Jordan asked if there was an increase in complaints regarding the three-weekly bin collections. The Complaints Resolution Manager advised that the changes did not come into effect until April and so are not in this report. The Complaints Resolution Manager advised that there is a specific category on the database to allow reporting on this and there is currently a review underway of how Councillors can report complaints on behalf of residents.
- 8.6 The Chair felt that it was difficult to build a picture of data as the service was starting from ground zero and wondered whether the team would be in the same position next year because they were still developing the process. The Digital Services Manager advised that the year after next would have a better comparison in terms of the data. The Chair asked if there was a road map setting out development that shows the direction of travel. The Head of People, Policy and Transformation advised that there are actions in the service plan relating to improvements and future updates would

look back on the complaints report in order to develop the understanding of trends year on year. Within the Council's wide developing change programme, there was a commitment to review customer contact and experience. What comes out of that will form road map for improvement.

- 8.7 Councillor Horton referred to spikes in complaints in the first quarter, and whether such anomalies in the data would be analysed to find the root cause. The Transformation and Intelligence Manager advised that they produced data analytic tools for services areas to look at complaints, such as missed bins, drilling down to street level, timelines, and areas so that any correlation could be identified. This would then be used to focus on a resolution to reduce complaints regarding that issue.
- 8.8 Councillor Horton also asked if staff on the ground saw this data. The Transformation and Intelligence Manager mentioned that the crew and shift managers could see the data, but a key part of the role was about relationships, feedback, and insight and it was more to do with effectively feeding back the information in order to make changes to improve the service.

Resolved:

Governance and Audit Committee considered the contents of the report regarding the process and performance of the Council's Compliments, Comments, and Complaints Annual Report 2022/23 and made recommendations for improvement to the annual report and management of complaints.

9. Progress Against Internal Audit Plan 2023/24 Quarter 1

- 9.1 The Audit Manager presented the report which set out the progress made against the 2023/24 audit plan and the internal performance indicators. The original audit plan was based on 862 audit days.

Committee Member Comments:

- 9.2 The Chair referred to paragraph 6 in the report regarding Public Sector Internal Audit Standards (PSIAS) being delayed and asked if there were ramifications as a result. The Audit Manager explained that the plan in place to deliver the PSIAS would be sufficient to be able to address any questions concerning the approach.
- 9.3 The Chair also referred to the mention of further training which would be offered to service areas. The Chair asked if this was still achievable due to the depleted numbers in the team. The Audit Manager advised that all current training with dates planned in would be completed, with further training sessions on hold for the time being. The Chair asked if D Newens thought that training on a self-nominated basis was an effective way of getting training. The Audit Manager did not consider that this was good and would carry out a slight alteration on the template.

Resolved:

The Governance and Audit Committee noted the report.

10. Audit Wales Detailed Audit Plan 2023/24

- 10.1 The Audit Manager for Audit Wales introduced B Hopkins, Performance Audit Lead who worked for Audit Wales.

- 10.2 The Audit Manager for Audit Wales outlined the detailed audit plan for 2023, which covers the financial and performance audit work being carried out and included key details such as timetable for work, work programme, officers, and proposed costs.
- 10.3 The outline plan was presented to Committee in Spring, however details on financial audit risk and associated fee are not available at present. Audit Wales are now working to a new auditing standard which changed the focus of the work.
- 10.4 As a result, the team are not in a position to hand over the final plan but are able to present the final risk at this time.
- 10.5 The Audit Manager for Audit Wales highlighted key areas within the report for the Committee.

Committee Member Comments:

- 10.6 The Chair thanked the Audit Manager and Audit Leader, Audit Wales for their update.

Resolved:

The Governance and Audit Committee noted the report.

11. Audit Wales Fee Consultation 2024/25

- 11.1 Each year, Audit Wales was required by legislation to consult on fee scales for work over local government bodies, before submitting proposals to the Senedd's Finance Committee. The consultation on fees to apply during the upcoming 2024-25 year was now open and would run until 10 October. The report set out and summarised the details of this consultation.
- 11.2 The Head of Finance gave members of the Committee the option to provide their comments at this meeting or reply to the Head of Finance via email by Friday 6 October.

Resolved:

The Governance and Audit Committee may provide feedback to Head of Finance by Friday 6 October via email.

12. Forward Work Programme

- 12.1 The Chair requested that the alternative format of the Work Programme be displayed as landscape, not portrait and have narrow margins.

Resolved:

The Committee endorsed the proposed schedule for future meetings, confirmed the list of people it invited for each item, and indicated that no additional information or research was required at this time.

12. Date of Next Meeting

The next meeting would take place on 26 October 2023 at 5pm.