

AUDIT AND CORPORATE SERVICES REVIEW COMMITTEE

2 March 2022

Present: Councillor D Clements (Chair)
Dr R Heath Davies, Mrs S Hoss, Councillor M James and Mr G Jones.

[Councillor R Owens joined the meeting during consideration of report 01/22 Annual Audit Letter and Summary (Minute 5 refers)]

(Virtual Meeting: 10.00am -11.55am)

1. Apologies

Apologies for absence were received from Councillor P Baker BEM, Councillor P Kidney and Councillor M Williams.

2. Disclosures

There were no disclosures of interest.

3. Minutes

The minutes of the meeting held on the 10 November 2021 were presented for confirmation and authentication.

It was **RESOLVED** that the minutes of the meeting held on 10 November 2021 be confirmed and authenticated.

4. Matters Arising

Budget Performance Report for 6 months to September 2021 (Minute 5)

One Member asked whether any further discussions had been had with Pembrokeshire County Council (PCC) regarding alternative means of paying for car parking where there was limited mobile phone signal and use of the 'Pay by Phone' app was therefore not possible. The Chief Executive replied that various meetings regarding car parking had taken place with officers from PCC, however was unsure whether charging had been discussed. The Director of Countryside, Community and Visitor Services added that the cost of extending broadband to all of the Authority's car parks was not cost effective, however parking could be paid for in advance by using the Pay by Phone app or in cash at all machines.

Noted.

5. Annual Audit Letter 2020-21 and Annual Audit Summary 2021

The Chair welcomed Nick Selwyn from Audit Wales. He was joined by his colleague Deryck Evans during the course of the discussion. Mr Selwyn reported that the Auditor General for Wales' Annual Audit letter



detailed his statutory responsibilities under the Public Audit (Wales) Act 2004 and the Code of Audit Practice and certified that the Authority had discharged its duties under the Local Government Measure.

The second Audit Wales document was its Annual Audit Summary 2021 which set out the work it had completed since the last Annual Audit Summary, issued in January 2021. This included the audit of the 2020-21 accounts and work in response to the COVID-19 pandemic. The report also provided confirmation that the Authority had met its duties in respect of continuous improvement, a review of the resilience and sustainability of the Authority's services and two local government studies in respect of the provision of discretionary services and regenerating town centres. In respect of the Audit of accounts, Mr Evans highlighted the need for the Authority to manage its services going forward in the face of a healthy financial situation. The Finance Manager replied that the Authority was mindful of the level of its reserves and was managing the situation. The Chief Executive added that the reorganisation of the Authority that was currently taking place would place it in a better position to address this issue going forward, although he noted that a lot of the reserves were capital and spending these was challenging in the current climate when the limited number of contractors were in great demand and not tendering for work.

Members were pleased that the review of services had found the Authority to be adaptable and resilient and asked to be provided with any examples of good practice from other parts of the country that were of relevance. The Chair thanked the Auditors for their attendance.

Noted.

6. Annual Governance Statement

Members were reminded that the Authority was required to produce an Annual Governance Statement and their comments were sought on the draft 2021/22 statement. This would become an Annex to the Annual Accounts which would be presented to the Authority later in the year. The Finance Manager noted that the Head of Internal Audit's Annual Opinion to be found in Section 5 of the document was printed in red as this was yet to be presented to the Authority.

Under Section V, the Review of Effectiveness, Members made some comments in respect of work on the Welsh Language Strategy, Employee Opinion Survey and partnership working; also with regard to Section VI Significant Governance Issues, they noted that two of the 'Action to be taken' boxes were blank. Officers thanked the Members for their comments and agreed to update the document. It was also noted that the Operational Review Committee would also be given the opportunity to comment at its forthcoming meeting.



Noted.

7. Budget Performance Report for 9 months to December 2021

The report of the Finance Manager set out the detailed net revenue budget for the nine months to December 2021 which showed that the actual and committed expenditure was £3,154k, £947k under the profiled budget. The main reasons for the variance of actual expenditure against budget for each service department were set out in the report.

It was noted that during the period total merchandise and admission income were above budget and versus 2020/21 figures. Carew Castle Café had also generated significant income of £96k during the period which had been considerably in excess of budget and prior years. The year to date car park income of £817k was also up £360k versus budget and £392k against the same period in 2020/21.

At the end of the third quarter (not the second quarter as stated in the report) the forecast revenue position for the 2021/22 year end was an operating surplus of £805k versus a nil surplus in the original budget, and the reasons for this were set out in the report. The projected revenue surplus would be used to create reserves to help with the Authority's Decarbonisation projects and to partially fund the Green Room redevelopment which was approved by the Authority in September 2021. The surplus would also be used to fund the costs arising from the current review of priorities and potential restructuring within the Authority.

The capital programme for the year had increased from the original budget of £1,433k to a revised budget of £1,552k. The forecast was up due to the inclusion of the Green Room redevelopment, projects funded from the Welsh Government under their Sustainable Landscapes Sustainable Places grant scheme and projects rolled forward from the previous financial year. It was also noted that some projects had not commenced due to tenders not having been submitted by contractors.

Turning to the Authority's Reserves, it was reported that there was expected to be a surplus of £805k in the general Reserve at the end of the current financial year, however £754k would be used to create the additional earmarked reserves, which would therefore rise by £42k to £4644k at the end of 2021/22. The Capital Receipts reserve had started the year at £370k and was expected to remain at this level at the end of the 2021/22.

A question was asked regarding the delay with delivery of electric vehicles and whether this was acceptable. The officer explained that these were funded by a Welsh Government Grant and officials



understood the delay, however the Authority was contractually bound to the orders.

Some Members expressed concern with the level of reserves and wondered whether they could be spent on projects which were flagged in the Performance Report as in need of funding, such as Stich in Time and Conserving the Park Scheme. The Finance Manager advised that the Authority was trying to proactively manage its reserves and the Chief Executive added that as part of the restructuring process, some projects would be moved into the mainstream work of the Authority. However he noted that the Authority was in a financially healthy position which was helpful given the expected increases in inflation and wage costs in the coming years.

NOTED.

8. Risk Register

Members were asked to consider the latest risk register, which had been reviewed by the Leadership Team. The main changes from the previous report were highlighted in a summary table and these related to funding risks, both short and medium to long term; delivery on Government targets; impact of Brexit; the potential failure to move IT systems to Microsoft 365; and Ash Die back disease. Only the last of these risks had increased in the Register, the trend being downward in the other cases.

Thanking the officer for the report, Members expressed the view that the table highlighting the key risks for the Authority was particularly helpful. They suggested amendments to the Register in respect of inclusion of new risks relating to an inability to secure contracts and therefore not delivering projects and of an increase in petrol/diesel prices; and reconsideration of the risk scores for the impact of climate change (9), a major virus attack (18), ash dieback (37) and the impact of Covid-19 (38). The Finance Manager reassured Members that the Authority's energy prices were capped until mid 2023.

NOTED.

9. Performance Report for the Period ending 31 December 2021

The report followed the structure of the Corporate and Resources Plan for 2021/22. This followed the approach of the Well-being of Future Generations Act with seven well-being objectives, with an additional section providing general governance information. Activities responding to Covid 19 recovery had been mainstreamed into work streams under each of the well-being Objectives.

The report presented the performance to 31 December 2021 for monthly data and quarter 1 to quarter 3 (April – December) for quarterly statistics



and highlighted those areas where targets were in red or amber or where positive progress had been made since the previous report.

A concern was expressed by Members regarding the enforcement statistics, and the Chief Executive replied that recruitment of a Senior Enforcement Officer was taking place in response to Members' concerns and the Director of Planning and Park Direction was monitoring the situation. It was questioned whether that would be sufficient to address the backlog and suggested that contractors or other temporary staff could be used in the short term. Officers noted that consultants had been used to address peaks in determining planning applications for a number of years.

Another concern related to the departure of the Operations Manager and the activities that had been put on hold as a result. The Chief Executive reassured Members that other staff had taken on many of the tasks, however a consultation on a restructure of the Authority would take place in the coming weeks which would allow the required skills and capacity to be identified and any shortages to be addressed. Reassurance was also provided that projects such as the one relating to invasive species would continue in the short term, and it was hoped that such work would be integrated into the Authority's conservation work in the longer term.

With regard to the Members Development and Governance workstream, Members were disappointed that attendance at training sessions had declined and also asked a question about what constituted a 'viewing' of the Authority's Live Streamed meetings. Officers replied that it was not possible to specify criteria regarding the length of time spent viewing the meetings, however the low numbers were still higher in most cases than those who used to attend the Authority's meetings in person when that was possible.

NOTED

10. Health, Safety and Wellbeing Progress Report – October to December 2021

The report provided an update on accidents and incidents for the period and year to date, as well as on progress with implementation of the online incident reporting system. Members were also provided with a health and safety update for each of the Authority's sites; regular and statutory safety monitoring; and staff sickness. It was highlighted that instances of 'work' related stress were low but these were nevertheless being addressed through resilience training and counselling for staff.

Copies of the Authority's Hand-Arm Vibration Syndrome (HAVS) and Health and Safety Policies were appended for Members' information, as well as a dashboard of general Human Resources (HR) metrics. The HR



Manager provided a number of verbal updates at the meeting where the information had not been available at the time of writing the report. In response to a question, he clarified that the Authority was 100% compliant in respect of Disclosure and Barring Service (DBS) checks.

Thanking the officer for a comprehensive and useful report, Members asked that, in future, data on regular safety monitoring highlight whether items had been actioned or were outstanding. They also looked forward to seeing the revised Health and Safety Group Terms of Reference at a future meeting. Finally, the Internal Auditor asked about the provision of defibrillators and the officer confirmed that these were located across the centres and at Llanion and were regularly reviewed and maintained.

NOTED.

11. Audit Strategy 2022/24 and Annual Internal Audit Plan 2022/23

The Chair welcomed Jonathan Maddock from TIAA, the Authority's Internal Auditors. He explained that this draft document had been informed by risk assessments carried out across its local government clients and by an updated audit risk assessment aligned to the work of the Authority, to ensure that planned coverage for the year was focussed on the key audit risks.

The areas to be reviewed in block 1 (to be carried out during quarter 2) were ICT Disaster Recovery, Safeguarding and Visitor Centres & Cafes (focussing on Castell Henllys). Block 2, which would be undertaken during quarter 4, would cover Performance Management, Payroll and Expenses and Conservation Management Schemes. There would also be a follow-up of implementation of agreed priority 1 and 2 actions from previous audit reports.

It was noted that the Plan should be considered as being owned by the Authority and changes could be made now and also during the year in response to emerging risks or at the request of the Committee.

In response to questions from a Member, Mr Maddock agreed to update the paragraph regarding Brexit in the overview of the document before it was finalised, however he noted that the scope of the reviews on fleet management and the economic impact of the socio-economic duty would be discussed next year as they were not scheduled to take place until 2023/24.

It was **resolved** that the Audit Strategy 2022/24 and Internal Audit Plan 2022/23 be approved.



12. Delegation of any issues for consideration by the Continuous Improvement Group

It was **RESOLVED** that there were no issues of concern that the Committee wished to delegate to the Continuous Improvement Group for consideration.

The Minutes of this meeting were confirmed at the meeting of the Audit and Corporate Services Review Committee held on 11 May 2022 without amendment

