
GOVERNANCE AND AUDIT COMMITTEE 28/11/24

Present: Sharon Warnes (Chair)
Hywel Eifion Jones (Vice-Chair)

Councillors: Ioan Thomas, Edgar Wyn Owen, Arwyn Herald Roberts, Meryl Roberts, Huw Rowlands, Richard Glyn Roberts, Rob Triggs, Elwyn Jones, Mrs Clare Hitchcock and Elwyn Rhys Parry

OFFICERS: Dewi Morgan (Head of Finance), Ffion Madog Evans (Senior Finance Manager), Delyth Jones Thomas (Investment Manager) and Sion Huws (Senior Solicitor)

ALSO PRESENT:

APOLOGIES: Councillors Menna Baines, Elfed Wyn ap Elwyn, Angela Russell and Carys Edwards

1. APOLOGIES

Apologies were received from Councillor Menna Baines, Councillor Angela Russell, Councillor Elfed Wyn ap Elwyn and Carys Edwards.

Condolences were extended to Carys Edwards following the recent loss of her mother.

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. MINUTES

The Chair accepted the minutes of the previous meeting of this committee, held on 10 October 2024, as a true record.

5. IMPELEMENTING THE DECISIONS OF THE COMMITTEE

A report was submitted providing an outline of how the Council's departments had responded to the decisions of the Governance and Audit Committee so that Members could be assured that their decisions were being addressed. It was noted that the report gave Members an opportunity to consider the decision made with the intention of removing the item / decision when the action had been completed.

RESOLVED**To accept the contents of the report****6. REPORT OF THE CONTROLS IMPROVEMENT WORKING GROUP**

A report was submitted by the Chair detailing the main findings of the recent meeting of the Controls Improvement Working Group as they discussed the Plas Pengwaith, Llys Cadfan and Plas Hafan audits. It was reported that the audits had received a 'limited' level of assurance because, "although controls are in place, compliance with the control needs to be improved and/or introduce new controls to reduce the risks to which the service is exposed". It was explained that the Improvement Working Group was an opportunity to ask the relevant officers about the findings of the audits, addressing the main matters / deficiencies. It was reiterated that control matters had received attention and the audits did not in any way reflect the quality of care provided to the residents who were always prioritised, and in their chosen language.

It was noted that the main reasons for the control weaknesses were lack of resources, staffing and the pressure placed on the Managers as a result. The lack of recruitment and retaining staff, as well as dependency on agency staff following changes to the pay structure after losing the right for enhanced pay was discussed.

It was agreed in the Working Group that it would be beneficial for the Adults, Health and Well-being Department to conduct a joint review with Internal Audit to look at agency staff expenditure and the financial implications.

The members thanked the officer for the report.

Matters arising from the ensuing discussion:

- The meeting had been beneficial - it provided an opportunity for the homes' managers and officers to respond honestly to the situation
- Concern about agency staff costs – it was agreed that there was a need to conduct a review to try to retain staff under the management of Cyngor Gwynedd - this would reduce turnover
- A suggestion to include a summary of the matters that required attention at the end of the report
- There was a need to refer the recommendations of the report for the attention of the Care Scrutiny Committee

In response to a question regarding the Chancellor's intention to impose national insurance on employers' pension contributions and, as a result of care agencies having to pay higher employment costs, the concern that this would exacerbate the staffing situation, it was noted, although the details had not been confirmed, that workers in the public sector would be exempt from the change, as the government's departments would have to make substantial cuts to their budgets to fund the change. It was reiterated that the Council was expected to receive repayment for the national insurance costs of Council homes staff, but there was no expectation that such compensation would be payable for staff employed through agencies.

The Cabinet Member for Finance reiterated that he had been in discussions with the Wales Cabinet Minister for Housing and Local Government regarding the situation and they expected more details in January 2025. The details would provide a picture of the impact on the budget - a sum that was likely to be approximately £5 million.

In response to a question regarding care workers' wages, the Audit Manager noted, although a pay rise had been presented in the last few years, that it was insufficient; that the weekend pay (the enhanced pay) had been 'historically attractive' and staff members were now leaving due to better terms in the health field and beyond.

In response to the report, the Head of Adults, Health and Well-being Department noted that the officers who had attended the working group had seen it as a useful exercise and it was a good opportunity to have a further discussion to discuss the situation beyond what had been included in the audit report. He reiterated that there was an intention to respond to the findings and he welcomed a review of the agency staff costs considering that there was a substantial increase in the demand and the impact on the Care Homes.

The Social Services Statutory Director reiterated that staff recruitment in the care field was challenging, and that the Covid period had exacerbated the situation. However, he highlighted that the situation was slowly improving and the use of agency staff had halved (a comparison of 445 agency workers in the first half of 2023/24 compared to 208 agency workers in the first half of 2024/25).

In response to a question regarding the problem specifically in Gwynedd, considering that Gwynedd's population was older and required more care, and some areas of the County was depopulating as a result of young people leaving rural areas to seek work, it was noted that maintaining care services in the rural areas of the County was a problem. According to the Census, it was reported that the population of Gwynedd working age (16-64 years old) had reduced from 75,800 in 2011 to 70,700 in 2021 and there had also been a reduction in the number of children under 16 years old, as well as a substantial increase in the number of older people over 65 years old (and those over 85 years old), and the number of people who could do social care work was reducing.

He reiterated that the Llechen Lân - Older People's Social Services for the Future imposed a strategic direction and an action plan to try to highlight, get to grips and mitigate problems in the future, had been approved by the Cabinet (15 October 2024).

RESOLVED:

To accept the contents of the report

Note:

To refer the report's recommendations for the attention of the Care Scrutiny Committee
To share the 'Llechen Lân' report with Committee Members

7. EXCLUSION PRESS AND PUBLIC

RESOLVED to exclude the press and the public from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in Paragraph 14 of Schedule 12A of the Local Government Act 1972 - Information regarding financial or business transactions of any specific person (including the authority that retains that information). There was an acknowledged public interest in being open about the use of public resources and related financial issues. However, it was acknowledged that there were occasions, in order to protect the financial and commercial interests, that matters related to such information needed to be discussed without being publicised. The report was specifically regarding financial and business matters together with associated discussions. The publication of such commercially sensitive information could adversely affect the interests of the bodies and the Council

and undermine the confidence to share sensitive information for consideration. This would be contrary to the wider public interest of securing the best overall outcome. For these reasons, the matter was closed for the public interest

8. SPECIAL INVESTIGATIONS AUDIT - HOME CARE

A report was submitted by the Audit Manager detailing the findings of a special audit of domiciliary care commissioned by the Social Services Statutory Director and the Chief Executive. Four questions were set by the commissioners:

- Does the department have adequate financial control over the private domiciliary care provision?
- Is there adequate operational control of commissioning private domiciliary care?
- Are the risk management arrangements for the private domiciliary care provision adequate?
- Does the department have effective management data for managing and commissioning private domiciliary care?

It was emphasised that the audit did not cover a review of the care.

It was noted, although the commissioning model for domiciliary care was aspirational, the action challenges had failed and an element of restructuring had now been in place and a Project Group had been established under the guidance of the Head of Department. In addition, it was highlighted that the work programme had been drawn to address the weaknesses and the priorities, and the Internal Audit had received an invitation to attend the Project Group.

The report was discussed.

RESOLVED:

- **To accept the contents of the report and note the information**
- **A further update was required to provide assurance that the situation was improving, with input from the Chief Executive**

9. REOPEN MEETING FOR PRESS AND PUBLIC

RESOLVED to re-open the meeting to the press and public

10. AUDIT WALES REPORTS

Alan Hughes and Yvonne Thomas from Audit Wales and Dewi Wyn Jones (the Council's Business Support Service Manager) were welcomed to the meeting.

A quarterly update was submitted (until 30 September 2024) of the work programme and timetable of Audit Wales. A discussion was held on the financial audit and local performance audit work, drawing attention to a Thematic Review - Financial Sustainability, and Project Work - Response to the Current Demand for Domiciliary Care - the hope was to share the findings of both audits soon.

The members thanked the officer for the report.

In response to a question regarding the Temporary Accommodation Assessment and despite being a national assessment, whether there was an intention to share messages of good practice, it was noted that the information had been gathered by looking at sample arrangements of councils across Wales. The results of the information gathered, which would include good practice and the challenges that would need responding to, would be shared with all Councils.

RESOLVED:

To accept the Quarter 2 update on the Audit Wales work programme

11. FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 AND RELEVANT AUDIT

The Head of Finance explained that the 2023/24 accounts, subject to the audit, had already been presented to the Committee at the September 2024 meeting where the Statement was explained in detail, drawing the members' attention to the main matters and the relevant notes. He noted that the accounts had been subject to an audit by Audit Wales since 20 June and the Statement of the Accounts following the audits were being presented here.

The Assistant Head of Finance - Accounting and Pensioning reiterated that an unqualified opinion was given on the accounts by the Auditors and since the version presented in September, adaptations and recommendations following the audit had been implemented and consideration had been given to the misstatements. Reference was made to the four misstatements that had not been corrected, noting that three of them related to the assets field and one related to the treatment of benefits for the homeless. It was considered that these misstatements were not material, and therefore the Council's intention was to correct them as part of the 2024/25 accounts.

When discussing the adaptations to the Statement of the Accounts that had been changed, it was noted, in the context of the expected adaptation regarding pensions (Pension Commitment), that the last year was the first year to see a situation of a pension asset instead of commitment, a situation considered unprecedented due to the conditions of the market and high inflation, and therefore the situation was not unique to Gwynedd. As a result, it was explained that there had been considerable discussion in terms of its treatment in the accounts last year, and there was a guidance by CIPFA and Audit Wales' Technical Team. However, this year, there was more guidance from the Actuary, and after receiving confirmation by Audit Wales that this was the preferred calculation method, the accounts were changed to reflect the new methodology. It was reiterated that the change had impacted the main findings and the associated notes.

Reference was made to other adaptations that had been changed to comply with the CIPFA practice code:

- Wording was added to Note 4 Accountancy Standards.
- Addition to Note 39 Contingency Liabilities and associated with this, to the adaptation to the risk in the Annual Governance Statement due to adapting the timing.
- Note 18 Debtors - it was seen that the long-term debtors' figures were material this year and, therefore, despite being included in the 'financial instruments' Note, they were required to also be included in the debtors' figures.
- Note 30 'Officers' Remuneration' – an addition to ensure clarity for the readers and to comply with account regulations;
- Note 33 Associated Parties - many amendments and additions to this note, and because the material level of the note is lower than the rest of the accounts (£10k compared to £285k). Despite seeming brief, it was noted that much work had been made to complete the note

within a very short time as there was a need to look at all of Gwynedd councillors' returns. In future, the officers would encourage Councillors to complete their returns in a timely manner.

The members expressed their thanks for the report.

Yvonne Thomas, Sioned Owen and Siwan Glyn from Audit Wales were welcomed to share their observations. It was reported that the intention to publish an unconditional opinion on the accounts with the Statement would highlight true and fair opinion of the situation. It was reiterated that the action steps had now been completed and there were no additional matters. Although there was no complete certainty, it was noted that the Auditors worked on a material certainty level with a 2023/24 relevance level of £5.703 million and had implemented independently over the period of the audit. Cyngor Gwynedd's finance officers were thanked for the good collaboration.

Observations arising from the ensuing discussion:

- The Finance department officers were thanked for the good work - a significant achievement to achieve the aim within a tight timetable and receive an unconditional statement.
- Audit Wales officers were thanked for the good collaboration.
- They welcomed that the situation was robust.

Note 10: Earmarked reserves: 10:26 - Council Tax Premium Fund (provision deriving from the Council Tax Premium to achieve the Council's priorities, including the Housing Strategy) - despite being earmarked for the housing scheme (a substantial underspend to date) and that granting a discount and / or charging a premium on second homes and long-term empty dwellings had been considered at the Full Council meeting in December, was the situation sustainable considering that other services within the Council required support?

In response to the above observation, the Cabinet Member for Finance noted that the Cabinet's decision (26 November 2024) was to retain a premium of 100% on dwellings that had been empty for 12 months or longer and retain a premium of 150% on class B second homes, in accordance with Section 12B of the Local Government Finance Act 1992. He reiterated that £3 million of the fund had been given to the Homelessness Service and the rest to the Council Tax Premium Fund. He admitted that the spending was less than what came in, but the Housing Scheme was a long-term plan. In addition, he noted that the Housing Service had received grants and that priority was given to spending the grant funding before the money from the fund. He accepted that questions would be raised should the funding not be used, but the sum of the fund would continue to increase.

In response to an observation that there was a need to construct houses for local people as soon as possible, it was noted that 46 units were being developed on the former Welsh Government site in Caernarfon - this would definitely make a difference.

RESOLVED:

- **To accept and approve the 'ISA260' Report by Audit Wales in respect of Cyngor Gwynedd**
- **To accept and approve the Statement of Accounts for 2023/24 (post-audit)**
- **The Vice-chair of the Committee and the Head of Finance Department to certify the Letter of Representation electronically**
- **To congratulate the officers for their work of securing an unqualified statement**
- **To thank Audit Wales for good collaboration**

12. TREASURY MANAGEMENT QUARTERLY UPDATE

The Investment Manager submitted a report on the actual results of the Council's treasury management during 2024/25 until 30 September 2024, against the Treasury Management Strategy for 2024/25 as approved by the Full Council in March 2024. It was noted that the strategy required the Investment Manager to report on treasury management prudential indicators every quarter with a review of the full financial year to also be submitted to the Committee when timely.

It was reported that it had been a very busy period for the Council's treasury management activity, with the funds having been kept safe. However, it was noted that interest rates had reduced during the period, as inflation reduced.

On 30 September 2024, the Council was in a very strong position with net investments due to the high level of investments and operational capital. This included the funds of the Ambition Board and the Pension Fund. It was noted that there had been no significant movement in the level of loans in the last 6 months; the Council continued with the strategy of using internal resources before borrowing externally. It was reiterated that the Council had invested in banks and building societies, local authorities, money market funds, the debt management office and pooled funds, which were consistent with the kind of investments that had been made by the Council for a number of years now, and that risk metrics and earnings were consistent with other authorities. It was reported that the underlying bank rate had been 5.25% in the period where returns had been standard.

It was noted that all activities had fully complied with the CIPFA code of practice and the Council's Treasury Management which was good news and evidenced firm control over the finances. Attention was drawn to the Liability Benchmark, noting that it was an important tool to establish whether the Council was likely to be a long-term external borrower, and therefore shaped the strategic focus and refined decision-making. It was indicated that the Council expected to remain above its benchmark up to 2025 because the Council held reserves, and the cash flow to date had been below the assumptions made when the money had been borrowed.

Finally, reference was made to the prudential indicators and it was reported that there was also full compliance here. Attention was drawn to the treasury management revenue performance and the interest income objective (the interest income to be lower than the funding due to the interest rate being reduced, with projections for further reduction).

The members thanked the officer for the report.

RESOLVED:

To accept the report for information

13. ANNUAL COMPLAINTS AND SERVICE IMPROVEMENT REPORT 2023/24

A report was submitted by the Head of Corporate Services presenting the observations of the Ombudsman for Wales on the Council's arrangements and performance in relation to dealing with complaints and service improvements during 2023/24, highlighting successes, challenges and developments. Members were reminded that the Committee had a statutory requirement to ensure that the Council had effective arrangements in place to deal with complaints. It was reiterated that there had been no change in the procedure or the Concerns and Complaints Policy during 2023/2024, and therefore, the

content of the Ombudsman's letter was based on the Policy adopted by the Council in 2021.

It was reported that the Annual Letter had been received on 9 September 2024. Reference was made to some comments and recommendations made by the Ombudsman, which included, "I would encourage Cyngor Gwynedd, and specifically your Audit and Governance Committee, to use this data to better understand your performance on complaints and consider how well good complaints handling is embedded throughout the Authority".

In the context of Gwynedd arrangements, it was suggested to submit a further report to the Committee which would set a context for service improvement policies and arrangements. It was considered that such information would be beneficial to the Council as the Ombudsman's letter did not convey this.

The members thanked the officer for the report.

Observations arising from the ensuing discussion:

- To welcome a further report - seven of the complaints related to the procedure and, therefore, it would be beneficial to get further information considering that the Committee's duty was to scrutinise the procedure
- Appendix B offered the number of complaints received by subject only - further information was required regarding the complaints pattern and how to identify / respond to those patterns
- To welcome that many of the complaints were being resolved before reaching the Ombudsman
- Did officers discuss with other authorities? Was there room here to learn and share experiences? Were there comparisons per other authorities' services available?
- There was a mistake in the Welsh version of Appendix 1 to the Ombudsman's letter - the figures of the number of complaints per 1,000 population did not make sense because the number of Gwynedd, Isle of Anglesey and Conwy complaints were more or less the same (38, 38 and 36) and because the population of Gwynedd and Conwy were quite similar, but the Isle of Anglesey population was significantly lower, it did not make any sense that Gwynedd was 0.55 and Isle of Anglesey was 0.2.

In response to the observations, it was noted that Cyngor Gwynedd tended to be more open about their complaints and, as a result, the figures seemed to be higher than the figures of other Authorities (only complaints to the Ombudsman were included in the report). It was noted that the change in the Council's culture highlighted that Services dealt with complaints before they reached the complaints procedure and this was to be welcomed.

RESOLVED

- **To accept the report**
- **To accept the proposal of the Head of Corporate Services to submit a further report which would set a context for service improvement policies and arrangements**

Note:

Appendix A: Complaints Received: Cyngor Gwynedd (Welsh Version) - need to check population percentage

14. REVIEW OF POLLING DISTRICTS AND POLLING PLACES

A report was presented by the Propriety and Elections Manager highlighting the need for the Committee to approve the results of the review of polling districts and polling places in the Dwyfor Meirionnydd and Bangor Aberconwy (to the extent they were within Gwynedd) parliamentary constituencies, following a consultation period, to be presented to the Full Council for decision.

It was explained that Local Authorities were required to divide its area into polling districts for UK parliamentary elections, and to designate polling places for these polling districts. Under the Representation of the People Act 1983 and Polling Districts and Polling Places Review Regulations (Parliamentary Elections) 2006 the Council was required to review each polling district and polling place every five years.

It was reiterated that a statutory review had been conducted between 23 September 2024 and 1 November 2024. A public notice of the review was issued, as well as details of the current districts and polling stations, and copies were sent to potential interested parties, such as Cyngor Gwynedd members, town and community councils and the political parties. They also asked for observations from the Equality Core Group members as individuals who had specific expertise in relation to access to building or facilities for people with different types of disabilities.

Reference was made to the responses received, noting that the situation was being monitored continuously.

The members thanked the officer for the report.

Observations arising from the ensuing discussion:

- There was a need to look at the numbers who voted at some sites - was there spending justification for those with a low number?
- Unsatisfactory access to some sites - e.g., Ysgol Santes Helen, Caernarfon

In response, it was noted that every effort had been made to ensure balance and to have a site that was accessible and convenient for voters.

RESOLVED:

- **To accept the report**
- **To approve the results of the review to be submitted to the Full Council 05-12-24**

15. FORWARD WORK PROGRAMME

Submitted - a forward programme of items for the Committee's meetings until October 2025.

In response to a question relating to matters raised in the meeting, the Head of Finance noted that these items would be included in the work programme - the work programme was a live and flexible document.

RESOLVED:

To accept the Work Programme for January 2025 – November 2025

The meeting commenced at 10.00 am and concluded at 12.40 pm

CHAIRMAN