

GOVERNANCE AND AUDIT COMMITTEE

15 NOVEMBER 2022

Present: Hugh Thomas(Chairperson)
Gavin McArthur, David Price, Dr. Janet Wademan

Councillors Ahmed, Carr, Lewis, Moultrie, Palmer and Williams

37 : APOLOGIES FOR ABSENCE

Apologies were received from Councillors Goodway and Waldron.

38 : DECLARATIONS OF INTEREST

Councillor Palmer declared a personal interest in Item 7 on the agenda as a family member is employed in Childrens Services.

39 : MINUTES

The minutes of the meeting held on 27 September 2022 were approved as a correct record, subject to two minor typographical amendments.

40 : DRAFT AUDITED STATEMENT OF ACCOUNTS - CARDIFF AND VALE OF GLAMORGAN PENSION FUND

The Committee received the revised draft Statement of Accounts for the Cardiff and Vale Pension Fund, which included amendments arising from feedback received from the Committee's previous consideration of the draft financial statements on 19 July 2022. The Committee also received the draft Audit of Accounts Report (ISA 260) for 2021/22 in respect of the Cardiff and Vale of Glamorgan Pension Fund.

Julie Rees of Audit Wales was invited to present the ISA 260 audit report. Members were advised that the outstanding work in relation to contributions, investment income and contingent liabilities that were highlighted in the draft report have now been completed. Members were also asked to note that, in respect of contingent liabilities, further narrative was requested on GMP, which has also been included. The report proposed that the Audit General be recommended to sign an unqualified audit opinion. There were no uncorrected misstatements and the significant amendments were included at Appendix 3 of the report.

The Chairperson invited questions on the report. Members requested clarification of the reason for the £86 million misclassification highlighted in Appendix 3. Members were advised that the misclassification was based on interpretation rather than a coding error. Officers confirmed that the misclassification did not affect the net asset value or performance of the pension fund.

RESOLVED - That Governance and Audit Committee:

- (1) notes the 2021/22 Draft Audited Statement of Accounts for Cardiff and Vale of Glamorgan Pension Fund;

- (2) notes the 2021/22 Draft Audit of Accounts Reports (ISA 260) for the Cardiff and Vale of Glamorgan Pension Fund.

41 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources and Section 151 Officer, Chris Lee, presented a financial update including resilience issues and the financial challenges facing the authority.

Members were advised Month 6 position would be reported to Cabinet on 17 November 2022. A £7.5 million overspend would be reported at Month 6 for the current year. The main variances and the reasons for those variances were highlighted. These included variances in Corporate Management, Economic Development, Education and Childrens Services.

The Committee also received an update on the projected budget gap in 2023/24 which is projected to be in excess of £53 million. The individual elements of the budget gap were summarised. These included employee costs, price inflation, capital financing and service demand pressures. Members were asked to note that the projected budget gap of £53 million was the position after an AEF uplift of 3.5% was applied.

The ongoing areas of risk that are currently under review and work undertaken on the budget strategy for 2023/24 were also noted.

Members asked whether the 3.5% uplift which is assumed was at risk given the forthcoming budget statement from the Chancellor of the Exchequer. The Corporate Director stated that the 3.5% figure was an indicative figure received from Welsh Government. An assessment of the impact of the Chancellor's statement would need to be undertaken but there was clearly a risk.

Members asked whether there was a possibility of voluntary or mandatory redundancies as a result of the budget gap. The Corporate Director stated that staffing implications are likely as 70% of the overall budget is staff based. Work was currently being undertaken to identify where redundancies could be made on a voluntary basis.

The Committee requested further details on the governance arrangements in place in terms of developing proposals to meet the budget gap, particularly significant service change proposals. The Corporate Director stated that service areas are working to identify options. Those options will be reviewed by the Cabinet, who will ascertain whether they wish to take those changes forward for consultation. There is a requirement for effective consultation process to be in place and Equality Impact Assessments will need to be undertaken prior to the Council making a decision the budget strategy in March 2023. The provisional budget settlement is expected from Welsh Government on 13 December 2022 and this will provide more certainty on the level of the budget gap and the service change requirements.

RESOLVED – That the report be noted.

42 : HALF YEAR REPORT

The Committee were asked to note the Treasury Management Mid-Year Report 2022/23/ The report set out the position in terms of borrowing and investments as at 30 September 2022. Comments were invited prior to the report being submitted to Council.

RESOLVED – That the report be noted.

43 : UPDATE ON CHILDRENS SERVICES DIRECTORATE CONTROL ENVIRONMENT

Councillor Palmer declared an personal interest in the following item in accordance with the Members Code of Conduct as a member of his family is employed in Children Services.

The Committee received a report providing an update on the control environment within the Childrens Service directorate.

The Director of Childrens Service was invited to deliver a presentation. Members were advised that the Director had recently re-shaped the management structure within the directorate in order to respond to service demand challenges, including the creation of 2 additional Operational Manager posts.

The Director provided an overview of the service and its statutory obligations. The Director highlighted the risk management controls in place and applied within the Directorate. A summary of the key corporate and directorate risks that have been identified was provided. Members also received details of the senior management assurance and external assurance arrangements in place.

Members asked how the Directorate undertakes and assesses the impact of risk from budgetary changes and whether the Director was confident with the processes. The Director stated that there was a balance to be struck between the risk to the child and the risk to budgetary factors. Significant work is being undertaken to develop in-house services in Cardiff. This will mitigate against the risk of the high costs associated with external residential child care provision.

The Director was asked to provide details of the governance around decision making, specifically around children in residential placements. Members were advised the every decision to place a child into care is taken by the Senior Management Team and every decision has oversight. High cost placements are reviewed weekly. Very high cost or unregistered placements are reviewed twice-weekly.

Members asked whether any preventative measures could be applied that would help to mitigate increases in demand. The Director stated that corporately there was a need to work together to identify early warning signs, primarily in schools.

Members referred to the Directorate's complaint handling arrangements. Members indicated that they are likely to ask for further details of those arrangements in future, for example how those arrangements are reviewed and assessed and whether they

follow any particular standards. The Director accepted the point and agreed that more understanding of the complaints received was needed in order to improve processes.

A Member asked whether there was an understanding of how the time of qualified social workers is being deployed and the extent to which regulation and administration is affecting their ability to deliver front line services. The Director advised that studies have shown that over one third of social workers time is taken up with bureaucracy. In Cardiff Social Work Support Assistants have been brought in to help support with those tasks. A national working group has also been established to consider the issue. Members were asked to note that when inspections take place they focus on the regulatory regimes in place and not on the positive relationships that are established with children. Therefore, a balance needs to be struck between being 'inspection' ready and the needs of families.

The Director was asked to comment on the risks associated with deploying less qualified staff in front line social care functions. The Director stated that most social work assistants have a degree and experience in working in other sectors, albeit they don't have a social work qualification. Evidence suggests that they are very effective. The Director accepted that there was a risk having unregistered staff undertake work that qualified social workers should do. The authority has written to Welsh Government to advise them of the work unregistered and registered staff will be undertaking. The service area is supporting non-qualified social work assistants in becoming qualified within 3 years. Social Care Wales is also developing a new qualification and training package for Social Care Practitioners.

RESOLVED – That the report be noted.

44 : OUTSTANDING ACTIONS AND RECOMMENDATIONS

RESOLVED – That the report be noted.

45 : CORRESPONDENCE

RESOLVED – That the report be noted.

46 : WORK PROGRAMME UPDATE

RESOLVED – That the report be noted.

47 : URGENT ITEMS (IF ANY)

No urgent items.

48 : DATE OF NEXT MEETING

The next meeting is scheduled for 29 November 2022.

The meeting terminated at 3.00 pm

