



Dinas a Sir Abertawe

Hysbysiad o Gyfarfod

Fe'ch gwahoddir i gyfarfod

Pwyllgor Archwilio

Lleoliad: Ystafell Bwyllgor 5, Neuadd y Ddinas, Abertawe

Dyddiad: Dydd Mawrth, 19 Ionawr 2021

Amser: 10.00 am

Cadeirydd: Paula O'Connor

Aelodaeth:

Cynghorwyr: C Anderson, P M Black, D W Helliwell, T J Hennegan, P R Hood-Williams, P K Jones, J W Jones, E T Kirchner, M B Lewis, S Pritchard, A H Stevens, L V Walton a/ac T M White

Aelod Lleyg: J Davies

Gwyllo ar-lein: <http://bit.ly/3mAULoU>

Agenda

| | Rhif y Dudalen. |
|--|------------------------|
| 1 Ymddiheuriadau am absenoldeb. | |
| 2 Datgeliadau o fuddiannau personol a rhagfarnol. www.abertawe.gov.uk/DatgeliadauBuddiannau | |
| 3 Cofnodion. Cymeradwyo a llofnodi cofnodion y cyfarfod(ydd) blaenorol fel cofnod cywir. | 1 - 6 |
| 4 Y diweddaraf am gyflogi Staff Asiantaeth. (Er Gwybodaeth) (Adrian Chard) | 7 - 8 |
| 5 Adroddiad Orlhain Argymhellion Archwiliadau Hanfodol 2019/20. | 9 - 18 |
| 6 Ethol Cynrychiolydd y Pwyllgor Archwilio ar y Grwp Llywodraethu Blynnyddol. (Jeremy Parkhouse) | 19 - 23 |
| 7 Monitro'r Gyllideb Refeniw a Chyfalaf - 2ail Chwarter. (Er Gwybodaeth) (Ben Smith) | 24 - 45 |
| 8 Adroddiad Orlhain Camau Gweithredu'r Pwyllgor Archwilio. (Er Gwybodaeth) (Jeremy Parkhouse) | 46 - 50 |

Cyfarfod nesaf: Dydd Mawrth, 9 Chwefror 2021 ar 2.00 pm

Huw Evans

Huw Evans

Pennaeth Gwasanaethau Democrataidd

Dydd Mawrth, 12 Ionawr 2021

Cyswllt: Gwasanaethau Democrataidd: - 636923

Agenda Item 3



City and County of Swansea

Minutes of the **Audit Committee**

Remotely via Microsoft Teams

Tuesday, 8 December 2020 at 2.00 pm

Present: P O'Connor (Chair) Presided

Councillor(s)

C Anderson
P R Hood-Williams
M B Lewis
L V Walton

Councillor(s)

P M Black
P K Jones
S Pritchard
T M White

Councillor(s)

T J Hennegan
J W Jones
A H Stevens

Lay Member

J Davies

Officer(s)

Simon Cockings
Adam Hill
Jeremy Parkhouse
Ben Smith
Debbie Smith

Chief Auditor
Deputy Chief Executive / Director of Resources
Democratic Services Officer
Chief Finance Officer / Section 151 Officer
Deputy Chief Legal Officer

Apologies for Absence: Councillors D W Helliwell and E T Kirchner
Jason Garcia (Audit Wales)

18 Welcome.

The Chair welcomed Councillor A H Stevens and Julie Davies, newly appointed Lay Member to their first Audit Committee meeting.

19 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interests were declared: -

Councillors P M Black and T M White declared personal interests in Minute No.21 – Internal Audit Progress Update Report as Governors of Pentrehafod School.

20 Minutes.

Resolved that the Minutes of the previous meeting of the Audit Committee held on 10 November 2020 were approved as a correct record.

21 Internal Audit Progress Update Report. (Simon Cockings)

Simon Cockings, Chief Auditor, presented a report which provided an update to the Audit Committee on the progress made by the Internal Audit Section up to 23 November 2020.

It was outlined that as previously reported, due to the Covid-19 pandemic access to Council sites continued to be restricted. This continued to have a significant impact on the Audit Team's ability to complete on-site testing and the Team had continued to complete as much testing as possible remotely.

A total of 44 audits had been finalised in the year to date and these were provided at Appendix 1, which also showed the level of assurance given at the end of the audit, plus the number of recommendations made and agreed.

The assurance levels of the audits finalised to date were High – 28; Substantial – 15; Moderate – 1; and Limited – 0. A total of 235 audit recommendations had been made and management had agreed to implement all of the recommendations.

The Internal Audit Section had also been assisting with the Council's Covid-19 related grant payment schemes by completing a number of pre-payment checks and the number of days spent on each type of grant was provided.

Appendix 2 provided progress up to 23 November 2020 and detailed that 36 audits from the 2020/21 audit plan had been completed to at least draft report stage (23%), with an additional 37 audits in progress (23%). As a result, approximately 46% of the Audit Plan was either completed or in progress. To allow greater flexibility for the audit team, an additional 35 audits (22%) had been allocated to staff to try to progress. A significant number of audits were noted as being 'in progress', as present restrictions were impeding the ability of the Team to complete some parts of the audit programme.

It was added that the Covid-19 pandemic was likely to have a detrimental impact on the ability to deliver the full audit plan for 2020/21. However, priority would be given to the completion of the fundamental audits to ensure key systems were reviewed to provide appropriate assurance to the Section 151 Officer and the Audit Committee in these areas. Resources would also be targeted to ensure that the highest risk audits were completed wherever possible.

By 23 November 2020, three of the seven fundamental audit reviews had been completed and an additional two reviews were in progress. As a result, the Audit Team was currently on target to successfully complete all of the fundamental audit reviews due this year by the end of the financial year.

The Committee discussed the following: -

- Council Tax Fundamental Audit in Quarter 3;
- The usual provision of assurance levels within quarterly reports;
- The excellent work undertaken by the Internal Audit Team to arrive at the current position;

- The performance of the Internal Audit Team to be considered over a two year rather than one year period, given the current situation;
- Involvement of Internal Audit in checking grant details and the large sums of finances involved;
- The possibility of Internal Audit being asked to assist in other areas of Council work given the current situation and the potential risks involved to the Authority;
- The effect of the Pandemic upon the ability of Internal Audit to complete fundamental audits of some Council Departments.

The Chief Auditor stated that CIPFA had issued updated guidance which would be taken into account in the Annual Governance Statement.

The Chair stated that the Chief Auditor had enhanced the information provided regarding ratings within the reports and had also been providing the Chair with full audit reports. She also provided positive feedback on the work completed to date by the Internal Audit Team and requested that she be informed of any significant additional work received by the Team.

Resolved that: -

- 1) The content of the report be noted;
- 2) The Chief Auditor circulate the updated CIPFA guidance to the Chair / Councillor L V Walton.

22 Annual Governance Statement 2019/20 Action Plan Update. (For Information) (Adam Hill)

Adam Hill, Deputy Chief Executive presented a 'for information' update report on progress made in respect of the action plan from the Annual Governance Statement 2019/20, in light of the impact from COVID-19.

It was outlined that work to implement the action plan from the Annual Governance Statement 2019/20 was continuing during 2020/21. The report outlined what progress had taken place, how the pandemic had affected it and what arrangements had been put in place to ensure that governance remained strong.

Appendix A provided the actions for improvement identified through the Annual Governance Statement 2019/20 and the progress made implementing them during 2020/21, which included the impact from the COVID-19 pandemic. The progress update covered the following areas: Budget pressures; Workforce capacity, capability and resilience; Appraisals; Future Generations Act; Partnership governance; ICT disaster recovery; Social media; and Risk Management.

It was added that an additional report would be provided regarding the impact of the Covid 19 Pandemic on the Swansea Bay Region and the actions undertaken to mitigate its effect and provide assurance would be addressed.

The Committee discussed the following: -

- Performance Reviews – staff issues being addressed in a systematic way in order to understand staff pressures and the Council adjusting if the Pandemic continued for some time and performance reviews were crucial to monitor this going forward;
- How the Council was managing performance on a one to one basis during the Pandemic and dealing with issues on a local level rather than through appraisals;
- Embedding the Future Generation Act principles into the Council's processes and decision making;
- Social Media – the potentially huge reputational risk it has for the Council, concern regarding it being removed from the governance side, the actions being looked into and adhering to the Welsh Language Standards;
- ICT Disaster Recovery – particularly the delay in moving to cloud services being delayed for a year;
- Provision of staff training in respect of the Future Generations Act / Environment Act;
- Praise for the performance of the workforce throughout the Pandemic;
- Brexit implications which will affect the Council and the planning undertaken to prepare;
- Relying on staff goodwill – how the Authority continued to engage with the workforce, the continued goodwill shown by the workforce to serve the Council, succession planning, staff training, improved staff sickness levels partly as a result of agile working / more flexibility, details contained within the Recovery Plan and ensuring continued contact with staff throughout the Pandemic;
- Budget issues surrounding Covid 19 Pandemic, particularly procedures with Welsh Government.

The Chair stated that the Council workforce were a key issue and concern which the Committee would monitor going forward.

Resolved that: -

- 1) The Deputy Chief Executive provides an additional report regarding the impact of the Covid 19 Pandemic on the Swansea Bay Region;
- 2) Figures regarding staff sickness are circulated to the Committee;
- 3) A demonstration regarding the Future Generations Act impact assessments be provided / circulated to the Committee;
- 4) A copy of the Recovery Plan be forwarded to the Committee.

23 Election of the Audit Committee Representative on the Governance Group.

Further to the election of Councillor L V Walton as the Audit Committee representative on the Governance Group in September 2019, the election of a representative onto the Governance Group was discussed.

The Committee sought clarification as to whether the appointment was intended to be made annually on a rotational basis or open to all Audit Committee members on an annual basis.

Resolved that the item be deferred to the next scheduled meeting.

24 An Update on a Review of Partnerships. (Adam Hill)

The Deputy Chief Executive presented a report which provided a summary of the Welsh Government's and WLGA's Review of Strategic Partnerships. The report also outlined the action taken by the Welsh Government to date and indicated the implications and potential actions that Swansea Council should consider.

It was outlined that the Welsh Government and the WLGA had agreed in April 2019 to undertake a Review of Strategic Partnerships and to report to the Partnership Council for Wales. The final document was completed in June 2020 during the middle of the COVID-19 pandemic, therefore the amount of progress that had been made was limited.

The aim of the Review was to consider the partnership landscape in Wales, identify key areas where unnecessary complexity or duplication existed and to identify opportunities for simplification and rationalisation in a focused and pragmatic way.

The report detailed the background to the review, methodology, the definition of partnerships, the alignment of strategic partnerships, the barriers to aligning and rationalising partnerships, the governance and accountability of partnerships and the recommendations of the review. Appendix A provided the progress made by Welsh Government and Swansea Council in terms of implementing the recommendations from 'A Review of Strategic Partnerships' and future implications and actions for Swansea Council.

The Committee discussed the following: -

- The lack of partnerships across environmental responsibilities, the role of Public Service Boards (PSB) and the focus of Swansea PSB on environment, education and wellbeing;
- Citizen engagement and being as open as possible, engaging with young people, concern regarding the overall aim of the creation of Statutory Joint Committee's, the cost of setting up Joint Committee's and a general lack of democratic accountability across partnerships;
- The need for all partners within partnerships to be fully committed to a common aim.

The Chair stated that this was a very complex area involving partners from different areas and requested that the Deputy Chief Executive keeps the Committee informed of any risks.

Resolved that: -

- 1) The content of the report be noted;
- 2) The Deputy Chief Executive circulates to the Committee the response of the Council to the Welsh Government regarding Corporate Joint Committees.

25 Audit Committee Action Tracker Report. (For Information) (Jeremy Parkhouse)

The Audit Committee Tracker Report was provided 'for information'.

The Chair commented regarding Minute No.15 – Mid Year 2020/21 Overview of Risk and stated that Sarah Lackenby, Chief Transformation Officer had confirmed that Audit Committee Members should have access to the Risk Register before Christmas and would be in contact to establish the requirements of the Committee.

The Chair added that she had met with Phil Roberts, Chief Executive and had raised the concerns of the Committee surrounding resource and governance which he would discuss with the Corporate Management Team.

26 Audit Committee Work Plan. (For Information) (Jeremy Parkhouse)

The Audit Committee Work Plan was reported 'for information'.

The meeting ended at 3.28 pm

Chair

Agenda Item 4



Report of the Director of Resources

Audit Committee – 19 January 2021

Employment of Agency Staff Audit Report 2020/21 - Update

| | |
|------------------------------------|--|
| Purpose: | To report on actions arising from the Employment of Agency Staff Audit report. |
| Report Author: | Adrian Chard |
| Finance Officer: | Janet Morgan |
| Legal Officer: | Tracey Meredith |
| Access to Services Officer: | Rhian Millar |
| For Information | |

1. Introduction

- 1.1 As a result of an internal audit on the Employment of Agency Staff carried out in 2019/20, an assurance level of “Moderate” was given.
- 1.2 A “follow up” Audit has now been completed, with confirmation that *“some progress had been made, however 5 of the 9 recommendations had still not been fully implemented”*.
- 1.3 Further discussions with the Audit team provided clarity that this relates to implementation of a revised Management of Agency Worker Policy, which is an identified action across the Management Action Plan. In addition, there *“were a few areas of non-compliance still evident in some services.*
- 1.4 The Audit Team have acknowledged that HR&OD have reminded Heads of Service of their responsibilities when it comes to procuring agency workers and *“are happy that there are processes in place”*.

2 Actions Undertaken

- 2.1 Following on from an email that was issued in March 2020 to members of the Corporate Management Team reminding Managers to ensure

compliance with the Agency Workers Policy, a further reminder has now been issued in response to the latest Audit Review findings.

- 2.2 In areas where non-compliance has been identified, Principal HR&OD Business Partners will work with the relevant Heads of Service to address the issues identified.
- 2.3 The Agency Workers Policy has been reviewed and updated and is currently being reviewed by our Legal team prior to consultation with Trade Unions.
- 2.4 Although not reflected in the report, HR&OD send regular reminders to Managers to review the engagement of agency workers who have been engaged for over 12 months and Managers are required to confirm that it is still appropriate for the Council to engage an agency worker rather than employ someone in the post.
- 2.5 There was also an action previously identified for “examination of the “off contract” spend in more detail and governance around these arrangements”. The Contract Procurement Regulations cover any spend above 10k that Procurement must be informed either via a Procurement Notification Form (to run a quotation exercise) or via an online Waiver Application. The revised Agency Workers Policy will state that only the Contracted Supplier is to be used, or for the Manager to liaise with Procurement.

3. Equality and Engagement Implications

- 3.1 There are no equality and engagement implications associated with this report.

4. Financial Implications

- 4.1 There are no financial implications other than those set out in the body of the report.

5. Legal Implications

- 5.1 The Agency Workers Regulations Act 2010 provide important rights for agency workers, concerning their basic working and employment conditions, from day one and after a 12-week qualifying period. These rights are reflected in our Policy.
- 5.2 There are no other legal implications other than those set out in the body of the report.

Background Papers: None.

Appendices: None.

Agenda Item 5



Report of the Chief Auditor

Audit Committee – 19 January 2021

Fundamental Audits 2019/20 Recommendation Tracker

| | |
|------------------------------------|---|
| Purpose: | This report provides a summary of the recommendations made following the fundamental audits in 2019/20 and identifies whether the agreed recommendations have been implemented. |
| Policy Framework: | None |
| Consultation: | Legal, Finance, Access to Services |
| Recommendation(s): | It is recommended that Committee review and discuss the progress made in implementing the recommendations made following the fundamental audits 2019/20. |
| Report Author: | Simon Cockings |
| Finance Officer: | Ben Smith |
| Legal Officer: | Debbie Smith |
| Access to Services Officer: | Rhian Millar |

1. Introduction

- 1.1 The Internal Audit Section has defined follow up procedures which are designed to provide assurance that agreed recommendations have been implemented by management within the agreed timescales. For fundamental audits, a Recommendations Tracker exercise is completed each year where the auditor will review the actions taken to implement the agreed recommendations.

- 1.2 The fundamental audits are the systems which are so significant to the achievement of the Council's objectives that they are audited either annually or every two years.
- 1.3 The Recommendations Tracker identifies the actions agreed by management at the end of each fundamental audit and confirms whether the accepted recommendations have been implemented by the agreed date.
- 1.4 This report summarises the position as at 18th December 2020 on the implementation of the recommendations made following the 2019/20 fundamental audits.

2. Recommendations Tracker 2019/20

- 2.1 The following systems are considered to be fundamental and until 31 March 2014 were subject to an annual audit.

- Main Accounting System (2)
- Fixed Assets (2)
- Housing and Council Tax Benefit (2)
- Council Tax (2)
- NNDR (1)
- Cash (2)
- Accounts Payable (1)
- Accounts Receivable (1)
- External Investments and Borrowing (2)
- Pension Fund Investments (2)
- Employee Services (Payroll) (2)
- Pensions Administration (2)
- Teachers Pensions (2)
- Housing Rents (2)

- 2.2 From 2014/15, a risk based approach was taken to determine the required frequency of fundamental audits. Any audits which had received the highest level of assurance for 3 consecutive years were moved to a 2 year cycle. The number of years between each audit is shown in brackets above and is subject to an annual review as part of the audit planning process. It should also be noted that following the completion of the 2019/20 fundamental audits, 11 out of the 14 audits have received a High Assurance rating, two audits have a substantial assurance rating (NNDR and Accounts Payable) and one has a moderate assurance rating (Accounts Receivable) as at the time of the last audit.
- 2.3 Appendix 1 shows, for each fundamental audit, the number of recommendations made following the 2019/20 audits and whether they have been implemented, partly implemented, not implemented or are not yet due.

2.4 The latest position on the 68 recommendations made is summarised in the following table

| Recommendations | Number | % |
|------------------------|---------------|------------|
| Implemented | 55 | 81 |
| Partly Implemented | 5 | 7 |
| Not Implemented | 6 | 9 |
| Not Yet Due | 2 | 3 |
| Total | 68 | 100 |

2.4.1 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 18th December 2020 is 83%.

2.5 An analysis of the 11 recommendations, which have been partly or not implemented over the classification of audit recommendations used by the Internal Audit Section, is attached in Appendix 2.

2.6 The Appendix shows that of the five recommendations that had been partly implemented, one was classed as high risk and one was classed as medium risk. Both of these recommendations are in relation to the Accounts Receivable audit. This audit continues to be completed on an annual basis and as a result the implementation of the outstanding recommendations will be reviewed as part of the 2020/21 audit. Note that all other partly or not implemented recommendations are classed as low risk or good practice.

2.7 Further details on the recommendations which have been partly or not implemented can be found in Appendix 3.

3. Conclusion

3.1 Overall the results of the Recommendations Tracker exercise to the 18th December 2020 are positive with 55 (83%) of agreed recommendations due for implementation being implemented.

3.2 A small number of recommendations still require work to implement or are due for implementation prior to the end of the financial year. Progress on the implementation of these recommendations will be reviewed during the fundamental audits for 2020/21.

3.3 The Accounts Receivable and the Accounts Payable fundamental audits are completed on an annual basis and the results of the current year audits will be reported to Committee in due course.

4. Equality and Engagement Implications

4.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

4.2 There are no equality and engagement implications associated with this report.

5. Financial Implications

5.1 There are no financial implications associated with this report.

6. Legal Implications

6.1 There are no legal implications associated with this report.

Background Papers: Fundamental Audit Reports 2019/20

Appendices: Appendix 1 – Implementation of Recommendations
Appendix 2 – Classification of Recommendations
Appendix 3 – Not or Partly Implemented Recommendations

**Fundamental Audits 2019/20
Implementation of Recommendations**

| Audit | Recommendations | | | | Total No. of Recs. |
|-----------------------------------|-----------------|-----------------------|--------------------|----------------|--------------------------|
| | Implemented | Partly Implemented | Not Implemented | Not Yet Due | |
| Fixed Assets (Capital Accounting) | 0 | 0 | 0 | 0 | 0 |
| Main Accounting* | 0 | 0 | 0 | 0 | 0 |
| Housing & Council Tax Benefit | 13 | 0 | 0 | 0 | 13 |
| Cash* | 0 | 0 | 0 | 0 | 0 |
| NNDR | 4 | 0 | 2 | 0 | 6 |
| Council Tax* | 0 | 0 | 0 | 0 | 0 |
| Accounts Receivable | 12 | 4 | 0 | 2 | 18 |
| Accounts Payable | 14 | 1 | 4 | 0 | 19 |
| Treasury Management - B&I* | 0 | 0 | 0 | 0 | 0 |
| Pension Fund Investments | 0 | 0 | 0 | 0 | 0 |
| Employee Services (Payroll) | 5 | 0 | 0 | 0 | 5 |
| Pensions Admin | 0 | 0 | 0 | 0 | 0 |
| Teachers Pensions | 0 | 0 | 0 | 0 | 0 |
| Housing Rents | 7 | 0 | 0 | 0 | 7 |
| Total | 55 | 5 | 6 | 2 | 68 |

Fundamental Audits 2019/20
Classification of Recommendations

| Audit | Partly Implemented | | | | Not Implemented | | | |
|-------------------------------|--------------------|----------|----------|----------|-----------------|----------|----------|----------|
| | HR | MR | LR | GP | HR | MR | LR | GP |
| Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Main Accounting* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing & Council Tax Benefit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NNDR | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 |
| Council Tax* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts Receivable | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Accounts Payable | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 3 |
| Treasury Management - B&I* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pension Fund Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Employee Services (Payroll) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions Admin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Teachers Pensions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing Rents | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 1 | 1 | 2 | 1 | 0 | 1 | 2 | 3 |
| * Audits not due in 2019/20 | | | | | | | | |
| <u>Key</u> | | | | | | | | |
| HR - High Risk | | | | | | | | |
| MR - Medium Risk | | | | | | | | |
| LR - Low Risk | | | | | | | | |
| GP - Good Practice | | | | | | | | |

Fundamental Audits 2019/20 - Recommendation Tracker
Not or Partly Implemented Recommendations

| Report Ref | Recommendation | Class | Agreed Action/ Comments | Responsibility for Implementation | Implementation Date | Action Taken |
|----------------------------|--|-------|---|-----------------------------------|--------------------------|---|
| NNDR | | | | | | |
| 2.8.1 b) | Evidence of the arrears report being reviewed on a monthly basis should be retained. | MR | Agreed RRV 574 report to be reviewed monthly and electronic evidence of review retained for audit purposes. | Martin Webborn / John Lewis | Mar-20 | Not implemented - No arrears follow up has taken place due the effects of Covid 19 and it remains uncertain when this work will be able to recommence. |
| 2.8.1 e) | Evidence of the suppressed account report being reviewed on a monthly basis should be retained. | LR | Agreed RRV550 to be checked on a monthly basis and electronic evidence retained for audit purposes. | Martin Webborn / John Lewis | Mar-20 | Not implemented - No arrears follow up has taken place due the effects of Covid 19 and it remains uncertain when this work will be able to recommence. |
| Accounts Receivable | | | | | | |
| 2.2.3 2.2.5 | Efforts should continue to be made to address invoices that have been classed as "Dispute". Income should be clawed back from a Service if a "Dispute" is not resolved within six months. <i>(Previous Audit Recommendation)</i> | LR | An old dispute review will be carried out 6 monthly to ensure that invoices with old unresolved disputes are cancelled. | Michelle Davies | May 2020 & November 2020 | Part Implemented - Implemented for May 2020. Not yet implemented for Nov 2020 due to other project priorities and deadlines. |

Fundamental Audits 2019/20 - Recommendation Tracker
Not or Partly Implemented Recommendations

| | | | | | | |
|-------------------------|---|-----------|--|---|--|---|
| <p>3.6.2 3.6.10</p> | <p>All debts should be escalated on a timely basis. Where payment is not received within the timescales allowed, a decision should be made on whether to refer to Legal or write-off the debt. <i>(Previous Audit Recommendation)</i></p> | <p>HR</p> | <p>All efforts will be made to review and progress outstanding debts to the furthest possible process point. Previous strategies implemented during 2019/2020 delivered progress in this area however the scale of the backlog is too large to be dealt with quickly by the current resource. [NB: Current global pandemic situation (CV19) impacts this area and will continue to do so for an extended period of time. There are no certainties within this situation and decisions made around this are outside of the Authority's control. The situation will be reviewed and activities will be adjusted to the situation at that point.]</p> | <p>Michelle Davies/ Laura Bombroffe</p> | <p>March 2021 [NB: this date is subject to change –see notes in Agreed Action / Comments column]</p> | <p>Partially implemented - Covid restrictions have prevented any consistent debt recovery activities, with long periods of almost all activity being put on hold. At Dec 2020 the team is able to chase all debtors and refer to Legal. 43 new cases have been referred since Sep 2020. A review of all outstanding debts was carried out in August 2020 and new DRA priorities and targets were set. Progress is reviewed in monthly meetings. Positive progress is being made but it is limited by the small amount of available resource (2 x FTE). Actions from the Audit Scrutiny Committee have been implemented. These were that Service Departments be reminded of their responsibilities and role in the invoice process, which should be reinforced through the Directors and Heads of Service to ensure consistency and robustness of process. Also to report to CMT on progress. Final report to Audit Scrutiny Committee is due Feb 2021.</p> |
|-------------------------|---|-----------|--|---|--|---|

Fundamental Audits 2019/20 - Recommendation Tracker
Not or Partly Implemented Recommendations

| | | | | | | |
|-------------------------|--|----|--|------------------------------------|-----------|--|
| 3.6.7 a) | a) Officers in Legal should ensure that AR are informed of the closure of each case promptly to ensure the appropriate action is taken ongoing. | MR | Agreed. Debt recovery officers are to be reminded of this requirement. | Debbie Smith | May 2020. | Partly implemented - Progress hindered by other live project priorities and deadlines. Work will continue on this area of work. |
| 3.6.7 b) | b) Cases on a 'Referred to Legal' status identified as outside of the limitation period, should be reviewed by Legal and AR. | GP | Cases to be reviewed | Debbie Smith / Michelle Davies | Jun-20 | Partly implemented - Progress hindered by other live project priorities and deadlines. Work will continue on this area of work. |
| Accounts Payable | | | | | | |
| 2.4.2 | Errors and duplicates identified should be reported to, and monitored by, Management. <i>(Previous Audit Recommendation)</i> | LR | Agreed | Neil Payne | Jun-20 | Not implemented - Class is low risk and not a priority due to Co-vid19 and Oracle Cloud work pressures. |
| 2.13.5 | The procedure note for Cheque Collection to be updated. <i>(Previous Audit Recommendation)</i> | GP | Agreed | Neil Payne | May-20 | Not Implemented - Class is "good practice" and not a priority due to Co-vid19 and Oracle Cloud work pressures. |
| 2.14.1 | Reminders should be sent to Service Managers and Heads of Service regarding their responsibility to inform Accounts Payable of any changes to Authorised Signatories in service. | GP | Agreed | Neil Payne - part of cloud project | May-20 | Not Implemented - this is being reviewed as part of Oracle Cloud Project under "Purchasing Approval Hierarchy" |

Fundamental Audits 2019/20 - Recommendation Tracker
Not or Partly Implemented Recommendations

| | | | | | | |
|--------|---|----|--------|------------|--------|---|
| 2.16.1 | A signatory with the appropriate level of authorisation should submit interface files. Where this is not achievable, an officer with the appropriate authorisation limit should be copied into the email request. | LR | Agreed | Nia John | May-20 | Part Implemented - NP to review NDR process (non-grants) |
| 2.18.1 | Accounting Instructions No's 4 & 5 should be reviewed and updated. <i>(Previous Audit Recommendation)</i> | GP | Agreed | Neil Payne | Jun-20 | Not Implemented - Class is "good practice" and not a priority due to Co-vid19 and Oracle Cloud work pressures. |

Agenda Item 6



Report of the Head of Democratic Services

Audit Committee – 19 January 2021

Election of the Audit Committee Representative on the Governance Group

| | |
|------------------------------------|---|
| Purpose: | This report seeks to appoint a Member representative of the Audit Committee on the Governance Group. |
| Policy Framework: | None. |
| Consultation: | Legal, Finance, Access to Services. |
| Recommendation: | It is recommended that a Member representative of the Audit Committee is appointed onto the Governance Group. |
| Report Author: | Jeremy Parkhouse |
| Finance Officer: | Ben Smith |
| Legal Officer: | Debbie Smith |
| Access to Services Officer: | Rhian Millar |

1. Background

- 1.1 At the Audit Committee meeting held on 16 September 2019, Tracey Meredith, Chief Legal Officer highlighted the requirement for a Member of the Audit Committee to be a member of the Governance Group.
- 1.2 The Committee agreed to proceed and Councillor L V Walton was appointed as the Audit Committee representative on the Governance Group for 1 year only. The Minute approving the appointment is attached at Appendix 1. Appendix 2 provides the terms of reference of the Annual Governance Group.

2. Appointment of Audit Committee Representative for 2021-22

- 2.1 At the Audit Committee meeting held on 8 December 2020, the election of a Member as the Audit Committee representative on the Governance Group was discussed.

- 2.2. The Committee sought clarification as to whether the appointment was intended to be made annually on a rotational basis or was open to all Audit Committee members on an annual basis. Appendix 1 clarifies the position that there is no requirement to rotate the Member appointment and all Members are eligible for appointment.
- 2.3 The Committee is therefore requested to appoint a representative on the Governance Group.

3. Equality and Engagement Implications

- 3.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 3.2 There are no equality and engagement implications associated with this report.

4. Financial Implications

- 4.1 There are no financial implications associated with this report.

5. Legal Implications

- 5.1 There are no legal implications associated with this report

Background Papers: None.

Appendices: Appendix 1 – Audit Committee Minute No.33 – Annual Governance Statement – 16 September 2019.
Appendix 2 – Governance Group Terms of Reference

Minutes of the Audit Committee Meeting – 16 September 2019

33 Annual Governance Statement.

Tracey Meredith, Chief Legal Officer provided a 'for information' report which updated the Audit Committee on the final version of the Annual Governance Statement included within the Statement of Accounts.

She added that following discussion between the Chair of Audit and the Chief Legal Officer, Audit Committee comments around governance had been incorporated into the finalised Annual Governance Statement attached at Appendix A. The Annual Governance Statement was presented to full Council as part of the Statement of Accounts on 29 August 2019.

She highlighted the requirement for a Member of the Audit Committee to be a member of the Annual Governance Group and outlined that the terms of reference had been drafted and were awaiting approval from the Deputy Chief Executive. She added that the draft terms of reference included oversight of the Senior Management Assurance Statements and assisting in consideration of the significant governance issues going forward. Jason Garcia, Wales Audit Office commented that the role would give independent assurance to the Committee.

Resolved that Councillor LV Walton be elected as the representative of the Audit Committee on the Annual Governance Group for 1 year only.

Governance Group – Terms of Reference

With a view to improving both the Annual Governance Statement and monitoring governance arrangements within the City and County of Swansea, a Governance Group was formed in 2017. The Group initially comprised the S 151 officer, the Monitoring Officer, Richard Rowlands (Corporate Performance) and Simon Cockings (Internal Audit). Simon Cockings latterly dropped out of the group in light of his role as Chief Auditor.

Good progress has been made in re-drafting the Annual Governance Statement including a new format which highlights evidence around the CIPFA Framework. There has also been a focus on highlighting and assessing the level of assurance which can be given as to good governance following advice from the Audit Committee last year.

One of the main pieces of work during the year has been a total overhaul of Management Assurance with new Senior Management Assurance Statements being drafted and used on a twice yearly basis with responsibility for assurance lying with each Director following assessment/discussion with Heads of Service.

As part of their review of the Annual Governance Statement and following discussions with the Monitoring Officer it has been agreed that a member of the Audit Committee should also be part of the Governance Group. This is welcomed by the Monitoring Officer as an additional layer of good governance and assurance.

The Deputy Chief Executive is the lead on governance and assurance and will chair the new governance group. In addition the new group will comprise Richard Rowlands (who is now responsible for production of the Annual Governance Statement), the s 151 officer and the Monitoring Officer, together with a representative from the Audit Committee. The Chief Internal Auditor will be a co-opted for his experience and expertise but not to participate as a direct member of this group only in an advisory capacity. In the event that the Group wish to co-opt additional members that will be done by unanimous agreement.

The remit and terms of reference of the Governance Group will include:

- Enhancing the Annual Governance Statement
- Oversight of the Senior Management Assurance Statements process
- Testing the robustness and detail of the Senior Management Assurance Statements
- Challenging CMT assertions as to governance and assurance levels
- Ensuring that significant governance issues are both identified appropriately and addressed
- Preparation of the Annual Governance Statement and collation of all appropriate evidence

Role of the Audit Member:

The Audit Member will be a full member of the Governance Group contributing to the remit and terms of reference as identified above. The member will have access to all documentation that is provided to the Governance Group including the Senior Management Assurance Statements. Such documentation to be provided on a confidential basis where appropriate. The Member will be invited to all meetings of the Group and is expected to contribute to discussions to ensure that the Annual Governance Statement reflects the governance position within the City and County of Swansea.

The Audit Member will report back to Audit Committee in order to provide the Committee with assurance on the work of the Governance Group as outlined within these terms of reference. However, the ultimate responsibility for the Annual Governance Statement rests with CMT.

Agenda Item 7



Report of the Section 151 Officer

Audit Committee – 19 January 2021

Revenue and Capital Budget Monitoring 2nd Quarter 2020/21

Purpose: To provide the Audit Committee with the Revenue and Capital Budget Monitoring Report that was presented to Cabinet on 17 December 2021.

Report Author: Ben Smith

Finance Officer: N/A

Legal Officer: N/A

Access to Services Officer: N/A

For Information

1. Background

1.1 To provide the Audit Committee with the Revenue and Capital Budget Monitoring Report that was presented to Cabinet on 17 December 2020.

Background papers: None.

Appendices:

Appendix 1 - Revenue and Capital Budget Monitoring Report that was presented to Cabinet on 17 December 2020.



Report of the Cabinet Member for Economy, Finance & Strategy

Cabinet – 17 December 2020

Revenue and Capital Budget Monitoring 2nd Quarter 2020/21

| | |
|------------------------------------|--|
| Purpose: | To report on financial monitoring of the 2020/21 revenue and capital budgets, including the delivery of budget savings. |
| Policy Framework: | Budget 2020/21. Transformation and Future Council (Sustainable Swansea –fit for the future) |
| Consultation: | Cabinet Members, Corporate Management Team, Legal Services and Access to Services. |
| Recommendation(s): | It is recommended that Cabinet: <ol style="list-style-type: none"> 1) Notes the comments and variations set out in the report and the actions in hand to address these; 2) Approves the virements in para 2.7; 3) Continues setting a level of permitted, in extremis, in year overspending of up to £10m, to be fully financed from draws from earmarked reserves, as approved at Council on 4 November 2020, to ensure the overall budget remains balanced for the year; 4) Endorse that no officer may consider any material further spending commitments and must wherever possible defer and delay spending to contain and reduce the likely forecast overspend by year end as far as is practicable, whilst delivering agreed Council priorities set out in the approved budget. |
| Report Author: | Ben Smith |
| Finance Officer: | Ben Smith |
| Legal Officer: | Tracey Meredith |
| Access to Services Officer: | Rhian Millar |

1. Background and Introduction

- 1.1 This report details forecast variations from the agreed budget for 2020/21.
- 1.2 In respect of Revenue Budgets, this report provides a consolidated forecast which combines:
- projected variations (mainly shortfalls) in relation to budget savings agreed by Council in March 2020
 - Variations arising from other service pressures not directly linked to specific savings plans (e.g. increased service demand, price and pay inflation, increased, but most often unfunded, regulatory obligations and burdens from both UK and Welsh governments)
- 1.3 The report includes comments from Directors in relation to the variations highlighted and the action that is in hand or proposed as appropriate.

2. Revenue Outturn Forecast Based on 2nd Quarter Position

- 2.1 Appendix 'A' to this report details the approved Revenue Budget for 2020/21 and the forecast variation at this time.
- 2.2 Other than projected variations on Directorate expenditure, it is still too early to confidently forecast final variations that may arise on some significant Corporate items, including the level of Council Tax collection (which posted a deficit in 2019-20 of £0.7m and 2018-19 of £0.3m). Given the likely impact of COVID on collection it is inevitable that a further shortfall will arise in 2020-21. An updated forecast is that there will be a shortfall of £3.8m (£2.5m in the first quarter) in 2020-21. This may be subject to some form of grant underpin support in due course from the Welsh Government, but is far from assured.
- 2.3 The overall Directorate position is summarised below:-

DIRECTORATE

| | FORECAST VARIATION 2020/21 £000 | NET COVID VARIATION 2020/21 £000 | OTHER VARIATION 2020/21 £000 |
|---|--|---|---|
| RESOURCES | 4,531 | 4,821 | -290 |
| PEOPLE - SOCIAL SERVICES | 4,917 | 8,176 | -3,259 |
| PEOPLE - EDUCATION | 4,805 | 3,533 | 1,272 |
| PLACE | 10,500 | 10,500 | 0 |
| Additional Savings | 194 | | 194 |
| <i>NET DIRECTORATE EXPENDITURE</i> | 24,947 | 27,030 | -2,083 |

- 2.4 Directors' comments on the above variations are shown at Appendix B :-
- 2.5 Within the *Sustainable Swansea* Delivery Programme, work continues to develop service delivery plans that will include all savings requirements across all strands. This includes the cross cutting nature of new reviews as well as the completion of current in-flight reviews.
- 2.6 The table above shows an estimated overspend for the year of £24.9million. Bar some "Business as usual" fluctuations in Social Services and Education which is in effect entirely as a result of the COVID 19 pandemic and relevant responses in expenditure and reductions in Income as a result. This figure does not include the Business Support Grants costs and Retail/Hospitality/Rates reductions resulting from Welsh Government decisions and which are anticipated to cost around £85m and to be funded in their entirety. Any funding from WG confirmed after the Quarter2 report as a result of grant claims have not been included in the figures above, i.e including the additional £13m approximately due paid out in firebreak grants in early November. Section 2.7 below shows the level of "service" expenditure that has been deemed as eligible and paid by WG to date in the first quarter report and subsequently.
- 2.7 Currently, monthly claims against additional COVID expenditure (April to September and an historic claim in relation to March 2020) and a claim for loss of income for the first two quarters as a result of COVID in relation to the services has been submitted to WG. The summary of claims submitted to date and amounts received is set out below :

Summary of claims submitted and payments received to date in 2020/21

| | Claim £000's | Paid £000's | |
|---|-----------------|----------------|--|
| All other claims : April to July | 6,004 | 5,291 | Monthly claims for Free School Meals are held subject to WG review. |
| Loss of Income 1st Quarter Tranche 1 | 4,174 | 4,174 | Limited by WG to Carparking ,Waste , School catering and Cultural Services only. |
| <i>Total April – July</i> | <u>10,178</u> | <u>9,465</u> | <i>as reported in Quarter 1 report</i> |
| Loss of Income 1 st Quarter Tranche 2 | 2,917 | 2,803 | WG reviewing and querying elements locally and Nationally - primarily Adult Social Services. |
| All other claims : August | 1,848 | 1,538 | Paid includes July delayed payment .WG reviewing and querying elements locally and Nationally – primarily FSM. |
| September | 1,691 | ?? | Recently submitted :Initial payments will be reflected in third quarter report. |
| Loss of Income 2 nd | | | |

Quarter 3,779 ?? Recently submitted: Initial payments will be reflected in third quarter report.

Total Aug –Sept 10,235 4,341

Overall total 20,413 13,806 Hardship and Loss of Income.

Welsh Government have amended eligibility criteria as the year has progressed both in relation to additional costs and loss of income. This has included deeming as ineligible certain elements of expenditure (eg day to day expenses such as mobile phones, postage/copying/stationery costs , local decisions re support to local business) and reducing the eligible element of other costs.

As such the monthly claims are amended to include only those elements of expenditure deemed to be eligible so exclude any costs etc not deemed eligible to be claimed.

Whilst some elements of expenditure are going to be continued to be claimed the WG

“panel have suggested as authorities are moving into a different phase of response then some costs deemed additional and necessary at the start will no longer be eligible within the fund but will be a matter for local discretion. E.g. packed lunches for homeless. This is because what was deemed an emergency response at the start of the pandemic is likely to either have a national policy response or there has been enough time for authorities to make alternative arrangements at a lower cost from existing budgets.”

This will result in a further reduction in those elements deemed to be eligible for grant by WG.

Similarly , the Loss of Income claims only include those elements deemed as “eligible” by WG. A second quarter loss of income claim is due to be submitted in mid November to the WG in accordance with their most recent eligibility/guidance criteria.

Grant claims to WG in relation to TTP have commenced which are anticipated to cover all additional costs arising. The additional costs are included under Resources and currently amount to £2.8m in 2020/21. It remains unclear how much will be truly additional cost (and claimable) as opposed to, as is predominantly currently the case, redeployed and redirected costs of existing workforce otherwise prevented from working in their normal service areas, but as “return to new normal” becomes more prevalent it is clear costs will rapidly start to be additional rather than “in lieu” and thus reclaimable.

Grant claims to WG for the £500 carer payments will be made in due course as the scheme develops nationally and again are assumed to fully cover costs with both elements contained with the Social Services forecast . The same will apply to the £500 isolation payments and social care statutory sick pay top up payments once the schemes have been developed nationally.

At present, therefore, it is proposed to allocate the additional sums received since the first quarter report as follows and to seek that cabinet formalise their virement in receiving this report to service budget lines as follows :

| | |
|-----------------|---------|
| Education | £1.1m |
| Social Services | £1.33m |
| Place | £1.906m |

| | |
|-----------|---------|
| Resources | £0.005m |
| Total | £4.341m |

And once the figure is confirmed up to the following figure :

Resources (TTP) £2.8m

This proposal has no overall impact on the position, merely allocates grant received back above the line and which will result in some reductions in report service overspending in later reports but equally will remove the net grant income received below the line.

2.8 Corporate Management Team has re-enforced the current arrangements for budget monitoring in particular:-

- focus on a range of corrective actions;
- targeted immediate spend reduction and deferral action;
- spending control on all vacancies and contracts;
- a continued reminder that **no Responsible Officer is authorised to overspend their budget in line with Financial Procedure Rules;**
- and consequently that Directors must work closely with Cabinet Members and the Corporate Management Team to contain, reduce, defer and delay spending as far as possible, having due regard, to existing agreed budget and political priorities to nonetheless seek to limit service overspending.

2.9 Offsetting opportunities do exist to temporarily ameliorate the currently identified service demand and price pressures as follows.

- £1m was set aside in the budget for the potential costs relating to the impact of the Apprenticeship Levy. The final costs relating to this levy will only be known once final employee related costs are calculated at the year end. Should the full allocation not be required then any saving will be proposed to be used to mitigate service pressures at year end.
- £1.85m was also set aside to meet any specific and significant inflationary increases arising in year. Given the overall financial projection at this stage it is proposed by the S151 officer that this be released as a compensating corporate saving especially as the price inflation outlook for the year looks very subdued..
- Use of the Contingency Fund as detailed below.

3. Contingency Fund Provision for 2020/21

3.1 The contingency fund was set at the £3.621m contribution for 2020/21 as set out in the budget report approved by Council in March 2020. As a result of the favourable outturn position this was added to, on a one off basis, to bring the total available to spend to over £9m. This is significantly higher than in recent years reflecting additional mitigation against any repeated overspending.

3.2 The current potential calls on the contingency fund for 2020-21 are:-

| Contingency Fund 2020/21 | Prediction |
|--|-------------------------|
| | 2020/21 (£m) |
| Budgeted contribution for year. | 3.621 |
| Increase from c/fw from 2019-20 (as per Council 4 November 2020) | 6.306 |
| Proposed Strengthening and increased resilience in Financial Services | -0.250 |
| Freedom of the City – Merchant Navy | -0.005 |
| Support to Leisure Centres | -0.800 |
| Underwrite to leisure Operators | -1.000 |
| Support to Swansea Market | -0.500 |
| Pipe House Wharf relocation lease costs | -0.057 |
| School 3G pitch Support | -0.025 |
| Communications/PR improvements | -0.010 |
| City of Sanctuary floral badge | -0.001 |
| Coroners ICT | -0.040 |
| Market Rents | -0.035 |
| COVID ICT agile/homeworking costs: staff and members | -0.320 |
| COVID extension of waiver for staff parking permits –loss of income. | -0.300 |
| Used to reduce service overspending | -6.584 |
| Balance 31st March 2021 | 0.000 |

The above table lists current potential calls on the budgeted contingency fund. All bar the Strengthening of Finance (which will be a proposed budget adjustment for 2021-22) are anticipated to be one off costs. The final amounts will be dependent on a number of factors during the year including speed of implementation, actual costs/commitments incurred and final Directorate outturn position. Spend approvals will be deliberately limited to seek to maximise underspend here as part of mitigating budget savings action.

As at 1st April 2020 some £3m remained within the Restructure Reserve to contribute toward ER/VR or other cost risks that may arise in 2020-21. The S151 officer remains satisfied that this is sufficient for 2020-21 and that there should be no call on contingency this year to fund such costs. The final costs of ER/VR will only be known towards the end of the year once all management actions re savings proposals etc are implemented. At this stage it is assumed that all ER/VR costs will be able to be contained within the sum left in the Restructure Reserve.

Based on current forecast the S151 officer proposes to utilise the current year forecast underspend on the Contingency Fund of £6.584m to provide additional mitigation against the anticipated unfunded elements of cost/loss of income as a result of COVID19.

However, the S151 officer proposes to reserve his final position on the recommended levels of use of the restructure reserve and contingency fund until the absolute success or otherwise of reducing the forecast overspend is known at year-end.

3.3 The current indication is that, for 2020-21, there needs to be continued targeted mitigating action and delivery of savings proposals to help reduce the overall service overspends. It looks inevitable as this early stage that substantial draws from earmarked reserves will be needed to achieve a fully balanced budget for the year. Any inroads to net spending will reduce the necessary draw from reserves and increase the amount of reserves available to carry into 2021-22.

3.4 The action being taken includes working through existing plans on an accelerated delivery basis:

- Management and Business Support Review: ongoing review of the management structure across the Council and future requirements given the Council's priorities, future challenges and the changing nature of the role of managers
- Reducing the Pay Bill: review of options to reduce employee costs across the Council as part of our overall future workforce strategy (subject to trade union consultation at the appropriate time)
- Commercialism through third party Procurement Savings and Income Generation: review of further options to increase income from fees and charges, trading etc, in addition to the targets already set for 2020/21
- Progressing implementation of final phases Commissioning Reviews and Cross Cutting Themes.
- Further implementation of the Social Services Saving Plan through which we have identified mechanisms for bringing down overall costs.
- On the basis that these are existing agreed actions fully set out in the agreed budget set by Council in March, whilst wholly recognising the ability to progress any of the above have been seriously impacted by Covid 19.
- Continuing the extant spending restrictions which have been agreed as necessary by Corporate Management Team.
- Directors detailed action plans which are summarised in their commentary in Appendix B.
- The Deputy Chief Executive taking forward implementation of the recovery plan approved at Cabinet to agree alternative mitigating actions and future steps, including a successor programme to Sustainable Swansea more suited and fitted pan and post Covid 19 and Brexit.

3.5 It should be noted that at this time, although the Council continues to pursue a number of VAT related claims, some are more advanced than others, there is NO certainty of windfalls from VAT refunds or any other external source being received in the current year.

4. Revenue Budget Summary

4.1 The position reported above reflects the best known current position and shows a net £24.9m of shortfall in service revenue budgets, almost entirely in relation to anticipated costs/loss of income as a result of COVID19 which when combined with

a forecast £3.8m shortfall in Council Tax collection leads to a total shortfall of £28.7m. Some additional £4.3m has, since the previous report, actually been received or confirmed from WG in relation to service additional costs/loss of income claims as per 2.7 above. It is assumed that all the TTP costs will also be recovered and for 2020/21 some £2.8m is included at this stage. It is also possible that Council tax losses, or part of them at least, will be met by future WG grant support, but this is yet to be assured. In addition as identified above further mitigation is anticipated from the Apprenticeship/Inflation provision of £1.9m and Contingency fund of £6.584m. Taking account all of these mitigations this results in a net forecast shortfall for the council of some £10.0m.

Summary

| | |
|--|------------|
| Service Forecast overspend | £24.9m |
| Council Tax shortfall | £3.8m |
| Less Mitigating | |
| COVID grants received not incl in service forecasts | -£4.3m |
| COVID claims submitted no response from WG yet – assume will be received. | -£2.3m |
| Future covid claims re council tax losses - assumed | -£0.9m |
| TTP costs recovered | -£2.8m |
| Apprenticeship/Inflation | -£1.9m |
| Contingency Fund not currently utilised | -£6.5m |
| Net overspend forecast | £10.0m |

NB Further claims for re-imburement of both expenditure and loss of income continue to be submitted to Welsh Government in accordance with their criteria. Based on previous expenditure claims submitted (and subsequently paid to date) it is considered reasonable that as a minimum some additional £2.3m is likely to be paid and is therefore included above. The Welsh Government continues to review all the outstanding Loss of Income claims across Wales including additional claims for Quarter 2 losses. Any decision regarding success or otherwise of the outstanding Loss of Income claims is not expected until late November/early December so no assumption re additional grant income for loss of income is included in the current forecast.

Any additional WG funding towards the additional costs or loss on income received from WG in relation to COVID19 costs /loss of income included in table 2.3 above will further reduce the overall budget shortfall and thus why a target of “no worse than £10m” is recommended kept by Cabinet and by the S151 Officer on a truly exceptional one off basis.

- a. Currently, all revenue grant income from WG in relation to COVID claims for the services, including schools, and has not yet been allocated “back” to departments.
- b. Corporate Management Team have reinforced the expectation that both service and overall net expenditure **must** be, as far as practicable, contained within the relevant limits of the current year budget as set by Council, and certainly within any agreed level of tolerance set by Cabinet on the advice of the s151 Officer, recognising the extreme nature of the Covid 19 impact.

- c. As previously mentioned, it is too early to provide an accurate forecast as to the potential outturn on corporate items such as Council Tax collection which is in itself potentially affected by the effects of welfare reform measures, an often increasing tax base, but equally a substantial deterioration in the economy and employment which may inhibit individuals ability to pay tax already set and due.
- d. Included in the projected budget for 2020/21 for other corporate items are capital finance charges. At this early stage no variance is forecast, in any case any underspending or overspending will be transferred at year end to or from the capital equalisation reserve, a strategy previously agreed by Council. This will be reviewed and updated during the year as various capital schemes/programmes progress.
- e. There continue to be risks around general inflationary pay and price pressures in the forthcoming year including significant increases to the National Living Wage from April 2020 which will significantly impact contractors to the Council in some service areas. It will also put further pressure on the lower end of the current local government pay spine in future years. The national local government pay award offer has been finalised at 2.75%, as budgeted and there is a now an agreed new pay offer for teachers worth up to 8% for some teachers (3.25% for majority), and part of the excess will be funded by WG by way of a one off specific grant. Whilst all are entirely welcomed from a policy perspective, nevertheless the Council simply cannot afford to fund them in isolation, unless additional permanent support is forthcoming from the UK and Welsh Governments, otherwise savings will have to be made elsewhere to meet such pressures longer term.
- f. Detailed monitoring of budgets will continue to be carried out and reported to Departmental Performance and Financial Management meetings on a monthly basis.
- g. It remains imperative that sustainable, but sensitive in the unusual circumstances of Covid 19, base budget savings are found to replace in year one off actions to stabilise the 2020-21 budget ahead of the finalisation of the 2021-22 budget round.

5. Capital Budget

5.1 Expenditure to 30th September 2020 is £94.457 million, summarised as follows:

| Directorate | Budget 2020/21 | Actual to 30/09/20 | % spend |
|----------------------|---------------------------|-----------------------------------|----------------|
| | £'000 | £'000 | |
| Corporate Services | 5,294 | 851 | 16.1% |
| People | 34,545 | 10,438 | 30.2% |
| Place (General Fund) | 162,457 | 70,122 | 43.2% |
| Place (HRA) | 54,166 | 13,046 | 24.1% |
| Total | 256,462 | 94,457 | 36.8% |

Expenditure on major capital schemes is detailed in Appendix C.

It should be noted that the actual spend to 30 September may only have 4 or 5 months costs relating to external invoices. The impact of COVID will have an impact on the timing and potential slippage of the original capital programme. The situation remains fluid and the full impacts of COVID continue to be monitored with capital schemes being reprofiled during the year as the impacts of timing / slippage become known. This will have an impact on the revenue Capital Financing Charges in 2020/21 and beyond.

Bay Studios Surge Hospital (Covid19)

The figures above for Place (General Fund) includes £20.46m of expenditure for the Bay Studio Surge Hospital (Covid 19). As part of the Region's response to address projected increased demand on hospital services as a result of the Covid 19 pandemic, the Authority was asked by Swansea Bay University Health Board (SBUHB)/ Welsh Government (WG) to deliver a 1,000 bed Surge Hospital on the site of the old Bay Studios in SA1.

The scheme was completed in an exceptionally short timeframe. It was conceived, designed, delivered and operational within 3 months (April – June 2020) by Corporate Building Services in partnership with our partner sub-contractors, Kier and TRJ. The full cost of the scheme has been received from SBUHB and WG.

6. Housing Revenue Account

6.1 The Covid situation could have a considerable impact on the HRA revenue budget in 2020/21. During the first half of the year, collection rates have not been significantly affected however as the economic impact of the crisis continues it is anticipated that collection rates will be adversely impacted. Rent income is being closely monitored. It is too early to forecast the full impact on the budgeted Bad Debt Provision. There has also been a major impact on revenue expenditure with the revenue repairs budget for the first 6 months being significantly underspent by £1.6m due to Covid restrictions on entering properties. This budget will continue to be closely monitored however further restrictions could impact this figure further. There are also underspends on transport and employee/vacancies (£0.17m). The

crisis has also understandably impacted the delivery of the HRA Capital Programme with commensurate reduction in spend and financing costs. It is anticipated that financing costs could be reduced by around £1.5m. Work is currently ongoing to re-profile the 2020/21 HRA capital programme and which may have a further impact on this.

7. Legal Issues

7.1 There are no legal issues contained within this report.

8. Equality issues

8.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

8.2 The Revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the EIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

Background Papers: None

Appendices:

Appendix A - Revenue Budget forecast 2020/21

Appendix B - Directors comments on variances and action plans

Appendix C - Expenditure on major Capital Schemes

| REVENUE BUDGET PROJECTION QUARTER 2 2020/21 | | | Appendix A |
|--|----------------|------------------|-------------------|
| <u>DIRECTORATE</u> | BUDGET | PROJECTED | VARIATION |
| | 2020/21 | 2020/21 | 2020/21 |
| | £000 | £000 | £000 |
| RESOURCES | 50,475 | 55,006 | 4,531 |
| PEOPLE - SOCIAL SERVICES | 124,781 | 129,698 | 4,917 |
| PEOPLE – EDUCATION | 181,901 | 186,706 | 4,805 |
| PLACE | 60,943 | 71,443 | 10,500 |
| Additional Savings | -194 | 0 | 194 |
| <i>NET DIRECTORATE EXPENDITURE</i> | 417,906 | 442,853 | 24,947 |
| SPECIFIC PROVISION FOR | | | |
| APPRENTICESHIP LEVY/INFLATION | 2,850 | 1,000 | -1,850 |
| CONTINGENCY FUND | 278 | 0 | -278 |
| SUPPORT TO LOCAL BUSINESS | 0 | 51,500 | 51,500 |
| WG COVID GRANTS (Assured & Due to be allocated to Services) | 0 | -97,013 | -97,013 |
| <i>OTHER ITEMS</i> | | | |
| LEVIES | | | |
| SWANSEA BAY PORT HEALTH AUTHORITY | 87 | 87 | 0 |
| CONTRIBUTIONS | | | |
| MID & WEST WALES COMBINED FIRE AUTHORITY | 13,741 | 13,741 | 0 |
| <i>CAPITAL FINANCING CHARGES</i> | | | |
| PRINCIPAL REPAYMENTS | 16,368 | 16,368 | 0 |
| NET INTEREST CHARGES | 20,010 | 20,010 | 0 |
| <i>NET REVENUE EXPENDITURE</i> | 471,240 | 448,546 | -22,694 |
| <i>MOVEMENT IN RESERVES</i> | | | |
| GENERAL RESERVES | 0 | 0 | 0 |
| EARMARKED RESERVES | -2,985 | -19,291 | -16,306 |
| <i>TOTAL BUDGET REQUIREMENT</i> | 468,255 | 429,255 | -39,000 |
| DISCRETIONARY RATE RELIEF | 400 | 400 | 0 |
| <i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i> | 468,655 | 429,655 | 0 |
| COMMUNITY COUNCIL PRECEPTS | 1,582 | 1,582 | 0 |
| <i>TOTAL REQUIREMENT</i> | 470,237 | 431,237 | -39,000 |
| <i>FINANCING OF TOTAL REQUIREMENT</i> | | | |
| REVENUE SUPPORT GRANT | 253,660 | 253,660 | 0 |
| NATIONAL NON-DOMESTIC RATES | 85,721 | 50,521 | 35,200 |
| COUNCIL TAX - CITY AND COUNTY OF SWANSEA | 129,274 | 125,474 | 3,800 |
| COUNCIL TAX - COMMUNITY COUNCILS | 1,582 | 1,582 | 0 |
| <i>TOTAL FINANCING</i> | 470,237 | 431,237 | 39,000 |

Service related COVID19 funding already received from WG of c £13.8m IS included above.

Appendix B

Director's comments on budget variances

Director of Resources

The COVID-19 response has had a detrimental effect on the Resources portfolio budget for the 2nd Qtr. The TTP staffing expenditure is expected to be fully recoverable from Welsh Government. In addition to the staffing there is a short fall in IT funding for the TTP programme, due to WG capping the amount of money available, discussion are ongoing to enable all this funding to be reclaimed.

A number of transformation projects and restructures were unable to be progressed resulting in overspends in both Customer Contact Centre, Digital Services and Transformation and Commercial services. Alternative savings plans are being prepared.

The resources portfolio has limited income streams, however, where income streams are within services, these have also been affected and unlikely to be achieved within the year.

The heads of service will continue to review the budgets and look for alternative ways of achieving efficiencies to balance the budget.

| Variance | £000 | Explanation and Action |
|--|-------|--|
| COVID-19 Variation: | | |
| Test Trace & Protect Programme (TTP) | 2,800 | Estimated Staffing costs of £2.6m and IT costs of £0.2m. There may be a funding shortfall due to WG funding capping the funding available. |
| Oracle Cloud Project | 0 | Project has been delayed, however, after negotiations with Oracle it is not anticipated that there will not be any additional costs. |
| WCCIS Project | 0 | Project has been delayed, No additional costs are anticipated as a result of negotiations with NWIS. |
| Mobile Phones | 0 | No additional costs are forecasted after working with the supplier to negate the costs. |
| Digital services staff costs | 12 | Additional Digital services staffing costs at the start of lockdown to enable homeworking. |
| Contact centre software licences and consultancy | 25 | Digital Services remote contact centre software licences and consultancy to enable call handling from home. |
| Schools infrastructure project | 44 | Government directive to continue to pay consultants. Estimated additional cost as a result of continuing to pay consultants during |

| | | |
|-------------------------------------|--------------|--|
| | | lockdown and therefore elongated project timelines. |
| Design Print | 300 | Loss of trading income which relates mainly to internal recharges to Council departments. |
| Council Tax Reduction Scheme (CTRS) | 1,400 | Estimated additional costs due to additional demand, however, position will be reviewed for the next quarter as it is dependant on actual caseloads. |
| Council Tax Court Cost Income | 235 | Loss of Council Tax/NNDR court cost income as no court action has been taken for a significant part of the year. |
| Consultancy and Employee Costs | 33 | Additional Covid-19 costs. |
| COVID-19 Hardship grant | -28 | Qtr1 WG hardship grant received. |
| Net COVID-19 variation | 4,821 | |
| | | |
| Other Variations: | | |
| Contact Centre | 50 | Restructure in flight to ensure sufficient resources in WTU, Complaints and a new model for Customer Services. The restructure will aim to take account of 'new normal' but will still require additional resources needed for Social Services Complaints and WTU in order to meet legal requirements. |
| Welsh Translation Service (WTU) | 183 | Welsh Translation Unit Saving from previous years cannot be achieved as requirement to maintain the service and deliver demand due to Welsh language Measures. |
| Commercial Services | 130 | Income target attributed to Commercial Services will not be achieved. |
| Legal Services | -430 | Net underspend mainly due to vacant posts. |
| Other net variations | -223 | Net Employee, Supplies & Services, Income shortfall and Unachievable savings. |
| Total Other Variations | -290 | |
| | | |
| Total Forecast Variation | 4,531 | |

Director of Social Services**Social Services**

| Variance | £000 | Explanation and Action |
|--|--------|--|
| Covid 19 Variation | | |
| Additional costs within Child and Family | 430 | The pandemic has reduced the options for placements with particular issues around care leavers. This has resulting in the Council having to secure more expensive placements than would be usual. There has also been a rise in the cost of Direct Payments as we aim to support families through this time. |
| Additional Costs within Poverty and Prevention | 171 | The Directorate has incurred additional costs in supporting those deemed especially vulnerable at this time. Support has seen increased investment in services for those at risk of Domestic Violence as well as in Welfare Rights to help them cope with increased demand. Some of these costs have been offset by the use of grant. This includes a £95k cost for the Summer Provision for Vulnerable Children which is recoverable through the hardship fund. |
| Lost income within Poverty and Prevention | 368 | The primary area of income loss relates to the Gower Activity Centres. We have also lost expected income from Adult Education. |
| Additional Costs within Adult Services | 8,146 | This is the estimated additional cost of the actions taken to increase local social care capacity and the payment of Welsh Government support to the commissioned sector. |
| Loss of Income within Adult Services | 1,339 | This loss of income relates to income received from citizens and partners in respect of our day services that closed at the time of the outbreak. |
| First Tranche of WG Hardship Funding | -2,278 | Significant additional income will follow in Q3 and Q4 |
| Other | | |
| Other Child and Family Variances | 200 | It is possible that this overspend will be reduced by grant funding later in the year. |
| External Residential Care | -1,062 | An underspend is forecast but this figure remains volatile and will be closely monitored during Q3 |
| External Domiciliary Care | -514 | This underspend is a continuation of that reported in 2019/20 and has been driven by increased client income and the 'right sizing' work around packages of care. |

| Variance | £000 | Explanation and Action |
|--------------------------------|--------------|--|
| Internal Staffing and Services | -2,227 | A number of grants have been received that are able to support the overall financial position. Work to ensure services are designed in a way that enables the Council to access all funding sources continues. |
| Third Party Spend | -61 | The Directorate continues to maintain cost management approaches to ensure that our services are sustainable and we continue to pursue external partners to ensure we receive a fair income for our services. |
| MHLD Complex Care | 529 | This remains an area of pressure. Additional budget has been allocated but ongoing pressures on demand and fees remain. |
| Poverty and Prevention | -124 | Some small savings are expected due to the management of grants. |
| Overall Variation | 4,917 | |

Director's Comments

The Council's response to Covid-19 continues to dominate our financial outlook for the year. We have incurred significant additional expenditure through our response to the crisis. We continue to expect the majority of our additional costs will be recoverable through Welsh Government grant funding have aligned our processes to ensure we are successful in this.

Forecasts for Covid related expenditure and income loss are based on current WG Hardship Funding guidance and are subject to the progression of the pandemic through the remainder of the financial year.

The pandemic continues to effect on our business as usual activity. That said, our non Covid variances continue the story from last year where we have been able to use grant income to offset the cost of our internal services. Some of this funding expires in the current year and presents us with a challenge for the future.

The overspends within Mental Health and Learning Disabilities Complex Care are lower than those we have previously reported. However, retendering has added to the pressures on fees, which have continued to increase at above inflation rates for some time.

We continue with efforts to seek fair and equitable funding contributions from our Health Service partners for the services they commission and have strengthened our systems for the recovery of client income.

Should our expectations around Hardship and Income Loss grants be met, the Directorate will deliver an underspend for the year.

Director of Education

| Variance | £000 | Explanation and Action |
|--|--------------|---|
| <u>Covid 19 Variations</u> | | |
| Additional direct cost of maintaining provision of lunches / food bags / BACS payments for FSM eligible pupils | 3,009 | Reflects significant additional food costs, considerably greater coverage of eligible families (with transitional protection), and additional provision over holidays. Work to estimate the cost of continued support in the 20/21 academic year is ongoing and not included in this forecast. |
| Loss of paid School Meal Income | 1,463 | Reflects previous year levels of take up of meals |
| Additional staffing costs over normal contracted hours (catering, cleaning and school support teams) | 159 | This is due to the support provided to settings at times when they would not usually be open such as weekends and holidays. |
| Additional hours for teaching assistants outside of term | 120 | |
| Additional transport, PPE, and utility costs. | 342 | Additional costs from the use of vehicles to support the delivery of Free School Meals, as well as the provision of PPE, continues to be scrutinised. Potential shortfall in the Face Covering Grant |
| Additional costs of licences to support Chromebooks and continuity of learning for pupils | 24 | Additional cost over and above core broadband and other IT infrastructure costs and available base budget which are no longer claimable against WG grant |
| Loss of other income such as from school clerking services and penalty notices | 10 | On the basis of broad comparison with previous year – e.g. £4.2k per quarter re penalty notices |
| Loss of income to schools for example from school lettings and breakfast and other clubs | 1,066 | Reflects detailed analysis of income lost across our maintained schools. |
| 1st Tranche of Income Loss and Hardship Income | -2,660 | Corporate allocation of payments received from WG in response to claims made. |
| Total Covid 19 variations | 3,533 | |
| <u>Non Covid Variations</u> | | |
| Continuing additional costs of FSM transitional protection - part year impact with schools fully | 335 | Considerable increase in those entitled to FSM and likely to grow further with impact of lockdown and other restrictions. With transitional protection these numbers will be |

| Variance | £000 | Explanation and Action |
|---|------|--|
| re-open | | maintained without any certainty of additional core funding from WG |
| Additional costs of FSM provision during lockdown which cannot be reclaimed from WG under strict grant criteria | 214 | Additional food costs, which cannot be reclaimed from WG, from free provision of care lunches to all pupils, over ordering by schools of food bags / parcels, and donation to food banks of food items not required due to changing expectations of food parcel contents |
| Loss of additional paid meal income from previously proposed MTFP increased prices (April 20 and Sept 20) | 205 | £125k loss of income from removal of increase from April and a further £80k part year impact with no increase in September |
| Home to School Transport - further underlying cost pressures and undeliverable savings target relating to creation of additional walking routes, allocated from Place Directorate | 442 | MTFP reflects robust management action to mitigate scale of demand and cost pressures but underlying pressures continue to grow. Further shortfall due to undeliverable savings target allocated to Education, with no influence in its determination or delivery |
| Continuing Additional Learning Needs demand and cost pressures | 92 | Significant impact of management action to manage demand and cost pressures reflected in MTFP, but challenges remain |
| Out of County Placements - undeliverable savings without further specialist provision within County | 250 | Delay in actions necessary to bring forward delivery of scale of additional Special School Places required |
| Implications of school decisions on SLA buy back on services | 50 | Reflects existing pressures on areas such as Music Service, as far as possible mitigated by robust management action |
| Additional cost for schools of corporate decision relating to average payments to staff | 160 | A local decision and so not reclaimable against WG funding for COVID 19 |
| Additional staffing costs for schools due to freeze on ER/VR processes | 100 | Costs may increase further depending on timescales for HR redundancy processes but may be able to mitigate from WG grant |
| Additional civic catering costs with decision to freeze closure | 63 | Reflects continuing shortfall exacerbated by loss of any income from sales for the lockdown period - could increase if closure further delayed |
| One-off additional contribution to Regional Improvement Partnership | 82 | Agreed for 2020-21 only, before Swansea withdraws from ERW from April 2021 |

| Variance | £000 | Explanation and Action |
|---|--------------|---|
| Capita One - one-off cost to have been charged to, and contained, within available 2019-20 budget | 30 | Proposed carry forward to reflect this one-off cost was not supported |
| Capita One annual maintenance costs - more than offset by savings in Corporate Digital Services budget but requiring an appropriate budget transfer | 32 | Highlighted as a potential continuing overspend until an appropriate base budget transfer from Digital Services is approved |
| Other continuing pressures (Primarily Historic Pension Costs, Maternity etc) | 122 | Will continue to be scrutinised to as far as possible mitigate pressures |
| One-off managed savings with delay to full implementation of new EOTAS model | -700 | Further managed savings can be delivered whilst the new EOTAS model cannot be fully implemented |
| One-off managed savings identified in year in addition to those already reflected in MTFP | -205 | Continuing robust management action will seek to identify further savings in addition to MTFP requirements |
| Net non-Covid 19 projected overspend | 1,272 | Reflects impact of national and local factors preventing the full delivery of current year MTFP savings assumptions and unrecoverable additional Covid-19 costs |
| TOTAL PROJECTED PRESSURES | 4,805 | |

The closure of schools has had a significant budgetary impact on the Directorate and is the primary cause of the variations reported above. We continue to align our processes in a way to ensure that we maximise the grants available to support us through this period but there is clearly a risk that some costs may not be fully reclaimable.

The non-Covid 19 projected overspend is more than accounted for by the impact of WG or local factors which have increased the uncontrollable and statutory cost pressures, prevented the delivery of significant elements of current year MTFP savings assumptions, and incurred unrecoverable additional Covid-19 costs, in part underwritten by S151 Officer.

There are other areas of identified demand and cost pressures, in spite of the continuing delivery of the Education strategy, but these are anticipated to be more than offset by further one-off managed savings in addition to those already reflected in the MTFP. However, the underlying base budget shortfall facing the Education portfolio budget, potentially at almost £1.9m, is clearly of concern even though almost

£1.2m directly reflects the full year impact of national or local factors outside of the control of the Directorate.

Director of Place

The directorate is currently projecting a £10.5m overspend which is significant and unprecedented (excludes expected tranche 2 quarter 1 loss of income and July Tranche 2 /August Hardship Covid Grant of £1.9m currently held centrally, which when allocated to directorates would improve the forecast outturn in Place to an overspend of circa £8.6m) . The reason for this is the additional costs incurred on Covid related matters, plus the lost income across a range of services areas due to the inability to carry out work or recharge for services. This projected out turn will be revised as clarity is obtained from Welsh Government as to the level of support provided for both expenditure and lost income. There are some other "non Covid" projected overspends as is often the case early in the financial year but as in previous years the directorate would have achieved a balanced budget had it not been for COVID related implications.

Appendix C

| Capital expenditure on major schemes to 30 September 2020 (where spend greater than £250k) | £000's |
|---|---------------|
| People | |
| EOTAS new build | 2,621 |
| Gorseinon primary new build | 2,059 |
| YGG Tan-y-Lan primary new build | 1,494 |
| YGG Tirdeunaw primary new build | 501 |
| YGG Gwyr secondary extension | 549 |
| Bishopston Comprehensive refurbishment | 2,298 |
| Hendrefoilan RICs scheme | 332 |
| Resources | |
| ERP System Upgrade | 517 |
| Hwb-in-schools infrastructure | 271 |
| Place | |
| City Centre Development Phase 1 (Arena schemes) | 33,690 |
| Kingsway Infrastructure | 1,927 |
| Kingsway Offices-Design & Plan | 604 |
| Corporate Building Services (including schools) | 5,100 |
| Highways - Baldwins Bridge / Fabian Way | 445 |
| Highways carriageway resurfacing including invest to save | 2,503 |
| Vehicle replacement scheme | 776 |
| DPD fitout and adaptations | 431 |
| Disability Facilities Grants | 600 |
| Hafod Copper Powerhouse scheme | 263 |
| Palace Theatre Redevelopment | 378 |
| Bay Studios Surge Hospital build for SBUHB managed by CBS | 20,460 |
| | |
| HRA | |
| HRA capital programme (More Homes schemes) | 2,360 |
| Wind and Weatherproofing (including West Cross) | 3,003 |
| External Facilities | 2,226 |
| HRA Kitchens & Bathrooms | 6,416 |

Total scheme value where spend greater than £250k

91,824

Agenda Item 8



Report of the Head of Democratic Services

Audit Committee – 19 January 2021

Audit Committee Action Tracker Report

| | |
|------------------------------------|--|
| Purpose: | This report details the actions recorded by the Audit Committee and response to the actions. |
| Report Author: | Jeremy Parkhouse |
| Finance Officer: | N/A |
| Legal Officer: | N/A |
| Access to Services Officer: | N/A |
| For Information | |

1. Introduction

- 1.1 During the course of Audit Committee meetings various actions may be decided which are recorded on the minutes of the meetings.
- 1.2 As agreed in 2016/17 an Action Tracker process was put in place to ensure transparency over the outcomes of actions agreed by Committee.
- 1.3 The Action Tracker records the actions agreed by the Audit Committee and provides an outcome for each action.
- 1.4 The up to date Action Tracker 2020/21 is attached at Appendix 1 and Outstanding actions from the Audit Committee Performance Review 2017-18 are provided at Appendix 2.
- 1.5 The Action Tracker is regularly updated and any completed actions will be marked 'Completed' and coloured in grey.
- 1.6 The Action Tracker is reported to each Audit Committee meeting for information.

2. Equality and Engagement Implications

2.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

2.2 There are no equality and engagement implications associated with this report.

3. Financial Implications

3.1 There are no financial implications associated with this report.

4. Legal Implications

4.1 There are no legal implications associated with this report

Background Papers: None

Appendices:

Appendix 1 – Audit Committee Action Tracker 2020/21 (Closed actions removed).

Appendix 2 – Outstanding actions from the Audit Committee Performance Review 2017-18 (Closed actions removed).

| AUDIT COMMITTEE ACTION TRACKER 2020/21 | | | | |
|---|-------------------|--|-----------------------------|---|
| Date of Meeting | Minute Ref | Action | Nominated Officer(s) | Status |
| | 24 | An Update on a Review of Partnerships | | |
| | | The Deputy Chief Executive circulates to the Committee the response of the Council to the Welsh Government regarding Corporate Joint Committees. | Adam Hill | Completed Response circulated following the meeting on 8 December 2020. |
| 08/12/2020 | 23 | Election of the Audit Committee Representative on the Governance Group | | |
| | | Appointment deferred from meeting on 08/12/2020. | Jeremy Parkhouse | Completed Item added to the agenda of the Audit Committee scheduled for 19/01/2021. |
| 08/12/2020 | 22 | Annual Governance Statement 2019/20 Action Plan Update | | |
| | | The Deputy Chief Executive provides an additional report regarding the impact of the Covid 19 Pandemic on the Swansea Bay Region. | Adam Hill | Completed Response circulated 12/01/2021. |
| | | Figures regarding staff sickness are circulated to the Committee. | Adam Hill | Completed Response circulated 12/01/2021. |
| | | A demonstration regarding the Future Generations Act impact assessments be provided / circulated to the Committee | Adam Hill | Completed Response circulated 12/01/2021. |
| | | A copy of the Recovery Plan be forwarded to the Committee | Adam Hill | Completed Response circulated following the meeting on 8 December 2020. |
| 08/12/2020 | 21 | Internal Audit Progress Update Report | | |
| | | The Chief Auditor circulated the updated CIPFA guidance to the Chair / Councillor L V Walton. | Simon Cockings | Completed Response circulated following the meeting on 8 December 2020. |
| 10/11/2020 | 15 | Mid-Year 2020/21 Overview of Risk | | |
| | | A progress report be provided to the Committee in February 2021. The Committee first expressed concern regarding risk on 11/12/18. | Richard Rowlands | Ongoing Update report to be provided to Audit Committee in February 2021. The Chair met with IT on 12/01/2021 to review the Risk Management reporting work via the new risk |

| | | | | |
|-----------------|-----|---|---------------------------------|---|
| | | | | register application that was in progress. |
| 08/09/20 | 131 | Service Centre: Accounts Receivable - Update | | |
| | | The Committee is kept updated regarding progress. | Michelle Davies / Sian Williams | Ongoing Update report to be provided to Audit Committee in February 2021. |
| 30/06/20 | 116 | Employment of Agency Staff | | |
| | | The Committee is kept updated regarding the review of the current Agency Worker policy. | Adrian Chard | Completed Item added to the agenda of the Audit Committee scheduled for 19/01/2021. |
| | 111 | ERW Replacement | | |
| | | An update be provided regarding future Scrutiny arrangements as a new regional Education model is introduced post April 2021. | Phil Roberts | Ongoing The constituent councils of ERW have now jointly agreed its dissolution and replacement with different consortium arrangements. The four councils in the Swansea Bay City Deal area are working together to design a new model for school improvement and this will include making appropriate arrangements for scrutiny. A report on progress will be presented to the next joint committee of ERW in February 2021. |
| | | Local Transport Plan | | |
| | | An update report regarding the development of a new Local Transport Plan be added to the Audit Committee Work Plan. | Martin Nicholls / Stuart Davies | Ongoing The Wales Transport Strategy is due to be published in March 2021, and as a result of its delay, Welsh Government have extended the date for the submission of replacement Local Transport Plans for approval by Welsh Ministers to 20 May 2022. |
| 10/03/20 | 87 | Building Services Plant - Findings Update - Internal Audit Report 2019/20 | | |
| | | The service area further investigates the introduction of a bar reader in respect of stock management. | Nigel Williams / Rob Myerscough | Ongoing Response received 01/12/20 – progress has been made with an alternative test system being put in |

| | | | | |
|--|--|--|--|--|
| | | | | place (not bar reader). Errors are currently under review. Unfortunately further roll out has been delayed due to IT prioritising Covid-19 response. Due to be completed early 2021. |
|--|--|--|--|--|

Appendix 2

| | | Outstanding actions from the Audit Committee Performance Review 2017-18 | | |
|--|--|--|-----------|--|
| | | 1) Benchmarking – The Corporate Management team will consider how best to use benchmarking information and provide an update to the Audit Committee. | Adam Hill | Ongoing Deputy Chief Executive to bring forward proposals to CMT in February and report back to Audit Committee in March 2021. |
| | | 2) Efficiency and Value for Money – Corporate Management Team to consider what information is required for the Audit Committee to enable the Committee to discharge its duties. | Adam Hill | Ongoing Deputy Chief Executive to bring forward proposals to CMT in February and report back to Audit Committee in March 2021. |
| | | | | |



Report of the Head of Democratic Services

Audit Committee – 19 January 2021

Audit Committee – Workplan 2020/21

| | |
|------------------------------------|---|
| Purpose: | This report details the Audit Committee Workplan to May 2021. |
| Report Author: | Jeremy Parkhouse |
| Finance Officer: | N/A |
| Legal Officer: | N/A |
| Access to Services Officer: | N/A |
| For Information | |

1. Introduction

- 1.1 The Audit Committee's Work Plan to May 2021 is attached at Appendix 1 for information.
- 1.2 The Audit Committee Statement of Purpose is attached for information at Appendix 2.
- 1.3 The dates included for the meetings in 2020/21 were approved by the Political Group Leaders.

2. Equality and Engagement Implications

- 2.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

2.2 There are no equality and engagement implications associated with this report.

3. Financial Implications

3.1 There are no financial implications associated with this report.

4. Legal Implications

4.1 There are no legal implications associated with this report.

Background Papers: None.

Appendices:

Appendix 1 – Audit Committee Workplan 2020/21

Appendix 2 – Audit Committee Statement of Purpose

Audit Committee Plan 2020 – 2021

| Terms of Reference | Report Title | Report Summary | Report Author | Date of Meeting |
|------------------------|---|---|------------------|-----------------|
| Governance & Assurance | Election of the Audit Committee Representative on the Annual Governance Group. | To elect the Audit Committee representative on the Governance Group. | Jeremy Parkhouse | 19 Jan 2021 |
| Governance & Assurance | Employment of Agency Staff Update. | Update report on actions arising from the Employment of Agency Staff Audit report. | Adrian Chard | 19 Jan 2021 |
| Internal Audit | Fundamental Audits 2019/20 Recommendation Tracker Report | This report provides a summary of the recommendations made following the fundamental audits in 2019/20 and identifies whether the agreed recommendations have been implemented. | Simon Cockings | 19 Jan 2021 |
| Financial Reporting | Revenue and Capital Budget Monitoring - 2nd Quarter. | To report on financial monitoring of the 20/21 revenue and capital budgets. | Ben Smith | 19 Jan 2021 |
| Internal Audit | Internal Audit Annual Plan 2020/21 – Quarter 3 Monitoring Report. | This report summarises the audits finalised and work undertaken by the Internal Audit Section in Quarter 3 2020/21. | Simon Cockings | 9 Feb 2021 |

Audit Committee Plan 2020 – 2021

| Terms of Reference | Report Title | Report Summary | Report Author | Date of Meeting |
|-------------------------------|---|--|------------------|-----------------|
| Internal Audit | Internal Audit Recommendation Tracking Report - Quarter 3 2020/21. | This report provides committee with the status of the recommendations made in those audits where the follow-up has been undertaken in Q3 20120/21, to allow the Audit Committee to monitor the implementation of recommendations made by Internal Audit. | Simon Cockings | 9 Feb 2021 |
| Risk Management & Performance | Overview of the Overall Status of Risk - Quarter 3 2020/21. | The report presents an overview of the status of risk in the Council during Quarter 3 2020/21 to provide assurance to the Committee on the operation of the risk management policy and framework within the Council. | Richard Rowlands | 9 Feb 2021 |
| Internal Audit | Service Centre: Accounts Receivable - Update. | Progress update from Accounts Receivable on the Internal Audit action points with a High Risk or Medium Risk rating. | Michelle Davies | 9 Feb 2021 |
| Governance & Assurance | Benchmarking, Efficiency and Value for Money. | Corporate Management team will consider how best to use benchmarking information and what information is required for the Audit Committee to enable the Committee to discharge its duties. | Adam Hill | 9 Mar 2021 |

Audit Committee Plan 2020 – 2021

| Terms of Reference | Report Title | Report Summary | Report Author | Date of Meeting |
|---------------------|---|---|----------------------------|-----------------|
| Internal Audit | Draft Internal Audit Annual Plan 2021/22. | This report presents the Draft Internal Audit Annual Plan for 2021/22 to the Audit Committee for consideration prior to the final plan coming to committee in April for approval. | Simon Cockings | 9 Mar 2021 |
| Internal Audit | Internal Audit Annual Plan Methodology Report 2021/22. | This report provides a briefing to the Audit Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2021/22 being reported to the Committee for approval on 20 April 2021. | Simon Cockings | 9 Mar 2021 |
| Financial Reporting | Revenue and Capital Budget Monitoring - 3rd Quarter. | To report on financial monitoring of the 20/21 revenue and capital budgets. | Ben Smith | 9 Mar 2021 |
| Internal Audit | Fraud Function Annual Plan 2021/22. | This report sets out the planned areas of activity for the Internal Audit Section's Fraud Function for 2021/22 and is designed to provide a strategic view of the areas that will be subject to examination. | Jeff Fish, Jonathon Rogers | 20 Apr 2021 |

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Audit Committee Plan 2020 – 2021

| Terms of Reference | Report Title | Report Summary | Report Author | Date of Meeting |
|--------------------|---|--|----------------|-----------------|
| Internal Audit | Internal Audit Charter 2021/22. | This report outlines the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1st April 2013 and presents the Internal Audit Charter for final approval by Audit Committee following Corporate Management Team approval. | Simon Cockings | 20 Apr 2021 |
| Internal Audit | Internal Audit Strategy & Annual Plan 2021/22. | This report presents the Internal Audit Strategy and Annual Plan for 2021/22 to the Audit Committee for approval. | Simon Cockings | 20 Apr 2021 |

Audit Committee Statement of Purpose

- 1) Our audit committee is a key component of the City and County of Swansea's corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 2) The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the City and County of Swansea's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control

- 3) To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- 4) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
- 5) To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 6) To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 7) To monitor the effective development and operation of risk management in the Council.
- 8) To monitor progress in addressing risk related issues reported to the committee.
- 9) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 10) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- 11) To monitor the counter fraud strategy, actions and resources.

Internal Audit and External Audit

- 12) To approve the internal audit charter and resources.
- 13) To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- 14) To consider summaries of specific internal audit reports as requested.
- 15) To consider reports dealing with the management and performance of the providers of internal audit services.
- 16) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- 17) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- 18) To consider specific reports as agreed with the external auditor.
- 19) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 20) To commission work from internal and external audit.

Financial Reporting

- 21) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- 22) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

- 23) To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee is meeting its purpose.

Note: Audit Committee Statement of Purpose extracted from the Council Constitution (31.01.18).