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AGENDA

Pwyllgor	PWYLLGOR ARCHWILIO
Dyddiad ac amser y cyfarfod	DYDD MAWRTH, 12 TACHWEDD 2019, 2.00 PM
Lleoliad	YSTAFELL BWYLLGOR 4 - NEUADD Y SIR
Aelodaeth	Aelodau Annibynnol: Ian Arundale (Cadeirydd) D. Hugh Thomas, Gavin McArthur a/ac David Price Cynghorywr Cunnah, Howells, Lister, McKerlich, Singh a/ac Williams

*Tua
Amserx.*

1 Ymddiheuriadau am Absenoldeb

Derbyn ymddiheuriadau am absenoldeb.

2 Datgan Buddiannau

I'w gwneud ar ddechrau'r Eitem Agenda dan sylw, yn unol â Chod Ymddygiad yr Aelodau.

3 Cofnodion *(Tudalennau 3 - 12)*

Cymeradwyo cofnodion y cyfarfod a gynhaliwyd ar 10 Medi 2019 fel cofnod cywir.

4 Cais Cadeirydd

4.1 Ian Arundale - Cais am Absenoldeb *(Tudalennau 13 - 14)*

4.2 Rhwydwaith Cadeiryddion Pwyllgorau Archwilio (Diweddariad Llafar)

5 Materion Gweithredol

5.1 Sarah McGill - Diweddariad ar yr Amgylchedd Rheoli Mewnol 2.20 pm *(Tudalennau 15 - 32)*

5.2 Jane Thomas - Polisi Dilysu Seiliedig ar Risg - Asesiad Budd-dal Tai 2.45 pm a'r Dreth Gyngor *(Tudalennau 33 - 90)*

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- 6 Cyllid**
- 6.1** Diweddariad ar Gyllid gan gynnwys materion Gwydnwch 3.05 pm
- 7 Llywodraethiant a Rheoli Risg**
- 7.1** Rheoli Risgiau Corfforaethol (Canol Blwyddyn) (*Tudalennau 91 - 122*) 3.15 pm
- 8 Swyddfa Archwilio Cymru** 3.35 pm
- 8.1** Negeseuon Allweddol - Adroddiad Gwella Blynyddol ac Adroddiad Archwilio Llesiant Cenedlaethau'r Dyfodol (*Tudalennau 123 - 178*)
- 8.2** Diweddariad ar Gynnydd Gweithgarwch/Adroddiad SAC (*Tudalennau 179 - 184*)
- 9 Traciwr SAC/Astudiaethau Eraill**
- 10 Rheolaeth Trysorlys** 3.55 pm
- 10.1** Adroddiad Perfformiad (*Tudalennau 185 - 266*)
- 10.2** Adroddiad Hanner Blwyddyn (*Tudalennau 267 - 284*)
- 11 Archwilio Mewnol** 4.10 pm
- 11.1** Diweddariad ar Gynnydd y Tîm Archwilio (*Tudalennau 285 - 350*)
- 11.2** Diweddariad ar Gynnydd y Tîm Ymchwilio (*Tudalennau 351 - 356*)
- 12 Gohebiaeth Graffu**
- 13 Camau sy'n weddill** (*Tudalennau 357 - 358*)
- 14 Diweddariad ar y Rhaglen Waith** (*Tudalennau 359 - 360*)
- 15 Eitemau Brys (os oes rhai)**
- 16 Dyddiad y cyfarfod nesaf**

Caiff y cyfarfod nesaf ei gynnal ar 21 Ionawr 2020

Davina Fiore

Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol

Dyddiad: Dydd Mercher, 6 Tachwedd 2019

Cyswllt: Graham Porter, 02920 873401, g.porter@caerdydd.gov.uk

AUDIT COMMITTEE

10 SEPTEMBER 2019

Present: D. Hugh Thomas (Chairperson)
Councillors Cunnah, Goddard, Howells, Lister, McKerlich and Williams

24 : APOLOGIES FOR ABSENCE

Apologies were received from Ian Arundale.

The Chairperson welcomed Councillors Lister and McKerlich to their first Audit Committee meeting, and noted an appreciation of the services of Councillor Bale, who had recently stood down as a Committee Member.

25 : DECLARATIONS OF INTEREST

The following declarations of interest were received:

Cllr Cunnah	Item 4	School Governor at Ysgol Pwll Coch
Cllr Lister	Item 4	School Governor at Grangetown Primary
Cllr Howells	Item 4	School Governor at Adamsdown Primary and Stacey Primary Schools
Cllr McKerlich	Item 4	Chair of Governors Radyr Primary School
Cllr Williams	Item 4	School Governor at The Hollies School and Oakfield School Member of School Budget Forum

26 : MINUTES

The minutes of the meeting held on 25 June 2019 were approved by the Committee as a correct record and were signed by the Chairperson.

Operational Matters

27 : DIRECTOR OF EDUCATION AND LIFELONG LEARNING, NICK BATCHELAR - ANNUAL REPORT ON SCHOOL GOVERNANCE, BALANCES AND DEFICITS

The Committee welcomed Nick Batchelar, Director of Education, and Neil Hardee Head of Services to Schools to present an update in respect of school governance, deficits and balances.

Members were advised that within the directorate the Education Management Team (EMT) meets on a weekly basis and provides the forum for co-ordinating the directorate approach to assurance. EMT receives and discusses every school audit report and an analysis of the work that is undertaken through the Schools Causing Concern process. Reference was also given to the approach applied each half term, for officers from across the authority to meet with colleagues from the Central South Consortium to identify and discuss individual school related issues and form a view

as to whether individual schools require additional support or intervention. The interventions in St Peter's RC Primary School were referenced, following the receipt of adverse Estyn Inspection and Audit reports.

Members were advised that the net annual budget for schools in Cardiff was £241.344m in 2019/20. A large proportion of the net annual budget is delegated to the 127 schools in the City and the School Budget Forum plays a key role in the developing informed dialogue between the local authority and its schools on budget matters. The report included an analysis of the individual school balances as at 31 March 2019, together with the school balances for the previous five years. The overall level of balances held by schools has been reduced from £7.319m at 31 March 2018 to £5.658m at 31 March 2019.

The Director of Education advised that there were 44 schools with balances in excess of the Welsh Government's recommended threshold, for which the respective Chair of Governors would be asked to provide justification and a description of the planned use for the balance in 2019/20. Members were also advised that there were 12 schools carrying forward a deficit balance into 2019/20, for which each school has a medium term financial plan in place showing how it will reduce its deficit, and a monitoring officer to support the governing body.

The Director advised Members that too many schools are being assessed as less than satisfactory through internal audit reports, and the powers of intervention will be applied when warranted for schools with poor financial management and poor governance. Members were also advised that guidance for Governing Body clerks would be strengthened to support compliance in areas of governance.

The Chairperson invited comments and questions from the Committee. Those discussions are summarised as follows:

- The Committee asked the Director to comment on the audit reports for which there were opinions of 'major improvement needed'. The Director stated that common areas requiring improvement involve matters of compliance, such as governors completing mandatory training, and policies and procedures being effective and appropriately reviewed and updated. Consideration is being given to strengthening the role of the Clerk to the Governing Body to support improvements.
- A Member noted that the remuneration of the Clerk to the Governing Body is relatively low, and asked that given the additional significance being placed on the role, if there were plans to ensure that suitably skilled people are recruited. The Member was advised that the role of clerk is fundamental to manage the recurrent themes of required governance improvement, and that Governing Bodies have discretion in remuneration for Clerks. The Committee was reminded that the Clerk's role is to support the Chair of Governors and Headteacher who have primary responsibility for governance issues.
- A Member commented that where a Clerk to the Governing Body is also a school employee, there might be a conflict of interest. The Director accepted that there may be a risk if there are not degrees of separation in schools.

- A Member asked whether there was a link between non-compliance in terms of mandatory training and attendance at governing body meetings. The Director stated that there clearly was a link, and that mandatory training and attendance will continue to be monitored through the relevant Governing Body.
- Members asked whether the option to reclaim or spend surplus balances has been applied, and were advised that the option has not been actioned to date. There have been 18 schools identified that have held surplus balances over the permitted threshold for 3 years. These schools have been instructed to use those balances of which 4 schools reduced their balance to below the threshold. The authority will meet with Chairs and Head Teachers in the remaining schools to discuss the planned use of these balances.
- A Member stated that the delegated budget system is based on sound financial management, good quality budget information and the quality of Headteachers and the Chair of the Governing Body. The Member asked at what point would a 'whole system review' be necessary. The Director stated that the thematic issues identified through audit, identified issues of governance and compliance, and not the effectiveness of the delegated system. Members were advised that the issues identified are not unique to Cardiff or Cardiff Schools. In some smaller primary schools there have been concerns relating to their capability to manage finances, and achieving the right range of skills for those on governing bodies, but this does not merit the move to a different system.
- Members asked what assurance could be given that budgets provided are achieving Value for Money (VFM). The Director stated that money is used to provide quality education, for which Cardiff performs well and continues to strengthen. VFM is improving but need to improve further, which is imperative as budgets are reducing.
- The Director was asked to provide an explicit timetable for resolving the issue of schools holding a surplus balance for 3 years. The Director stated that the 14 schools, which are still above the threshold, would be invited in to discuss the matter before the October half term break. The Director and Section 151 Officer will then consider further action.

RESOLVED –That the Audit Committee notes the contents of the report.

Finance

28 : VERBAL FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources provided a verbal financial update of the financial position and reminded Members that following the next item on the agenda, the final Statement of Accounts would be presented to Council for approval on 12 September 2019.

Members were advised that the Budget Monitoring report for Month 4 was due to be presented to Cabinet, upon which the Director will provide feedback to Audit Committee as appropriate. Members were also advised that Cabinet would be receiving a report on the budget setting process.

29 : FINAL STATEMENT OF ACCOUNTS FOR 2018-19

The Chairperson invited the Head of Finance, Operational Manager - Capital, Corporate & Treasury and further finance colleagues to present the final Statement of Accounts (SOA) 2018/19, following audit by the Wales Audit Office. The report followed Audit Committee consideration of the draft Statement of Accounts and the Annual Governance Statement (AGS) in its meeting of 25 June 2019, and a consultation period to allow Members to submit questions and comments.

Members were advised that all SOA misstatements had been corrected, and that the Wales Audit Office intended to issue an unqualified audit report, subject to approval by full Council on 12 September 2019. Members were also advised that the Council would review the timings of its arrangements for the audit and approval of its accounts in the future, due to the earlier statutory deadlines for submission.

The Chairperson invited comments from the Committee. Those discussions are summarised below:

- A Member asked officers to confirm that the Wales Audit Office are being advised of ongoing developments in relation to the HMRC investigation in Waste Management. The Head of Finance provided confirmation, and Ann-Marie Harkin stated that WAO were content with the presentation of the accounts, based on the information received.
- A Member proposed a revision to a sentence in the AGS and Audit Committee Annual Report. Members considered that the Committee had received information at the meeting that merited a change to their statement for the financial year 2018/19, and agreed the following adjusted sentence.

'This year, whilst we have received assurances given through school governance themed audit work, we remain concerned certain schools have not achieved a satisfactory level of stewardship and internal control.'

RESOLVED – That

- (1) The school governance and compliance sections in both the Audit Committee Annual Report and the Annual Governance Statement be amended to include the revision outlined above;
- (2) The Statement of Accounts and Annual Governance Statement be noted.

Governance and Risk Management

30 : CORPORATE RISK MANAGEMENT (QUARTER 1)

The Chairperson invited the Head of Finance, OM - Budget Strategy & Financial Planning and the lead officer to present the Corporate Risk Management report for Quarter 1 2019/20. Members were asked to note that 10 Directorate Risks would be carried forward as SMT escalated risks and were referred to the changes to the corporate risk register as summarised within the report.

Members noted that in relation to the Coastal Erosion Risk – Inherent and Residual Risk scores were the same. Members asked whether any consideration has been given to mitigation of this risk or whether short-term mitigations have been considered. The Audit Manager reminded the Committee that following a focussed review on this risk in January 2019, arrangements are being made for the Director of Planning, Transport and Environment to attend a further Committee meeting to provide an update on the mitigations in place and those being progressed.

Members asked what arrangements were in place to manage the impact of Brexit in terms of a central control room / bunker. The Head of Finance referred to the Emergency Management Silver Command/Gold Command arrangements in place through which the Brexit response would be co-ordinated.

Members discussed their ongoing assurance requirements for Brexit, and the Corporate Director Resources advised that as Corporate Director with responsibility for business continuity he can provide assurance that the Council is well-placed in terms of its planning and it is doing all it can to protect services and service users. It was recognised that ongoing attention is required in respect of this particular risk given its proximity.

RESOLVED – That:

- (1) The report be noted;
- (2) The Chair to consider the Audit Committee work programme with regards to receiving ongoing assurance in respect of Brexit.

Wales Audit Office

31 : WAO ACTIVITY/REPORT PROGRESS UPDATE

Ann Marie asked the Committee to confirm they were content WAO Audit of Financial Statements reports which were appended to item 5.2 on the agenda. The Committee accepted the contents of the WAO reports unanimously.

Sara Jane Byrne provided the WAO progress update.

Treasury Management

32 : PERFORMANCE REPORT

The Operational Manager – Capital Corporate and Treasury, presented a report on performance information and a position statement as at 31 July 2019.

Members were provided with an account of performance in respect of borrowing and investments. The Operational Manager also reported that uncertainty around Brexit has created some opportunities in terms of lower rates for borrowing.

Committee was also advised that they would receive information on the outcome of an independent review of the Council's Treasury Management activities against regulations and professional codes, as well as benchmarking activities.

A Member sought assurance that the current levels of borrowing were sustainable. The Operational Manager stated that this would depend on what the borrowing is for - long term service investment, investment in new assets for example new Council housing to address housing need, borrowing for a return such income or savings from an invest to save schemes. Indicators are clearly set out in the budget including local ratios. Comparative information to be presented at a future meeting against other Core UK Cities may help the Committee form a view.

The Corporate Director asked Members to consider that in terms of comparison, not all local authorities own their own housing stock. That presents a different pattern in terms of borrowing. For example, the investment programme of the next 5 years there is a total investment programme of over £840 million, but £300 million of that will be Housing Revenue Account and therefore there will be differences between authorities. We can consider this in terms of levels of borrowing or in terms of levels of investment.

Members asked at what point the Council is prohibited from investing with a lender if its rating were to reduce to a level outside of policy. The Operational Manager advised that the lending list is set at the start of the year, with ratings monitored daily, and all new investments based on current rating levels.

RESOLVED - That the public be excluded as the information to be discussed is confidential as it contains exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 Schedule 12A of the Local Government Act 1972. The public may be excluded from a meeting by resolution of the Committee pursuant to Section 100A (4) of the Local Government Act 1972 during discussion of this item.

The Committee discussed matters set out in the confidential appendices to the report.

RESOLVED – That the Treasury Management performance report be noted.

33 : ANNUAL REPORT

The Operational Manager – Capital Corporate and Treasury, presented the Treasury Management Annual Report 2018/19, prior to its submission to Council. The report was prepared in accordance with the Council's Treasury Management Policy. Members were advised that the Committee had already appraised the main contents of the Annual Report in previous Treasury Management and performance reports.

Members sought clarification on the calculations and historical data used to evaluate the probability of default in relation to investments, in particular the use of historic data. The Operational Manager advised that authority's treasury advisors look at the historic risk of default in various financial institutions, the probability of which is low. Those same ratios are applied to the holdings the authority has. A Member asked for confirmation that the data used was derived from other sources, and was advised that the treasury advisors devise the process and methodology.

A Member noted the range of threshold and limits throughout the report and asked whether these had been subject to external audit. The Operational Manager advised

that the limits and indicators were not subject to external audit but he was aware that colleagues in Internal Audit consider these.

A Member asked for the affordable limit of capital financing costs in terms of its proportion of the controllable budget, and was advised that the authority does not have an upper limit. In setting the Medium Term Financial Plan (MTFP) an assessment of what is available for capital financing is undertaken having regard to emerging pressures on the revenue budget. The Corporate Director Resources indicated that the indicator detailed in the report was designed to track changes over time. Members asked whether benchmarking data was available, and were advised that the availability of comparative information will be considered.

RESOLVED – That:

- (1) The report be noted;
- (2) The OM Treasury to review the availability of benchmarking on Capital Financing Costs as a percentage of budget, and to highlight any risks of comparison in a future report.

Internal Audit

34 : AUDIT TEAM PROGRESS UPDATE

The Audit Manager presented the Internal Audit progress report. The report was prepared to provide the Committee with an update on the work of Internal Audit as at 16 August 2019 for the current financial year. Members were asked to consider and note the contents of the report and to approve assurance audits of the Trolley Services and Value for Money in Digital Initiatives for the Audit Plan 2019/20.

Members asked for clarification of the rationale for using unallocated audit days to audit the system for collecting abandoned shopping trolleys. The Audit Manager advised that the system has not been audited previously and is an area where assurance has been requested from the service area. The Audit Manager agreed to circulate income associated with the Trolleys service for Committee information.

Members asked whether a risk assessment of the service would be undertaken and whether the 15 days allocated for the audit would be required. The Audit Manager advised that 15 days have been allocated, so there is capacity to deliver the audit in full. The actual time will be determined through an assessment of the systems in place and risk as part of the preliminary assessment, at which stage the full 15 days may not be required.

Members asked for details of the timescale for resolution of the issues within the Music Service, for actions to be implemented and for the service to be functioning adequately. The Audit Manager confirmed that management were committing to implementing actions within the calendar year. A follow-up audit would be carried out within six months.

RESOLVED - That the public be excluded as the information to be discussed is confidential as it contains exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 Schedule 12A of the Local

Government Act 1972. The public may be excluded from a meeting by resolution of the Committee pursuant to Section 100A (4) of the Local Government Act 1972 during discussion of this item.

Members requested that the Chair write to Directors for whom there have been material delays in implementing 'red' and 'red/amber' recommendations, to request an account for the reasons for this, and a commitment and timeframe for delivery.

Members also requested that the Audit Committee work programme to be adjusted to invite the Corporate Director, People and Communities to an earlier than planned meeting in respect of the directorate control environment.

RESOLVED – That:

- (1) The report be noted;
- (2) The Committee approves assurance audits for the Trolley Service and Value for Money in Digital Initiatives for the Audit Plan 2019/20.
- (3) Audit Manager to circulate income information associated with the Trolleys service.
- (4) The Audit Committee Chair to write to Directors for whom there have been material delays in implementing 'red' and 'red/amber' recommendations, to request an account for the reasons for this, and a commitment and timeframe for delivery.
- (5) The Audit Committee work programme to be adjusted to invite the Corporate Director, People and Communities to an earlier than planned meeting in respect of the directorate control environment.

35 : INVESTIGATION TEAM PROGRESS UPDATE

The Audit Manager presented the Investigation Team Progress Report. The report included an update on the investigation within the Waste Management Service, mandatory fraud awareness training for officers, the recruitment of a new investigator, and the number of current investigations and the value of concluded reactive investigations.

A Member asked how much potential was there for fraud and which areas were being targeted. The Audit Manager advised that the Counter-Fraud and Corruption Strategy was presented at the previous meeting of the Committee, which sets out the high risk areas and relative fraud volumes and values, based on national trends in UK local Authorities. Members were advised that the primary proactive work underway is the mandatory fraud awareness training across the Council, being reinforced by face-to-face training for front line officers, and through participation in International Fraud Awareness week in November 2019.

The Audit Manager was asked to comment on what success in this area would look like; and stated that success would be achieving and sustaining a counter-fraud risk aware organisation.

Sara-Jane Bryne advised that WAO would be looking at Counter Fraud arrangements across all Welsh Local Authorities later in the year following the publication of a report on this issue.

RESOLVED – That the report be noted.

36 : SCRUTINY CORRESPONDENCE

No correspondence with Scrutiny Chairs was presented.

37 : OUTSTANDING ACTIONS

The outstanding actions were noted.

38 : WORK PROGRAMME UPDATE

The Committee Work Programme was noted.

39 : URGENT ITEMS (IF ANY)

No urgent items were presented.

40 : DATE OF NEXT MEETING

The next meeting will take place on 12 November 2019.

The meeting terminated at 4.30 pm

Mae'r dudalen hon yn wag yn fwriadol

AUDIT COMMITTEE: 12 November 2019

IAN ARUNDALE-LEAVE OF ABSENCE REQUEST

AGENDA ITEM: 4.1

REPORT OF THE HEAD OF DEMOCRATIC SERVICES

Reason for this Report

1. For the Audit Committee to consider a request from Ian Arundale, Audit Committee Chairperson, for a leave of absence of up to one year.
2. The report provides the Audit Committee with an opportunity to note the request and to consider recommending its approval to Council.

Background

3. In accordance with section 82 of the Local Government (Wales) Measure 2011, the Audit Committee is required to have at least one lay member, and at least two thirds of the Audit Committee are to be members of the authority.
4. The Audit Committee is currently comprised of eight Councillors (5 Labour, 2 Conservative and 1 Liberal Democrat) and four Independent Lay Members. At the time of reporting there are two Labour Councillor vacancies on the Committee,
5. Ian Arundale has served as a Member of the Audit Committee from 25 June 2014 and as Chairperson since 22 June 2015. Council has approved his reappointment to the Audit Committee for a second term the period 25 June 2019 to 24 June 2024.

Issues

6. The Chairperson, Ian Arundale, has recently discussed short-term capacity issues with the Head of Democratic Services and Audit Manager, and shared his intention to request a temporary leave of absence. On 26 October 2019, he wrote to formalise his intentions and has set out his reasons in the following request:

Leave of Absence Request

In addition to my role as the Chair of the Audit Committee I have other professional responsibilities. Normally, these duties are easy to accommodate with little, if any, conflict with my committee duties. I remain fully committed to my role and I am keen to retain my position.

However, I have recently been invited to take up the position of Deputy Chief Constable with Cleveland Police. This organisation has just been placed in full 'special measures' and has considerable challenges and identified areas for improvement. I have received formal permission from Cleveland Police to continue

with my Audit Committee role but it has become clear that the scope and volume of my duties at Cleveland cannot currently be managed alongside my Audit Committee responsibilities.

I therefore request that I be granted formal leave of absence for a period of up to one year to be reviewed in six months time. I am on a short term (18 month) contract with Cleveland police that can be cancelled with three months notice by either party. If granted, an approved leave of absence should enable me to recommence my duties once the workload at Cleveland has stabilised.

Process

7. Council determines the size and membership of the Audit Committee and has the authority to approve a leave of absence request.
8. Prior to the Council decision, the Audit Committee has an opportunity to consider the request, and to determine if it will recommend the approval to Full Council on 28 November 2019.
9. Following the Council decision, in its meeting of 21 January 2020, the Audit Committee will need to appoint a Chairperson to cover any formalised absence for the current municipal year.

Legal Implications

10. There are no legal implications other than those set out at paragraph 3 of this report.

Financial Implications

11. There are no direct financial Implications arising from this report.

RECOMMENDATIONS

12. That the Audit Committee:
 - Notes the Audit Committee Chairperson's request for a leave of absence of up to a year;
 - Consider recommending approval of the request to Full Council.

THE HEAD OF DEMOCRATIC SERVICES

12 November 2019

AUDIT COMMITTEE: 12th NOVEMBER 2019

PEOPLE & COMMUNITIES (EXCLUDING SOCIAL SERVICES)

- INTERNAL CONTROL ENVIRONMENT

AGENDA ITEM:

5.1

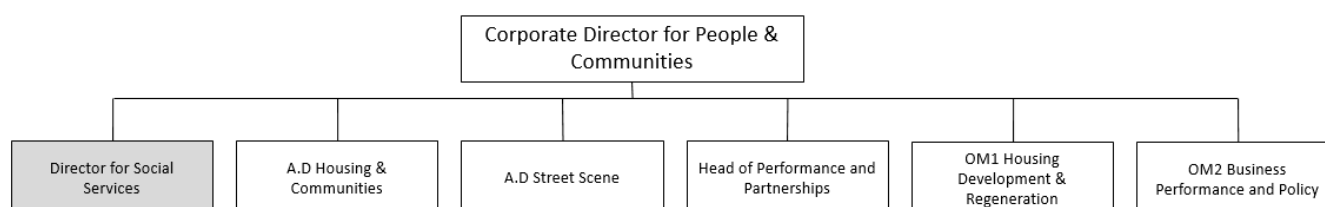
REPORT OF THE CORPORATE DIRECTOR, PEOPLE AND COMMUNITIES

Reason for this Report

1. This report has been produced in response to the Audit Committee's request for an update on the control environment within Housing and Communities, Performance & Partnerships, and Waste Management Service Areas.
2. The Audit Committee has requested this update in respect of its role to:
 - Monitor progress in addressing risk-related issues reported to the committee.
 - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
 - Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - Review the assessment of fraud risks and potential harm to the Council from fraud and corruption.

Background

3. People and Communities high level structure chart



4. **Housing & Communities:** Provide a wide range of services to those who live, work or visit the city of Cardiff. Often these services are for the most vulnerable in Cardiff, whose needs can only be effectively met through joined-up delivery of services both with other Council departments and our partners.
 - The Service Area also makes provision for the Homeless, including outreach work with Rough Sleepers, the provision of hostel spaces and other support services for the most vulnerable citizens. Council housing is provided to those most in need,

with the Service Area managing 13,499 Council homes and providing a full range of services for tenants including repairs, the turnover of properties that become vacant and maintaining the Welsh Housing Quality Standards across all stock.

- Teams within the Service Area also help over 36,000 households within Cardiff to pay their rent or Council Tax through payment of Housing Benefit and the Council Tax Reduction Scheme as well as managing a Discretionary Housing Payment fund, helping the most vulnerable people in Cardiff. The Service Area also provides a range of support and engagement services for Council tenants through Tenant participation. The Supporting People programme delivers housing-related support to vulnerable clients in a variety of settings, with the aim of maximising independence.
 - Face to Face advice and support is available through the Community Hubs and is rolled out across the City, with Housing & Benefit advice available as well as services from partner organisations. Libraries and Hubs provide a comprehensive range of library services which aim to improve the lives of Cardiff citizens through the delivery of reading, information, health, digital, cultural and children's learning opportunities across the City.
 - To support those out of work or to upskill people into better paid work, the Service Area delivers a range of support and courses through Adult Learning and the Into Work Advice Service. Through the Employment Gateway, the newly expanded Into Work Advice Service is accessed via job clubs in over 40 locations across the city, an advice line and website, as well as social media channels.
 - Independent Living Services provides a whole range of teams who take a whole systems approach in helping older and disabled citizens of Cardiff to live independently in their own homes, reduce hospital admissions, speed up discharge from hospital and help them reconnect to their communities. Independent Living Services also works closely with the 3rd Sector, Health services and community groups co-producing outcomes that matter to the citizens of Cardiff.
 - From the 1st April 2019 the Service Area will deliver a new programme of services available to families, parents, children and young people in Cardiff: Cardiff Family Advice and Support (CFAS) brings together a range of existing and new IAA (information, advice and assistance) services for children, young people and their families in Cardiff through the development of a single point of entry. The services within CFAS include, Flying Start, Cardiff Parenting Team, Childcare Offer for Wales, Childcare Business Support and Childcare Workforce Development. There are also the newly created teams CFAS Gateway team and the Family Help with the aim of providing IAA to families, children and young people.
5. **Performance & Partnerships:** Work with customers and partners (internal and external) to support the Council's priorities and outcomes for citizens. The Cardiff Research Centre (CRC) delivers robust research, information and consultation services for Cardiff Council and its partner organisations. The Cabinet Office provides support for the Leader and the Council's Cabinet. This includes administrative support, such as correspondence management and coordinating meetings and leading the development on strategic corporate policy such as the Corporate Plan. The Equalities Team provides an important advisory function and supports policy development. Bilingual Cardiff is responsible for overseeing the implementation and monitoring of the Welsh Language Standards. The Councils' media and communications team helps to promote the work of the Council to both

residents and staff. Finally, the Community Safety Team is responsible for the coordination of all community safety activities across the Council.

6. **Housing Development & Regeneration:** Housing Development & Regeneration are working to build more council homes, both for rent and for our assisted home ownership scheme to help address the high housing need in Cardiff. The team have an overall target of building at least 2,000 new council homes, of which 1,000 must be delivered by May 2022. In addition, the team carries out regeneration works to improve neighbourhoods across the city, including estate regeneration schemes, neighbourhood renewal schemes, improvements to local shopping centres and community facilities, and community safety measures such as alley-gating.
7. **Street Scene:** In June 2019 the reporting arrangements for Street Scene were realigned to the Corporate Director for People & Communities to support the delivery of the Council's Capital Ambition agenda. Street Scene includes all Waste Collections, Trade Waste Collections, Recycling Centres, and Street Cleansing.
8. There is a full performance management framework in place in the service areas above that monitors the delivery of these services including A3 scorecards and full core data reports. This model is currently being expanded to Street Scene. The performance framework enables issues to be quickly identified and mitigations put in place.

Issues

(a) Management / mitigation of the directorate's risks on the Corporate Risk Register

9. **Housing & Communities** has one risk on the Corporate Risk Register, which is Welfare Reform. There is a vast amount of control measures in place to mitigate the risk and ensure that people are supported. However, due to the nature of the risk the residual rating is still high (B2) and continues to be monitored closely. There are 31 risks currently monitored on the Directorate Risk Register for Housing & Communities, with other risks on individual managers' Operational Risk Registers.
10. **Performance & Partnerships** has Performance Management on the Corporate Risk Register and has a current residual rating of High/Medium (D2). The area also has three risks on the Directorate Risk Register, which are on the Welsh Language Standards, Income Targets and the resilience of the smaller teams to manage unexpected long-term absence.
11. **Street Scene** has a risk on the Corporate Risk Register for Waste Management and the potential failure to deliver cost effective compliance with waste legislation, including statutory recycling targets. The current risk is high at B2 and the target is to reduce that to C2. To achieve this the service will have to deliver against its new wide-ranging improvement strategy.
12. **Housing Development & Regeneration** does not have any risk on the Corporate Risk Register. However, the service does have three risks on the Directorate Risk Register. These are; project specific risks with the Cardiff Living Scheme, maximising affordable housing through S106 and grant programmes, plus a risk in achieving the Capital Ambition target of 1,000 council homes by May 2022.
13. Across all areas of the directorate, potential risks associated with Brexit have been identified and potential mitigations have taken place. Due to the wide-ranging services being provided, the identified risks reflect this diversity. Potential risks identified range from Brexit-related clauses that bidders are requesting in procurement contracts (especially new builds),

additional pressures from people deciding to come back to live in Cardiff and the supply of critical goods to the Joint Equipment Service.

14. All risks are managed mainly within the service area and are escalated up to the Corporate Director. It is important to state that risks are not managed in isolation. They are intrinsically linked to the directorate’s performance management framework and significant pieces of improvement activity programme/project managed through the appropriate governance arrangements.

(b) Senior Management Assurance Statement

15. The Senior Management Assurance Statement is collated by the directorate’s Business Support team, reviewed, and signed off by the Corporate Director. Due to the nature of the services and where they are on their continuous improvement journey, it was decided to have two separate assurance statements. There is one statement that covers Housing & Communities, Performance and Partnerships, Housing Development & Regeneration, and the other for Street Scene.

16. The 2019/20 mid-year position for Housing & Communities, Performance and Partnerships, Housing Development & Regeneration was assessed and is displayed in the table below.

1. Complete and Timely Risk Identification	Strong Application
2. Integrated Risk Assessments	Strong Application
3. Risk Review	Strong Application
4. Directorate Risk Response	Strong Application
5. Corporate Risk Management	Strong Application
6. Partnership Governance, Risk Management and Control	Mixed Application
7. Partnership Assurance	Mixed Application
8. Compliance	Strong Application
9. Compliance Improvement	Strong Application
10. Programme and Project Initiation	Strong Application
11. Programme and Project Governance	Strong Application
12. Programme and Project Monitoring and Reporting	Strong Application
13. Budget Delivery	Embedded
14. Savings/Income Target Delivery	Embedded
15. Business Planning	Strong Application
16. Future Generations	Mixed Application
17. Business Cases	Strong Application
18. Internal Controls	Strong Application
19. Accountability	Strong Application
20. Safeguarding Assets	Strong Application
21. Fraud Prevention and Detection	Strong Application
22. Performance Measurement and Management	Embedded
23. Performance Reviews	Strong Application

17. The 2019/20 mid-year position for Street Scene was assessed and shown in the table below.

1. Complete and Timely Risk Identification	Limited Application
2. Integrated Risk Assessments	Limited Application
3. Risk Review	Strong Application

4. Directorate Risk Response	Strong Application
5. Corporate Risk Management	Strong Application
6. Partnership Governance, Risk Management and Control	Mixed Application
7. Partnership Assurance	Limited Application
8. Compliance	Mixed Application
9. Compliance Improvement	Mixed Application
10. Programme and Project Initiation	Mixed Application
11. Programme and Project Governance	Mixed Application
12. Programme and Project Monitoring and Reporting	Mixed Application
13. Budget Delivery	Limited Application
14. Savings/Income Target Delivery	Limited Application
15. Business Planning	Limited Application
16. Future Generations	Limited Application
17. Business Cases	Limited Application
18. Internal Controls	Mixed Application
19. Accountability	Limited Application
20. Safeguarding Assets	Mixed Application
21. Fraud Prevention and Detection	Limited Application
22. Performance Measurement and Management	Limited Application
23. Performance Reviews	Limited Application

(c) Internal Audit Engagement and Response

18. All completed audits are sent to the Corporate Director and officers involved in the audit. Based on the findings, the issues raised are either discussed at the People & Communities fortnightly SMT or the Housing & Communities Monthly SMT. Performance against compliance is monitored monthly as part of the core data reporting.

19. Audits completed during 2018/19 and to date in 2019/20 are as follows:

Audit	Report Status	AUDIT OPINION	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2018/19						
Effective decision making	Final	Effective	0	0	0	Completed
Commissioning and procurement	Final	Effective with opp for improv.	0	5	5	Completed
Communities First	Final	Effective with opp for improv.	0	2	2	Completed
Budgeting and forecasting	Final	Effective	0	0	0	Completed
2019/20						
Communities - partnerships and collaborative governance	Final	Effective with opp for improv.	0	1	1	Completed
Responsive Repairs	Final	Effective with opp for improv.	0	2	2	Completed
Into Work grant streams	Final	Effective with opp for improv.	4	0	4	Not yet due
Bilingual Cardiff	Final	Effective with opp for improv.	2	1	3	Not yet due
Housing Rents	Final	Effective with opp for improv.	2	1	3	Not yet due
C&V Regional Partnership Board	Draft	Effective with opp for improv.	0	0	4	Not yet due
Joint Equipment Stores	Draft	Effective with opp for improv.	0	0	4	Not yet due
Housing Benefit and Local Housing Allowance	Final	Effective with opp for improv.	4	0	4	Not yet due
Risk Based Verification	Draft	Consultation Engagement (no opinion provided)				Not yet due Engagement closed

Street Scene Specific

Audit	Report Status	AUDIT OPINION	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2018/19						
CWRC and Gatehouse	Final	Consultation Engagement (no opinion provided)				Engagement closed
Acting up payments at Lamby Way	Final	Insufficient with major improv needed	1	9	10	Not yet due
Lamby Way stores	Final	Unsatisfactory	2	8	10	Not yet due
Lamby Way Income and banking control procedures	Final	Insufficient with major improv needed	0	7	7	Completed
2019/20						
Waste Management Contracts	Final	Unsatisfactory	10	15	25	Not yet due
Gatehouse	Final	Insufficient with major improv needed	6	8	14	Not yet due
Stock take observation - Lamby Way	Final	Effective with opp for improv.	5	0	5	Not yet due
Bulky Waste collection	Final	Effective with opp for improv.	5	0	5	Not yet due
Fly Tipping	Draft	Unsatisfactory	0	0	15	Not yet due

20. The two Street Scene audits this year that have been rated as unsatisfactory have been the focus of improvement activity since the service has moved to People and Communities. All contracts have been monitored through the weekly Street Scene Management Team meeting to ensure that everything is in contract and to ensure that correct forward planning is in place, which is important to allow time to properly analyse and make intelligent business decisions. The fly-tipping audit, combined with the Environmental Scrutiny task and finish, plus what our residents tell us is informing the improvement activity with some elements delivered and others to be implemented over the next 12 months.

(d) Wider Assurance

21. Local Partnerships have been appointed to assist in providing assurances on our waste stream data and to assist us in considering how the city most appropriately adopt the Welsh Government recycling blueprint. Local Partnerships through benchmarking will also provide robust challenge to identify areas for improvement.
22. The Care Inspectorate Wales (CIW) carried out an assessment of the compliance of the Social Services and Wellbeing Act (Wales) in relation to the provisions of Information, Advice and Assistance. For Adults, CIW looked at our Independent Living Service and how well the First Point of Contact functions and its integration with the Adult Assessment Teams in Social Service. For Children, they looked at the Support 4 Families within Social Services. The feedback was positive for both areas, and they were encouraged with our ambitious plans to enhance the Children/Family provision in line with what has been achieved in Adults through the creation of the Cardiff Family Advice and Support service.

Legal Implications

23. The statutory functions of the Audit Committee include the duty to review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements (pursuant to Part 6 Chapter 2 of the Local Government (Wales) Measure 2011). In discharging its functions, the Audit Committee must have regard to all relevant guidance, in particular the CIPFA guidance for Audit Committees.

Financial Implications

24. The financial implications (if any) arising from this report have been contained within the body of the report.

RECOMMENDATIONS

25. That the Audit Committee considers and notes the content of the report.

Sarah McGill
Corporate Director, People and Communities
5th November 2019

The following is attached:

Appendix A: Audit Committee Presentation

Mae'r dudalen hon yn wag yn fwriadol



Audit Committee

Sarah McGill – Corporate Director for People & Communities



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together



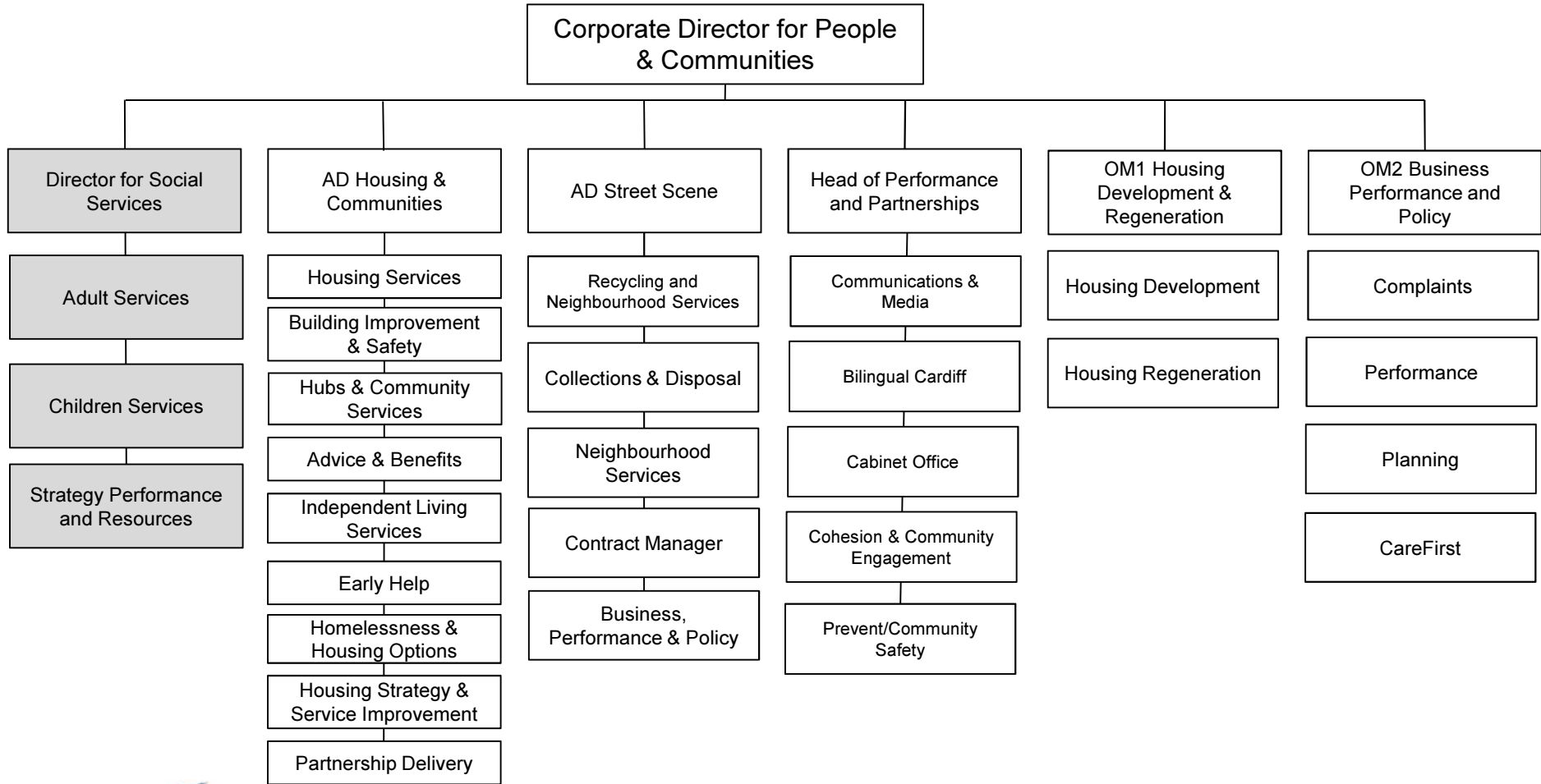
Contents

- Establishment
- Risks
- Senior Management Assurance Statement
- Audit



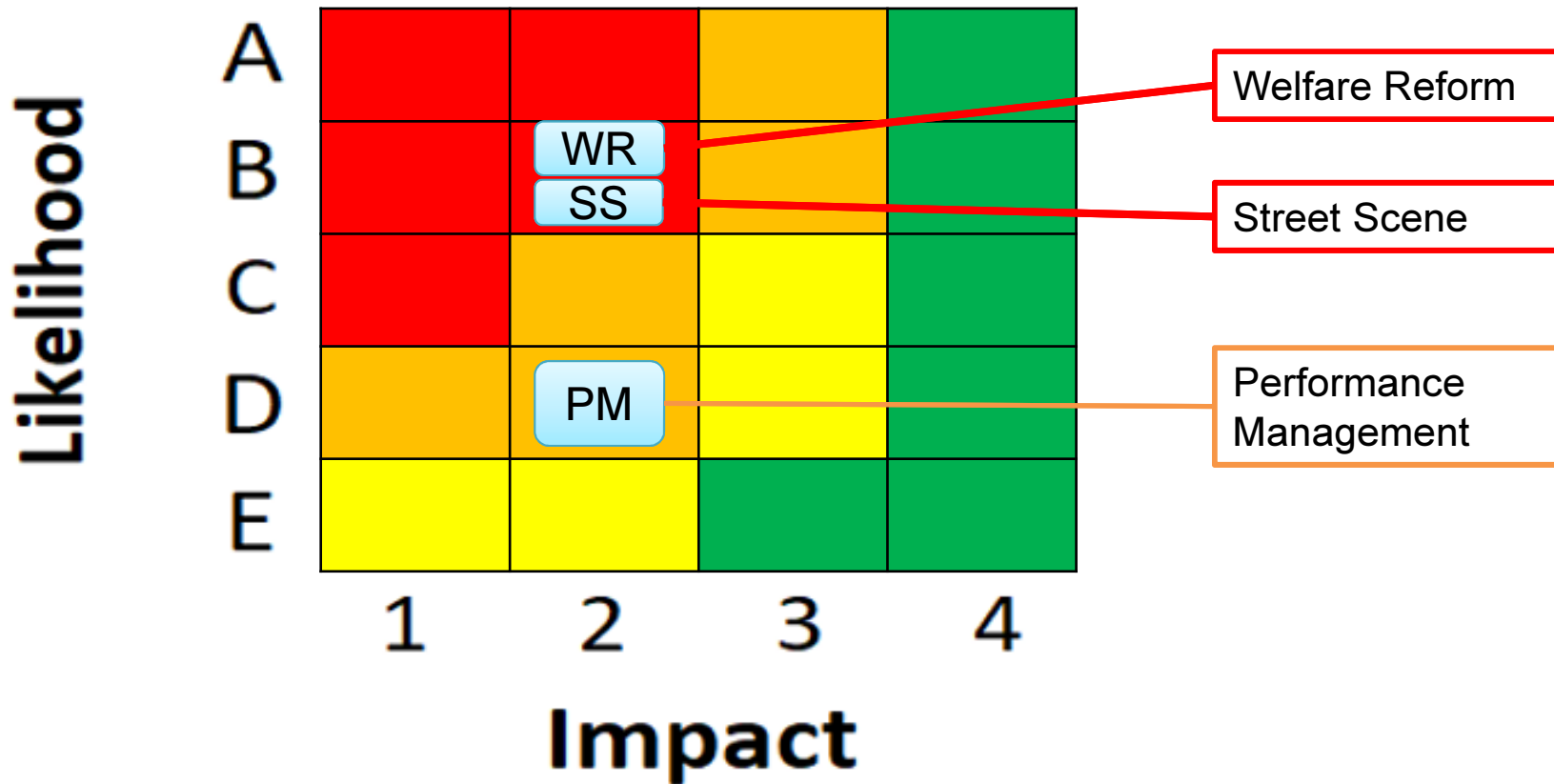
Establishment

Tudalen 25



Corporate Risk Register

Tudalen 26



Director Risks

- Outside of the Corporate Risk Register, Directorate Risks are managed at directorate level.
- Below this each area has an Operational Risk Register.
- All risks are updated when significant changes take place to ensure they are live. However, a complete review and reflect on the current risks place quarter.

Tudalen 27

Ref	Risk Description	Parent Directorate	Area	Risk Owner	Parent Directorate Review	Area Review	Next Review Date	Status

Directorate	Strategic Risk	Operational Risk	Target Risk	Risk Rating

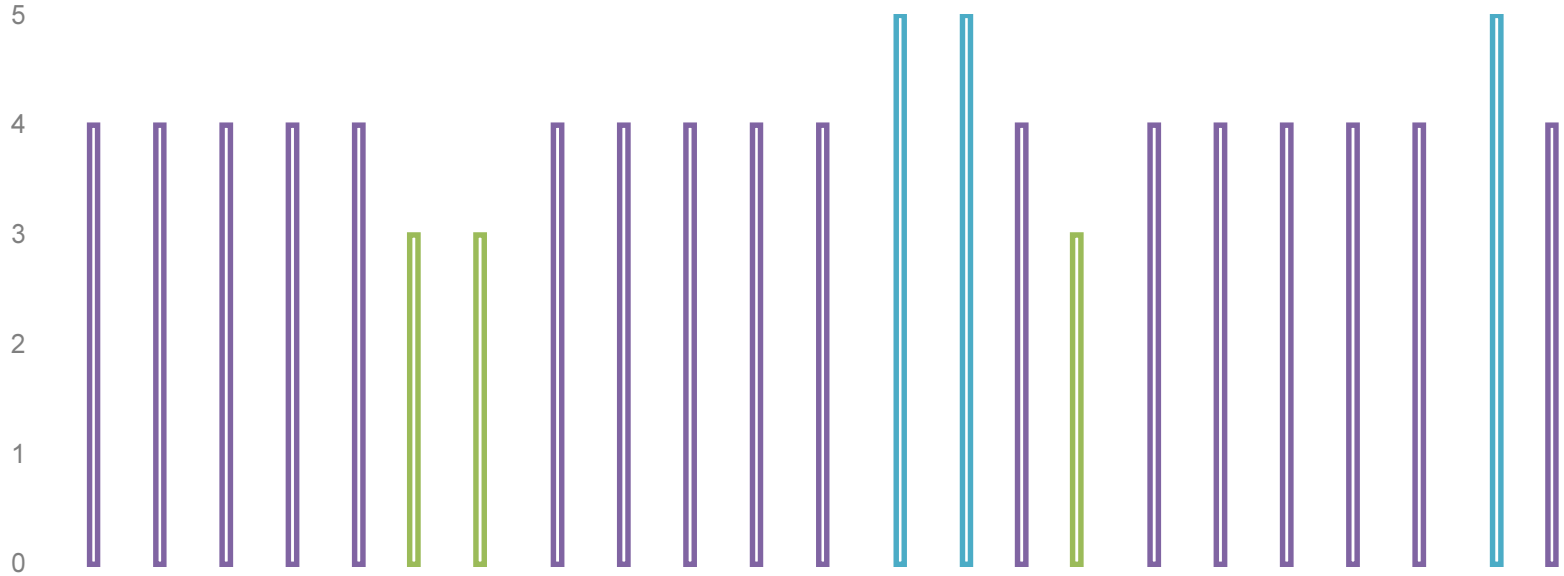
Directorate	Strategic Risk	Operational Risk	Target Risk	Risk Rating

Ref	Risk Description	Parent Directorate	Area	Risk Owner	Parent Directorate Review	Area Review	Next Review Date	Status



Senior Management Assurance Statement: Housing & Communities, Performance & Partnerships, Housing Development

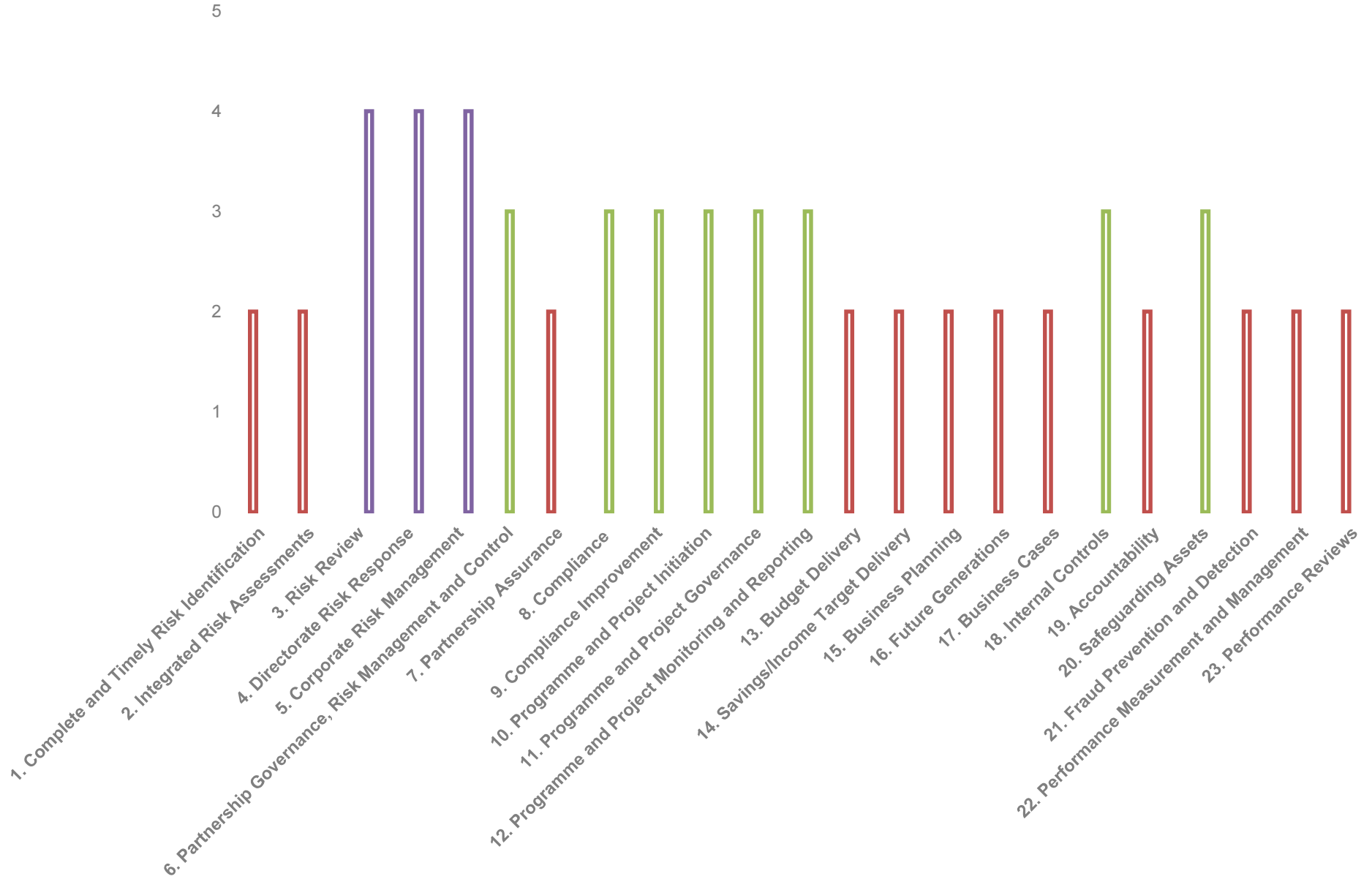
■ 1. Not in place
 ■ 2. Limited Application
 ■ 3. Mixed Application
 ■ 4. Strong Application
 ■ 5. Embedded



Senior Management Assurance Statement: Street Scene

1. Not in place 2. Limited Application 3. Mixed Application 4. Strong Application 5. Embedded

Tudalen 29



Internal Audit – Housing & Communities, Housing Development, Performance & Partnerships

Audit	Report Status	AUDIT OPINION	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2018/19						
Effective decision making	Final	Effective	0	0	0	Completed
Commissioning and procurement	Final	Effective with opp for improv.	0	5	5	Completed
Communities First	Final	Effective with opp for improv.	0	2	2	Completed
Budgeting and forecasting	Final	Effective	0	0	0	Completed
2019/20						
Communities - partnerships and collaborative governance	Final	Effective with opp for improv.	0	1	1	Completed
Responsive Repairs	Final	Effective with opp for improv.	0	2	2	Completed
Into Work grant streams	Final	Effective with opp for improv.	4	0	4	Not yet due
Bilingual Cardiff	Final	Effective with opp for improv.	2	1	3	Not yet due
Housing Rents	Final	Effective with opp for improv.	2	1	3	Not yet due
C&V Regional Partnership Board	Draft	Effective with opp for improv.	0	0	4	Not yet due
Joint Equipment Stores	Draft	Effective with opp for improv.	0	0	4	Not yet due
Housing Benefit and Local Housing Allowance	Final	Effective with opp for improv.	4	0	4	Not yet due
Risk Based Verification	Draft	Consultation Engagement (no opinion provided)				Engagement closed



Internal Audit – Street Scene

Tudalen 31

Audit	Report Status	AUDIT OPINION	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2018/19						
CWRC and Gatehouse	Final	Consultation Engagement (no opinion provided)				Engagement closed
Acting up payments at Lamby Way	Final	Insufficient with major improv needed	1	9	10	Not yet due
Lamby Way stores	Final	Unsatisfactory	2	8	10	Not yet due
Lamby Way Income and banking control procedures	Final	Insufficient with major improv needed	0	7	7	Completed
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Gatehouse	Final	Insufficient with major improv needed	6	8	14	Not yet due
Stock take observation - Lamby Way	Final	Effective with opp for improv.	5	0	5	Not yet due
Bulky Waste collection	Final	Effective with opp for improv.	5	0	5	Not yet due
Fly Tipping	Draft	Unsatisfactory	0	0	15	Not yet due



Mae'r dudalen hon yn wag yn fwriadol



AUDIT COMMITTEE: 12th NOVEMBER 2019

RISK BASED VERIFICATION POLICY – HOUSING BENEFIT AND COUNCIL TAX REDUCTION

AGENDA ITEM: 5.2

REPORT OF THE ASSISTANT DIRECTOR, HOUSING AND COMMUNITIES

Appendices A – F of the report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

Reason for this Report

To advise the Audit Committee of the proposed new approach to verifying claims for Housing Benefit and Council Tax Reduction.

1. The Audit Committee has requested this update in respect of its role:
 - To monitor the effective development and operation of risk management in the Council
 - To monitor progress in addressing risk-related issues reported to the committee.
 - To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
 - To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

Background

Current Verification Framework

2. The Housing Benefit scheme is overseen by the Department of Work and Pensions and the Council Tax Reduction Scheme is the responsibility of the Welsh Government. Both schemes are administered by the Local Authority Benefits Service.
3. During 2018/19 the service processed 13,980 new claims and 62,645 changes in circumstances. Claimants are currently required to provide original documentary evidence of their income, savings, rent and expenses in support of their claim and each new claim and change of circumstances is verified to the same standard.
4. This current approach to verification is inconvenient for the customer and costly to administer.

Risk Based Verification

5. Following the publication of the Department for Works and Pensions subsidy circular S11/2011, Local Authorities are able to implement a 'risk based' approach to verifying evidence in support of Housing Benefit new and change of circumstances claims. This is known as Risk Based Verification (RBV).
6. The Welsh Government have confirmed that this approach is also acceptable for the administration of Council Tax Reduction.
7. Risk Based Verification is a method of applying different levels of verification checks to claims according to the predicted risk associated with those claims. The approach allows less evidence to be accepted for those cases deemed to be at lower risk of fraud and error while increasing the verification activity focussed on claims more prone to fraud and error.

Advantages of Risk Based Verification

8. Taking a risk based approach ensures that information and evidence is only requested when needed and therefore has considerable advantages for both the customer and the service, these include:
 - Increased detection of fraud and error in high risk cases
 - Customer service improvements
 - Less time spent following up missing evidence in order to pay a claim
 - Improvement in the speed of processing, productivity and efficiency of assessment staff
 - Reduction in footfall at Hubs for verification of documents therefore improving waiting times for customers accessing other Hub services
 - Reduced administrative and postage costs

Issues

Department for Works and Pensions (DWP) requirements

9. The Department for Work and Pensions has provided guidance for Local Authorities wishing to adopt Risk Based Verification. This includes a requirement for a Risk Based Verification Policy which should detail:
 - The risk profiles that will be used
 - How the risk of each case will be determined (IT solution or clerical)
 - How the assumptions to determine risk will be tested and refined
 - The verification standards that will apply to each of the risk profiles
 - The minimum number of claims to be checked
 - Monthly monitoring and reporting of the Risk Based Verification performance which should include as a minimum; the percentage of cases in each risk category and the levels of fraud and error detected
 - A robust baseline of fraud and error detection against which the impact of Risk Based Verification could be measured

10. The guidance states that the policy must allow Members, officers and external auditors to be clear about the levels of verification necessary. It must also be reviewed annually but not changed in year as this would complicate the audit process.
11. It also recommends that the policy should be examined by the Council's Audit Committee and must be submitted for Member's approval and sign-off along with confirmation of the Section 151 Officers agreement.
12. The guidance further suggests that the information held in the Policy should not be made public due to the sensitivity of its contents.
13. Local Authorities will be required to produce a robust baseline of fraud and error detection against which to record the impact of Risk Based Verification.

Consultation with Audit Services

14. The service area requested the input of consultancy audit services. The objectives of the consultant exercise was;
 - To consider that the draft Risk Based Verification Policy met the Department for Works and Pensions requirements
 - To consider that the proposed processes sufficiently address risk
 - Advice and guidance on processes for consultation and approval of the Risk Based Verification Policy and planned future Risk Based Verification Monitoring, auditing and reporting mechanisms.
15. The full report and findings can be found in Appendix B
16. There were no concerns highlighted by the audit service and it was agreed that the policy met the Department for Work and Pensions guidelines.
17. Some matters for consideration were put forward and these matters have been be addressed:
 - An update the privacy statement and other process adjustments and policy amendments as advised by Information Governance.
These comments have been taken on board and approved Data Protection Impact Assessment attached, Appendix D
 - Documenting Risk Based Verification risks in a risk register and ensuring they are periodically reviewed as part of the operational reporting.
Service area risk register updated, Appendix F
 - Continuing to document issues arising and lessons learned in a log following full implementation for ongoing monitoring and review.
The shared issues and considerations log will be continued following the full roll out of Risk Based Verification
 - Formalising the checking / auditing arrangements for the training and quality team.
Draft procedure has been written
 - Formalising the process for performance reporting, and annual review.
Risk Based Verification policy has been amended and attached, Appendix A
 - Documenting the above in the Risk Based Verification policy, performance and quality team policies.
Policy amended and included in Appendix A

Risk Based Verification Pilot

18. In October 2018, authorisation was obtained to commence a small scale pilot of a risk based approach. A full analysis of the pilot can be found in Appendix C
19. A total of 1,526 risk categories were generated from May 2019 to September 2019. This was made up of 727 new claims and 799 change of circumstances.
20. There were no issues of concern raised and the percentage of cases reported in each risk category was within expected guidelines provided by the Department for Work and Pensions.

Summary of Pilot Findings

21. The evidence required in support of the majority of new claims and change of circumstances was reduced compared to the current verification process adopted by the service. There was a clear improvement in the processing times of those claims deemed to be at lower risk of fraud and error.
22. As expected the level of fraud and error detected increased as the risk category of the cases increased. The overall level of fraud and error detected within the new claims processed as part of the pilot is higher than the previous baseline fraud and error detection rate.
23. To test whether the system is functioning correctly, a “blind sample” of cases was automatically selected. The blind sample was subjected to a higher level of verification than would normally be required for its risk category. The purpose of the blind sample is to check whether any fraud and error would have been detected if full verification had been carried out. During the pilot the level of fraud and error detected in the blind sample was nil, showing that that the risk assumptions made by the software are robust.
24. It should be noted that there is some risk associated with applying lower levels of verification. If errors are found later, this could lead to an increase in claimant error overpayments and a subsequent subsidy loss to the Council if it was not possible to recover the overpayment in full.
25. The results demonstrated by the pilot as part of the “blind sample” process and the fraud and error detection rate within each category gives assurance that the risk associated with claims is being assessed correctly by the software and therefore minimises the likelihood of increased overpayments.
26. These results demonstrate that the assumptions of risk used by the software are robust and that increased verification activity is being targeted at those claims more prone to fraud and error.
27. The additional verification activity has resulted in an increased level of detection of fraud and error as the risk category of the cases increases as expected by the Department for Works and Pensions.

28. The risk profile of new claims and change of circumstances generated by the IT solution falls comfortably within Department for Works and Pensions guidelines.

Conclusion

29. Given the success and positive findings of the pilot it is proposed that full implementation of Risk Based Verification takes place. A Risk Based Verification Policy has been developed that covers all the requirements set out by the Department of Work and Pensions and this can be found at Appendix A.

Efficiencies

30. It is anticipated that this new way of working will reduce the administration required for benefit claims, and will allow the service to release 4 posts in the first instance, this can be achieved by the deletion of vacant posts. Further savings will be considered once the new arrangements are fully implemented.

Legal Implications

31. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

32. The report identifies that an Equality Impact Assessment has been carried out and is appended at Appendix E. The purpose of the Equality Impact Assessment is to ensure that the Council has understood the potential impacts of the proposal in terms of equality so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty.

33. The decision maker must have due regard to the Equality Impact Assessment in making its decision.

Financial Implications

34. The policy sets out the implementation and adoption of a risk based approach to verifying evidence supporting Housing Benefit and Council Tax new claims. This is anticipated to result in administrative efficiencies and a reduction in the resources required for assessment and processing of claims. The implementation of the policy also provides resilience against the anticipated reductions in the DWP Housing Benefit Administration Grant for 2020/21. The DWP requires S151 officer assurance and approval for the change in Policy. Directorate Management with the advice of Internal Audit have tested the system to mitigate against the risk of fraud or error and provided assurance for the S151 Officer to approve that the proposed changes contained within this report are appropriate for consideration.

RECOMMENDATIONS

35. That the Audit Committee considers the content of the report.

Jane Thomas
Assistant Director, Housing and Communities

The following is attached:

Appendix A: Risk Based Verification Policy

Appendix B: Internal Audit Briefing Report – RBV module

Appendix C: Risk Based Verification Pilot Analysis Report

Appendix D: Data Protection Impact Assessment form

Appendix E: Equality Impact Assessment

Appendix F: Service Area Risk Register

The following background papers have been taken into account

DWP Subsidy Circular S11/2011 & DWP General Circular G1/2016

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
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o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

AUDIT COMMITTEE: 12 NOVEMBER 2019

CORPORATE RISK MANAGEMENT - QUARTER 2 2019/20

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: X.X

Reason for this Report

1. To update Audit Committee on the risk management position at quarter two 2019/20 and to highlight any changes from the Q1 report.
2. The Audit Committee's Terms of Reference sets out their responsibility:
 - To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council, and;
 - To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register (CRR).

Background

3. Audit Committee receives a risk management update each financial quarter with the opportunity to make comments. The last Audit Committee review was on 10 September 2019, at which time the risk management position at quarter one 2019/20 was presented.
4. Each Directorate holds a Directorate Risk Register (DRR) and the Senior Management Team (SMT) collectively own a Corporate Risk Register (CRR). The CRR records the main risks to the delivery of corporate objectives and priorities, whilst the DRRs record the key risks to the delivery of Directorate functions and priorities.
5. A risk escalation process is in place, whereby each Director is required to take ownership of all residual (current) risks rated as 'red/amber' and above on their DRR and, at a minimum, to escalate all 'red' residual risks to SMT for collective ownership and review.
6. This reporting process allows SMT to determine if any changes are required to the CRR each quarter. The remaining escalated risks continue to be held on DRRs and are reviewed by SMT each quarter until it is agreed that mitigation is sufficient for risk ownership to transfer back to the Directorate.

Issues

7. Each Director has worked with their Risk Champion(s) to undertake their quarter two risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter two risk assessments are presented on the Corporate Risk Register Summary Snapshot (Appendix A) and the Detailed Corporate Risk Register (Appendix B).

8. The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter two are detailed as follows.

Directorate Risks

9. At the quarter two position, 224 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 22 October 2019.
10. It was agreed that eight directorate risks would be carried forward as SMT escalated risks at quarter two.

Directorate	Directorate Risks	Risks at SMT Escalation Point
Economic Development	21	1
Education	12	0
Governance & Legal Services	9	1 (Shared)
Housing & Communities	35	2
Performance & Partnerships	3	0
Planning, Transport & Environment	30	1
Recycling & Waste	5	0
Resources	84	1
Social Services	25	3 (1 Shared)
Total	224	8

Corporate Risks

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter two. In consideration of the nature of each risk, the potential impact on the organisation and its corporate objectives and the supporting mitigations, the following material changes were made to the CRR.

12. **Brexit**

Including Brexit within the Corporate Risk Register allows the Council to satisfy itself that appropriate processes and governance structures are in place to ensure an informed and coordinated approach to Brexit at the local, regional and national level. As part of this management of the risk, further review and update has taken place in Q2. During the quarter the Leader provided a Brexit preparedness update to full Council (12 September), nominated officers have been identified in each directorate to lead on Brexit response planning, and a Cardiff Council Brexit Issues Register has been developed. Following review, no gaps have been identified between the Council's assessment work and that of the Welsh Government and WLGA.

13. **Climate Change & Energy Security**

Inherent Risk Rating increased from B1 (Red) to A1 (Red).

Residual Risk Rating increased from D1 (Red-Amber) to A1 (Red).

Target Risk Rating increased from D2 (Red-Amber) to B2 (Red).

As stated at Q1, the risk has been comprehensively reviewed for Q2 to reflect the most recent information available, including the Council's declaration of a Climate Emergency. The review was undertaken with input from several areas including Highways, Energy Management and the Emergency Management Unit. Further consideration will be given in

Q3 / Q4 to the future structure and presentation of the CRR in respect of each of the risks with links to Climate Change including Energy Security, Coastal Erosion and Air Quality.

14. **Coastal Erosion**

Residual Risk reduced from B1 (Red) to B2 (Red).

Target Risk reduced from C1 (Red) to C2 (Red-Amber).

The reduction to the residual risk rating reflects the incident management arrangements that are already in place, including the ability to invoke a multi-agency response, which, whilst not preventative, represent a level of mitigation in respect of the impact of a coastal flooding event. The Coastal Defence Scheme, (construction of which is anticipated to start late 2020 or early 2021), is designed to significantly reduce the likelihood of such an event occurring. The targeted reduction is therefore a longer-term target that is deemed possible once the scheme is finished, when considered alongside the existing impact mitigations.

15. **Financial Resilience**

Residual Risk increased from C2 (Amber-Red) to B2 (Red).

Target Risk increased from D2 (Red-Amber) to C2 (Red-Amber).

These increases to the risk ratings reflect the fact that the current financial outlook is uncertain due to delays in budget setting, both in Central UK Government and Welsh Government, with an associated delay in provisional and final settlements. In addition to these delays, there are question marks around anticipated transfer of grants into the settlement and any knock-on impact on the 2020/21 budget strategy in respect of the current year's projected monitoring position at Month 6.

Benchmarking Risk and Assurance Reporting to Audit Committee (Welsh Authorities)

16. Local Authorities across Wales recently responded to nine simple questions in respect to the different approaches to Audit Committee Risk Management Assurance. The overall information was shared at the All Wales Audit Chairs Network. The information received will be shared with the Audit Committee in preparation for the Annual Self-Assessment workshop in January. The overall information shared highlights that Cardiff is in a minority of Councils that provide information on target risks and invite senior officers to attend a Committee meeting for a focused risk review. However, Cardiff is one of the authorities that has not delivered any formal risk management training to the Committee in the last two years.

Reason for Recommendation

17. To enable the Audit Committee to monitor risk management activity, and consider the Risk Management Review – Quarter two 2019/20.

Legal Implications

18. There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be taken, if appropriate, and consequently successful claims against the Council may be avoided altogether, or reduced.

Financial Implications

19. There are no direct financial implications arising from this report. The Corporate Risk register will be used to guide the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council.

RECOMMENDATIONS

20. Audit Committee to note and comment upon the risk management activity and the contents of the Corporate Risk Register, and to consider the information given, in the programming of its work.

Chris Lee
Corporate Director Resources

The following Appendices are attached:

Appendix A - Corporate Risk Register Summary Snapshot – Q2 2019/20

Appendix B - Detailed Corporate Risk Register – Q2 2019/20

Corporate Risk Register Summary Snapshot Quarter 2 2019/20

Appendix A

Number of Risks by Inherent Risk Rating

Likelihood +	A	A1 11	A2 2	A3	A4
	B	B1 7	B2 5	B3	B4
	C	C1	C2	C3	C4
	D	D1	D2	D3	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			
		+			-

Number of Risks by Residual Risk Rating

Likelihood +	A	A1 1	A2	A3	A4
	B	B1 2	B2 7	B3 1	B4
	C	C1 2	C2 5	C3 1	C4
	D	D1 3	D2 3	D3	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			
		+			-

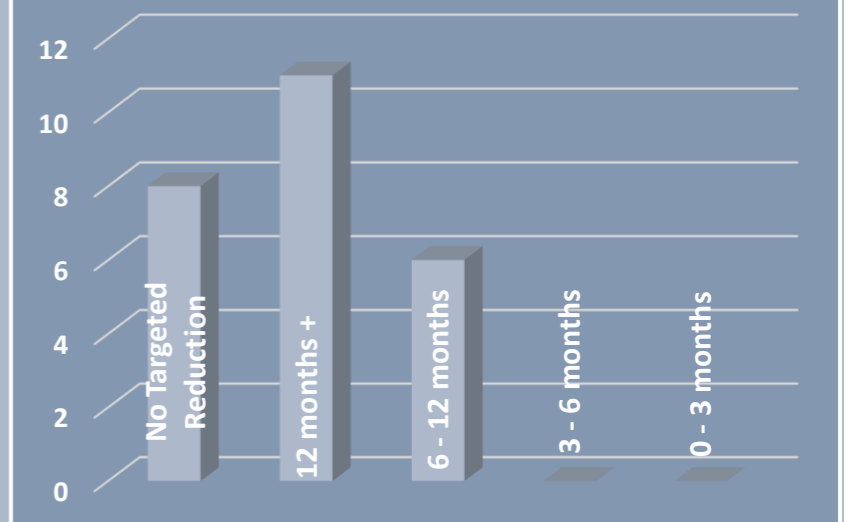
Number of Risks by Target Risk Rating

Likelihood +	A	A1	A2	A3	A4
	B	B1 1	B2 2	B3 1	B4 1
	C	C1	C2 4	C3 3	C4
	D	D1 3	D2 5	D3 4	D4
	E	E1 1	E2	E3	E4
		1	2	3	4
		Impact			
		+			-

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Inherent Risk Rating	Corporate Risk Title	Residual Risk		Target Risk	
		Rating	Movement from Q1	Rating	Movement from Q1
A1	Climate Change & Energy Security	A1	↑	B2	↑
	City Security	B1	↔	B1	↔
	Air Quality & Clean Air Strategy	B1	↔	C3	↔
	Brexit	B2	↔	B3	↔
	Financial Resilience	B2	↑	C2	↑
	Non-completion of Statutory Building Equipment maintenance	C1	↔	D3	↔
	Cyber Security	C1	↔	E1	↔
	Budget Monitoring (Control)	C2	↔	D2	↔
	Schools Organisation Programme (Band B)	C2	↔	C3	↔
	Health and Safety	D1	↔	D3	↔
A2	Information Governance	D1	↔	D2	↔
	Welfare reform	B2	↔	B2	↔
B1	ICT Platforms Unsuitable/ Outdated	B2	↔	D3	↔
	Coastal Erosion	B2	↓	C2	↓
	Waste Management	C1	↔	C2	↔
	Increase in Demand (Children's Services)	C1	↔	D1	↔
	Education – Schools Delegated Budgets	C2	↔	D2	↔
	Business Continuity	D1	↔	D1	↔
	Safeguarding	D2	↔	D2	↔
B2	Delivering Capital Ambition Programme	D2	↔	D2	↔
	Education Consortium & Attainment	B3	↔	B4	↔
	Legal Compliance	C2	↔	C2	↔
	Performance Management	D2	↔	D2	↔
	Fraud, Bribery and Corruption	D2	↔	D3	↔
Workforce Planning	C3	↔	C3	↔	

Corporate Risks - Target Reduction Date



Key

High (Red)	Medium (Red-Amber)
Medium (Amber-Green)	Low (Green)
↓ Decrease from previous quarter	
↔ No change from previous quarter	
↑ Increase from previous quarter	

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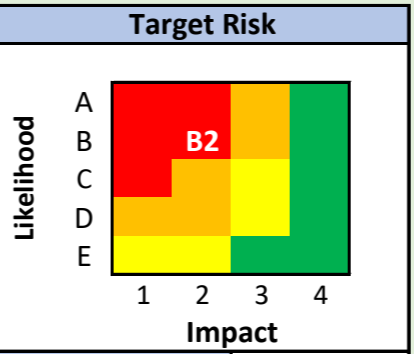
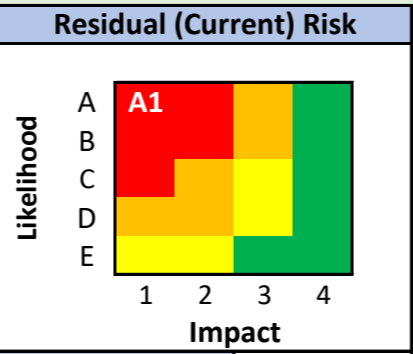
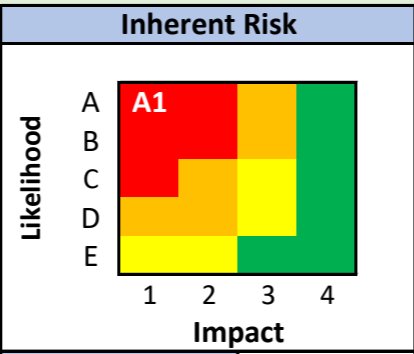
Climate Change & Energy Security

Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

Potential Impact(s)

- Flood & Storm**
- Loss of life and risk to life
 - Direct damage to property, utilities and critical infrastructure
 - Blight of Land and Development
 - Disruption to service delivery
 - Contamination and disease from flood and sewer water and flood on contaminated land
 - Increase in health issues
 - Break up of community and social cohesion
 - Increase cost of insurance
 - Migration of ecosystems
- Heat**
- Loss of life and risk to life
 - Damage to infrastructure & utilities
 - Service delivery
 - Increase in health related issues including air quality
 - Blight of development
 - Migration of ecosystems
- Energy security (energy efficiency & decarbonisation of supply)**
- Inconsistent energy supply
 - Increased costs
 - Inability to deliver public services
 - Decrease in economic output
 - Disruption to the supply of utilities
 - Increased transport costs
 - Increased costs for heating / providing services to buildings
 - Increased fuel poverty

- Type(s) of Impact**
- Service Delivery
 - Reputational
 - Legal
 - Financial
 - Health & Safety
 - Partnership
 - Community & Environment
 - Stakeholder



Last Reviewed Q2 2019/20
Last Revision Q2 2019/20

Movement from prev Qtr ↑

Target Reduction Date 12 mths +

What we've done/are currently doing to achieve the Residual Risk Rating

The Council has declared a Climate Emergency

Flood & Storm

- Working with partners within the Local Resilience Forum (LRF) to support the management of this risk including supporting the emergency response to this risk
- Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website
- Implementation of Schedule 3 of the Flood and Water Management Act 2010 requires all new development over 100m2 to implement sustainable drainage, resilient to flooding
- Development of Flood Risk Management Strategy
- Currently introducing Flood Incident Management software to provide better understanding of spatial distribution of flood events filtered by source, and determine priority areas for future flood alleviation schemes to be implemented (subject to WG funding bid opportunities)

Heat

- Working with Partners in the LRF to warn them of anticipated heatwave impacts upon vulnerable groups and support response to such a risk
- Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website

Energy security (energy efficiency & decarbonisation of supply)

- Energy efficiency measures being installed through Re-Fit and Salix projects
- Phase 2 of Re-Fit project finalised and going through due diligence with Salix funding organisations
- NPS Consortium approach to purchasing energy to secure best prices - continuing by Economic Development
- Lamby Way solar farm final business plan approved by Cabinet following planning consent
- District Heat Network proposals - Cabinet authority to proceed, subject to financial business case approval
- Engaging with WG on compliance with WG target for public sector to be carbon neutral by 2030
- Scoping additional carbon reduction projects for future action
- Delivering Low Emission Transport Strategy - approved April 2018 and implementation of action plan underway
- Supporting enhancement of public's own resilience through advice and guidance available from EVAC Cardiff Website, to help them work to reduce their carbon outputs and support carbon capture initiatives

Risk Owner(s)

Andrew Gregory
Councillor Michael Michael
Clean Streets, Recycling and Environment

What we plan to do to meet target

Flood & Storm

- Develop enhanced twenty year Flood and Storm mitigation strategy with partners to support the management of the evolving Flood and Storm risk
- Develop enhanced engagement programme with partners supporting the public in enhancing their own resilience
- Improve communication on what to do in a flood and raise awareness of risk
- Improve the service provided by the SuDS Approval Body (SAB)
- Deliver guidance to increase standards and ease of development
- Asset management - Delivery of Flood Management and Coastal Improvement Schemes and rationalise/ prioritise gully maintenance schedule based on the outputs of the Flood Incident Management software

Heat

- Develop a 20 year heat mitigation strategy for the city. Working with partner agencies and commercial stakeholders to support development of heat reduction programmes.
- Engage with Welsh Government with in WLGA, and PSB to ensure consistent support in managing this risk ensuring the planning process works for all stakeholders to ensure we develop sustainable planning strategy's for future developments, planning the management of this risk

Energy security (energy efficiency & decarbonisation of supply)

- Lamby Way solar farm contracted for completion end May 2020
- Grant application for progression of Heat Network - Dec 2019
- Develop strategic response to the Climate Emergency Declaration to incorporate carbon neutral target. First draft in partnership with Cabinet Office under consideration.
- Work with WG Energy Services advisors to assess future renewable generation and carbon reduction schemes - ongoing
- Electric Vehicle strategy - first tranche of residential chargers delivered and proposals to convert council fleet to electric being finalised
- Work with other LA's and partners in both wales and the wider city region to take effective action to reduce carbon outputs and capture carbon through "nature by design" options. This will support Cardiff Council's One Planet strategy.

- Linked Risks**
- Coastal Erosion
 - Air Quality
 - Business Continuity

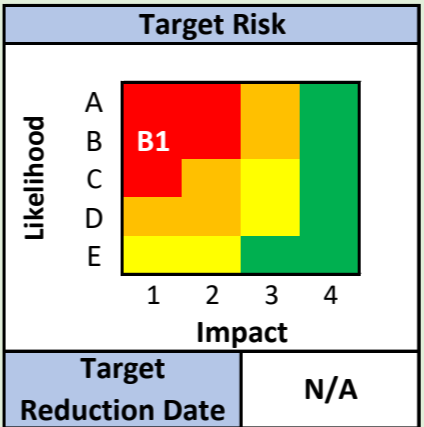
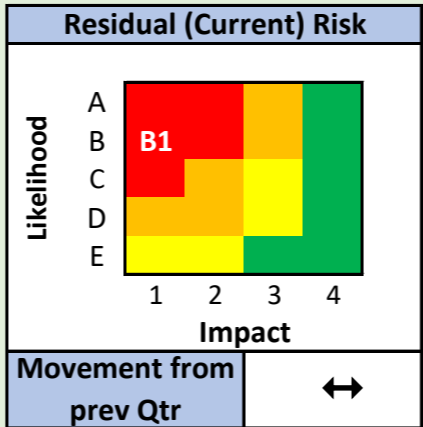
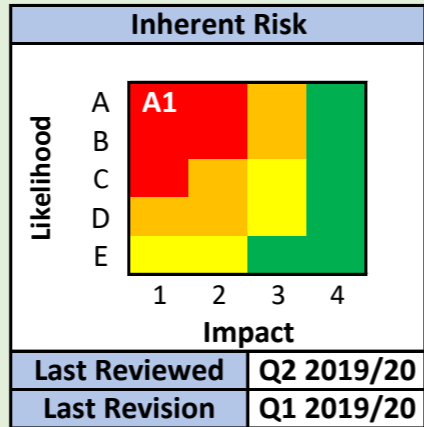
- Linked Documents**
- <https://www.evaccardiff.co.uk/>
 - <https://www.cdp.net/en>

- Key Indicators / Measures used to monitor the risk**
- Storm Events that meet silver & gold emergency intervention
 - Annual number of flooded properties and severity (statutory reporting)
 - Energy use / renewable energy production of Cardiff Council

City Security

Description

Major security-related incident in 'crowded places' as a result of international or domestic terrorism.



Risk Owner(s)

Chris Lee
(Isabelle Bignall)

Andrew Gregory

Councillor Huw Thomas
Leader

What we've done/are currently doing to achieve the Residual Risk Rating

- All existing identified high-risk, crowded places have been formally assessed
- Some crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge
- CONTEST Protect/Prepare Task & Finish Group maintains the City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'
- The work done in the city to address security concerns has been predominantly focused on the provision of physical assets to mitigate against the threat of hostile vehicles
- Protected as at Q1 2019/20**
- Principality Stadium, St Mary Street, Queen Street, St David's Dewi Sant, Cardiff Bay
- The Cardiff City Centre Access Control Protocol is currently operating at the heightened response level, reflecting the UK National Threat Level; permitting vehicles onto the pedestrianised areas within Cardiff City Centre using strict parameters
- Wales Extremism and Counter Terrorism Unit (WECTU) Counter Terrorist Security Advisor's (CTSA's), the Emergency Services & Cardiff Council provide Project Argus and EVAC/Griffin training across the city to raise awareness for likely impacts associated with major incidents and in particular, terrorist attacks. The sessions also cover the support likely to be immediately available from the emergency services and Cardiff Council, the practical and simple preparations people/organisations can make prior to an incident occurring to help themselves manage and recover from its impacts.

What we plan to do to meet target

- The CONTEST Protect/Prepare Group will continue to monitor and review the city's Hostile Vehicle Mitigation scheme to ensure it is fit for purpose
- The CONTEST Protect/Prepare Group will give a status report to the Cardiff CONTEST Board
- The CONTEST Board will continue to try to identify external funding sources/opportunities from Welsh Government and UK Central Government to conclude scheme and appropriately mitigate the risk
- A holistic security strategy for the city is being developed through the city's CONTEST partnership mechanisms. This strategy will extend the perspective of the city's security beyond hostile vehicle mitigation to incorporate a range of security measures, including the continuing development and agglomeration of the city's CCTV and the deployment of new technological solutions.
- The security strategy will allow partners to be more responsive to emerging funding opportunities
- Identify any potential routes for further funding to enable us to continue the Hostile Vehicle Mitigation (HVM) programme of delivery. Cost estimate to complete City Centre and Bay is £2.5-£3.0M. This will complete the recommended improvements indicated as high risk identified by CONTEST Protect/Prepare group.

Potential Impact(s)

Immediate / Short-Term

- Large numbers of fatalities, injuries to public
- Extensive structural damage and/or collapse of buildings
- Closure of roads having impact on transport network and access to businesses and properties.
- Damage/disruption to utilities (gas, electricity, water etc.)
- Immediate impact to core business, retail and sporting district in the centre of Cardiff

Ongoing / Longer Term

- Reputational risk due to a public perception Cardiff is an unsafe place
- Area viewed as a risk for potential future business investment.
- Inability to attract major future national and international events (political, sporting etc.)
- Increase in demand for Council services/support for all affected.
- Current economic climate to reduce the effectiveness of any recovery/regeneration of the area.

Type(s) of Impact

<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Health & Safety Partnership Community & Environment Stakeholder
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Linked Risks

Key Indicators / Measures used to monitor the risk

- National Threat Level and period at level
- No of 'Crowded Places' not protected to PAS 68/69 level

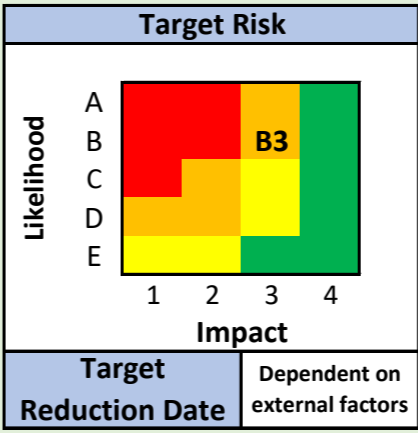
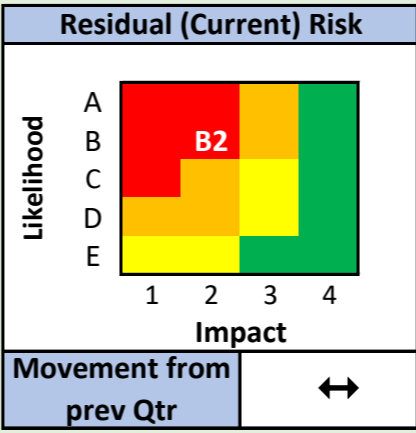
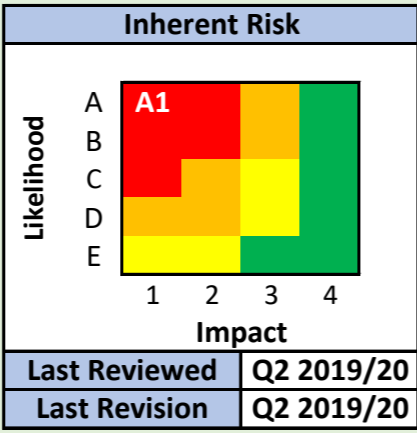
Air Quality & Clean Air Strategy

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)	
<p>Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.</p>				Andrew Gregory (Gary Brown)	Councillor Caro Wild Strategic Planning & Transport
	Last Reviewed Q2 2019/20 Last Revision Q2 2019/20	Movement from prev Qtr ↔	Target Reduction Date 12 mths +		
	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target	
<p>Potential Impact(s)</p> <p>Health & Safety</p> <ul style="list-style-type: none"> - No improvement to health - Increased burden on health care - Further deterioration of related health conditions <p>Legal & Regulatory / Financial</p> <ul style="list-style-type: none"> Breach of legal / statutory requirements Potential significant financial penalty 	<p>Monitoring:</p> <p>There are currently 102 specifically allocated, non-automatic monitoring sites in Cardiff which monitor levels of nitrogen dioxide (NO₂). Included in this data are 15 schools across the City.</p> <p>There are two live monitoring stations:</p> <ul style="list-style-type: none"> • Cardiff Frederick Street: Monitors 24/7 measuring levels of NO₂, PM₁₀ & PM_{2.5}, SO₂, CO and O₃ • Richard's Terrace, Newport Road: Monitors 24/7 measuring levels of NO₂ & PM₁₀ <p>The primary source of the pollution is road transport emissions, particularly diesel vehicle emissions. Although improvements are being seen, non-compliance of the NO₂ limit values is projected beyond 2020. Cardiff has 4 existing declared Air Quality Management Areas (AQMA's) all as a result of elevated NO₂ concentrations resulting from road traffic emissions. Local modelling indicates that Castle Street will not be compliant with the NO₂ limit value beyond 2020 if no additional interventions are implemented to reduce pollution levels.</p> <p>Clean Air Plan:</p> <p>Following receipt of legal Direction from Welsh Gov in February 2018, the Council has developed a Clean Air Plan to deliver compliance with the EU limit value for NO₂ under the obligations of the EU Ambient Air Quality Directive (2008/50/EC).</p> <p>Plan was approved by Cabinet on 13th June 2019 and submitted to WG on the 28th June. The plan sets out the Councils preferred option for deliver compliance in the shortest possible time. The measures include:</p> <ul style="list-style-type: none"> • Implementation of Electric Buses; • Retrofitting of buses; • Taxi Licensing Policy and mitigation scheme; • City Centre Transport Improvement Schemes and active travel measures. <p>The Council is currently awaiting the Ministerial decision on approval of the plan and any potential funding that will be awarded to support the delivery of the plan. As of Aug 2019, the Council has been informed that the plan has been accepted, but this is subject to caveats/ clarification. The main elements of the plan have been agreed in principle. Additional Direction issued to the Council is to be complied with by the end of October 2019, with final decision expected on approval in early Nov 2019. The City Centre Schemes are progressing while awaiting final detailed approval.</p>			<p>Implement Clean Air Plan:</p> <p>Implement package of measures detailed in Final Plan, this is dependent on WG approving the plan.</p> <p>Clean Air Strategy and Action Plan:</p> <p>In developing the Clean Air Plan the Council has further developed a wider Clean Air Strategy and Action Plan to satisfy the requirements of LAQM. This was approved by Cabinet on 13th June 2019. The strategy includes measures that will likely provide further AQ improvements including AQMAs such as:</p> <ul style="list-style-type: none"> • Implementation of Non Idling Zones • Living Walls and other Green Infrastructure • EV Infrastructure and Council Fleet Measures • Car Clubs with Low Emission/ Zero Emission Vehicles • Air Quality Planning Guidance • Schools Active Travel • Behavioural Change Promotion, Car Free Day, Clean Air Day etc • Expansion of Real-time monitoring network and display/ sharing of data <p>Some of these improvements have commenced and will continue to develop as part of the strategy.</p> <p>Evaluation of air quality improvements:</p> <p>Ongoing monitoring and evaluation plan to include updated modelling and assessment following implementation of measures.</p> <p>Work with Public Health Wales to quantify future health benefits and improvements from reduced emissions/ NO₂ concentrations</p> <p>Cardiff's Transport & Clean Air Green Paper:</p> <ul style="list-style-type: none"> • Green Paper 'Changing how we move around a growing city' has been developed and consulted on. This will be developed into a white paper explaining the broad principles of how Cardiff Council will improve air quality. 	
	Type(s) of Impact		Linked Risks	Key Indicators / Measures used to monitor the risk	
	<ul style="list-style-type: none"> • Health • Regulatory • Financial • Strategic 	<ul style="list-style-type: none"> • Reputational 		<ul style="list-style-type: none"> • Implementation Plan for measures (funding dependent) • Monitoring and Evaluation Plan for Clean Air Plan • Ongoing monitoring and reporting under LAQM 	

Brexit

Description

The risk that the UK leaving the European Union will hinder the Council's ability to deliver services effectively, impact upon community cohesion and lead to a negative impact on the economy in both the immediate term and over the years ahead.



Risk Owner(s)

Paul Orders
(Senior Management Team)

Councillor Huw Thomas
Leader
(Brexit)

What we've done/are currently doing to achieve the Residual Risk Rating

Business Continuity Plans have been reviewed in response to Brexit and Assurance Statements have been provided by each Directorate in March and again in August to focus on No Deal, given the Auditor General's Assessment that a No Deal 'remains a possible outcome; for which public services in Wales need to be prepared.'

The Council's Senior Management Team now consider Brexit risks on a fortnightly basis and the Leader updated Council on Brexit in September. Nominated Officers have been identified in each Directorate to lead on Brexit response planning and a Cardiff Council Brexit Issues Register has been developed which consolidates all identified risks, issues and mitigating actions. The Register responds to all major issues identified in relation to Brexit and, following a review, there are no gaps between the Council's assessment work and the reports produced by Welsh Government and the WLGA.

What we plan to do to meet target

Citizens and Community Cohesion
The Council will continue to promote the EU Settlement Scheme in communities with high levels of EU migrants. Information on the scheme is being provided to community groups and venues in relevant community languages. Engagement is ongoing with Welsh and UK Governments to ensure an alignment of messaging and of advice on support pathways available.

Short-term economic contraction
The Council's Economic Development Service have considered the local economic implications of a no-deal Brexit and have developed clear asks of Government to support the economy in the event of a severe economic contraction (estimated at around 8% of per head GDP by Welsh Government Analysis)

Ensuring a city-level Public Service Response
The Council will continue to work with public service partners to ensure a joined-up response to the impact of a No Deal Brexit. The Public Services Delivery Board will consider Brexit at its September meeting and the Public Services Board will consider the issue in October. Through the period the PSB Brexit Response Group, chaired by the Chief Executive of the Council, will continue to meet.

- Potential Impact(s)**
- Immediate Issues Identified:**
- Impact on Council supply chain
 - Citizens and Community Cohesion
 - Implementing the EU Settlement Scheme
 - Increases of tension/ hate crime
 - Emergency Management
 - Responding to civil contingencies/ major disruption (potential protests, food shortages, disruption to water supply (infrastructure) and fuel shortages)
 - Shortage/ loss of key supplies
 - Short-term economic contraction
 - Preparedness of local businesses for a no-deal Brexit.
- Medium to Long-term Issues Identified:**
- Labour Market and Council Staff
 - Impact on Public Finances – Central Government and Welsh Government Analysis suggests that Brexit will have a larger impact than economic downturn of 2008, with close to a 8% drop in GDP.
 - The future of regional funding (the future UK Shared Prosperity Fund)
 - Investment, Trade and Industrial Strategies (including regulations)

- Type(s) of Impact**
- Service Delivery
 - Reputational
 - Legal
 - Financial
 - Health & Safety
 - Partnership
 - Community & Environment
 - Stakeholder

Linked Risks

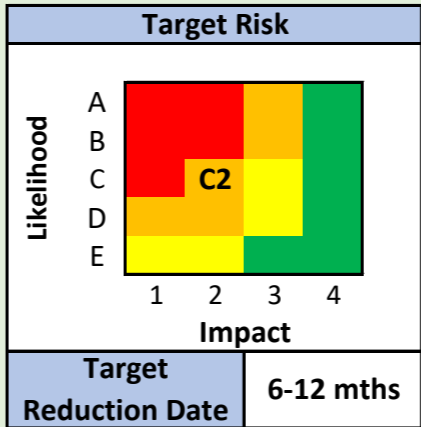
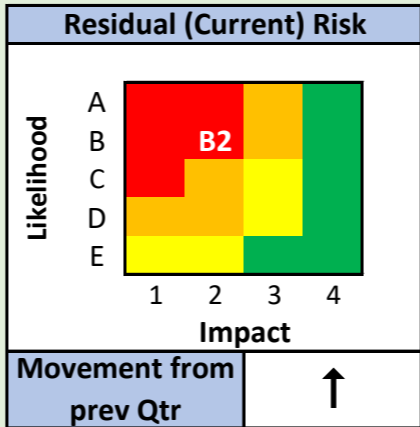
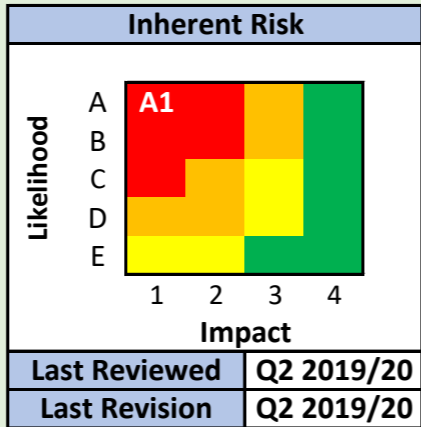
- Key Indicators / Measures used to monitor the risk**
- High level economic indicators - GDP, GVA
 - Unemployment levels, particularly in key services/sectors
 - Hate Crime statistics
 - Numbers enrolled in settlement scheme

Financial Resilience

Description

Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan which would significantly weaken the financial resilience of the Council.

The current outlook is that there is a Budget Gap of £105 million for the period 2020/21 to 2023/24.



Risk Owner(s)

Chris Lee
(Ian Allwood)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

2019/20 and Medium Term

- The Council has agreed for 2019/20 a Financial Resilience Mechanism of £3.8m. This has been used for one off use initiatives in 2019/20. This £3.8m is retained for 2020/21 and will be put into operation in the event of the 20/21 Budget Settlement being 1% worse than expected. This mechanism avoids the need to identify additional directorate savings at short notice and allows time for greater level of savings to be delivered.
- The WG Budget is to be delayed until the third week of November resulting in a Provisional Settlement in late November, with the Final Settlement in February 2020.
- The final 2019/20 Budget was underpinned by Directorate Savings of £19.157m, Use of earmarked Reserves £2.75m and Council Tax at 4.9%.
- The Month 4 position identified a directorate overspend of £7.018 million.
- The MTFP set out in the 2019/20 Budget Report highlights an estimated Budget Reduction Requirement of £105m for the medium term (2020/21/-2023/24)
- Further diligence in respect to the rating of risk of each saving proposal is being undertaken but the responsibility for detail and achievability remains with the directorate
- The Council regularly reports in relation to its financial performance and monitoring
- The Wales Audit Office identified that the Council has a transparent and effective savings approach which supports financial resilience being achieved
- A financial snapshot is used to report the financial resilience of the Council and is reviewed 3 times a year and reported at Budget Report (Feb 19), Budget Strategy (Jul) and to Audit Committee

What we plan to do to meet target

2019/20 and Medium Term

- Where needed, further work being undertaken to identify any areas of further action in respect to budget saving proposals put forward for 2019/20. These proposals will be closely monitored during the year.
- Work commenced on developing options in respect to 2020/ 21 budget proposals and a robust medium term financial plan taking into account internal and external challenges. This will include alignment with the Digital Board, Service Review board and Senior Management Team. The announcement of a delay in the provisional and final settlement will mean provisional settlement will be closely scrutinised in order to identify any risks of uncertainty in forecasting the final settlement which will be issued weeks before the Budget is proposed.
- Continue to maintain close alignment with objectives of the Corporate Plan and the Capital Ambition Delivery Team in order to ensure resources are allocated appropriately and that longer term financial savings are developed in enough time to be realised in the medium term.
- Continue to refresh assumptions at key stages as relevant information becomes available.

Potential Impact(s)

- Risk of failing to meet statutory obligations and that service delivery impacted due to uncertainty in the budget planning process.
- Risk that settlement figures will not be as anticipated giving an element of uncertainty to any proposals from Cabinet during public consultation and beyond.
- Risk that savings identified as part of business as usual and efficiencies have not been robustly reviewed for achievability and will not deliver as planned.
- Risk that financial constraints and budget proposals result in unintended consequences such as increased instances of non-compliance and financial impropriety.
- Risk that annual budget settlement frustrates medium / longer-term planning and that the cycle does not integrate with other business cycles and vice versa.
- Risk that Medium Term Savings are not identified in a coherent, strategic way which impacts on service delivery.
- The risk that the Council will not be able to react to adverse situations through a combination of poor imprudent planning and significant challenges such as increasing demands for services such as social services, education, roads etc.

Linked Risks

Budget Monitoring (Control)

Key Indicators / Measures used to monitor the risk

Financial Snapshot which highlights historical and current performance on performance against budget, performance against savings against budget, level of borrowing, financial ratios Work being undertaken with SMT to consider the savings opportunities over the medium term 2020/21 - 2023/24.

- Outturn vs Budget - Main budget lines under or overspend as a % of budgeted expenditure.
- Delivery of planned savings - Total (£) unachieved planned savings as a % of total (£) planned savings.
- Use of reserves – 1) Ratio of useable reserves to Net Revenue Budget (NRB) 2) Amount of useable reserves used to balance budget as % of NRB.
- Council tax – 1) Council tax and other income as % of NRB 2) Council tax collection rates (in-year actual).
- Borrowing – 1) Total commercial investment income as % of total net general fund budget 2) Total (£) commercial investments and (£ plus%) amount funded from borrowing 3) Borrowing related to commercial investments as % of General Fund total borrowing 4) Capital interest costs and MRP as a proportion of NRB.
- Performance against Budget Timetable.
- Frequency / timeliness of engagement with SMT/Cabinet.
- Proportion of Savings Proposals in realised or at Delivering stage.

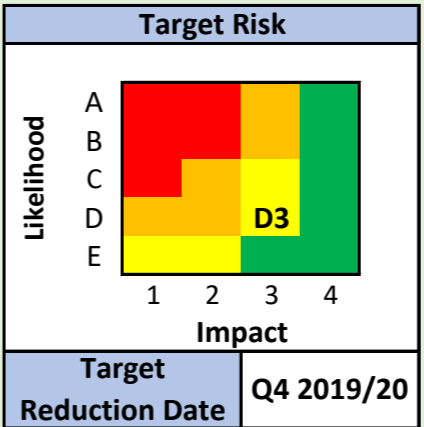
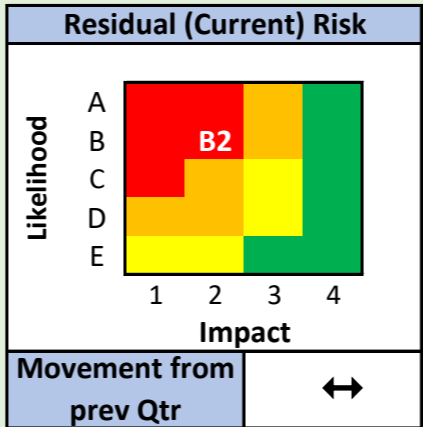
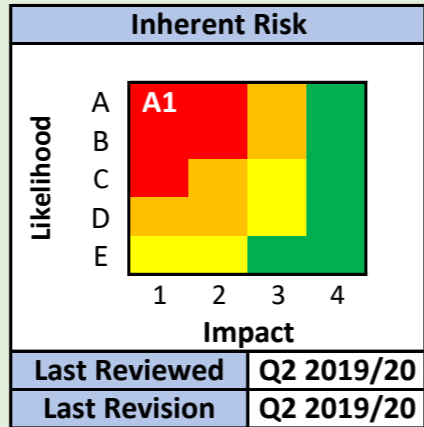
Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

Non-completion of Statutory Building Equipment Maintenance

Description

Non completion of cyclical statutory inspections or the remedial works arising out of the inspections, required to maintain the premises and related installations in a safe and legally compliant condition.



Risk Owner(s)

Neil Hanratty

Councillor Russell Goodway
Investment & Development

What we've done/are currently doing to achieve the Residual Risk Rating

Contractor

- Statutory Planned Preventative Maintenance (PPM) undertaken by competent contractor. Consequential remedial work identified on test certificates.
- Improved statutory maintenance contracting arrangements in place in Qtr 1 inc. use of SFG 20 as specification for statutory obligations testing and new risk based specification for legionella management supported by RAMIS.
- FM competent person(s) review all test certificates, remedial work captured and communicated to client as necessary/applicable
- Statutory Obligations Team has been established within Building Services to improve monitoring and supervision of statutory obligations contractor. Contractors have been trained in the use of RAMIS in order for test certs to be uploaded directly to the system by contractors.

RAMIS IT Software

- RAMIS implemented across the Council with bi-monthly reporting on statistics to SMT;
- 500 Building Managers have received training in their responsibilities and use for the RAMIS system, including schools estates staff and Headteachers.
- Full time officer Administrating RAMIS, providing training and issuing reports from the system to all service areas to push compliance ratings up to a minimum of 80% set by SMT.
- Condition surveys have been completed which represents an extensive piece of work to improve our understanding and knowledge base of all the Council's land and property holdings.

Corporate Landlord Programme

- County Estates senior management structure established supporting - Strategic Asset Management, Capital Delivery and Property Services, to manage and deliver all the Council's non-domestic property functions within one portfolio.

Statutory Obligation Compliance

- Continue to commission work to undertake required compliance testing (and works required) where Building Services has responsibility to do so, as defined on RAMIS
- The occupancy agreement (Memorandum of Agreement) for Schools was issued with the Schools Handbook and 'one front door' established to assist implementation. An occupancy agreement for non-schools properties has been drafted and is anticipated for roll out in 2019/20. Completion end of Q4.

What we plan to do to meet target

Statutory Obligation Compliance

- Continue to commission investigations / work to complete required compliance testing (and works required) in respect of 'gaps' in compliance identified by reports from RAMIS.

Landlord / Occupancy Agreement

- Complete Landlord/Occupancy Agreement template and roll out in 2019/20. This will set out principle occupant and landlord permissions responsibilities and Permission for Works arrangements required.
- Landlord occupancy principles established and reviewed for inclusion in draft non-schools handbook in Q2. Pilot scheme to be trailed through Economic Development Directorate in Q3 with roll out across the estate end of Q4.

Potential Impact(s)

Potential consequences of non-compliance with statutory maintenance:

- Fatalities or serious injuries
- Closure of part or whole of facilities with major disruption to service delivery
- HSE interventions and consequential actions including fines and prosecution;
- Significant additional expenditure requiring realignment of Corporate budgets;
- Temporary relocation of staff
- Temporary loss of operational service
- Invalidation of insurance policy
- Serious adverse impact on reputation
- Damage to fabric of building or other equipment

Type(s) of Impact

<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Health & Safety Partnership Community & Environment Stakeholder
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Linked Risks

Health & Safety

Key Indicators / Measures used to monitor the risk

Compliance stats from the Corporate Health & Safety Team.

Cyber Security

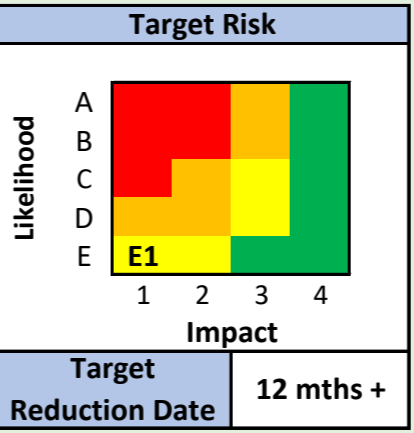
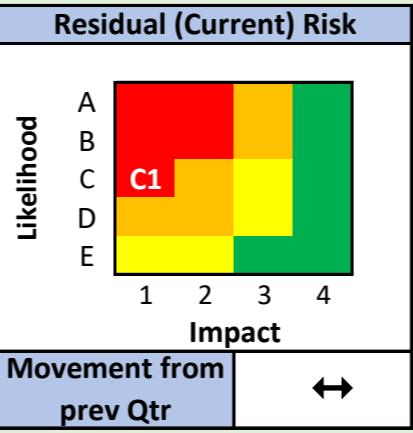
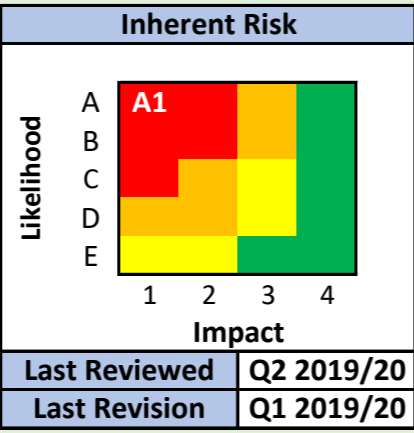
Description

There are 11 areas of potential risk within the National Cyber Security Centre cyber risk model. Of these, nine are assessed as well controlled within the Council

Two of the eleven areas of a Cyber Security assessment underpinning the corporate risk have been identified as high risk as follows:

Monitoring - the volumes of systems, applications and audit logs do not lend themselves to easily assess how and when systems are being used, leading to an ineffective response to deliberate attacks or accidental user activity

Corporate Cloud Security - 2018 Internal Audit identified contract, SLA and service management weaknesses in externally hosted services



Risk Owner(s)

Chris Lee (Phil Bear)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

The principal controls for the high risk areas are as follows:

- Monitoring** - Log analysis is undertaken on a prioritised basis with incident reporting to ISB and discussed with IAO - risk of vulnerabilities could be further mitigated with additional resourcing for log monitoring - this is under continual review
- Corporate Cloud Security** - Maturing PIA & CIA process used to assess risks to data and technology solutions
- Independent assessment and certification of the council's IT security posture via the National Cyber Security Centre (NCSC) Cyber Essentials Plus scheme
- Independent assessment and certification of the Council's Information Governance (GDPR/Data Protection) posture via the ISAME Governance scheme, awarded at the highest level of Gold
- Staff Cyber Security training programme rolled out to all staff to give guidance on threats and how to spot

What we plan to do to meet target

- ICT and Information Governance (IG) Teams continue to liaise with FM for physical security assurances and to promote an incident reporting culture.
- To ensure strong ICT security, monitoring and cloud security controls:
 - ICT lifecycle and notification targets will continue to be monitored and managed through the 'ICT Platforms' risk actions.
 - ICT and IG have mapped our currently cloud hosted system - a process is being drafted to review the Information management and cyber security controls of these systems as well as any implications of Brexit in relation to where data is held
 - Governance and management requirements to be formalised for periodic and systematic review of all ICT systems once the prioritised cloud based systems are completed.
 - Education of business systems owners in risk and management of cloud based services needs to be created and processes put in place to ensure each cloud service has a defined responsible business owner.

Potential Impact(s)

The intent of cyber attackers includes, but is not limited to:

- financial fraud;
- information theft or misuse,
- activist causes to render computer systems intolerable and to disrupt critical infrastructure and vital services.

The impact of a cyber-attack / incident has the potential to involve the realisation of the risks associated with:

- An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)
- A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.
- A financial / fraud related attack.

A malicious attack could result in loss of confidence from those transacting with the Council (reputation), as well as legal, asset, system, operational and financial implications.

Linked Risks

Key Indicators / Measures used to monitor the risk

- Threat intelligence from National Cyber Security Centre (NCSC), including national posture and guidance via the National Cyber Security Strategy/Programme
- Threats and risks highlighted by NCSC Cyber Security Information Sharing Partnership (CiSP), Cymru WARP (Warning, Advice and Reporting Point) and Welsh Government/WLGA
- General UK posture and issues raised in national and local media
- Number of compromises - breaches are monitored, investigated and reported back via Information Security Board and where applicable the ICO
- Monthly reporting of number of virus attacks via email blocked

Type(s) of Impact

<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Health & Safety Stakeholder
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Budget Monitoring (Control)

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)											
<p>Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the unplanned drawdown of reserves.</p>	<p style="text-align: center;">Impact</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q2 2019/20</td> </tr> <tr> <td style="width: 50%;">Last Revision</td> <td>Q2 2019/20</td> </tr> </table>	Last Reviewed	Q2 2019/20	Last Revision	Q2 2019/20	<p style="text-align: center;">Impact</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>	Movement from prev Qtr	↔	<p style="text-align: center;">Impact</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>12 mths +</td> </tr> </table>	Target Reduction Date	12 mths +	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Chris Lee (Ian Allwood)</td> <td style="width: 50%; text-align: center;">Councillor Chris Weaver Finance, Modernisation and Performance</td> </tr> </table>		Chris Lee (Ian Allwood)	Councillor Chris Weaver Finance, Modernisation and Performance
Last Reviewed	Q2 2019/20														
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Target Reduction Date	12 mths +														
Chris Lee (Ian Allwood)	Councillor Chris Weaver Finance, Modernisation and Performance														
<p>Potential Impact(s)</p> <ul style="list-style-type: none"> • Inability to balance spend against budget, for the financial year • Requirement to implement emergency measures to reduce spending during the financial year thus adversely impacting on ability to meet corporate plan objectives • Requirement to drawdown from General Reserves at the year end 	<p style="text-align: center;">What we've done/are currently doing to achieve the Residual Risk Rating</p> <ul style="list-style-type: none"> • Clear financial procedure rules setting out roles and responsibilities for budget management are in place. • In recognition of the quantum of savings and the risks posed a £3 million General Contingency was allocated in the Budget. • The 2019/20 Directorate position at Month 4 reported a projected directorate overspend of £7.018m with an overall deficit position of £360k. • The Corporate Director of Resources, Chief Executive and Cabinet Members hold challenge meetings and these will continue throughout 2019/20. • Full financial monitoring processes is in place for month 3 to 11 of the financial year including achievement of budget savings with months 3 to 10 completed. 			<p style="text-align: center;">What we plan to do to meet target</p> <p>Regular challenge session meetings held with directors, corporate directors and Chief Executive in order to ensure there is a response to both individual directorate positions and the overall Council position.</p>											
<p>Type(s) of Impact</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"> <ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial </td> <td style="width: 50%;"> <ul style="list-style-type: none"> • Stakeholder </td> </tr> </table>	<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Stakeholder 	<p style="text-align: center;">Linked Risks</p> <p>Financial Resilience</p>		<p style="text-align: center;">Key Indicators / Measures used to monitor the risk</p> <ul style="list-style-type: none"> • Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted • Review of use of earmarked reserves and balances - Half Yearly • Regular monthly reporting to SMT 										
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Stakeholder 														

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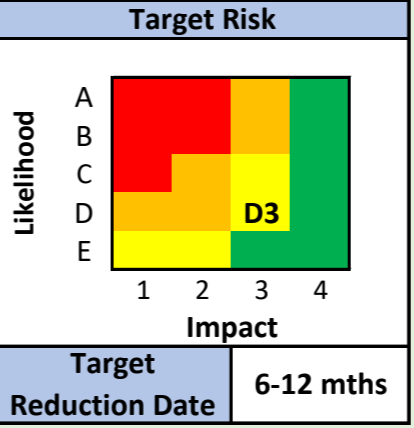
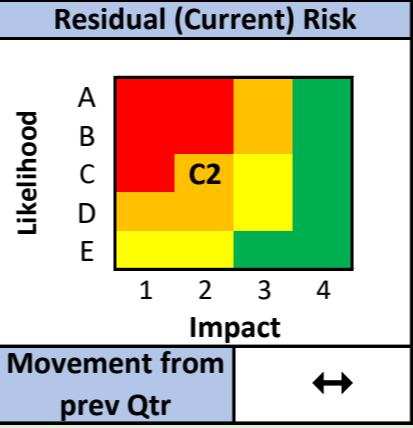
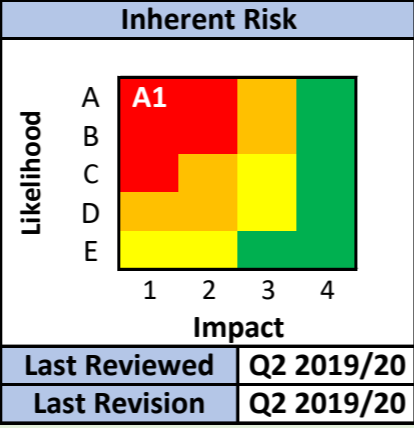
Schools Organisation Programme (Band B)

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to deliver on aspects of the School Organisation Programme, which is significant in value and complex. The programme consists of Band B (£284m) 21st Century Schools, asset management improvement work, ICT and sufficiency projects. The programme of work spans across a number of directorates, requires significant capacity and has significant capital spend.</p>	<p>A1</p>	<p>C2</p>	<p>C3</p>	<p>Nick Batchelar (Richard Portas)</p>	<p>Councillor Sarah Merry Deputy Leader & Education, Employment & Skills</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q2 2019/20</td> </tr> <tr> <td>Last Revision</td> <td>Q1 2019/20</td> </tr> </table>	Last Reviewed	Q2 2019/20	Last Revision	Q1 2019/20	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>12 mths +</td> </tr> </table>	Target Reduction Date	12 mths +		
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Target Reduction Date	12 mths +												
	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> 21st Century Schools Band B funding bid was submitted to Welsh Government in July 2017 and the Strategic Outline Case for £284m was approved in November 2017. Two Cabinet Reports in October and December 2018 outlined the priorities for this second phase of funding. SOP reports for Fitzalan, Doyle Avenue and Willows have been considered by Cabinet under Band B. Robust governance model, in line with Corporate Landlord approach has been agreed. New Programme Director is in place and is establishing the capacity and capability requirements of the programme. Head Teachers & Chairs of Governors of those schools involved in Band B briefed on process and timescales. SOP Delivery Group, SOP Planning Group and Education Visioning Group are being established Technical feasibility and design work underway Finance have re-profiled the capital and revenue budgets to assess the required budgets for each scheme. There are ongoing discussions with Welsh Government to assess the affordability of the programme in light of the current programme. Developing more robust management and monitoring processes for the asset improvement programme, including the three "D" category High Schools, Fitzalan, Cantonian and Willows. 			<ul style="list-style-type: none"> Develop a high level SOP Strategy that outlines the short/ medium and long term aims of the whole programme Strengthening of the capacity of the SOP team critical to ensuring effective delivery of the different elements of the programme. This includes ensuring that corporate colleagues in departments including legal, strategic estates, capital projects, ICT, planning and highways and transportation are available. Continued active dialogue with Welsh Government and other professional parties to support progress and development Prioritise population data development to underpin accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward Ensure consistent monitoring and reporting of all risks to Schools Programme Board Develop an Education blueprint and ICT Strategy that aligns with Cardiff 2030 Develop a much improved ICT system and framework for long term management of the education estate. 									
Potential Impact(s) <ul style="list-style-type: none"> Opportunities to enhance the school estate, and transform education will be missed Insufficient secondary places in some areas of the City Insufficient places in ALN settings across the City, leading to costly placement in out of county & private settings School buildings that are not suitable for teaching and learning Further degeneration of school buildings & rise in asset management backlog Project cost and time overruns Risk that school ICT infrastructure fails in the short to medium term 	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	Linked Risks			Key Indicators / Measures used to monitor the risk									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: left;">Type(s) of Impact</th> </tr> <tr> <td style="width: 50%;"> <ul style="list-style-type: none"> Reputational Legal Financial Social </td> <td style="width: 50%;"> <ul style="list-style-type: none"> Health & Safety Stakeholder Health and Wellbeing Sustainability </td> </tr> </table>	Type(s) of Impact		<ul style="list-style-type: none"> Reputational Legal Financial Social 	<ul style="list-style-type: none"> Health & Safety Stakeholder Health and Wellbeing Sustainability 				<ul style="list-style-type: none"> Proportion of Priority 1a Schools Asset Improvement works completed in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan). Timelines to deliver projects within the SOP programme. New key performance measures which are being developed as part of the overarching SOP Strategy. 					
Type(s) of Impact													
<ul style="list-style-type: none"> Reputational Legal Financial Social 	<ul style="list-style-type: none"> Health & Safety Stakeholder Health and Wellbeing Sustainability 												

Health & Safety

Description

Non Compliance with corporate health and safety arrangements to control key risks across the Council in line with statutory requirements.



Risk Owner(s)

Chris Lee (Donna Jones)	Councillor Chris Weaver Finance, Modernisation and Performance
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What we've done/are currently doing to achieve the Residual Risk Rating

- Corporate Health and Safety Structure in place
- Key Health and Safety Policy and Guidance subject to regular review and update
- RAMIS fully implemented covering statutory risk on all Council Premises
- Continuation of review of legionella controls across operational premises, particular attention to the cooling towers/air conditioning system at St David's Hall.
- Continued efforts in securing an appropriate venue to deliver UKATA accredited asbestos training to Council employees and contractors - remains an urgent requirement with a list of employees who require this training.
- Continuation of Asbestos Surveying programme - high risk premises targeted in 19/20.
- Risk Assessment Library piloted in Waste Services, now available for upload by Service Areas.
- HSE Enforcement (Street Scene) - Completion of high risk actions, support with installation of welfare facilities at the MRF, full time officer support remains in place.
- Share Point implemented, awaiting intranet link for H&S which will provide access to all Corporate H&S policy, guidance, templates and forms.
- New RAMIS platform developed, Cardiff information being transferred to the new system, to be rolled out to service areas in QTR 3.
- Inspection programme of construction projects in schools over the summer, audit report to be drafted and circulated in QTR3.

What we plan to do to meet target

- Roll out of the new RAMIS Platform to Service Areas, along with training sessions for technical departments and video links for building managers.
- Recruitment of a H&S Officer in the School Support Team to bring the service back to full capacity, satisfaction survey to be issued in QTR3.
- Continuation of programme of Asbestos Surveying and Fire Risk Assessments, but now utilising new RAMIS mobile applications which will automatically upload to the live system from site.
- Digital Risk Assessment Library to be rolled out across all services in QTR3.
- Continuation of Improvement action plan for Street Scene, Asbestos procedures and training to be implemented in QTR 3.
- Develop Support package for existing Community Asset Transfer properties.
- Dissemination of Condition Survey information to schools utilising the H&S Support Team.
- Asbestos Training venue must be secured in QTR3, due to the waiting list of training which must be delivered to maintain employees certification.

Potential Impact(s)

- Fatalities
- Serious injuries
- Prosecution – fines for corporate body and/or fines/imprisonment for individual
- Civil Claims
- Negative Publicity

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

Linked Risks

Key Indicators / Measures used to monitor the risk

RAMIS is used to monitor statutory risk in relation to premises safety, bi-monthly reporting to SMT, quarterly reporting to Health and Safety Forum.

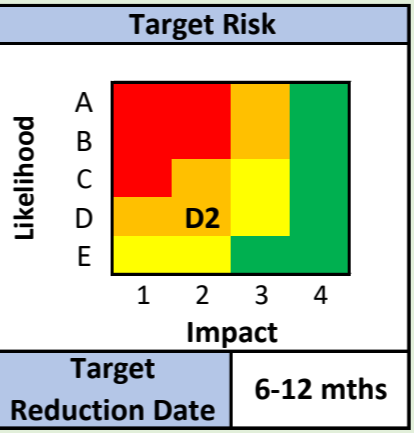
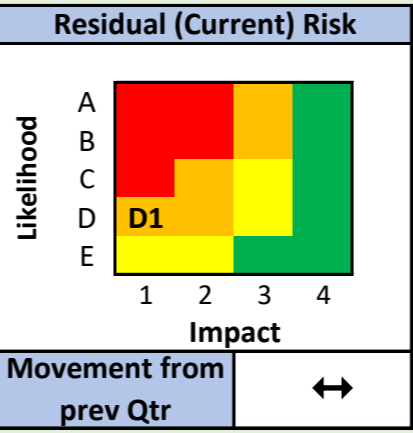
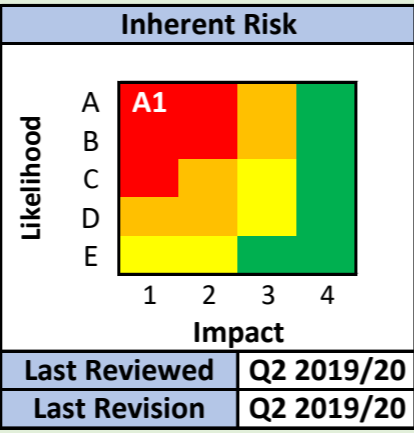
Compliance against annual Corporate H&S Objectives, used to monitor improvement secured in Service Areas, reported to Health and Safety Forum.

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Information Governance

Description

Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.



Risk Owner(s)

Chris Lee
(Vivienne Pearson)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Suite of Information Governance Processes, Policies and Strategies in place and annually updated.
- Data Protection Officer in post in line with articles 37-39 of the GDPR.
- Information Governance/Data Protection Processes audited and gained Gold level of assurance as part of Internal Audit in March 2019 and Cyber Security Plus ISAME Accreditation process in March 2019. This has built on the last ICO Consensual Audit, which determined that the Council is considered to have a 'reasonable level of assurance' in place.
- Processes established for corporate handling of all Freedom of Information and Individual Rights Requests
- Data Security Incident processes in place and communicated to all staff together with formal reporting processes when required to the Information Commissioner.
- Information Governance Training Strategy in place and training provided to staff with access to electronic personal data
- Processes established through procurement and ICT acquisition processes for ensuring Data Protection Impact Assessments are completed if personal data is being processed, including Data Processing Agreement with third party contractors.
- All new standard Council contracts include a clause regarding 3rd Parties processing personal data and obligations in respect of Freedom of Information.
- Standard Data Processing Agreements in place which services are required to complete and sign with any third parties who process personal data on behalf of their service.
- A corporate Information Asset Register is held which details personal data assets held by each Council directorate.
- Service Level Agreements in place for contracted Data Protection Officer role to Rent Smart Wales, Cardiff Capital Region City Deal and the National Adoption Service as Cardiff Council is the Data Controller for these services
- Advice and assistance provided to collaborative services of the Educational Consortium, Vale, Valleys and Cardiff Regional Adoption Service and Shared Regulatory Service where Cardiff is not the Data Controller
- Advice, guidance support and the contracted role of the Data Protection Officer is provided to all Cardiff Schools to aid compliance within schools and governing bodies data controllership responsibilities.
- Advice and guidance is available to Directors and Lead Officers on the Information Governance aspects of Capital Ambition Programme.
- Corporate Retention schedule in place and updated annually in line with any legislative changes.
- Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.
- The Digitalisation of Paper Records Strategy and associated business process changes is in place.
- Data Protection e-learning training released for completion by 31 March 2020 and compliance monitored up to that date by the Data Protection Officer and Directors
- SIRO has received the findings of the review of Information Security Board and a revised structure agreed
- The Record of Processing Activity is in place
- Records Storage Contract let and commenced

What we plan to do to meet target

- Individual Rights request processes to be reviewed to consider any opportunities available to improve compliance and streamline the Council's ability to handle requests.
- Monitoring the position in relation to International Transfers as a result of Brexit (deal or no deal) will continue until formal decisions are made in relation to Adequacy by EU Supervisory bodies

Potential Impact(s)

Leads to the Information Commissioner issuing notices of non-compliance

These could consist of:

- A "Stop Now" Order which would mean that no personal data could be processed by the Council in its entirety
- An Information Notice which would mean that a service would have to provide information in a very limited period thereby impacting on service delivery
- Undertaking which requires an Action Plan of Remedial Measures which would be subject to ICO Audit
- Enforcement Notice requires immediate improvement action to be put in place
- Financial Penalty up to £17,500,000 for Higher Level Tier and £8,000,000 for Lower Level Tier breaches of the Data Protection Act.

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

Linked Risks

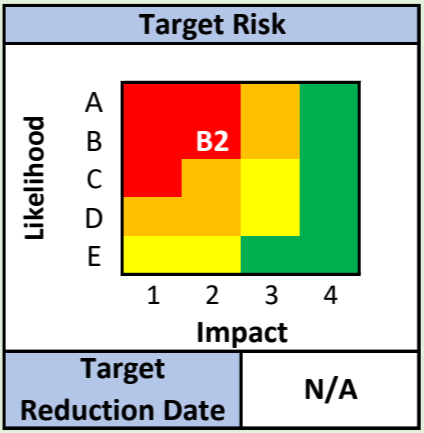
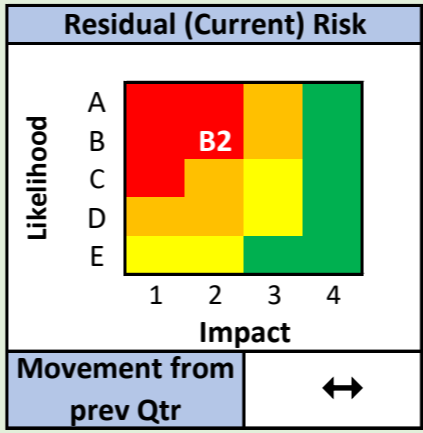
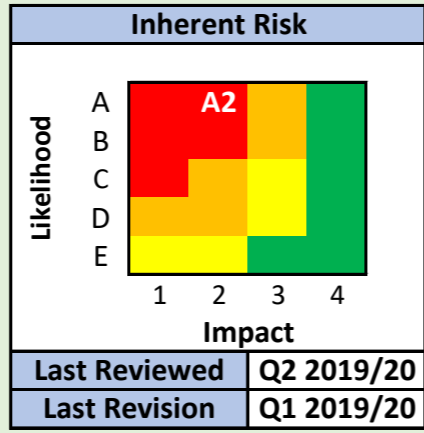
Key Indicators / Measures used to monitor the risk

- Suite of IG Indicators
- No. of ICO correspondence
- No. of FOI / SAR Requests
- No. of individuals trained on GDPR modules

Welfare Reform

Description

That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform including: Universal Credit, further reduction in Benefit Cap, size restrictions for social tenants and freezing of Local Housing Allowance rates. The potential impact of these changes on rent arrears, homelessness and child poverty make these changes a significant risk. The removal of the DWP funding that paid for digital and budgeting support across the city will potentially increase the problem, although currently council reserves are being used to mitigate this.



Risk Owner(s)

Sarah McGill
(Jane Thomas)

Councillor Lynda Thorne
Housing & Communities

What we've done/are currently doing to achieve the Residual Risk Rating

- Communities staff continue to work closely with private landlords and advice agencies to mitigate wherever possible the reduction in benefit and prevent eviction.
- Discretionary Housing payments are being used to top up the benefit claims of those most affected by the changes and to pay rent in advance and bonds to help tenants to move accommodation where necessary.
- Housing Options service have developed additional support to help move families and vulnerable adults into private sector housing with a guarantor agreement to help mitigate the risk of financial loss that landlords fear.
- Housing Options service have created additional help for those on low incomes but not on benefits to access an interest free loan to pay for bond, rent in advance and moving costs. This also helps with financial inclusion as the clients will open up a savings account with the credit union and have a lump sum saved by the time the loan is repaid.
- Housing Options service are working with third sector partners to help clients move into settled accommodation in the private rented sector, primarily for single people who have lived in supported accommodation.
- Digital and budgeting Support is being given to claimants to help them respond to the changes, although funding has been stopped for this, so the Council is using its reserves.
- A streamlined process is in place for re-housing tenants who need to downsize as a result of the social housing size restrictions. DHP is being used to pay removal costs and to cover shortfall while tenants are waiting to move.
- The Welfare Liaison team within the housing service is in place to assist tenants affected by the changes. Work has been carried out to identify those affected by the Benefit Cap and to advise them accordingly and to identify the most vulnerable families and award DHP.
- DHP process has been reviewed to ensure that all those who request a DHP are given budgeting, income maximisation and debt advice
- Universal Credit full service has commenced in Cardiff. Despite additional resources put in place rent arrears for council tenants have risen significantly since the change was implemented. The Welfare Liaison team work closely with tenants to mitigate the impact of the change.
- The Money Advice Team is providing comprehensive advice services for those affected by Welfare Reform and this has been rolled out across the city in Community Hubs and foodbanks.
- The Inclusive Growth Board and subgroups are coordinating multi-agency activity and developing appropriate interventions during a difficult transition period for many people affected.
- Briefings continue to be provided to Members on Welfare Reform and further information is sent as appropriate.
- Digital inclusion training and Universal Credit Support has been rolled out across all the new Community Wellbeing Hubs.
- Into Work Services are providing one to one mentoring support as well as light touch help across the city to help people get back to work or to upskill in their current roles.

What we plan to do to meet target

- Further additional resource has been agreed for supporting council tenants following the implementation of Universal Credit Full Service as rent arrears have increased significantly, staff have been recruited to assist with this and the new team is working well. Rent arrears procedure has been reviewed to include a more preventative and flexible approach and more assistance for more vulnerable tenants. After an initial sharp increase in rent arrears, the rate of increase has stabilised. This will be monitored over the coming months.
- Work has been undertaken to cost the potential risks of Universal Credit and this will continue to be updated as more information is known.
- Regular meetings are held with social housing providers to monitor and improve processes.
- DHP spend is being monitored carefully. Expenditure for 19/20 will continue focusing on the most vulnerable individuals, helping people with the transition into work and mitigating the risk of homelessness.
- Services for private landlords are being further developed to help prevent them withdrawing from the market.
- Increase in Prevention staff to work with clients at risk of homelessness. Service can be provided from a partner building or in a client's home to increase engagement.
- In depth assessments to be completed at point of presentation to include a financial statement which will allow discussion to be had around possible expenditure concerns
- Attendance at monthly meetings to discuss clients affected by Welfare Reform in order that early support can be offered.
- Increase in Private Rented Sector Housing Solutions Team to obtain affordable private rented sector accommodation in order to assist clients to move quickly to avoid accruing higher rent arrears.
- Expansion of the Private Rented Sector Housing Solutions Team to include a dedicated person of contact for landlords. This will mean that any issues can be raised at the earliest stage and support provided to try to prevent any issues which may lead to homelessness.
- Dedicated phone line for landlords will mean easier contact with above team.
- Introduction of the Advice Team who will be working to publicise the Housing Options Service to clients and landlords. This will include an online messaging service making the Service accessible to a wider range of clients.

Potential Impact(s)

- Benefit claimants are priced out of the private rented sector market
- Private landlords stop renting to benefit claimants
- Private landlords leaving the rental housing market
- Social housing rents become unaffordable to some claimants, in particular those with large families
- Increased homelessness and demand for temporary accommodation
- Increased rough sleeping
- Increased rent arrears, increased evictions
- Redeployment / Severance for housing benefits staff
- Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties
- Increased council rent arrears could impact on HRA and lead to barriers to building additional affordable housing
- LA less likely to pre-empt those who are going to be affected by changes and therefore unable to put mitigation steps in
- Increase in poverty and child poverty, potentially an increase on demand of social services

Type(s) of Impact

Linked Risks

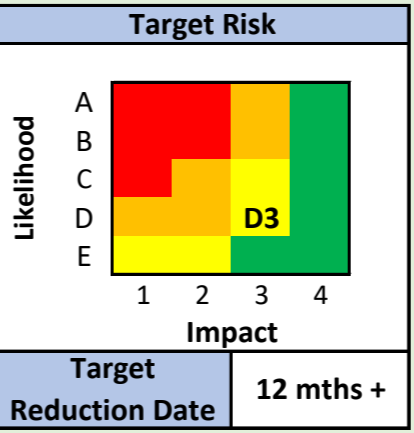
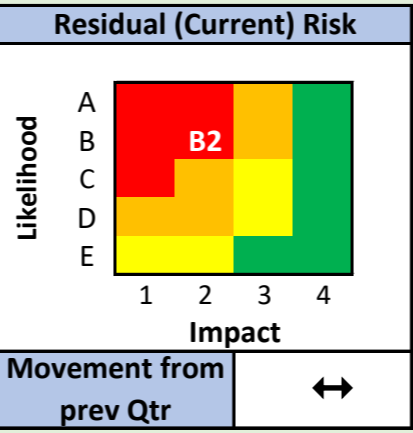
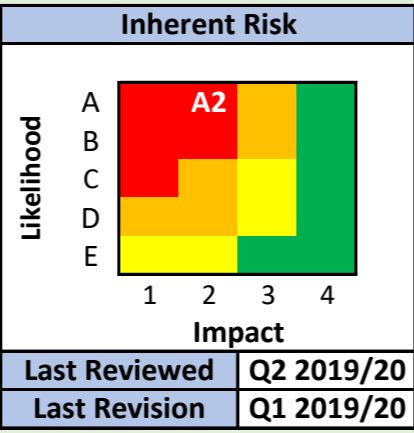
Key Indicators / Measures used to monitor the risk

Number of customers supported and assisted with their claims for Universal Credit
Additional weekly benefit identified for clients of the city centre advise team

ICT Platforms Unsuitable / Outdated

Description

The ICT platforms (desktop, software, network, servers, and telephones) will not be able to support the technologies required by the corporate change programme and deliver effective service to the council, or will not provide a reliable service due to age and condition of equipment and systems.



Risk Owner(s)

Chris Lee
(Phil Bear)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Spending for renewal/upgrade of highest risk items, in particular firewalls, core servers/switches and external bandwidth is continually reviewed and reprioritised
- New system down analysis process in place to ensure that key pressure points are rapidly identified and fixed at minimum cost until full programme can be initiated. Recent issues with telephony have resulted in retargeting of some resources to focus on weak points now identified.
- New deliveries are all being designed for a 99.99% minimum uptime, with critical systems targeted at 99.999% (equating to less than 6 minutes per year)
- Our file storage solution has been replaced within the last year and cloud based storage for additional resilience and flexibility is being assessed. Other projects underway include the replacement of our core network switches and departmental switches within County Hall.
- Corporate file storage systems replaced and new disk to disk backup option installed to improve performance and resilience
- Due to mitigation actions so far to reduce the risk, the risk of critical service downtime has been reduced
- Additional load balancers purchased for application resilience in key systems
- Continued assessment of priorities for replacement – applications infrastructure and servers are the next priority
- Completed refresh of existing SAP, thin client and virtual server farms
- Assessment of equipment required replacing to maintain PSN compliance
- Further revenue and capital investment in 2019-20
- Completed migration of VM infrastructure over to Pure Storage
- Completed migration of users from old remote access service to new solution

What we plan to do to meet target

- Development of lifecycle monitoring and clearer customer engagement.
- Pilot leasing scheme within schools to be considered for corporate desktop estate
- Led by the Chief Digital Officer, work will be undertaken on the needs for the capital replacement programme in order to inform the Cabinet proposals for the 2020/21 Budget in February 2020. This will include discussions with Directors in respect of service needs and priorities.

Potential Impact(s)

- Loss of PSN services.
- Service delivery impacts from unreliable/unavailable ICT systems
- Cardiff seen as unable to deliver on aspirations
- Poor morale from frustrations with inability to deliver services.
- Potential for income losses from revenue collection impacts.
- Unable to meet delivery deadlines on both business as usual and transformation projects.

Type(s) of Impact

- Service Delivery
- Reputational
- Financial
- Stakeholder

Linked Risks

Key Indicators / Measures used to monitor the risk

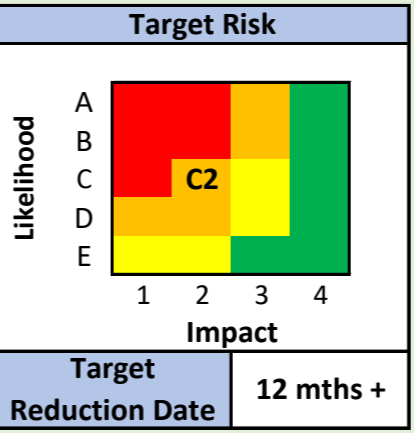
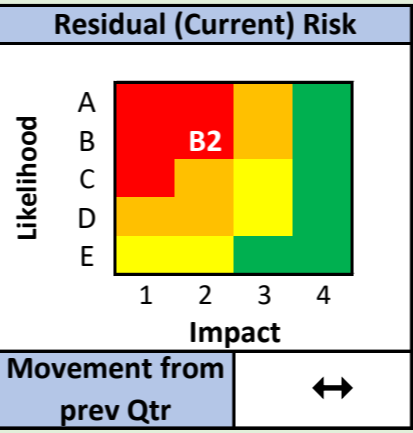
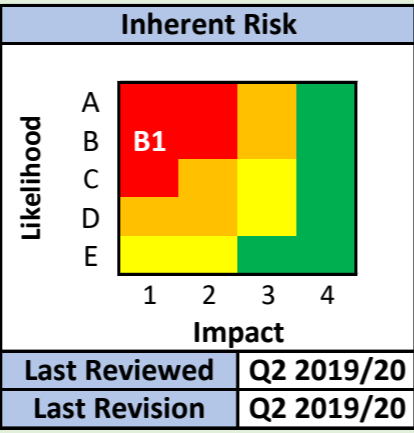
- Annual independent testing of external and internal infrastructure via Information Technology Health Check (ITHC) for PSN compliance.

Updated 109

Coastal Erosion

Description

Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)



Risk Owner(s)

Andrew Gregory

Councillor Michael Michael
Clean Streets, Recycling and Environment

What we've done/are currently doing to achieve the Residual Risk Rating

- Incident management arrangements are in place, which whilst not preventative, represent a level of emergency management for a flood and coastal erosion risk event occurring in a significant storm event.

Coastal Defence Scheme:

- The Flood Risk Management Team are undertaking detailed design for the coastal defence scheme.
- The necessary works are holistic and cannot be phased. Therefore the residual risk rating cannot be lowered until the completed construction of the coastal defence scheme in its entirety.
- The inundation risk will be improved by implementing the coastal defence scheme. The scheme will provide defence for a 1 in 200 year severe weather event, plus an allowance for climate change influence of 40%.
- The total costs associated with the Design, Early Contractor Engagement and Construction phases have been estimated at £10.9m (Welsh Government 75% funding = £8.2m and CCC 25% funding = £2.7m)
- Formal application has been submitted to Welsh Government (WG) under the WG Coastal Risk Management Programme and development of the Detailed Design and Full Business Case (FBC) for the coastal defence scheme is programmed for completion in May 2020.
- Work ongoing with Emergency Management to formulate interim measures.

What we plan to do to meet target

- Completion date for detailed design and Full Business Case (FBC) anticipated May 2020.
- Full Business Case to be submitted to Welsh Government for approval & funding confirmation
- Tender scheme promptly following support from Welsh Government. Contract will be developed as part of detailed design process to support tender process.
- Anticipated construction starting late 2020 - early 2021, subject to the above.

Potential Impact(s)

- Continued coastal erosion along the coast threatening the Rover Way Traveller site and critical infrastructure including Rover Way and the Rover Way/Lamby Way roundabout
- Erosion to two decommissioned land fill sites, with risk of releasing landfill material into the Severn Estuary and having significant environmental impacts
- Flood risk to 1,116 residential and 72 non-residential properties over 100 years, including risk to life, property, infrastructure and services
- N.B. the predicted rates of erosion threaten the Rover Way Travellers Site and the adjacent electrical substation within 5 years, and further release of large volumes of unknown tip material from the Frag Tip into the Seven Estuary.

Type(s) of Impact

<ul style="list-style-type: none"> Health & Safety Health Reputational Financial 	<ul style="list-style-type: none"> Strategic Service Delivery
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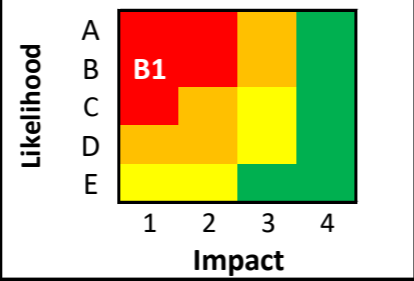
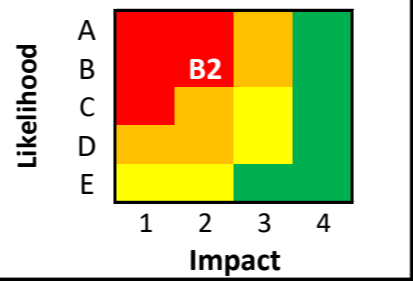
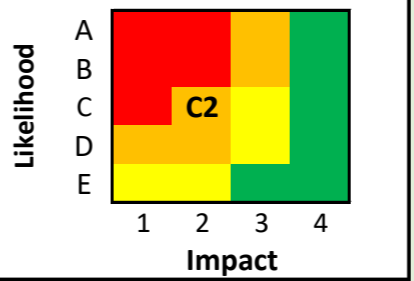
Linked Risks

Climate Change & Energy Security (Corporate Risk)

Key Indicators / Measures used to monitor the risk

- Award of contract for detailed design and Full Business Case - achieved
- Completion of detailed design and Full Business Case by May 2020 & submitted to WG
- Delivery programme of coastal protection scheme

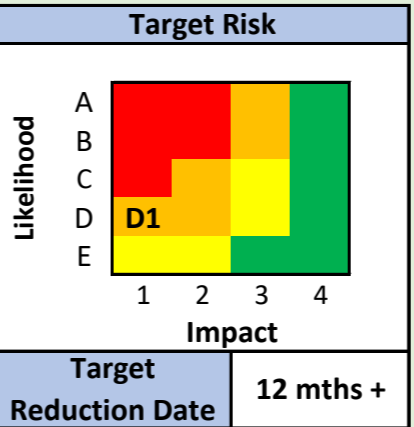
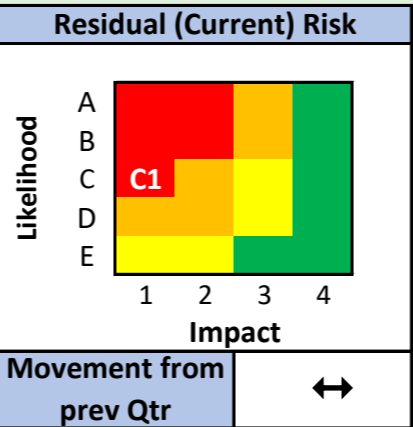
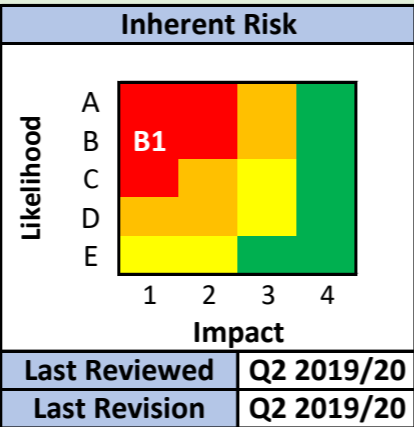
Waste Management

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to deliver cost effective compliance with waste legislation including statutory recycling targets.</p>	 <p>B1</p>	 <p>B2</p>	 <p>C2</p>	<p>Sarah McGill (Matt Wakelam)</p>	<p>Councillor Michael Michael Clean Streets, Recycling and Environment</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q2 2019/20</td> </tr> <tr> <td>Last Revision</td> <td>Q2 2019/20</td> </tr> </table>	Last Reviewed	Q2 2019/20	Last Revision	Q2 2019/20	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>12 mths +</td> </tr> </table>	Target Reduction Date	12 mths +		
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	<p>What we've done/are currently doing to achieve the Residual Risk Rating</p> <p>Progress discussions with Welsh Government on operational programme of improvements and recycling in Cardiff to demonstrate how Cardiff will be proceeding to meet statutory targets.</p> <p>Wider Governance & Compliance:</p> <ul style="list-style-type: none"> Targeted internal audits are identifying and improving governance and control across the service area (ongoing) New management and Corporate governance of tonnage projections and waste data flow reporting to support improving control and management of statutory reporting. Introduction of improvements in weighbridge and data systems holding data on waste movements, to improve data management and ease collation of data Cardiff Council has commenced a programme working in partnership with Welsh Government to develop a new Recycling Service Strategy and Implementation Plan. <p>Development of recycling plan for 19/20 optimising resources including considerations of statutory fines.</p> <ul style="list-style-type: none"> Reviewing and benchmarking tonnages / recycling levels / costs of disposal for Cardiff compared to Welsh Authorities and United Kingdom, to identify areas requiring further review to support the opportunity to improve recycling levels Media and communications taking place across Cardiff with focus on key areas for recycling improvement. Improving use of In-Cab system to improve service delivery through real time technology, optimisation of routes and identification of waste contamination Commencement of new education and enforcement programme to reduce contamination in recycling and garden waste. Significant volume of garden waste material has been identified at Roath Park and the service are working to move this material within the Welsh Water contract to improve recycling performance for 2019/20 <p>Recycling Development:</p> <ul style="list-style-type: none"> The Council's Recycling & Waste Management Strategy is reviewed every three years, with the last strategy covering the period 2015-18. Draft Strategy 2018-21 has been consulted on. Robust analysis and review of business cases relating to the following waste collection & disposal operations: <ul style="list-style-type: none"> Post sorting of general waste Bottle and Glass expansion across the City Hygiene (Absorbent Hygiene Products) from Municipal Solid Waste to Recycling Trade Waste 			<p>What we plan to do to meet target</p> <ul style="list-style-type: none"> City wide glass roll-out to be reviewed as part of the Recycling Services Strategy and Implementation Plan. Ongoing In-Cab technology implementation & training to improve reporting of contamination Targeted and tailored intervention to deal with contamination in hot spot areas across the City. Review the Waste & Recycling Strategy 2018-2021, developed to meet the statutory recycling targets. To have a strategy the service needs to develop an operational programme (including costs) in parallel to improve awareness of decision points and associated implications of the strategy. Identification of opportunities such as garden waste at Roath Park to be prioritised to limit shortfall to recycling performance. <p>Wider Governance & Compliance</p> <ul style="list-style-type: none"> Work is ongoing to review Waste Data Flow to ensure providing information in a timely manner Senior Management to have ongoing regular engagement and discussions with WG on Cardiff's Recycling Strategy and compliance with the WG Blueprint. Work is now progressing on looking at models for Cardiff - to be completed in May 2020 									
<p>Potential Impact(s)</p>													
<p>Financial</p> <ul style="list-style-type: none"> Penalties and loss of grant support Continuing financial costs to service <p>Legal & Regulatory</p> <p>Failure to comply with EU recycling waste directive, leading to fines, penalties or interventions</p> <p>Strategic/ Reputational</p> <ul style="list-style-type: none"> Reputational consequence with citizens and key stakeholders 													
<p>Type(s) of Impact</p>	<p>Linked Risks</p>			<p>Key Indicators / Measures used to monitor the risk</p>									
<ul style="list-style-type: none"> Reputational Legal & Regulatory Financial 				<ul style="list-style-type: none"> Monthly monitoring recycling % from waste data flow Monthly tonnage monitoring Monthly financial monitoring in each area of waste 									

Increase in Demand (Children's Services)

Description

Failure to effectively manage demand resulting in increase in number of children looked after and the service and financial pressures this presents.



Risk Owner(s)

Sarah McGill
Claire Marchant

Councillor Graham Hinchey
Children & Families

What we've done/are currently doing to achieve the Residual Risk Rating

- Early Help Strategy
- Cardiff Family Advice and Support Service
- Information, Advice and Assistance functions (including Dewis Cymru)
- Locality working
- Interface Protocol for Children's Services with Children's Team Around Family (TAF) and Disability Team Around the Family (DTAF)
- Flying Start
- Rapid Response Service
- Adolescent Resource Centre
- Legal tracker
- Decision making panels established across the stages of the child's journey
- Direct Payments
- Young Carers Action Plan
- Families First Services recommissioned
- Signs of Safety implementation plan
- "Delivering Excellent Outcomes" Children's Services Strategy

What we plan to do to meet target

(Relevant DDP 2019/20 actions noted in brackets.)

- Improving Outcomes for Children Programme Board and project groups beneath it
- Children's Commissioning Strategy and Market Position Statement being developed to address placement quality and sufficiency (CP 12 - CS)
- Fostering project and residential care projects supporting delivery of the emerging needs from the Commissioning Strategy (CP 12 - CS)
- Partnership arrangements for delivery of Child and Adolescent Mental Health Service (CAMHS) to be reviewed (CP 5 - CS)
- Transformation and ICF proposals developed to enhance services at the edge of care and support proactive improvement (DP 21 - SS)
- Deliver a three year plan that combines service and financial planning for Adult and Children's Social Services (CP 24 - SS)
- Implement new senior management arrangements to ensure that we are able to meet the current and future challenges (DP 22 - SS)

Potential Impact(s)

- Family breakdown leading to children becoming looked after
- Growth in the number of children entering the looked after system and associated costs for the Authority
- Insufficient placements to meet need
- Children are less likely to achieve their potential and to be fully participating citizens
- Life chances for children are reduced
- Delays in issuing care proceedings because of existing capacity in both Children's and Legal Services
- Challenges in improving outcomes for children
- Challenges in effectively managing service and financial pressures
- Significant increase in demand for residential and foster care placements for children looked after resulting in increase in numbers living outside Cardiff

Linked Risks

- Workforce Planning (Social Services)
- Safeguarding

Key Indicators / Measures used to monitor the risk

- Children's Services:
- Early Help 1 - Number of people supported through the Family Gateway
- Early Help 2 - Number of people supported by the Family Help Team
- Early Help 3 - Number of people supported by the Family Support Team
- Contacts 1 - Number of Contacts / Referrals Received
- SSWB 24 - Percentage of assessments completed for children within statutory timescales
- CS LAC 3e - Number of children looked after

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Community & Environment
- Stakeholder

Education - Schools' Delegated Budgets

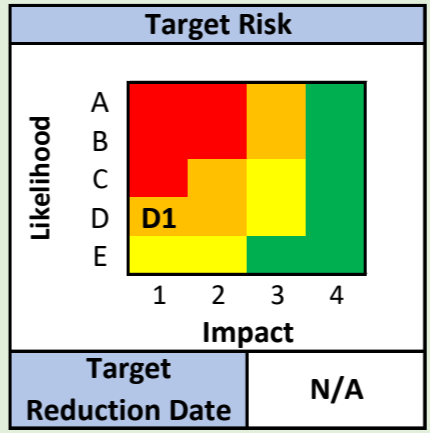
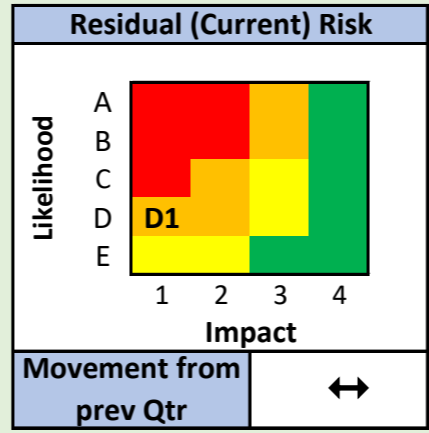
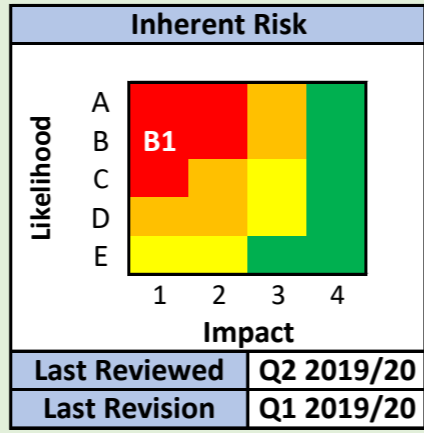
Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>The number of schools with deficit budgets and/or the overall value of deficit budgets increases, or that those schools (particularly in the Secondary sector) with existing deficit budgets do not deliver agreed deficit recovery plans.</p>				<p>Nick Batchelar (Neil Hardee)</p>	<p>Councillor Sarah Merry Deputy Leader & Education, Employment & Skills</p>								
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	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> The 2019/2020 delegated budget allocations were issued to schools in early March 2019 and monitoring arrangements put in place for those schools showing financial concern. Officers from Education and Financial Services work with individual schools through Headteachers and Governing Bodies to formulate Medium Term Financial Plans (MTFP) to seek to either balance individual school deficits within four financial years or to ensure that the accumulated deficits were frozen or slowed as much as possible. Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure. For each school in deficit, the Council has identified a monitoring officer to provide an independent challenge to the school. This is in addition to the LFM Officer currently supporting that school. Annual audit of budget impact on individual schools undertaken during the Summer Term, the results of which feed into discussions regarding the medium term financial plan 			<ul style="list-style-type: none"> Officers exercise the statutory powers of intervention on a school or schools in deficit who are unable to provide a medium term financial plan. This may involve removing delegation from a Governing Body. Officers explore through the School Organisation Planning process how different organisational arrangements for schools would affect the supply of pupils to schools thus affecting their delegated budgets. This will include an understanding of the long term impact of any unused school supply places on the funding formula. Working with CSC to ensure that maximising value from constituent parts of Education Improvement Grant is secured and that there is clarity of allocation mechanism for 2019/20 and beyond A working group has been established to examine the medium term financial planning processes used by the LA and schools Improve individual school risk assessment processes in order to provide an early indication of those schools who may be at risk of entering a deficit position 									
Potential Impact(s)													
<ul style="list-style-type: none"> An overall deficit arising from schools budgets would count against the funding available for the Council Schools with deficit budgets may struggle to adequately fund the resources required to achieve the desired levels of educational attainment Schools with deficit budgets may struggle to adequately fund maintenance of school buildings creating an issue for other budgets, eg Capital/SOP Band B Schools that continually fail to address deficit budgets may ultimately require LA intervention, with a corresponding increase required in centralised resources 													
Type(s) of Impact	Linked Risks			Key Indicators / Measures used to monitor the risk									
<ul style="list-style-type: none"> Reputational Legal Financial 				<ul style="list-style-type: none"> School budget monitoring position Number of schools setting deficit budgets Final budget balances 									

Business Continuity

Description

Large scale incident/loss affecting the delivery of services.

The potential risk is that our most time sensitive activities are not sufficiently resilient and fail, following an incident which impacts on their delivery and that our incident management structure, used in response to internal incidents and external emergencies, also fails in response to an incident.



Risk Owner(s)

Chris Lee

Councillor Huw Thomas
Leader

What we've done/are currently doing to achieve the Residual Risk Rating

- The Council has a BCM Champion who sponsors BCM at a strategic level
- We have an approved Business Continuity Policy which is aligned to ISO22301
- BCM toolkit is now available on CIS
- The Council has employed a Business Continuity Officer who is a qualified ISO22301 lead auditor
- The Emergency Management Unit has developed an Incident Management Plan (Cardiff Councils Emergency Management Plan) to ensure alignment with ISO22301. This was fully updated in March 2019.
- The Council has a 24 hour Incident Management structure for Gold and Silver Officers.
- 87 % of our most time sensitive activities (Reds) now have Business Continuity plans which have met, or are going through, audit. Work on the remaining plans is ongoing to close gaps and bring them up to date and in line with the corporate audit requirement
- Cardiff Council is a member of the Core Cities Business Continuity Group
- Internal Audit completed an audit of the Business Continuity Risk in September 2018 and the assurance statement was "Effective with opportunity for improvement"
- The Corporate Incident Management structure and many individual team Business Continuity Plans were used successfully in the two extreme snow events of March 2018
- Targeted specific actions were undertaken successfully for winter 2018 in order to enhance resilience around our severe weather response capability. Additional actions are planned for winter 2019 to further enhance resilience.
- The Business Continuity Officer is continuing to support Directorates in preparing for potential impacts around Brexit

What we plan to do to meet target

- Work with ICT to ensure our core infrastructure is as resilient as practical
- Work with the teams involved with looking at the potential of using alternative delivery models for council services. Identifying risks associated with alternative delivery models for specific services and recommend potential risk management solutions for implementation, to protect the delivery of our most critical services.
- The Business Continuity Officer is working to develop and enhance individual Directorate response capability to ensure Directorates are in a stronger position to respond to incidents which could impact on the Council and our most time sensitive activities
- The BC officer is leading a further review of 4x4 resources across the council to support our response capability to deal with the potential of winter storms in the coming winter of 2019

Potential Impact(s)

- Health and Safety** – potential impact on staff and on the public relying on our most, time sensitive, critical services
- Legal action** -Failure of key services could lead to Legal action against the council
- Financial** - Failure of key services could led to significant financial cost both in terms of Ombudsman action and Enforcement action from regulatory bodies as well as individual legal action against the corporate body where service failure leads to legal action against us from private claimants
- Reputational** - Impact on key services to the public could lead to significant reputational damage to the organisation
- Stakeholder** – Impact on key stakeholders as result of failure
- Service delivery** – Potential significant impact on service delivery to the public, impact of key services could lead to significant impacts to the public and the corporate body un delivering its services

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Health & Safety
- Stakeholder

Linked Risks

Brexit Risk

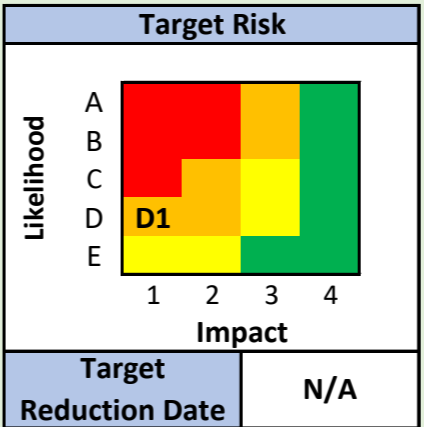
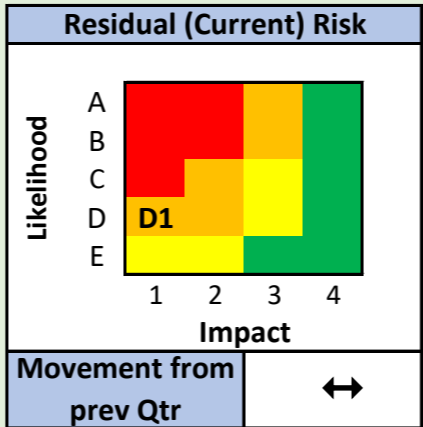
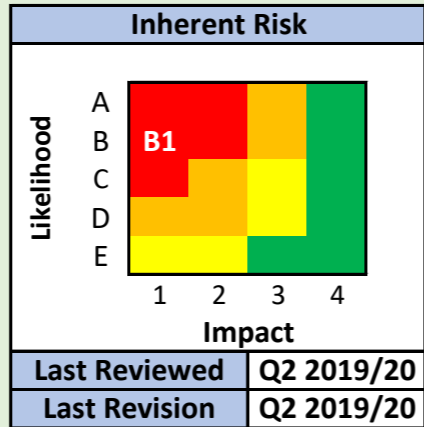
Key Indicators / Measures used to monitor the risk

The Red activity BC plan status is reviewed on a quarterly basis via a report to SMT after the CRR submission. Additionally the risk is managed as part of the Corporate Risk Management process via the CRR returns and the BC risk is also audited by Internal Audit . The last Internal Audit of the Business Continuity Risk was in in 2018.

Safeguarding

Description

Systemic failure in the effectiveness of the Council's safeguarding arrangements together with other statutory safeguarding partners.



Risk Owner(s)

Sarah McGill	Councillor Huw Thomas Leader
Claire Marchant	Councillor Susan Elsmore Social Care, Health & Well-being
Davina Fiore	Councillor Graham Hinchey Children & Families
	Councillor Chris Weaver Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Regional Adults / Children's Safeguarding Board.
- Cardiff local operational safeguarding group established to support effective multi-agency safeguarding arrangements across the City, reporting to the Regional Safeguarding Board.
- Corporate Safeguarding Board chaired at Director level with each Directorate completing a self assessment in relation to safeguarding.
- Safeguarding issues included in Senior Management Assurance Statement from 2019/20.
- Delivering Excellence for Children Steering Group chaired by Chief Executive established to oversee performance to improve outcomes for Cardiff's most vulnerable children.
- Operational Manager Safeguarding Forum meets quarterly.
- Systems in place to learn lessons from and address recommendations from Child Practice Reviews, Adult Practice Reviews and multi agency practitioner forums.
- Monthly quality and performance review across all areas of Social Services.
- SBAR system implementation to understand and address significant risks, including safeguarding risks, in Social Services.
- Recruitment and retention strategy in place to address children's workforce issues.
- Action plan being delivered to address high caseloads in Children's Services.
- Refreshed Signs of Safety action plan in place.
- Ongoing implementation of the Child Sexual Exploitation Strategy.
- Raising profile of Adult Sexual Exploitation (ASE) in Adult Services in line with the Child Sexual Exploitation (CSE) Strategy.
- Embedding Social Services and Well-being (Wales) Act 2014 in relation to strengthening of adult safeguarding.
- Review of adult safeguarding undertaken and management strengthened - adult safeguarding improvement plan developed.
- Safeguarding Self Assessments completed.
- Regular performance monitoring meetings with Children's and Adult Social Services.

What we plan to do to meet target

(Relevant DDP 2019/20 actions noted in brackets.)

- WAO review of corporate safeguarding - action plan to be implemented when posts appointed to.
- Implementation of revised Corporate Safeguarding Policy and action plan arising from internal audit of corporate safeguarding (CP 19 - SS).
- Additional investment in corporate safeguarding to address recommendations from internal audit report.
- Cardiff and Vale Regional Safeguarding Board supporting the All Wales Adult and Child Protection Procedure to be launched during National Safeguarding Week in November 2019 (CP 18 - SS).
- Exploitation Strategy being developed to cover wider exploitation issues, including adults, in a multi agency way (CP 20 - SS).
- Ensure children and adults are protected from risk of harm and abuse by raising awareness among public and professionals for the duration of the plan (DP 18 - SS).
- Embed the Quality Assurance Framework in Adult and Children's Services (DP 19 - SS).
- Process and escalation procedures agreed for children's work, to be agreed with adults (DP 30 - AS).
- Implement new arrangements within the Multi Agency Safeguarding Hub (MASH) to take account of the new Early Help Service (CP 21 - CS).

Potential Impact(s)

- A child(ren) or adult(s) suffer(s) avoidable significant harm or death
- Reputation of Council and partners
- Severe adverse publicity
- Potential regulator intervention
- Loss of confidence by community in safety of children and adults
- Loss of confidence of staff in the overall "safety" of the service, impacting on morale, recruitment and retention
- Potential litigation with associated financial penalties
- Significant financial implications of formal intervention

In addition to the above:

- Being held in contempt of court
- Imprisonment
- Unlawful detention of persons
- Payment of costs / damages
- Professional reputation of staff
- Recruitment problems

Key Indicators / Measures used to monitor the risk

- Adult Services: SSWB 18 Percentage of adult protection enquiries completed within 7 working days
- Children's Services: SSWB 24 Percentage of assessments completed for children within statutory timescales
- SCC.014 Percentage of initial child protection conferences carried out within statutory timescales during the year
- SCC.034 Percentage of child protection reviews carried out within statutory timescales during the year
- SSWB 27 Percentage of re-registrations of children on local authority Child Protection Registers
- SSWB 28 Average length of time for all children who were on the CPR during the year
- Res 15 - Percentage of Council staff completing Safeguarding Awareness Training
- TBC - Part IV Referrals
- TBC - Professional concerns
- TBC - Escalating concerns

Linked Risks

- Increase in Demand (Children's Services)
- Workforce - Social Services

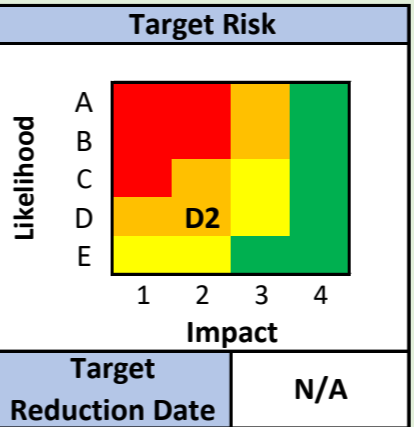
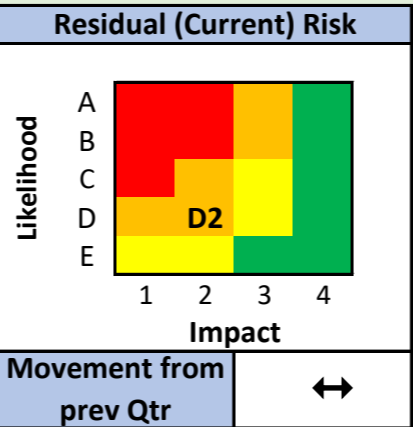
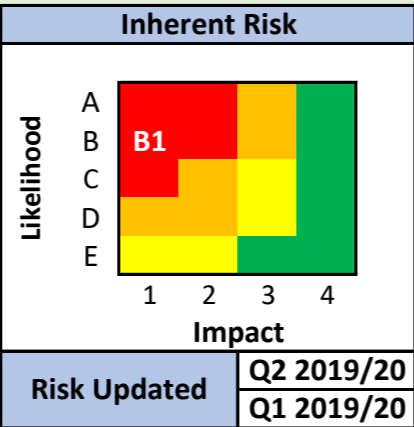
Type(s) of Impact

<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Partnership Community & Environment Stakeholder
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Delivering Capital Ambition Programme

Description

Projects within the Programme fail to deliver the change required to ensure the implementation of the Administration's agenda and to refocus services to meet the challenges faced by the Council and the city's wider public services.



Risk Owner(s)

Chris Lee
(Dean Thomas)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Governance arrangements established and led by the Chief Executive. The Modernisation component of the Capital Ambition Delivery Programme is led by the Corporate Director Resources; and the Resilient Services component is led by the Corporate Director People and Communities.
- Disciplined approach, where risk assessment forms an integral part of the approach to change.
- Programmes and projects initiated with dedicated resources.
- Experienced gained by managing programmes and projects over a number of years, building on lessons learned.
- An extensive training programme for the Capital Ambition Delivery Team was undertaken during 2017/18 to ensure both project management and business analyst's skills and knowledge are enhanced.
- Building capacity and capability across the organisation through development opportunities and skills transfer.
- Appropriate engagement and stakeholder management, including Trade Union meetings and updates for PRAP, Scrutiny and Internal Audit.
- Continued implementation of Programme & Project Management Database to enhance management information and reporting. Investment Review Board review/approve Business Cases and prioritise resources.
- SMT acts as the Sponsoring Group and receives regular updates on programme and project progress. All Programme Briefs are submitted to SMT for discussion prior to them being signed off at the relevant programme board.
- All Programme Briefs have been signed off by SMT and the relevant programme boards.
- Project briefs have been developed for a number of projects within the CADP.
- Effective governance arrangements are now in place for the CADP. These arrangements are continually monitored and refined as and when required.

What we plan to do to meet target

- Monthly meetings are also taking place between the relevant SRO and the Portfolio Manager from the CADT. Project executives are invited to these meetings, as and when required, to provide project updates.
- A review of the programme will be undertaken as part of the overall review of Delivering Capital Ambition.

Potential Impact(s)

- Failure to deliver the Administration's Capital Ambition statement.
- Failure to respond to the key financial and organisational challenges that dominate the medium term planning horizon of the Council.
- Vital services will not be protected if we fail to find more efficient ways of working.
- Reputational impact if services do not meet increasing customer expectations.
- Public services are not delivered efficiently or effectively and fail to deliver joined up services to the public.
- Lack of a programme management approach to the delivery of these significant projects will result in lack of governance and failure to report project progress to relevant stakeholders in a timely manner.
- Reputational risk with our external regulators if the CADP is not delivering on time and does not have robust governance arrangements in place.

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

Linked Risks

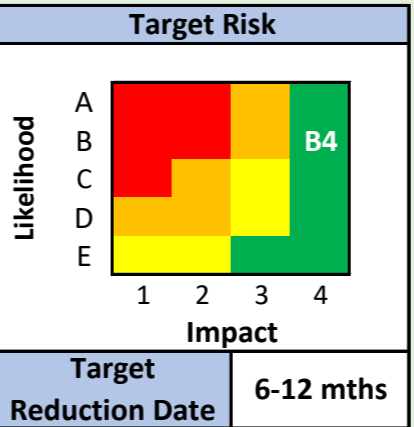
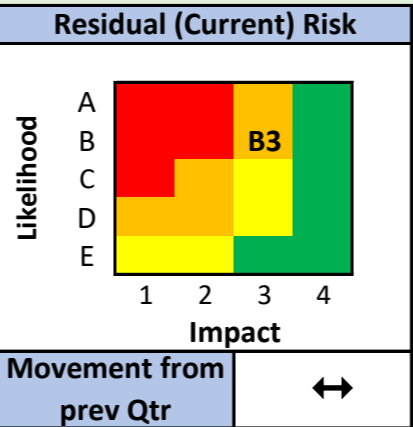
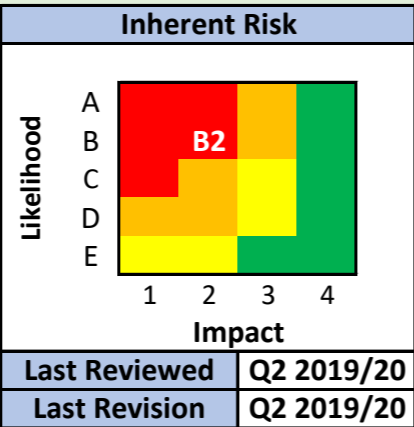
Key Indicators / Measures used to monitor the risk

No key metrics/indicators but robust governance arrangements are in place to monitor the CADP.

Education Consortium & Attainment

Description

The Central South Consortium does not deliver effective services that challenge and support Cardiff schools to improve - the CSC model will need to be adapted to meet the emerging needs of education reform in Wales, including the new curriculum and accountability and assessment changes.



Risk Owner(s)

Nick Batchelar

Councillor Sarah Merry
Deputy Leader &
Education, Employment & Skills

What we've done/are currently doing to achieve the Residual Risk Rating

- Results for 2018/19 show that Cardiff schools are performing well across a wide range of performance indicators at all Key Stages.
- Outcomes of Estyn inspections and Categorisation outcomes have also improved.
- Cardiff schools are working with CSC on the development and implementation of the new curriculum for Wales.
- The Local Authority has strong working relationships with the Senior Primary, Secondary and Special School Challenge Advisers, and systems and processes to secure improved joint service delivery have been put in place.
- In 2018/19, the constituent Councils in the Central South Consortium (CSC) commissioned an external review of the CSC.

What we plan to do to meet target

- The post of Managing Director of CSC is being advertised in the Autumn
- The Directors of the CSC are working to develop an action plan in light of recommendations from the report on the external review

Potential Impact(s)

- Learners do not reach their full potential
- Schools are not supported to improve
- Schools are not able to deliver the new curriculum
- Educational performance does not improve
- Impact on Estyn judgements
- Value for money - CSC
- Budget implications
- Intervention from WG

Type(s) of Impact

- Reputational
- Legal
- Financial

Linked Risks

Key Indicators / Measures used to monitor the risk

KS4 2018/19 School Performance, Outcomes from Estyn Inspections up to 2020.

Updated 17

Legal Compliance

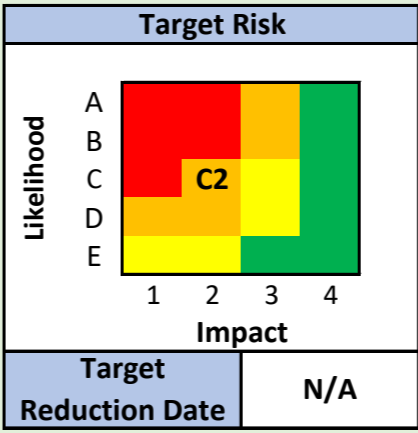
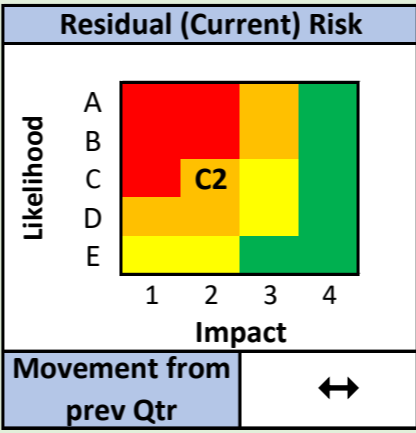
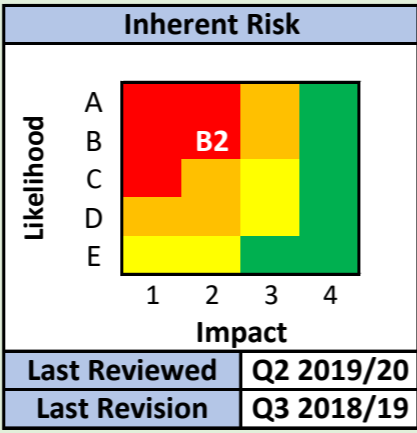
Description

Changes in services and staff roles across the Council resulting in:

- gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate;
- inability to deliver the services in accordance with all duties and responsibilities due to lack of resource:

In each case leading to increased risk of challenges.

Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.



Risk Owner(s)

Davina Fiore

Councillor Huw Thomas
Leader

What we've done/are currently doing to achieve the Residual Risk Rating

- Professional internal legal and financial advice provided to a high standard
- Maintaining robust decision making process with legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level
- Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience
- Dedicated teams in specialist areas e.g. equalities, FOI / DPA
- Sharing training/publications received

What we plan to do to meet target

- Further development of standard precedents with guidance for use in cases of low value/low risk/repetitive matters
- Provide legal training to Directorates to develop knowledge within Directorates of specific statutory functions.
- Encourage Directorates to ensure reports are discussed at preliminary stage in development to ensure all legal issues are addressed early

Potential Impact(s)

- Increase in number of challenges and complaints with consequences in terms of already stretched resources and impact of diverse decisions
- Implementation of decisions delayed due to challenges and potentially fatally disrupted
- Impact on projects if reputation for sound management and implementation of projects is damaged
- Major incident
- Adverse press/media reaction
- Involvement from Welsh Government in terms of performance standards or measures
- Increased costs
- Impact on capacity to deal with proactive legal work

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

Linked Risks

Key Indicators / Measures used to monitor the risk

Performance Management

Description

Performance Management arrangements are essential for discharging statutory requirements, delivering the administration's priorities and ensuring Council core business is delivered effectively. Weak corporate performance management arrangements heighten the risk of poor performance, service failure, financial overspend or legal non-compliance going unidentified, unchallenged and unresolved.

The Council must therefore maintain a focus on the Key Performance Indicators it has identified within the Corporate Plan as a pointer to overall organisational success. The Council must also ensure that more granular indicators of performance- the Council's Core Data which is managed by individual Directorates- are established and monitored to provide more detailed insight into the drivers of corporate performance.

Changes to the Statutory Performance Requirements likely to emerge via the Local Government Bill must also be reflected within the Council's performance regime.

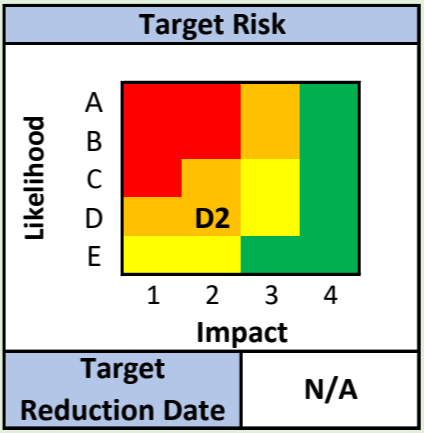
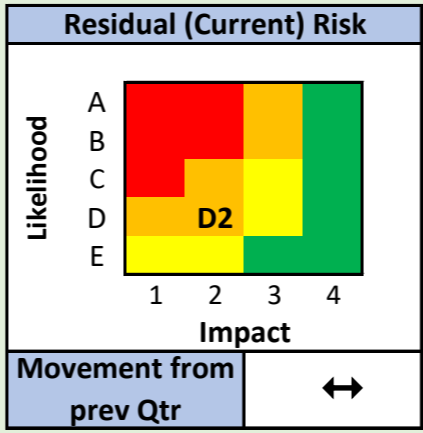
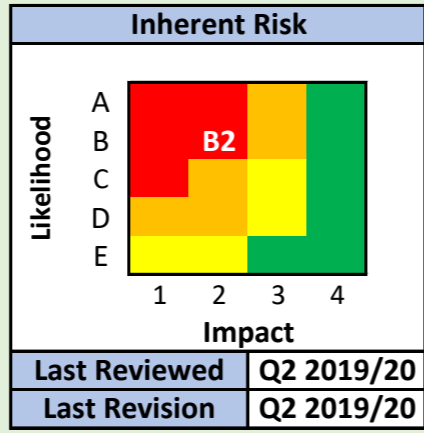
Potential Impact(s)

- The strategic and corporate level changes do not have the intended impact because they are not fully embedded in operational practices

Council unable to accelerate performance improvement as planned/desired

Type(s) of Impact

- Service Delivery
- Reputational
- Stakeholder



Risk Owner(s)

Sarah McGill (Gareth Newell)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

Further Strengthening of the Performance Regime

- Statutory Compliance:** The requirements of Well-Being of Future Generations Act (Wales) 2015 are discharged and work with Welsh Government- facilitated by the WLGA- is being undertaken to understand new performance duties which will emerge as part of the forthcoming Local Government & Elections Bill (Wales).
- Corporate Planning:** Building on work to strengthen the Corporate Planning Approach- recognised by the Chair of PRAP as an "unprecedented.... step forward in co-production of the Corporate Plan"- the scrutiny Performance Panel will be further involved in the process of reviewing corporate priorities and key performance measures.
- Performance Monitoring/Challenge:** Self-Assessment process established which includes Cabinet, the Senior Management Team, and the Council's Scrutiny Committees (particularly the Policy Review and Performance Scrutiny Committee). The approach ensures that the Council takes a rounded view of performance, considering progress against Corporate Plan Steps and KPIs, Inspection Reports, Surveys and Citizen Feedback, Corporate Risk, Budget Monitoring and as well as feed-back from relevant committees. Formal performance challenge sessions have also been established with Cabinet on a quarterly basis. Agreed actions inform performance improvement activity over the next quarter.

What we plan to do to meet target

- Develop a Service Delivery Framework, which recognises the partnership component of the delivery arrangements and builds on the current Performance Framework
- Revise the Corporate Reporting Framework to:
 - Bring the Statutory Annual Well-Being Report ('end of year report') forward from Month 7 to Month 4
 - Include a Strategic Assessment of Performance within the Annual Report

Linked Risks

Key Indicators / Measures used to monitor the risk

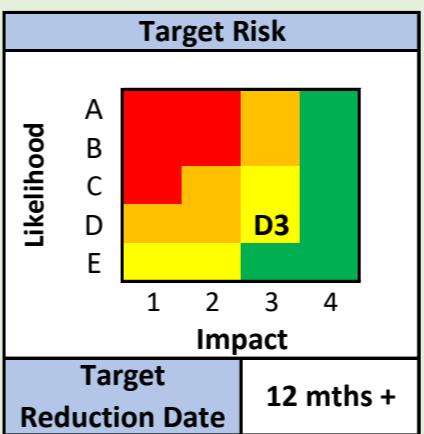
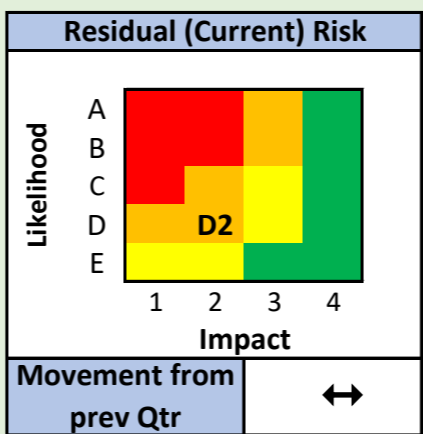
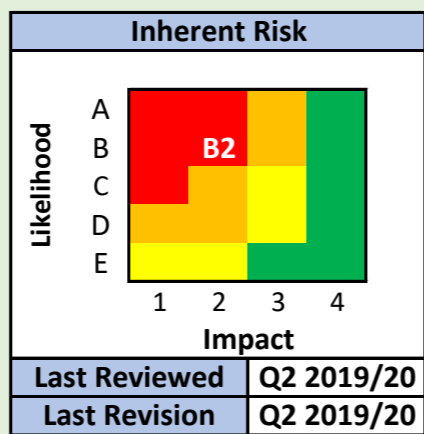
Quarterly monitoring of corporate plan indicators (108) provide a pointer to organisational health and corporate performance. Corporate Plan indicators are also risk assessed as part of the performance monitoring process.

Tudalen 119

Fraud, Bribery & Corruption

Description

Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.



Risk Owner(s)

Chris Lee
(Ian Allwood)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- The Council communicates a zero tolerance approach to fraud, bribery and corruption.
- Regular review of relevant policies and procedures e.g. the Fraud, Bribery and Corruption Policy, Money Laundering Policy and Disciplinary Policy.
- Financial Procedure Rules and Contract Standing Orders and Procurement Rules and training.
- National Fraud Initiative data matching exercises in collaboration with the Cabinet Office and Wales Audit Office.
- Receipt and dissemination of fraud intelligence alerts from law enforcement agencies.
- Regular reports to the Section 151 Officer and Audit Committee and the Chief Executive.
- Audit Committee review of the risk management, internal control and corporate governance arrangements of the authority.
- Independent assurance from Internal and External Audit on the effectiveness of governance, risk and control.
- Ongoing delivery of briefings to Schools on fraud and control risks.
- Cardiff Manager Programme includes session on risk management and compliance / control.
- Provision of disciplinary management information on DigiGOV.
- Mandatory disciplinary e-learning module for all managers to complete and a programme of mandatory e-learning modules and face-to-face training for Disciplinary Hearing Chairs, Investigating Officers and Presenting Officers.
- A Fraud Publicity Strategy is in place, to publicise the Council's approach to counter fraud work / sanction activity and explain the roles and responsibilities of key parties.
- Counter-Fraud and Corruption Strategy approved by Cabinet in July, and associated Fraud Awareness eLearning was rolled out to all pc users commencing July 2019.
- Face-to –Face Fraud Awareness training commenced for non-pc users in September 2019.

What we plan to do to meet target

- Participation in International Fraud Awareness week in November 2019
- Completion of face-to-face Fraud Awareness Training by the end of November 2019.

Investigation Team:

- Review of the Council's Money Laundering Policy to conclude the end of quarter 3 2019
- Review the SMAS responses from senior management in respect of fraud assurance and provide advice and guidance to support strong assurance
- To liaise with the Monitoring Officer and agree a policy for monitoring employees at work and a management framework for its enactment as well as undertaking online investigations.
- To review and use the management information produced by HR in respect to the Disciplinary Policy.

Potential Impact(s)

- Increase in frauds and losses to the Council
- Reputational risk as more frauds are reported
- Increased time investigating suspected fraud cases impacting on capacity

Total 120

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

- Stakeholder

Linked Risks

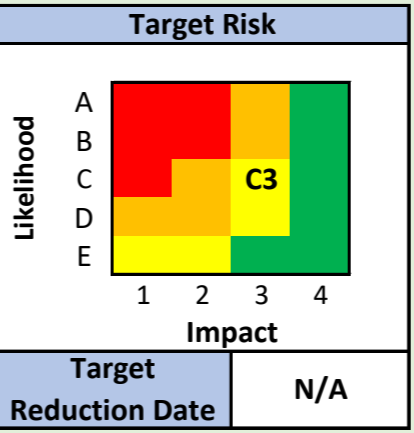
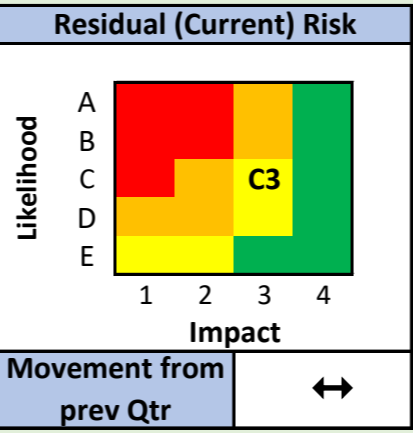
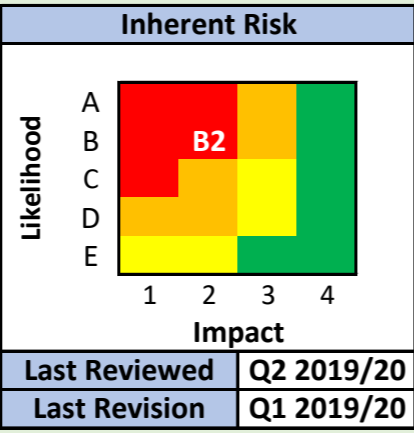
Key Indicators / Measures used to monitor the risk

- Adherence to the NFI Security Policy and annual completion of compliance forms.
- Mandatory eLearning completion rates.
- Delivery of Fraud Awareness week campaign.
- Delivery of Policy updates.
- Delivery of mandatory investigating officer training and the note taker training.
- Criminal investigations conducted on behalf of Directorates.
- Provision of timely investigation advice, guidance and support to Directorates as required.

Workforce Planning

Description

Importance of forecasting and planning to build capability and capacity for the future is not fully recognised and embedded.



Risk Owner(s)

Chris Lee
(Philip Lenz)

Councillor
Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Workforce Strategy developed and agreed by Cabinet in April 2015 and programme developed to encompass a number of projects relating to the requirements around this risk, including Workforce planning, Learning & Development, PPDR review and Employee Voice.
- An updated Workforce Strategy for 2018-2021 was developed and agreed by Cabinet in July 2018.
- The Workforce planning project has a completed project brief identifying a number of key outputs
- Workforce planning dashboard data provided to each Directorate to inform Directorate Delivery Planning discussions and development.
- Research and benchmarking undertaken to help inform WFP approach going forward; including – attendance at WLGA – Work Force Planning Wales event - LGA/ Skills for Local Government hosted COP event.
- HR working with Directorates where required, to help identify appropriate strategies to support their WFP agenda.
- Children’s Services have developed a Workforce Strategy for their area which is being reviewed on a regular basis.
- Resources have held a workshop which focussed on Professional and Technical areas to inform the key skills required for the Directorate going forward.
- Work has taken place with Cardiff and Vale College to roll out an Essential Skills diagnostic tool to frontline employees through Commercial Services
- A programme of NVQ study is being discussed with Cardiff & vale College and Commercial Services are coming forward with cohorts of employees to attend.
- Employee surveys carried out to identify areas where further employee engagement / development can be focused.
- Work has been carried out with WLGA and WAO to look at a Wales wide workforce planning process for use within Local Authorities.
- Project brief for Workforce Planning provides full details of milestones and implementation dates.
- A review of the courses provided by the Cardiff Academy has taken place to ensure that these meet the skills requirements for the future.
- Workforce planning now embedded into the corporate planning process
- All Directorates completed workforce plans by December 2018 and are now working on the actions therein.
- A corporate process is in place for workforce plans to be updated by end of June each year as part of the business planning process
- The workforce plans forecast and plan to build capacity and capability for future requirements and the process is now embedded into the corporate planning process

What we plan to do to meet target

- The Council is reviewing its resourcing strategies to ensure that it is a considered employer for young people leaving school, college and universities
- As part of the Workforce Strategy Cabinet report, recruitment advertising to be reviewed and processes put in place to ensure that adverts are reaching hard to reach groups
- Work is taking place to identify areas where the employee group is not representative of the communities and actions identified of what could be done to improve this
- Actions being taken to improve the accessibility to Welsh language either through the recruitment process or through the training and development of current employees
- Development to take place of a corporately agreed skills set for the future delivery of services so that all employees and posts can be measured against this skill set to identify learning and development gaps

Potential Impact(s)

- Poor service delivery due to ineffective use of resources
- Lack of resources with the knowledge and skills the Council requires for future delivery
- Loss of resources and recruitment problems
- Poor morale
- Loss of experienced staff members including managers
- Reduce the likelihood of attracting high calibre managers to Cardiff Council
- Risk of not meeting statutory and legislative requirements in relation to specific workforce requirement e.g. social care
- Risk of workforce not representing the communities to which services are delivered

Type(s) of Impact

- Service Delivery
- Reputational
- Financial
- Stakeholder

Linked Risks

Key Indicators / Measures used to monitor the risk

Mae'r dudalen hon yn wag yn fwiadol



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Cardiff Council

Issued: October 2019

Document reference: 1519A2019-20

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Samantha Clements and Sara-Jane Byrne under the direction of Huw Rees.

Adrian Crompton
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

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Summary report

2018-19 performance audit work

- 1 To decide the range and nature of the work we would undertake during the year, we considered how much we already know from all previous audit and inspection work and from other sources of information including Cardiff Council's (the Council) own mechanisms for review and evaluation. For 2018-19, we undertook improvement assessment work; an assurance and risk assessment project and work in relation to the Wellbeing of Future Generations Act at all councils. At some councils, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2018-19.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 2](#).

The Council is meeting its statutory requirements in relation to continuous improvement but faces challenges going forward

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20. However, the Council recognises that it faces some key challenges particularly in relation to its financial position and the significant level of savings it needs to achieve over the medium term.

Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
 - make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection, publish a report and make recommendations; and
 - recommend to ministers of the Welsh Government that they intervene in some way.

- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, we have made a number of proposals for improvement and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2018-19

Exhibit 1: description of the work carried out since the last AIR, including that of the relevant regulators, where relevant.

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Issue date	Brief description	Conclusions	Proposals for improvement
February 2019	<p>Assurance and Risk Assessment Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council:</p> <ul style="list-style-type: none"> • putting in place proper arrangements to secure value for money in the use of resources; • putting in place arrangements to secure continuous improvement; and • acting in accordance with the sustainable development principle in setting wellbeing objectives and taking steps to meet them. 	<p>Arising from this project we identified the following topics for inclusion in our audit programme at the Council for 2019-20:</p> <ul style="list-style-type: none"> • A review of the Council's financial sustainability (national themed review across 22 councils); • A review of waste management/recycling; • A review of Social Services budget and cost pressures; and • Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations. 	None.

Issue date	Brief description	Conclusions	Proposals for improvement
July 2019 Our report is available here on our website	Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations Examination of the extent to which the Council has acted in accordance with the sustainable development principle in developing and launching a new Transport and Clean Air Vision for the City, a step the Council is taking to meet its wellbeing objectives.	The Council has incorporated the sustainable development principle in its approach to developing the vision for Transport and Clean Air in Cardiff. The Council now needs to embed a consistent understanding and application of the principle and five ways of working in its endeavours to improve outcomes for its citizens.	None
December 2018	Annual audit letter 2017-18 Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.	<ul style="list-style-type: none"> • The Council complied with its responsibilities relating to financial reporting and use of resources; • I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and • My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2018-19 accounts or key financial systems. 	None
Local risk-based performance audit			

Issue date	Brief description	Conclusions	Proposals for improvement
<p>April 2019</p> <p>A copy of our report is available here on our website.</p>	<p>Delivering Capital Ambition</p> <p>A review of the development and implementation of the Delivering Capital Ambition programme to provide assurance that the Council has suitable arrangements to enable it to address its financial and organisational challenges.</p>	<p>The Council has sound programme management arrangements in place for its Capital Ambition Delivery Programme, but it needs to strengthen engagement with scrutiny and links to its medium term financial plan.</p>	<p>P1 The Council needs to strengthen the role of scrutiny in engaging with, and challenging the delivery and impact of, the Programme to increase accountability and help provide momentum.</p> <p>P2 The Council would benefit from a review of the Capital Ambition Delivery Programme management arrangements alongside others that support delivery of the Corporate Plan such as the Directorate Delivery Plans.</p> <p>P3 The Council could do more to assess the extent to which the Capital Ambition Delivery Programme is contributing to the achievement of the Council's £91m savings target and make links to the medium term financial plan.</p>
<p>June 2019</p> <p>A copy of our report is available here on our website</p>	<p>Corporate Safeguarding Arrangements</p> <p>Review of the effectiveness of corporate safeguarding arrangements building on the study</p>	<p>The Council has been slow to implement a number of our previous recommendations and proposals for improvement, but has made progress in recent months. We have identified some further proposals for improvement to strengthen aspects of the Council's safeguarding arrangements.</p>	<p>P1 The Council should improve its approach to safeguarding training in the following ways:</p> <ul style="list-style-type: none"> • get staff through mandatory safeguarding training more quickly and take forward the

Issue date	Brief description	Conclusions	Proposals for improvement
	previously undertaken by the Auditor General in this area.		<p>work identified by the Corporate Safeguarding Board to collate a percentage breakdown of safeguarding training compliance within each Council Directorate;</p> <ul style="list-style-type: none"> • ensure it centrally collates safeguarding training records for those staff and volunteers who have had face to face safeguarding training as well as the e-learning safeguarding training; • clarify when mandatory safeguarding training for staff and members needs to be refreshed; • consider ways in which it could extend its safeguarding training offer, for example building on the planned Child Sexual Exploitation awareness training to be given to taxi drivers, and to provide safeguarding training to (for example) those

Issue date	Brief description	Conclusions	Proposals for improvement
			<p>working in the night time economy; and</p> <ul style="list-style-type: none"> • accelerate the mandatory completion of Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 (VAWDASV) training. <p>P2 The Council's corporate safeguarding intranet pages could be strengthened by providing:</p> <ul style="list-style-type: none"> • a link to the Corporate Safeguarding Policy; • information on the lead officer for corporate safeguarding, the lead member for corporate safeguarding and the Corporate Safeguarding Board; and • information on where to report concerns or to find out further information. <p>P3 The Council should strengthen its Recruitment and Selection Policy in</p>

Issue date	Brief description	Conclusions	Proposals for improvement
			<p>relation to safeguarding and safe recruitment.</p> <p>P4 The Council should strengthen its safeguarding contractual provisions by being more explicit about its safeguarding training requirements.</p> <p>P5 The Council should ensure it is able to record and monitor volunteer information centrally, including any training records and Disclosure and Barring Service checks for volunteers.</p>
<p>September 2019</p> <p>A copy of the report is available here on our website</p>	<p>Environmental Health</p> <p>Review of the arrangements the council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.</p>	<p>The shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. There is scope for the Council to strengthen its independent oversight and assurance arrangements in relation to the SRS and work with SRS partners to explore opportunities for future improvement.</p>	<p>P1 The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts.</p> <p>We found some evidence of cost/benefit/impact analysis being performed to enable decision-making around savings and changes to services.</p> <p>However, whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, officers and members acknowledged that the real impact of this will be largely unknown</p>

Issue date	Brief description	Conclusions	Proposals for improvement
			<p>until £498,000 of savings begin to take effect.</p> <p>P2 The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity if funding reduces in the future.</p> <p>P3 When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help to ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services.</p> <p>P4 The Council should introduce greater independent challenge of the level and quality of services provided by the SRS under the Joint Working Agreement.</p> <p>P5 The Council should work with SRS to undertake a review of business</p>

Issue date	Brief description	Conclusions	Proposals for improvement
			<p>continuity and succession planning arrangements in relation to the SRS to mitigate the risk of overreliance on key individuals, such as the Head of SRS and operational managers.</p> <p>P6 The Council should strengthen elected member oversight of its environmental health services, for example through more regular scrutiny of services provided by third parties including the SRS.</p> <p>P7 The Council should consider introducing more structured and targeted development and training opportunities for relevant members, which may be beneficial in the event of changes in personnel and in areas experiencing changes in environmental health legislation, e.g. air pollution/food safety/ infectious diseases.</p> <p>P8 The Council should more clearly link any future decisions on changes to service levels to an assessment of impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate</p>

Issue date	Brief description	Conclusions	Proposals for improvement
			<p>means of consulting should be decided on a case-by-case basis. However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on these decisions.</p> <p>P9 The Council needs to build on initiatives, such as the Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.</p>
<p>October 2018</p> <p>Our report is available here on our website</p>	<p>Welsh Housing Quality Standard review (WHQS) including tenants' views</p> <p>A review of the arrangements in place to enable the Council to maintain the Welsh Housing Quality Standard (WHQS) and address the number of acceptable fails.</p>	<p>The Council met the Welsh Housing Quality Standard in 2012, and its arrangements to maintain compliance with the WHQS are effective and making a positive difference to residents' lives:</p> <ul style="list-style-type: none"> the Council's approach to the WHQS is well-integrated into its strategic housing function; the Council has comprehensive information on the condition of the whole of the housing stock to direct investment priorities; 	<p>None</p>

Issue date	Brief description	Conclusions	Proposals for improvement
		<ul style="list-style-type: none"> the Council has a financed and deliverable programme for the repair and improvement of the housing stock including addressing acceptable fails; the Council has effective arrangements to monitor and scrutinise its progress to maintain the WHQS and has learnt from its progress to date; the Council has a strong customer care focus to the way it interacts with its tenants; and the Council's integrated approach to the WHQS is making a positive difference to the lives of its housing tenants. 	
Improvement planning and reporting			
April 2019	Wales Audit Office annual improvement plan audit Review of the Council's published plans for delivering on improvement objectives.	The Council has complied with its statutory improvement planning duties.	None
August 2019	Wales Audit Office annual assessment of performance audit Review of the Council's published performance assessment.	The Council has complied with its statutory improvement reporting duties.	None

Issue date	Brief description	Conclusions	Proposals for improvement
June 2018	Wales Audit Office annual improvement plan audit Review of the Council's published plans for delivering on improvement objectives.	The Council has complied with its statutory improvement planning duties.	None
November 2018	Wales Audit Office annual assessment of performance audit Review of the Council's published performance assessment.	The Council has complied with its statutory improvement reporting duties.	None
Reviews by inspection and regulation bodies			
Care Inspectorate Wales (CIW) June 2019	Local authority annual performance review letter 2018-19 This letter summarises CIW's evaluation of performance of social services (adults and children's services) during 2018-19. It also sets out how CIW is planning to review performance over the coming year.	<u>Copy of CIW's annual performance review letter 2018/19</u>	Not applicable

Appendix 1

Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Annual Audit Letter

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Please contact us in Welsh or English.

Cysylltwch â ni'n Gymraeg neu'n Saesneg.

Councillor Huw Thomas
Leader
City of Cardiff Council
County Hall
Atlantic Wharf
Cardiff
CF10 4UQ

Reference:

Date issued: 14 December 2018

Dear Councillor Thomas,

Annual Audit Letter of Cardiff Council 2017-18

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the County Council of the City and County of Cardiff's (the Council) responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;

- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 28 September 2018, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's, the Group's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee and the Council in my Audit of Financial Statements report on the 18 and 27 September 2018.

I issued a certificate confirming that the audit of the accounts had been completed on 28 September 2018.

Like other local authorities in Wales Cardiff Council continues to face significant financial challenges

Austerity remains the most significant challenge facing local government bodies in Wales and these financial pressures are likely to continue into the medium term.

The Council's earmarked and usable reserves have increased slightly over the last three years as shown in Table 1 below. The Council's Capital Receipts Reserve has also increased. This reserve however, can only be used to finance future capital expenditure or to repay historical capital finance incurred, it cannot be used to meet revenue costs.

Table 1 – Council Fund, Earmarked and Capital Receipts Reserves

	31 March 16 £m	31 March 17 £m	31 March 18 £m
Council Fund	15.255	14.255	14.255
Earmarked reserves (including Schools)	52.226	59.391	61.843
Total Council Fund & Earmarked Reserves	67.481	73.646	£76.098
Capital Receipts Reserve	5.423	7.205	21.320

The Council's 2018-19 budget identified that it needed to make savings totalling approximately £14.3m. The Council's month six revenue budget monitoring report for 2018-19, highlights that it is currently predicting a balanced position at the year-end. Although there are financial pressures and shortfalls against budget savings targets in directorate budgets, these are offset by projected savings on capital financing, an

anticipated surplus on Council Tax collection and Non-Domestic Rate refunds on Council properties.

As at 30 September 2018, the projected overspends in directorate budgets include £3.2 million in Social Services, £1.5 million in Planning, Transport & Environment, £0.8 million in Education & Lifelong Learning and £0.3m in Corporate Management. The directorate positions reflect a range of factors including increased demographic pressures in Social Services, particularly in relation to looked after children, shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2018/19 Budget, together with on-going shortfalls carried forward from the previous financial year. An overall shortfall of £3.0 million is currently anticipated against the £14.3 million directorate savings target with £5.3 million having been achieved to date and a further £6.0 million anticipated to be achieved by the year end.

The overspend and shortfall are partly offset by projected underspends in other directorates and by a £3.0 million general contingency budget which was provided within the 2018-19 budget to reflect the quantum, risk and planning status of the proposed savings for 2018-19.

In July 2018, the Council's Cabinet considered the 2019-20 Budget Strategy. This identified a potential budget reduction requirement totalling £91.4m for the three-year period 2019-20 to 2021-22, with £65.6m of this being required to be made from savings within directorate budgets.

In October 2018, Welsh Government (WG) published the 2019-20 Provisional Local Government Financial Settlement. This indicates that on average, Welsh Authorities will receive a 0.3% decrease in general revenue funding in the next financial year. Individual authority settlements range from funding reductions of 1% to a funding increase of 0.4% for Cardiff.

Following this, the Council has refreshed its budget reduction requirements and, as reported to the Council's Cabinet on 15 November 2018, it is currently forecasting that for 2019-20 it is facing a total budget reduction requirement of £35.2 million. The Council's strategy to address this gap includes directorate savings of £19.4m with over 100 different proposals being required to achieve this.

The 2019-20 Budget Strategy Report considered by Cabinet in July 2018, highlighted that further Directorate savings of approximately £19.3 million and £22.2 million would also be required in 2020-21 and 2021-22 respectively. The Council is yet determine how it is to address the savings required for these two years.

In addition, to finance the Council's Capital Programme where capital expenditure is incurred without a resource to pay for it immediately (e.g. via capital receipts, grants or other contributions), the Council undertakes long term borrowing i.e. its Capital Financing Requirement. The Council's underlying need to borrow has been increasing over recent years and this increase will also need to be repaid from future revenue budgets either from savings, revenue income or Council Tax and Housing Rents.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General has highlighted areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made in his [Annual Improvement Report](#) published in August 2018.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2018-19 accounts or key financial systems

A more detailed report on my grant certification work will follow once this year's programme of certification work is complete.

The financial audit fee for our 2017-18 audit work is currently expected to be in line with the agreed fee set out in the Annual Audit Plan issued in March 2018.

Yours sincerely



Ann-Marie Harkin

Engagement Director

For and on behalf of the Auditor General for Wales

cc. Paul Orders, Chief Executive
Christine Salter, Director of Finance

Appendix 3

National report recommendations 2018-19

Exhibit 2: national report recommendations 2018-19

Summary of proposals for improvement relevant to local government, included in national reports published by the Wales Audit Office, since publication of the last AIR

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Date of report	Title of review	Recommendation
October 2018	<u>Procuring Residual and Food Waste Treatment Capacity</u>	<p>R1 The projections for the three residual waste projects in the Programme assume that, across the 14 councils involved, the overall amount of residual waste will increase through the lifetime of the contracts. If these projections are accurate then something significant would have to occur beyond 2040 to reach zero waste across these council areas by 2050. If the projections are not accurate then there is the risk that councils will pay for capacity they do not need. We recommend that the Welsh Government:</p> <ul style="list-style-type: none"> • in reviewing the Towards Zero Waste strategy, considers how its ambition of there being no residual waste by 2050 aligns with current projections for residual waste treatment; and • works with councils to consider the impact of changes in projections on the likely cost of

Date of report	Title of review	Recommendation
		<p style="text-align: center;">residual waste projects and any mitigating action needed to manage these costs.</p> <p>R2 The Welsh Government's programme support to date has mainly focused on project development and procurement. Now that most of the projects are operational, the focus has shifted to contract management. We recommend that the Welsh Government continue its oversight of projects during the operational phase by:</p> <ul style="list-style-type: none"> • building on its existing model of providing experienced individuals to assist with project development and procurement and making sure input is available to assist with contract management if required; • setting out its expectations of councils regarding contract management; • ensuring partnerships revisit their waste projections and associated risks periodically, for example to reflect updated population projections or economic forecasts; and • obtaining from partnerships basic management information on gate fees paid, amount of waste sent to facilities and quality of contractor service.

Date of report	Title of review	Recommendation
November 2018	<u>Local Government Services to Rural Communities</u>	<p>R1 Socio economic change, poor infrastructure and shifts in provision of key services and facilities has resulted in the residualisation of communities in rural Wales. We recommend that Welsh Government support public bodies to deliver a more integrated approach to service delivery in rural areas by:</p> <ul style="list-style-type: none"> • refreshing rural grant programmes to create sustainable financial structures, with multi-year allocations; and • helping people and businesses make the most of digital connectivity through targeted and more effective business and adult education support programmes. <p>R2 The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales (see paragraphs 2.2 to 2.9 and 2.28 to 2.31). We recommend that PSB public services partners respond more effectively to the challenges faced by rural communities by:</p> <ul style="list-style-type: none"> • assessing the strengths and weaknesses of their different rural communities using the Welsh Governments Rural Proofing Tool and identify and agree the local and strategic actions needed to support community sustainability; and • ensuring the Local Well-Being Plan sets out a more optimistic and ambitious vision for 'place'

Date of report	Title of review	Recommendation
		<p style="text-align: center;">with joint priorities co-produced by partners and with citizens to address agreed challenges.</p> <p>R3 To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). We recommend councils provide a more effective response to the challenges faced by rural communities by:</p> <ul style="list-style-type: none"> • ensuring service commissioners have cost data and qualitative information on the full range of service options available; and • using citizens' views on the availability, affordability, accessibility, adequacy and acceptability of council services to shape the delivery and integration of services. <p>R4 To help sustain rural communities, public services need to act differently in the future (see paragraphs 3.1 to 3.12). We recommend councils do more to develop community resilience and self-help by:</p> <ul style="list-style-type: none"> • working with relevant bodies such as the Wales Co-operative Centre to support social enterprise and more collaborative business models; • providing tailored community outreach for those who face multiple barriers to accessing public services and work;

Date of report	Title of review	Recommendation
		<ul style="list-style-type: none"> • enhancing and recognising the role of town and community councils by capitalising on their local knowledge and supporting them to do more; • encouraging a more integrated approach to service delivery in rural areas by establishing pan-public service community hubs, networks of expertise, and clusters of advice and prevention services; • enabling local action by supporting community asset transfer identifying which assets are suitable to transfer, and having the right systems in place to make things happen; and • improving community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.
November 2018	<u>Waste Management in Wales: Municipal Recycling</u>	<p>R1 Benchmarking work has found that the cost of certain waste management services show surprising variation (paragraphs 1.31-1.39). The Welsh Government should work with councils to understand better the basis of the variation in spending on waste management services that are fundamentally the same and ensure that waste management costs are accounted for in a consistent way.</p> <p>R2 The Welsh Government believes that, if applied optimally, its Collections Blueprint offers the most cost-effective overall means of collecting recyclable resources but is planning</p>

Date of report	Title of review	Recommendation
		<p>further analysis (paragraphs 1.40-1.51). When undertaking its further analysis to understand better the reasons for differences in councils' reported costs, and the impact on costs where councils have adopted the Collections Blueprint, we recommend that the Welsh Government:</p> <ul style="list-style-type: none"> • explores how the cost of collecting dry recyclables may affect the overall cost of providing kerbside waste management services to households; and • compares the actual costs with the costs modelled previously as part of the Welsh Government-commissioned review of the Collections Blueprint for councils that now operate the Collections Blueprint. <p>R3 The Welsh Government has undertaken to consider alternatives to the current weight-based recycling targets which can better demonstrate the delivery of its ecological footprint and carbon reduction goals (paragraphs 2.38-2.45). We recommend that the Welsh Government replace or complement the current target to recycle, compost and reuse wastes with performance measures to refocus recycling on the waste resources that have the largest impact on carbon reduction, and/or are scarce. We recognise that the Welsh Government may need to consider the affordability of data collection for any alternative means of measurement.</p>

Date of report	Title of review	Recommendation
		<p>R4 In refreshing Towards Zero Waste, the Welsh Government needs to show that wider sustainability benefits sought through municipal recycling offer value and cannot be more readily attained in other ways and at lower cost including, but not necessarily limited to, other waste management interventions (paragraphs 2.52-2.53). The Welsh Government should demonstrate in the revised waste strategy that not only is it possible to recycle a greater proportion of municipal waste, but how doing so maximises its contribution to achieving its sustainable development objectives.</p>
November 2018	<p><u>Provision of Local Government Services to Rural Communities: Community Asset Transfer</u></p>	<p>R1 Local authorities need to do more to make CATs (Community Asset Transfers) simpler and more appealing, help build the capacity of community and town councils, give them more guidance in raising finance, and look to support other community development models such as social enterprises that support social value and citizen involvement. In addition, we recommend that local authorities monitor and publish CAT numbers and measure the social impact of CATs.</p> <p>R2 Local authorities have significant scope to provide better and more visible help and support before, during, and after the community asset transfer process. We conclude that there is considerable scope to improve the business planning, preparation, and aftercare for community asset transfer. We recommend that local authorities:</p>

Date of report	Title of review	Recommendation
		<ul style="list-style-type: none"> • identify community assets transfer's role in establishing community hubs, networks of expertise and clusters of advice and prevention services; • work with town and community councils to develop their ability to take on more CATs; • identify which assets are suitable to transfer, and clarify what the authority needs to do to enable their transfer; • ensure their CAT policy adequately covers aftercare, long term support, post transfer support, signposting access to finance, and sharing the learning about works well; and • support community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.
December 2018	<u>The maturity of local government in use of data</u>	<p>R1 Part 1 of the report highlights the importance of creating a strong data culture and clear leadership to make better use of data. We recommend that local authorities:</p> <ul style="list-style-type: none"> • have a clear vision that treats data as a key resource; • establish corporate data standards and coding that all services use for their core data; • undertake an audit to determine what data is held by services and identify any duplicated records and information requests; and

Date of report	Title of review	Recommendation
		<ul style="list-style-type: none"> • create a central integrated customer account as a gateway to services. <p>R2 Part 2 of the report notes that whilst it is important that authorities comply with relevant data protection legislation, they also need to share data with partners to ensure citizens receive efficient and effective services. Whilst these two things are not mutually exclusive, uncertainty on data protection responsibilities is resulting in some officers not sharing data, even where there is agreement to provide partners with information. We recommend that authorities:</p> <ul style="list-style-type: none"> • provide refresher training to service managers to ensure they know when and what data they can and cannot share; and • review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities. <p>R3 In Part 3 of our report, we conclude that adequate resources and sufficient capacity are ongoing challenges. However, without upskilling staff to make better use of data, authorities are missing opportunities to improve their efficiency and effectiveness. We recommend that authorities:</p> <ul style="list-style-type: none"> • identify staff who have a role in analysing and managing data to remove duplication and free up

Date of report	Title of review	Recommendation
		<p>resources to build and develop capacity in data usage; and</p> <ul style="list-style-type: none"> invest and support the development of staff data analytical, mining and segmentation skills. <p>R4 Part 4 of our report highlights that authorities have more to do to create a data-driven decision-making culture and to unlock the potential of the data they hold. We recommend that local authorities:</p> <ul style="list-style-type: none"> set data reporting standards to ensure minimum data standards underpin decision making; and make more open data available.
March 2019	<u>Waste Management in Wales - Preventing waste</u>	<p>R1 Increasing the focus on waste prevention to reflect the overall aims of Towards Zero Waste</p> <p>Available data on the amount of waste produced suggests mixed progress to deliver the Welsh Government's waste prevention targets. We recommend that the Welsh Government:</p> <p>a) revisits the relative priority it gives to recycling and waste prevention as part of its review of Towards Zero Waste;</p> <p>b) sets out clearly the expectations on different organisations and sectors for waste prevention; and</p> <p>c) revisits its overall waste prevention targets and the approach it has taken to monitor them in light of progress to date, examples from other countries and in the context of current projections about waste arising through to 2050.</p>

Date of report	Title of review	Recommendation
		<p>R2 Improving data on commercial, industrial, construction and demolition waste</p> <p>The Welsh Government is a partner in initial work to assess the feasibility of developing a new digital solution to track all waste. If this preferred option does not succeed, we recommend that the Welsh Government works with Natural Resources Wales to explore the costs and benefits of other options to improve non-municipal waste data in Wales, including additional powers to require waste data from businesses.</p> <p>R3 Enhancing producer responsibility and using more legal, financial and fiscal levers</p> <p>The Welsh Government has opportunities to influence waste prevention through legislation and financial incentives. It can also influence changes at UK level where fiscal matters are not devolved. We recommend that the Welsh Government consider whether provisions to extend producer responsibility and the use of financial powers such as grant conditions, fiscal measures and customer charges and incentives, are needed to promote and to prioritise waste prevention.</p>
June 2019	<u>The effectiveness of local planning authorities in Wales</u>	R1 Part 1 of the report sets out the complexities of the planning system showing how challenging it is for local planning authorities to effectively engage with and involve stakeholders in choices and decisions. To

Date of report	Title of review	Recommendation
		<p>improve involvement with stakeholders and ownership of decisions we recommend that:</p> <ul style="list-style-type: none"> • local planning authorities: <ul style="list-style-type: none"> – test current engagement and involvement practices and consider the full range of other options available to ensure involvement activities are fit for purpose; – use ‘Place Plans’ as a vehicle to engage and involve communities and citizens in planning choices and decision making; and – improve transparency and accountability by holding planning meetings at appropriate times, rotating meetings to take place in areas which are subject to proposed development, webcasting meetings and providing opportunities for stakeholders to address committee meetings. • Welsh Government: – review the Development Management Procedure Order 2012 and update the engagement and involvement standards for local planning authorities. R2 <p>R2 Part 2 of the report highlights that local planning authorities have been subject to significant reductions in funding and struggle to deliver their statutory responsibilities. To improve resilience, we recommend that local planning authorities:</p> <ul style="list-style-type: none"> • review their building control fee regimes to ensure the levels set, better reflect the actual cost of providing these services and make the service self-funding; and

Date of report	Title of review	Recommendation
		<ul style="list-style-type: none"> • improve capacity by working regionally to: <ul style="list-style-type: none"> – integrate services to address specialism gaps; – develop joint supplementary planning guidance; and – develop future local development plans regionally and in partnership with other local planning authorities. <p>R3 Part 2 of the report highlights that the cost of development control services is not reflected in the charges set for these services and progress in developing regional responses to strengthen resilience has been slow. We recommend that the Welsh Government:</p> <ul style="list-style-type: none"> • reviews development control fees to ensure the levels set, better reflect the actual cost of providing these services; and • consider how to use the powers in the Planning (Wales) Act to support and improve local planning authority capacity and resilience. <p>R4 Part 3 of the report summarises the effectiveness and impact of local planning authorities' decision making and how well they are performing against national measures. We recommend that local planning authorities improve the effectiveness of planning committees by:</p> <ul style="list-style-type: none"> • reviewing their scheme of delegation to ensure planning committees are focussed on the most important strategic issues relevant to their authority;

Date of report	Title of review	Recommendation
		<ul style="list-style-type: none"> • revising reporting templates to ensure they are clear and unambiguous to help guide decision making and reduce the level of officer recommendations overturned; and • enforcing the local planning authorities' standards of conduct for meetings. <p>R5 Part 4 of the report identifies the central role of planning to delivering the ambitions of the Wellbeing of Future Generations Act. We recommend that local planning authorities:</p> <ul style="list-style-type: none"> • set a clear ambitious vision that shows how planning contributes to improving wellbeing; • provide planning committee members with regular and appropriate wellbeing training and support to help deliver their wider responsibilities; • set appropriate measures for their administration of the planning system and the impact of their planning decisions on wellbeing; and • annually publish these performance measures to judge planning authorities impact on wellbeing.
September 2019	<u>The 'front door' to adult social care</u>	<p>Improving access to the front door</p> <p>R1 Part 1 of the report sets out how authorities promote access to the 'front door' and provide information, advice and assistance to help people to improve their wellbeing and prevent their needs from deteriorating. To improve awareness of the front door we recommend that:</p>

Date of report	Title of review	Recommendation
		<ul style="list-style-type: none"> • local authorities: <ul style="list-style-type: none"> - review their current approaches, consider their audience, and ensure that good-quality information is made available in a timely manner to avoid needs deteriorating and people presenting for assistance in 'crisis'; - work in partnership with public and third-sector partners to help ensure people accessing via partner referrals, or other avenues, are given the best information to help them; - ensure that advocacy services are commissioned and proactively offered to those who need them at first point of contact; and - to take local ownership and lead on the co-ordination and editing of local information published on Dewis Cymru locally. • The Welsh Government: <ul style="list-style-type: none"> - improve carers' awareness and understanding of their rights to be assessed for their own care and support needs, aimed at generating demand for local authorities' preventative services; and - undertake a full evaluation of the role of Dewis Cymru in the wider implementation of the Act and use the data gained to build on its potential as a national information sharing portal. <p>Investing in prevention and understanding impact</p> <p>R2 Part 2 of the report highlights weaknesses in authorities' assurance of the availability and quality of third-sector, preventative, community based services that they signpost people to. We recommend that:</p>

Date of report	Title of review	Recommendation
		<ul style="list-style-type: none"> • local authorities: <ul style="list-style-type: none"> - map the availability of preventative services in their area to better understand current levels of provision and identify gaps and duplication; - involve third-sector partners in co-producing preventative solutions to meet people’s needs and ensure people have equitable access to these services; - work with third-sector partners to tailor and commission new services where gaps are identified; and - work with partners to improve data to evaluate the impact of preventative services on individuals and the population more generally. • Welsh Government: <ul style="list-style-type: none"> - improve the cost evaluation in relation to the impact of the Act in a national context, and support local authorities to ensure that the desired impact of prevention on overall social-care expenditure becomes a demonstratable reality. <p>As part of our report, we also published an interactive data tool, short film and an infographic about carers’ stories. These are available on our website here.</p>

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Well-being of Future Generations: An Examination of 'Develop and Launch a New Transport and Clean Air Vision for the City' – **Cardiff Council**

Audit year: 2018-19

Date issued: July 2019

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The team who delivered the work comprised Jeff Brown and Ron Price under the direction of Sara-Jane Byrne.

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The Council now needs to embed a consistent understanding and application of the principle and five ways of working in its endeavours to improve outcomes for its citizens.

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Summary report

Summary

Why we undertook the Examination

1 In accordance with the Well-being of Future Generations (Wales) Act 2015 (the Act) the Auditor General for Wales (the Auditor General) is statutorily required to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when:

- a. setting their wellbeing objectives; and
- b. taking steps to meet them.

The Act defines the sustainable development principle as acting in a manner: '...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'.

2 The Auditor General must provide a report on his examinations to the National Assembly for Wales at least a year before each Assembly election. The first such report must be published by 2020, before the 2021 Assembly election.

3 During 2018-19 the Auditor General is undertaking examinations across the 44 bodies covered by the Act to inform his report to the National Assembly.

4 In May 2018, the Auditor General published his report, **Reflecting on Year One – How have public bodies responded to the Well-being of Future Generations Act (2015)**. He concluded that, public bodies support the principles of the Act and are taking steps to change how they work.

5 In developing our approach to undertaking the examinations during 2018-19 we engaged with a range of stakeholders including through our pilot work during 2017-18. We also worked closely with the Future Generations Commissioner.

6 As the preliminary work in year one included a consideration of how public bodies had set their wellbeing objectives the principal focus of this work is the way in which public bodies are taking steps to meet their wellbeing objectives.

7 The findings in this report are based on fieldwork that we undertook during the period February 2019 to March 2019.

8 This report sets out our findings from our examination of 'Develop and launch a new Transport and Clean Air Vision for the City', a step the Council is taking to meet its wellbeing objectives.

9 It also sets out the Council's initial response to our findings.

What we examined

- 10 We examined the extent to which the Council is acting in accordance with the sustainable development principle in developing and launching a new Transport and Clean Air Vision for the City. The scope of our examination included the publication of a Green Paper on Transport and Clean Air in March 2018 containing 18 'big ideas' for the future of transport in the City. The Green Paper was subject to three months' public consultation.
- 11 In order to act in accordance with the sustainable development principle, public bodies must take account of the following 'ways of working'.

Exhibit 1: the 'five ways of working'

The table below sets out the 'five ways of working' as defined in the Welsh Government's **Well-being of Future Generations (Wales) Act 2015 The Essentials**¹ document.

The Five Ways of Working
Long term The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
Prevention How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
Integration Considering how the public body's wellbeing objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
Collaboration Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its wellbeing objectives.
Involvement The importance of involving people with an interest in achieving the wellbeing goals, and ensuring that those people reflect the diversity of the area which the body serves.

- 12 Our examination found that: The Council has incorporated the sustainable development principle in its approach to developing the vision for Transport and Clean Air in Cardiff. The Council now needs to embed a consistent understanding and application of the principle and five ways of working in its endeavours to improve outcomes for its citizens.

¹ Welsh Government, **Well-being of Future Generations (Wales) Act 2015 The Essentials**, 2015

Detailed report

Part One: examination findings

The Council has a good understanding of current and future need. However, the potential impact of the Metro and the Council's other priorities should be factored into any long-term interventions

What we looked for

- 13 We looked for evidence of:
- a thorough understanding of current and long-term needs and the associated challenges and opportunities;
 - planning over an appropriate timescale;
 - resources allocated to ensure long-term benefits; and
 - appropriate monitoring and review.
- 14 Our examination was also informed by the positive indicators for the 'long term' that we have identified and used as part of this examination.²

What we found

- 15 We identified the following strengths:
- good use of modelling data looking at how future interventions will impact on air quality and economic impacts;
 - sustainable travel agenda set in the context of long term aspirations, behaviour change and planning;
 - examples of current successes in its approach to future proofing active and sustainable travel;
 - separate Annual Transport Survey used to develop the Council's understanding of current and future need, risks and trends; and
 - developers held to account to provide more sustainable travel provision.
- 16 We identified the following areas for improvement:
- comparison with other cities and clarity about national and international solutions should be more explicit in developing long-term sustainable solutions;

² See Appendix 1

- to fully articulate the interdependencies between the long-term sustainable transport plans for the City and the successful implementation of the Metro; and
- consider how well long-term budget setting decisions reflect the Council's priorities such as the impact on sustainable travel.

Prevention activity is at the centre of the Green Paper with targets established to monitor the impact of preventative interventions and solutions

What we looked for

- 17 We looked for evidence of:
- a thorough understanding of the nature and type of problem the step could help prevent from occurring or getting worse;
 - resources allocated to ensure preventative benefits will be delivered; and
 - monitoring and review of how effectively the step is preventing problems from occurring or getting worse.
- 18 Our examination was also informed by the positive indicators for 'prevention' that we have identified and used as part of this examination.³

What we found

- 19 We identified the following strengths:
- the Council has committed resources to the achievement of more sustainable forms of transport in and around the City to prevent deaths from poor air quality and prevent road congestion and the impact on economic development;
 - the Council has a clear understanding of the public health issues and the longer-term impact of climate change on health that could be prevented by a focus on active healthy travel; and
 - targets to address the root causes of poor air quality, arising from congestion, have been established in the Cardiff Wellbeing Plan, which will be monitored on an annual basis.
- 20 We identified the following areas for improvement:
- prioritised phasing of developments, such as cycle routes, bus lanes and sustainable public transport early enough in the construction of new housing developments to prevent reliance on car use from the outset;

³ See Appendix 1

- targeting of prevention activity on the areas of the City where air quality is worst; and
- explore the robustness of the range of measures currently used to monitor the impact of its sustainable travel and clean air quality interventions.

There is clear integration of the sustainable development principle in the Council's policy priorities focussing on critical public health issues and sustainable transport solutions but there is scope to strengthen its approach to integration, for example with neighbouring councils

What we looked for

21 We looked for evidence of consideration of:

- how this step could contribute to the seven national wellbeing goals;
- how delivery of this step will impact on the Council's wellbeing objectives and wider priorities; and
- how delivery of this step will impact on other public bodies' wellbeing objectives.

What we found

22 We identified the following strengths:

- clear integration at policy level between Capital Ambition, the Council's Corporate Plan, National Goals, local Wellbeing Objectives and the Cardiff and Vale Area Plan to achieve a 'Shift to more sustainable forms of transport';
- a Cabinet Clean Air Strategy Group was established to ensure an integrated approach to the issue across Council activities;
- integration of LDP growth agenda into a focus on communities and better infrastructure to enable sustainable travel and achieve modal split; and
- working with schools on an active basis to encourage active travel.

23 We identified the following areas for improvement:

- unclear how Cardiff has integrated its transport plans with neighbouring councils to reduce car travel volumes into the Capital;
- dependence on the Metro brings challenges around aligning and integrating plans in the long term; and
- ensure the integration with other long-term infrastructure plans such as the south east corridor.

24 Our examination was also informed by the positive indicators for 'integration' that we have identified and used as part of this examination.⁴

The Council is collaborating with PSB partners to develop long-term solutions for active travel and public health. The Council would benefit from introducing a similar approach to collaboration with other Capital Region Councils

What we looked for

- 25 We looked for evidence that the Council:
- has considered how it could work with others to deliver the step (to meet its wellbeing objectives, or assist another body to meet its wellbeing objectives);
 - is collaborating effectively to deliver the step; and
 - is monitoring and reviewing whether the collaboration is helping it or its stakeholders meet wellbeing objectives.

What we found

- 26 We identified the following strengths:
- robust and well developed relationships with PSB partners have given rise to progressive and innovative agreements with PSB partners to establish organisational active travel targets;
 - recognition of the wider health implications of poor air quality and mature collaborative working with Public Health Wales to establish the evidence and build interventions in a co-productive approach; and
 - collaboration with Transport for Wales to consider and collaborate on sustainable transport solutions along with the Welsh Government.
- 27 We identified the following areas for improvement:
- the role of Cardiff Capital Region Transport Authority is still developing. The Council needs to build on these emerging regional arrangements as a means to ensuring that collaboration with other Capital City region councils effectively addresses the impact of car congestion;
 - public health input should continue during the development of the White Paper;
 - work with Natural Resources Wales to establish how they can contribute to the Transport and Clean Air Vision; and
 - the role of Cardiff Capital Region Transport Authority is still developing.

⁴ See Appendix 1

28 Our examination was also informed by the positive indicators for 'collaboration' that we have identified and used as part of this examination.⁵

Extensive, independent and well-resourced consultation process undertaken with significant response to the 'Big Ideas'. However, there is scope for clearer involvement of the full diversity of citizens in the design of interventions

What we looked for

- 29 We looked for evidence that the Council has:
- identified who it needs to involve in designing and delivering the step;
 - effectively involved key stakeholders in designing and delivering the step;
 - used the results of involvement to shape the development and delivery of the step; and
 - sought to learn lessons and improve its approach to involvement.

What we found

- 30 We identified the following strengths:
- the Council commissioned Sustainable Development consultants 'Cynnal Cymru' to independently prepare and facilitate engagement;
 - active engagement with schools and education establishments, both in influencing and changing behaviour and in producing active travel plans; and
 - extensive use of social media to highlight congestion, air quality and mitigating effects and distributed electronically to the Cardiff Citizens Panel (approximately 6,000 members).
- 31 We identified the following areas for improvement:
- ensuring that the full diversity of citizens would be involved in the design of the interventions and clean air mitigation factors;
 - opportunities to ensure the full diversity of stakeholders are represented. There is scope to engage with groups such as hearing-impaired loss groups and taxi drivers. and
 - opportunities to involve citizens at a local level in co-production and designing of interventions.

⁵ See Appendix 1

Part Two: Cardiff Council's response

32 Following the conclusion of our fieldwork we presented our findings to the Council at a workshop on 31 May 2019 that was attended by senior officers from the Planning Transport and Environment Directorate, officers with responsibilities for Research Communications and Policy and a representative from public health. At this workshop the Council began to consider its response to our findings and as a result of discussions at the workshop and further reflection on our findings the Council has developed the following actions.

Exhibit 2: Cardiff Council Actions, June 2019

Area of Development	Management Response	Responsible Team/Officer	Agreed Date of Delivery
<p>Long term – The Council has a good understanding of current and future need. However, the potential impact of the Metro and the Council's other priorities should be factored into any long-term interventions.</p>	Benchmarking of transport solutions with national and international cities.	Transport Policy Team	Ongoing
	Fully articulate in the White Paper the interdependencies between the long-term transport plans for the City and the successful implementation of the Metro.	Director of Planning, Transport and Environment	September 2019
	Work with the Welsh Government, Cardiff City Region and partners supported by Cardiff Council match funding to ensure long-term investment in sustainable travel behaviour change activities and initiatives.	Transport Teams	Ongoing

Area of Development	Management Response	Responsible Team/Officer	Agreed Date of Delivery
<p>Integration – There is clear integration of the sustainable development principle in the Council’s policy priorities focussing on critical public health issues and sustainable transport solutions, but there is scope to strengthen its approach to integration, for example with neighbouring councils</p>	<p>Ensure that the White Paper is explicit that in order to reduce car travel into Cardiff the transport plans for Cardiff, City Region and nationally will be interdependent.</p>	<p>Director of Planning, Transport and Environment</p>	<p>September 2019</p>
	<p>Ensure that the White Paper is specific about how the aspirations of the Well-being of Future Generations Act will be supported and the five ways of working applied.</p>	<p>Director of Planning, Transport and Environment</p>	<p>September 2019</p>
	<p>Build upon emerging city-regional governance arrangements, alongside the Welsh Government, Transport for Wales and key stakeholders to agree priorities for transport and land use investment in the Capital Region.</p>	<p>Transport Teams</p>	<p>Ongoing</p>
<p>Involvement – Extensive, independent and well-resourced consultation process undertaken with significant response to the ‘Big Ideas’. However, there is scope for clearer involvement of the full diversity of citizens in the design of interventions.</p>	<p>Create opportunities for the full diversity of stakeholders and under-represented groups to be involved in the design of transport interventions.</p>	<p>Transport Teams</p>	<p>Ongoing</p>
	<p>Establish tailored and iterative design processes for co-production of transport schemes and initiatives that provide opportunities for citizen involvement.</p>	<p>Transport Teams</p>	<p>Ongoing</p>

Area of Development	Management Response	Responsible Team/Officer	Agreed Date of Delivery
<p>Collaboration – The Council is collaborating with PSB partners to develop long-term solutions for active travel and public health. The Council would benefit from introducing a similar approach to collaboration with other Capital Region Councils.</p>	<p>Build upon emerging city-regional governance arrangements, alongside the Welsh Government and Transport for Wales to enable modal shift, capitalising on the Cardiff Metro investments.</p>	<p>Transport Teams</p>	<p>Ongoing</p>
	<p>Explore opportunities to build upon the existing relationships with Natural Resources Wales through the Public Services Board, Air Quality Forum and Schools Monitoring Programme.</p>	<p>Director of Planning, Transport and Environment and Transport Teams</p>	<p>Ongoing</p>
	<p>Continue to work with Public Health Wales during the preparation of the White Paper.</p>	<p>Director of Planning, Transport and Environment</p>	<p>Ongoing</p>
<p>Prevention – Prevention activity is at the centre of the Green Paper with targets established to monitor the impact of preventative interventions and solutions.</p>	<p>Prepare a monitoring strategy that identifies the effectiveness of sustainable travel and air quality interventions and quantifies the variance and accuracy in the measures.</p>	<p>Transport Teams</p>	<p>September 2019</p>
	<p>Continue to plan and monitor the prioritised phasing of sustainable transport interventions for new developments to prevent reliance on car use from the outset.</p>	<p>Transport and Planning Teams</p>	<p>Ongoing</p>
	<p>Continue to target sustainable and active travel interventions where the air quality is worst.</p>	<p>Transport Teams</p>	<p>Ongoing</p>
	<p>Expand messaging on the benefits to health and the environment being key rationales for modal shift.</p>	<p>Communications and Media Team/Transport Teams</p>	<p>Ongoing</p>

- 33 We will continue to monitor the Council's progress in implementing these actions, and the extent to which they address the issues we have identified in our findings.

Appendix 1

Positive Indicators of the Five Ways of Working

The table below sets out 'positive indicators' for each of the five ways of working that we have identified and will use to help inform our assessments of the extent to which bodies may be applying the Sustainable Development Principle (SDP). We do not intend to use the indicators as a 'checklist'. They should be viewed as 'indicators' that will help us to form conclusions, rather than 'determinants' of the extent to which a body is acting in accordance with the SDP in taking steps to meet its wellbeing objectives.

Exhibit 3: Positive Indicators of the Five Ways of Working

What would show a body is fully applying the long-term way of working?

- There is a clear understanding of what 'long term' means in the context of the Act.
- They have designed the step to deliver the wellbeing objective/s and contribute to their long-term vision.
- They have designed the step to deliver short or medium-term benefits, which are balanced with the impact over the long term (within the project context).
- They have designed the step based on a sophisticated understanding of current and future need and pressures, including analysis of future trends.
- Consequently, there is a comprehensive understanding of current and future risks and opportunities.
- Resources have been allocated to ensure long-term as well as short-term benefits are delivered.
- There is a focus on delivering outcomes, with milestones/progression steps identified where outcomes will be delivered over the long term.
- They are open to new ways of doing things which could help deliver benefits over the longer term.
- They value intelligence and pursue evidence-based approaches.

What would show a body is fully applying the preventative way of working?

- The body seeks to understand the root causes of problems so that negative cycles and intergenerational challenges can be tackled.
- The body sees challenges from a system-wide perspective, recognising and valuing the long-term benefits that they can deliver for people and places.
- The body allocates resources to preventative action that is likely to contribute to better outcomes and use of resources over the longer term, even where this may limit the ability to meet some short-term needs.
- There are decision-making and accountability arrangements that recognise the value of preventative action and accept short-term reductions in performance and resources in the pursuit of anticipated improvements in outcomes and use of resources.

What would show a body is taking an 'integrated' approach?

- Individuals at all levels understand their contribution to the delivery of the vision and wellbeing objectives.
- Individuals at all levels understand what different parts of the organisation do and proactively seek opportunities to work across organisational boundaries. This is replicated in their work with other public bodies.
- Individuals at all levels recognise the cross-organisation dependencies of achieving the ambition and objectives.
- There is an open culture where information is shared.
- There is a well-developed understanding of how the wellbeing objectives and steps to meet them impact on other public sector bodies.
- Individuals proactively work across organisational boundaries to maximise their contribution across the wellbeing goals and minimise negative impacts.
- Governance, structures and processes support this, as do behaviours.

What would show a body is collaborating effectively?

- The body is focused on place, community and outcomes rather than organisational boundaries.
- The body has a good understanding of partners' objectives and their responsibilities, which helps to drive collaborative activity.
- The body has positive and mature relationships with stakeholders, where information is shared in an open and transparent way.
- The body recognises and values the contributions that all partners can make.
- The body seeks to establish shared processes and ways of working, where appropriate.

What would show a body is involving people effectively?

- Having an understanding of who needs to be involved and why.
- Reflecting on how well the needs and challenges facing those people are currently understood.
- Working co-productively, working with stakeholders to design and deliver.
- Seeing the views of stakeholders as a vital source of information that will help deliver better outcomes.
- Ensuring that the full diversity of stakeholders is represented and they are able to take part.
- Having mature and trusting relationships with its stakeholders where there is ongoing dialogue and information is shared in an open and transparent way.
- Ensure stakeholders understand the impact of their contribution.
- Seek feedback from key stakeholders which is used to help learn and improve.

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Cardiff Council

Work Programme update 2018-19/2019-20

Performance Audit work

Tudalen 179

2018-19 Performance Audit Work	Scope	Status
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'	Final issued to Council 11 October 2019
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principles when taking the following step: "Develop and launch a new Transport and Clean Air Vision for the City' which sits under the Council's Well-being objective of 'Cardiff grows in a resilient way'.	Complete. Final report issued 22 nd July 2019
Environmental health	Review of the arrangements the Council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies. The review will seek to answer the question: Is the Council's environmental health service continuing to deliver its statutory obligations given the financial challenges?	Complete Final report issued 17 September 2019. Due to go to the November Environment scrutiny committee

Corporate safeguarding arrangements	Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.	Complete. Final report issued 27 th June 2019 Presented to CYP Scrutiny Committee 24 th September 2019
2019-20 Performance Audit Work	Scope	Status
Improvement Plan audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.	Final Certificate issued 11 th April 2019
Performance audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to set improvement objectives.	Final Certificate issued 20 th August 2019
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'	July 2020
Assurance and risk assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.	Underway
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its Priority for 2019-20 is to Support Sports, Leisure, Culture and Green Spaces.	Report being drafted.
Financial Sustainability	The project will seek to assess the sustainability of councils' short to medium-term financial position. This will include a focus on reviewing financial 'indicators' of each council's financial position in relation to: <ul style="list-style-type: none"> • Performance against budget • Delivery of savings plans 	Interviews arranged for November. Self Assessment received from Council.

	<ul style="list-style-type: none"> • Use of reserves • Council tax • Borrowing 	
Waste Management/recycling	A project to look at the pressures in this area and understand the Council's plans to improve performance.	Planning
Social Services budget and cost pressures	A project to look at social services budgetary and cost pressures.	Planning
2018-19 Local Government Studies	Scope	Status
First point of contact assessments under the Social Services and Well-being (Wales) Act 2014	<p>The Welsh Government introduced the Social Services and Well-being (Wales) Act 2014 (the 2014 Act), which focuses on reforming and simplifying the law relating to social services. The 2014 Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review first point of contact and assessments for adult social care.</p> <p>Detailed fieldwork in five local authorities. We are planning to undertake fieldwork in Cardiff City Council, Denbighshire County Council, Merthyr Tydfil County Borough Council, Pembrokeshire County Council and Carmarthenshire County Council</p>	Published 12 th September 2019 Here
Tackling violence against women, domestic abuse and sexual violence	In 2015 the Welsh Government passed the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act (the 2015 Act). The overarching objective of the 2015 Act is to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventative, protective and supportive mechanisms in the delivery of services. The review will focus	Due to be published November 2019

	<p>on determining whether local authorities and their partners are effectively working together to prevent gender-based violence and domestic abuse, and protecting all of the people involved.</p> <p>Our fieldwork sites are Swansea City and County Council, Conwy County Borough Council, Flintshire County Council, Rhondda Cynon Taff County Borough Council, South Wales Police and South Wales Fire and Rescue Authority</p>	
<p>Planning Services: Improving the wellbeing of Wales</p>	<p>Planning services are an important part of the democratic jigsaw that allows the detailed consideration of proposals to improve the economic prospects of the nation. Good planning decisions can have a positive impact on the wellbeing of people and places. Poor planning decisions can have a detrimental impact on people’s wellbeing and can stifle economic development. This study will provide independent assurance that planning authorities are supporting sustainable development and delivering for the future long-term wellbeing of their communities and for Wales</p> <p>We are planning to undertake fieldwork in Bridgend County Borough Council, Gwynedd County Council, Newport City Council, Torfaen County Borough Council and Ceredigion County Council.</p>	<p>Published 6th June 2019</p> <p>LINK to Published report</p>
<p>2019-20 Local Government Studies</p>	<p>Scope</p>	<p>Status</p>
<p>Review of Public Service Boards and the effectiveness of partnership working</p>	<p>This review will provide assurance and insight on how well PSBs are delivering the expectations of the Well-being of Future Generations Act, and by working together in tackling complex hard to shift problems. This includes examining the practicalities of joint working, what resources are being used, whether current arrangements are fit for purpose, and what needs to change.</p> <p>This review will also allow us to identify how decisions are communicated to partners and the public and whether</p>	<p>Report published 8 October 2019</p> <p>Link to published report</p>

	<p>decisions are transparent to help build a picture of how relationships work in reality.</p> <p>We will undertake fieldwork looking at how partners recognise and deal with problems of rough sleeping including public and voluntary bodies in three areas – Cardiff, Swansea and Wrexham.</p>	
<p>The impact of austerity on discretionary services in local government</p>	<p>The focus of the study is to provide independent assurance by looking at councils approaches to sustaining discretionary services and identify if councils are ensuring changes in provision or cessation of activity do not adversely impact future generations or those with protected characteristics.</p> <p>The study will provide insight on an issue that is much talked about but not well evidenced and provides us with a good opportunity to comment on services which are much valued by citizens across Wales. The review will take a strong focus on risk management and consider how well councils manage the transition from direct service providers towards a different role based on what will be affordable in the future.</p>	<p>Data tool being developed</p>
<p>Commercialisation in local government</p>	<p>Our review will focus on producing good practice case studies and support materials to help authorities develop their approaches to commercialisation. This will cover the key building blocks required to effectively manage commercialisation.</p> <p>The study will comment on long-term approaches to financial sustainability and how commercial activity supports organisations to deliver their wider wellbeing objectives and corporate priorities. Given commercialisation should have a strong ethical focus we are likely to touch on equality issues and we will provide a commentary on how public bodies collectively are responding to ensuring fairness and accountability for commercial ventures.</p>	<p>Fieldwork being set up</p>

National Studies	Update and link to report
Integrated care fund	Published 18 th July 2019 LINK
Reflecting on Year One – Well-being of Future Generations Act	Published 10 th May 2018 LINK
Waste management	Recycling module (published Link); waste prevention (published Link) and waste treatment infrastructure modules (published Link)
Managing the Impact of Brexit on the Rural Development Programme	Published November 28 th November 2018 Link
European Structural Funds Programme 2014-2020	Published August 2018 Link
Primary care services in Wales	Published Oct 2019 Link
Preparations in Wales for a no-deal Brexit – follow-up letter	Published Sept 2019 Link
Public spending trends in Wales 1999-00 to 2017-18	Published Oct 2019 Link

CARDIFF COUNCIL CYNGOR CAERDYDD

AUDIT COMMITTEE:

12 NOVEMBER 2019

TREASURY PERFORMANCE REPORT – POSITION AT 30 SEPTEMBER 2019; REVIEW OF TREASURY FUNCTION AND BENCHMARKING

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 10.1

Appendix 1, 2, 3 and 4 of this report are not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

Reason for this Report

1. The Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices.
2. This report has been prepared to provide Audit Committee Members with performance information and a position statement on Treasury Management as at 30 September 2019 – Appendix 1
3. Audit committee have previously requested information from officers to support the effectiveness or otherwise of the Treasury Function operated by the Council and relevant officers. This report also provides additional information to committee in the form of:
 - An evaluation undertaken by an external Treasury Management expert on governance and compliance with codes of practice. This is in the form of a Compliance, Evidence, Delivery and Review (CEDR) Report – Appendix 2
 - Summary of the findings of the periodic internal audit review of the Treasury function which primarily covered internal controls – Appendix 3
 - Treasury Management benchmarking information collated by officers to support committee, albeit highlighting the risks of comparison – Appendix 4

The intention for this report is to support the work and core knowledge of the Audit Committee and meet some of the key requirements of scrutiny, including the following as extracted from the CIPFA practical guide for Audit Committees (2018):

- reviewing the treasury management policy and procedures to be satisfied that controls are satisfactory
- reviewing the treasury risk profile and adequacy of treasury risk management processes

- reviewing assurances on treasury management (for example, an internal audit report, external audit or other review).

Treasury Performance Report 30 September 2019

4. **Appendix 1** provides the Committee with position statements on investments and borrowing at 30 September 2019.

Performance

5. At 30 September 2019, investments total £98.6 million. The budgeted level of interest receivable from treasury investments is circa £900,000 based on current cash flow and interest rate assumptions. This is primarily as a result of timing of cash flows as well as interest on funds held on behalf of others.
6. Borrowing is £726.2 million, with the average rate being 4.50%. The total interest forecast to be payable is shown as that initially budgeted, £32.8 million and includes interest payable by the Housing Revenue Account.
7. The forecast level of internal borrowing at 31 March 2020 is £56 million, however this is subject to the level of capital expenditure and funding of that expenditure at the end of the year as well as the timing and quantum of external borrowing.

Investments

8. Pages 2 and 3 of Appendix 1 considers the position on investments. The charts on the Performance Report show the position at a point in time and investments continue to be closely monitored.
9. The current investments list details each investment, the interest rate, the start date and maturity date. They also link this back to the credit criteria approved by Council in February 2019 by a colour coding which indicates the perceived strength of the organisation.
10. The balance of investments is at a point in time and will fluctuate depending on the timing of income and expenditure e.g. payments to suppliers, receipt of grants, capital receipts etc.
11. The charts that surround this table provide additional information and the key areas to highlight are shown below.
 - **Counterparty Exposure** displays actual investment against the maximum permitted directly with an organisation. It should be noted that Coventry Building Society will be removed from the lending list on maturity of deposits.
 - **Remaining Maturity Profile of Investments.** Maturities of investments have been spread to achieve a balanced profile.
 - **Investments by Institution.** This expresses the investments held with different institutions as a percentage of the total. It can be seen that investments remain diversified over a number of organisations.

- **Geographic Spread of Investments** as determined by the country of origin of relevant organisations. All countries are rated AA and above as per our approved criteria.
- **Investments by Financial Sector.** The majority of investments are with banks.

Borrowing

12. During the year to date, Welsh Government Repayable Loan funding of £2.810 million at nil interest has been received and is to be used specifically for town centre regeneration schemes in Butetown and Grangetown. In addition £5m of long term PWLB loans have been taken in September and a further £5m has been taken in early October towards part of the Council's overall borrowing requirement. This was as outlined in the previous performance report considered by Committee. Maturing loans of £3.51 million have been repaid.
13. The borrowing was undertaken as significant uncertainty in the UK financial markets, primarily as a result uncertainty in relation to Brexit, resulted in reduced borrowing rates as such rates are based on government gilt yields.
14. Whilst market movements cannot be predicted and uncertainty still remained, an opportunity to lock in to rates available was taken.

PWLB Rate Change

On the 9th October 2019, PWLB changed their lending policy with immediate effect, increasing the interest rate at which local authorities can borrow from them. An extract from their letter to all local authorities is below:

PWLB lending is offered at a fixed margin above the Government's cost of borrowing, as measured by gilt yields. The Treasury raised the margin over gilts to 100bps (one percentage point) in 2010, to better reflect the availability of capital finance, and lowered it to 80bps over gilts in 2013 for qualifying authorities.

Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is therefore restoring interest rates to levels available in 2018, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms.

This restoration of normal PWLB lending rates will apply to all new loans with immediate effect. The Government will monitor the impact of this change and keep rates policy under review.

The impact of this change on the Council will continue to be monitored closely.

Compliance, Evidence, Delivery and Review (CEDR) of Treasury Function

The purpose of the CEDR report is to undertake an independent examination of the following: -

- **Compliance:** do your policies / procedures comply with the CIPFA Code of Practice on Treasury Management, the CIPFA Prudential Code and Welsh Government investment guidance?
- **Evidence:** can you provide evidence to internal / external scrutiny that the above is the case?
- **Delivery:** how do your policies, procedures and level of staffing impact on the delivery of your treasury function?
- **Review:** following the outcomes of this health check will you review your processes and approach to how you do treasury management?

This report is intended to help those involved in monitoring the treasury management function, whether senior management, members, external auditors or internal auditors to gain insight into the way in which treasury management is carried out in the organisation. It is also intended to help in identifying areas where the treasury management function could be improved and strengthened and in most local authorities, it is likely that a health check of this nature will find such areas which, at the least, would be worth reviewing.

The report is attached at **Appendix 2** and has been undertaken by an individual independent of the authority with significant experience of Treasury Management in Local authorities as well having done similar reviews in other authorities throughout the UK. This looks independently at the team's skills, compliance with best practice, required regulations and professional guidance. The approach taken in the report generally is not to comment on an area if it is being done satisfactorily.

Where suggested areas of improvement have been identified in the report, options to take these forward will be considered by officers as part of future changes in policies and practices or have already been implemented as part of planned updates to policies and training such as Anti Money Laundering (AML). A review of the AML policy was underway at the time of the independent examination, and the new policy will meet all requirements.

Internal and external Audit Review

At its meeting of January 2019, Audit Committee requested and was provided with '*A briefing on the internal and external audit arrangements in place for Treasury Management.*'

The periodic internal audit review of the treasury management function was undertaken in the second quarter of the financial year. The report provided a level of assurance that was "Effective with opportunity for improvement". As well as compliance with requirements, this report will have looked at internal controls and systems in place for the Treasury team in which to operate. No internal control concerns were reported, and recommendations were consistent with those from the CEDR review. These are outlined in **Appendix 3**.

Any accepted recommendation will be taken forward in line with timescales set in the management response to recommendations.

No amending issues were raised as part of the Wales Audit Office external audit of the Council's Statement of Accounts for 2018/19 in relation to Treasury Management.

Data collection and Treasury Management Benchmarking

As part of their work, treasury management officers, have regularly taken opportunities to benchmark performance where there is a benefit to do so. This includes analysis of CIPFA statistics, Treasury Benchmarking Clubs as well as benchmarking activities offered by Treasury advisors. Audit committee received a report on borrowing benchmarking in 2018 as part of a previous performance report.

Whilst officers have analysed available data and undertaken their own research from publicly available data or data supplied to us in confidence in most cases, the risks of such comparison need to be acknowledged. Whilst ratios determined from local authority accounts can be useful to support benchmarking, scrutiny and challenge, there are significant risks to such comparison. The accuracy of data has not been reviewed and has not been confirmed with other local authorities. As such this data should not be quoted externally in accordance with the confidentiality of the appendix.

Some data collection and benchmarking in respect to treasury management is included in **Appendix 4** and split into the following for Committee to note:

- Risks of comparison
- Investments – Types of investment and return
- Borrowing – Types of borrowing, interest and maturity
- Capital Financing Requirement and updates on further work on ratio's being undertaken by Wales Audit Office, which will in due course provide information requested by audit committee on comparison of capital financing costs as a percentage of revenue budgets.

A previous request from Audit Committee was to review the availability of benchmarking data on Capital Financing Costs as a percentage of budget, and to highlight any risks of comparison in a future report. As this is part of a current Wales Audit Office exercise to capture a number of indicators of financial resilience across Welsh Authorities, this action will be captured as part of the output of that work expected in January / February 2020.

Reason for Report

15. To provide Audit Committee Members with a performance position statement at 30 September 2019 as well as other information to assess the effectiveness of the Treasury Function.

Legal Implications

16. No direct legal implications arise from this report.

Financial Implications

17. Treasury management activities undertaken by the Council are governed by a range of policies, codes of practice and legislation. This report has no direct financial implications.

RECOMMENDATIONS

18. That the Treasury Performance Report for 30 September 2019 as well as benchmarking and other review information included in the report to assess the effectiveness of the Treasury Function be noted.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
1 November 2019

The following appendices are attached

Appendix 1 – Cardiff Council Treasury Management Performance Report – 30 September 2019

Appendix 2 – Compliance, Evidence, Delivery and Review (CEDR) of Treasury Function

Appendix 3 – Draft Internal Audit Review 2019/20 recommendations

Appendix 4 – Data collection and Treasury Management Benchmarking

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
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Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol



CARDIFF COUNCIL CYNGOR CAERDYDD

AUDIT COMMITTEE: 12 NOVEMBER 2019

TREASURY MANAGEMENT MID-YEAR REPORT 2019-20

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 10.1

Annexes B & C to Appendix 1 to this report are not for publication as they contain exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

Reason for this Report

1. To inform Audit Committee members of the Council's treasury management activities since 1 April 2019 and the position as at 30 September 2019.

Background

2. The Council's treasury management activities are governed by legislation and a Code of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) updated in 2017.

Issues

3. In the budget report of February 2010, Council adopted CIPFA's Treasury Management Code by formal acceptance of the Four Clauses of Treasury Management and Treasury Management Policy Statement as Council policy.
4. In accordance with these policies, this report provides members with a mid year update of Treasury Management activities as at 30 September 2019. This includes its borrowing and investments at a point in time and also initially highlights a recent change by the Public Works Loan Board in respect of its lending policy.
5. Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Committee.

6. The mid-year report and supporting Annexes are attached as Appendix 1 are to be considered by Cabinet on 21 November 2019 and be referred to Council on 28 November 2019.

Reasons for Recommendations

7. Council policy requires the Treasury Management Mid-Year Report 2019-20 update to be submitted to Council.

Legal Implications

8. No direct legal implications arise from this report.

Financial Implications

9. The Council's treasury management activities are undertaken in accordance with the policies adopted by Council and under professional codes of conduct established by CIPFA, the Welsh Government and the Corporate Director Resources as part of Treasury Management Practices. This report is part of a suite of reports that members receive on the Council's treasury management activities during the course of a year. Whilst there are no direct financial implications arising from this report, the risks involved with treasury management are continuously reviewed in conjunction with the Council's treasury management advisors and forms part of the Council's Medium term Financial Plan.

RECOMMENDATIONS

That Audit Committee :-

Note the Treasury Management Mid-Year Report 2019-20 (Appendix 1)

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
30 October 2019

The following Appendix is attached:-

Appendix 1: Treasury Management Mid-Year Report 2019-20
Annexe A – Treasury Management Policy Extract
Annexe B – Investments at 30 September 2019
Annexe C – Investment Charts at 30 September 2019
Annexe D – Maturity Analysis of borrowing as at 30 September 2019
Annexe E – Glossary of Treasury Management terms

Treasury Management Policy and Four Clauses of Treasury Management adopted by Council 25/02/2010

Council's treasury management Policy / Activities

1. This Council defines its treasury management activities as: the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications.
3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Four Clauses of Treasury Management

4. In compliance with the First Clause, this Council will create and maintain, as the cornerstones for effective treasury management:-
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
5. In compliance with the Second Clause, this Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after the year's close, in the form prescribed in its TMPs.
6. In compliance with the Third Clause, this Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Corporate Director Resources in accordance with existing delegations, who will act in

accordance with the Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

7. In compliance with the Fourth Clause, this Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Panel due to the technical nature of the documents.

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

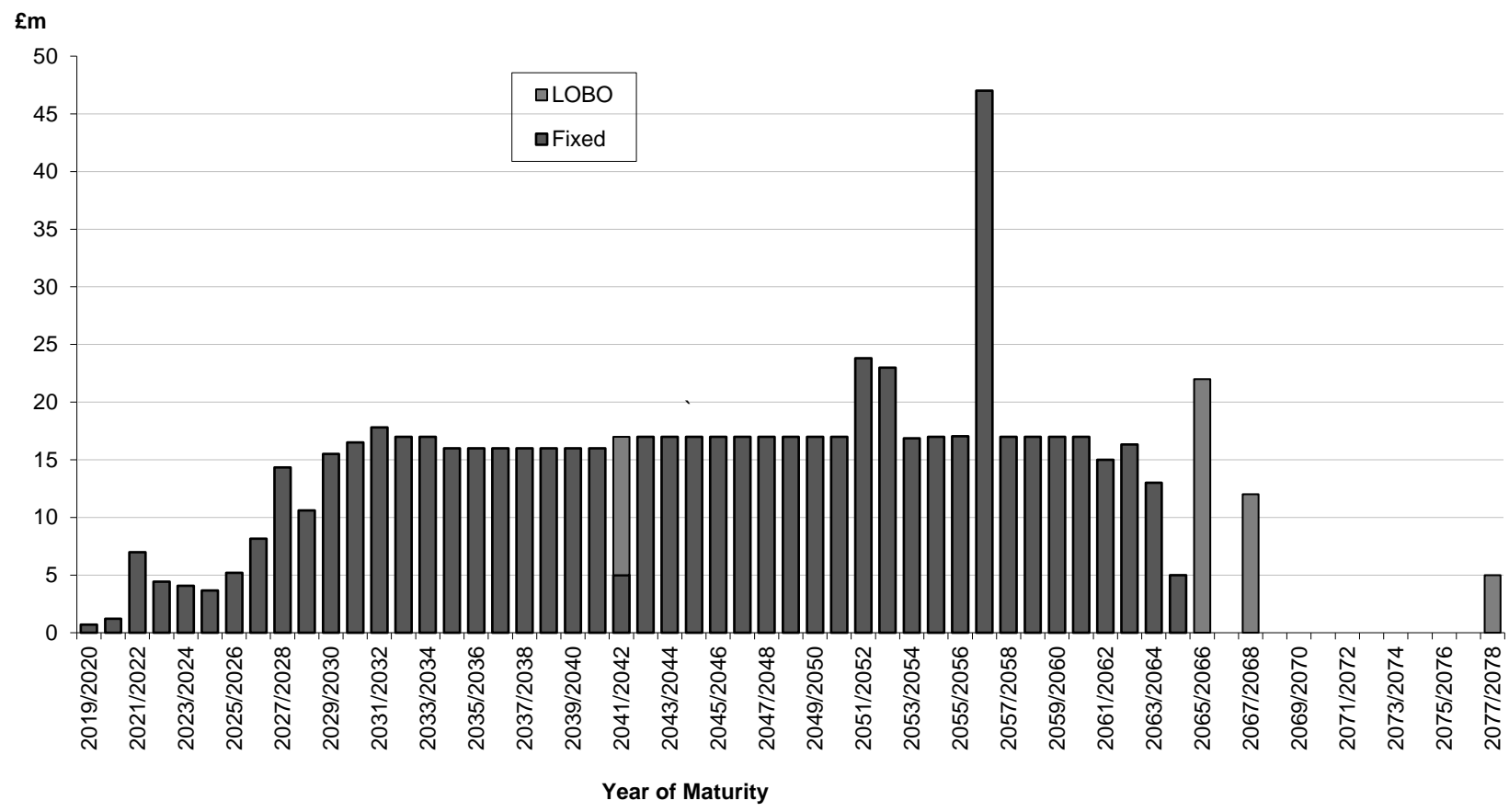
Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

Maturity Profile of Debt at 30 September 2019

Tudalen 275



Mae'r dudalen hon yn wag yn fwriadol

Glossary of Terms - Treasury

Bank Rate

The rate of interest set by the Bank of England as a benchmark rate for British banks.

Bonds

A long-term debt security issued by a company, a financial institution, a local authority, national government or its affiliated agencies. It represents an undertaking to repay the holder the fixed amount of the principal on the maturity date plus a specified rate of interest payable either on a regular basis during the bond's life (coupon) or at maturity.

Borrowing

Loans taken out by the authority to pay for capital expenditure or for the prudent management of the Council's financial affairs, which are repayable with interest.

Capital Expenditure

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 as amended. Statute relies on the accounting measurement of cost in International Accounting Standard (IAS) 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

Capital Financing Requirement (CFR)

An authority's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account.

Capital Market

A market for securities (debt or equity), where companies and governments can raise long-term funds (periods greater than one year). The raising of short-term funds takes place on other markets (e.g. the money market).

Capital Programme

The Capital Programme sets out the Council's capital expenditure plans for the forthcoming financial year as well as for the medium term. It is approved

annually at Council and identifies the estimated cost of those schemes, their projected phasing over financial years as well as the method of funding such expenditure.

Certificates of Deposits (CDs)

A certificate issued for deposits made at a deposit-taking institution (generally a bank). The bank agrees to pay a fixed interest rate for the specified period of time, and repays the principal at maturity. CDs can be purchased directly from the banking institution or through a securities broker. An active interbank secondary market exists to buy and sell CDs.

Chartered Institute of Public Finance & Accountancy (CIPFA)

CIPFA is the professional body for accountants in public finance. As a specialised public services body, it provides information, guidance, and determines accounting standards and reporting standards to be followed by Local Government.

Collective Investment Scheme Structures

Schemes whereby monies from a number of investors are pooled and invested as one portfolio in accordance with pre-determined objectives.

Corporate Bonds

Bonds that are issued by a company or other non-government issuers. They represent a form of corporate debt finance and are an alternative means of raising new capital other than equity finance or bank lending.

Counterparty

One of the parties involved in a financial transaction with whom the Council may place investments.

Counterparty / Credit Risk

Risk that a counterparty fails to meet its contractual obligations to the Council to repay sums invested.

Credit Criteria

The parameters used as a starting point in considering with whom the Council may place investments, aimed at ensuring the security of the sums invested.

Credit Default Swaps

A financial transaction which the buyer transfers the credit risk related to a debt security to the seller, who receives a series of fees for assuming this risk. The levels of fees reflect the perceived level of risk.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation, or even a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan. Ratings usually consist of a long-term, short term, viability and support indicators. The Fitch credit rating

of F1 used by the Council is designated as “Highest Credit Quality” and indicates the strongest capacity for timely payment of financial commitments.

Debt Management Account Deposit Facility (DMADF)

The Debt Management Office provides this service as part of its cash management operations and of a wider series of measures designed to improve local and central government’s investment framework and cash management. The key objective of the DMADF is to provide users with a flexible and secure facility to supplement their existing range of investment options while saving interest costs for central government.

Debt Restructuring

Debt restructuring is a process that allows an organisation to reduce, renegotiate and undertake replacement debt.

Diversification of Investments

The process of creating a portfolio of different types of financial instruments with regard to type, price, risk issuer, location, maturity, etc. in order to reduce the overall risk of the portfolio as a whole.

Duration (Maturity)

The length of time between the issue of a security and the date on which it becomes payable.

External Borrowing

Money borrowed from outside of the Council.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Typical financial liabilities are borrowing and financial guarantees. Typical financial assets include bank deposits, amounts owed by customers, loans receivable and investments.

Fitch Credit Ratings

A commercial organisation providing an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The opinion is usually provided in the form of a credit rating.

Fixed Rate

An interest rate that does not change over the life of a loan or other form of credit.

Floating Rate Notes

A money market security paying a floating or variable interest rate, which may incorporate a minimum or floor.

Four Clauses of Treasury Management

In compliance with the First Clause, this Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

In compliance with the Second Clause, this Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid year review and an annual report after its close, in the form prescribed in its TMPs.

In compliance with the Third Clause, this Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Director Resources in accordance with existing delegations, who will act in accordance with the organisation's policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

In compliance with the Fourth Clause, this Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Committee due to the technical nature of the documents.

Fraud / Error Risk

Risk of losses being incurred as a result of fraud, error or corruption in treasury management and failure to institute adequate systems, procedures and other arrangements to prevent irregularities.

Housing Revenue Account (HRA)

The HRA is an account of expenditure and income that every local authority housing department must keep in accordance with the Local Government & Housing Act 1989. The account is kept separate or ring fenced from other Council activities. Income is primarily generated by the rents and service charges paid by tenants, while expenditure is on the management and maintenance of the housing stock, and capital financing charges on the HRA's outstanding loan debt.

Interest Rate Risk

Risk that fluctuations in interest rates could impose extra costs against which the Council has failed to protect itself adequately.

Internal Borrowing

Money borrowed from within the Council, sourced from temporary internal cash balances.

Investments

The purchase of financial assets in order to receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

Lender Option Borrower Option Loans (LOBOs)

Loans to the Council where the lender can request a change in the rate of interest payable by the Council at pre-defined dates and intervals. The council at this point has the option to repay the loan.

Liquidity

The ability of the Council to meet its financial obligations as they fall due.

Market Loans

Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

Medium Term Financial Plan

Plan outlining the financial strategies and actions that are envisaged by the Council in the medium term regarding the budget.

Markets in Financial Instruments Directive (MiFID)

EU legislation that regulates firms who provide financial instrument services. MiFID was applied in the UK from November 2007, but was revised with changes taking effect from **3 January 2018 (MiFID II)**.

The aim is to ensure financial institutions undertake more extensive checks on their client's suitability for investment products. Organisations undertaking investments will be either classified as 'retail' or 'professional'.

MiFID II requires all Local Authorities to be initially treated as "retail clients" unless they "opt up" to a "professional client". The assumption being that retail clients require a greater level of due diligence and support for investment decision making. Financial institutions will owe a greater duty of care to retail clients, however, they will have no greater financial protection than professional clients.

Minimum Revenue Provision (MRP)

This is the amount which must be charged to the authority's revenue account each year and set aside as provision for repaying external loans and meeting other credit liabilities. The prudent amount is determined having regard to guidance issued by WG. This has the effect of reducing the Capital Financing Requirement (CFR).

Money Market

The market for short-term securities or investments, such as certificates of deposit, commercial paper or treasury bills, with maturities of up to one year.

Money Market Funds

An investment fund which pools the investments of numerous depositors, spreading those investments over a number of different financial instruments and counterparties. Funds with a constant Net Asset Value (NAV) are those where any sum invested is likely to be the same on maturity. Funds with a variable Net Asset Value (NAV) are those where the sum on maturity could be higher or lower due to movements in the value of the underlying investments.

Net Asset Value (NAV)

The market value of an investment fund's portfolio of securities as measured by the price at which an investor will sell a fund's shares or units.

Pooling

The process whereby investments or loans are held corporately rather than for specific projects or parts of the Council, with recharges to those areas for their share of the relevant income and expenditure using an agreed methodology, where such a recharge is required to be made.

Prudential Code for Capital Finance

The system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003 which allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

Public Works Loans Board (PWLB)

The Public Works Loans Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Refinancing Risk

Risk that maturing borrowing or other financing of capital projects cannot be renewed on terms that reflect existing assumptions and that the Council will suffer extra costs as a result.

Regulatory Risk

Risk that actions by the Council or by any person outside of it are in breach of legal powers or regulatory requirements resulting in losses to the Council, or the imposition of extra costs.

Security

Protecting investments from the risk of significant loss, either from a fall in value or from default of a counterparty.

Sovereign Credit Ratings

The credit rating of a country. It indicates the risk level of the investing environment of a country, taking into account political risk and other factors.

Sterling

The monetary unit of the United Kingdom (the British pound).

Term Deposits

A term deposit is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time.

Treasury Management

The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Treasury Bills

Debt securities issued by a government with a short-term maturity of up to 6 months.

UK Government Gilts

Fixed-interest debt securities issued or secured by the British Government. Gilts are always denominated in sterling though the Government occasionally also issues instruments in other currencies in the Eurobond market or elsewhere.

Variable Rate

An interest rate that changes in line with market rates.

Yield

The annual rate of return paid out on an investment, expressed as a percentage of the current market price of the relevant investment.

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Resources Directorate Internal Audit Section



Internal Audit Progress Report (as at 31 October 2019)

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Prepared by: Chris Pyke, Audit Manager

INTERNAL AUDIT PROGRESS REPORT

1. INTRODUCTION

1.1 Background

The Internal Audit plan for 2019/20 was approved by the Audit Committee at its meeting in April 2019. The plan provides the framework for audit work each year and is aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year.

The Internal Audit plan for 2019/20 is made up of a total of 2,706 days, with a total of 1,990 chargeable days for the audit team being agreed. This report serves to provide an update on progress against the plan to 31 October 2019.

1.2 Independence and objectivity

The Internal Audit section reports to the Audit Manager. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is maintained, as the Audit Manager is not responsible for managing any functions beyond the Internal Audit and Investigation teams. The Audit Manager reports administratively to the Head of Finance and functionally to the Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

1.3 Continuing Professional Development

The Personal Reviews of performance during 2018/19 were completed by the end of May 2019. The Personal Review process enabled each member of the audit service to discuss progress against agreed objectives, and to consider and agree their overall performance for the year.

Prior to discussing performance, each auditor completed a skills assessment in application of the IIA Professional Competencies Framework. The results have informed both the Personal Review process, and the annual internal Audit Manager review against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills are held across the audit team.

The new objectives for 2019/20 were discussed with the members of the team and agreed in accordance with the Council's deadline of the end of June.

2. SUMMARY OF WORK PERFORMED

2.1 Current Activities

The report to Audit Committee in April 2019 set the scene for audit coverage for the year and the planned assignments have been set up in the audit planning, monitoring and control database. Priority has been given to any audits planned for 2018/19 but not completed during that year.

All Auditors have continued to be allocated at least three months' work in advance, with an expectation that their assignments will be effectively managed and delivered. This approach focuses on outcomes, improving performance and the timeliness of reporting.

Appendix A shows a list of audits and their reporting status in the current year until the end of 31 October 2019. The listing will include all reports finalised since April 2019, and all new and existing draft reports as at the reporting date.

The table below shows audit outputs separated into those which are new for 2019/20, meaning that a draft report had not been issued in the prior year, and those which were at draft status in 2018/19, but have since been finalised.

Figure 1. Audit outputs in 2019/20 (at 31 October 2019)

	Audit	Status as at 31.10.19
NEW Audit Outputs (for 2019/20)		
1	Ethics and values – Gifts and Hospitality	Draft output issued
2	Regional Partnership Board	
3	Bilingual Cardiff	
4	Education - Commissioning of independent investigations	
5	Insurance	
6	Ysgol Plasmawr – ICT Governance	
7	Treasury Management – In-year testing	
8	Audit of Scrutiny Functions	
9	Ethics and valuerks - Business and Personal Interests	
10	Stock systems (Tranman)	
11	Building Control	
12	Fly Tipping	
13	Strategic Estates - Processes	

14	Direct Payments	Final output issued
15	Deprivation of Liberty Safeguards	
16	Learning Disabilities	
17	Main Accounting – In year testing	
18	Roath Park Primary	
19	Joint Committees - Prosiect Gwyrdd	
20	Joint Committees – Port Health Authority	
21	Joint Committees - Glamorgan Archives	
22	Cardiff Further Education Trust Fund	
23	Storey Arms	
24	Housing Rents	
25	Purchasing Cards (CTS)	
26	Resources – Budgeting and forecasting	
27	Personal Review Process	
28	Radyr Comp – ICT Governance	
29	Llanishen High – ICT Governance	
30	Fitzalan High – ICT Governance	
31	Cardiff High – ICT Governance	
32	Cathays High – ICT Governance	
33	Value for Money – Agency workers, interims and consultants	
34	Music Service – income review follow up	
35	Joint Equipment Stores	
36	Education – Income Processes	
37	Payroll – In-year testing	
38	Bulky Waste	
39	Responsive Repairs	
40	St. Teilo's - ICT governance	
41	VFM – enforcement	
42	Payroll overpayments	
43	VFM – overtime	
44	Into Work Grant Streams	
45	Bishop of Llandaff – ICT Governance	
46	Cantonian – ICT Governance	
47	Windsor Clive Primary School	

48	Risk Based Verification	
49	St. Peter's Out of School Club and Governors' Fund	
50	Local Housing Allowances 2018/19	
51	Stock systems (Vectec)	
52	Payroll – CRSA	CRSA completed
53	Treasury Management - CRSA	
54	NNDR – CRSA	
55	Main Accounting - CRSA	
56	Counter-fraud in schools - CRSA development	CRSA developed
57	Contract guidance for schools	Guidance developed
Concluded Reports from the prior year at 31.10.19		
58	Atebion Solutions	Final output issued
59	Risk management arrangements	
60	Sickness absence processes	
61	County Hall Canteen	
62	Education Improvement Grant	
63	Youth Innovation Grant	
64	Creditors 2018/19	
65	St. Peter's R.C. Primary School	
66	Willows High School	
67	Ysgol Glantaf	
68	Health and Safety Framework	
69	Contracts in Waste Management	
70	Gatehouse	
71	Whitchurch High School	
72	Norwegian Church Trust	
73	Communities - Partnership & Collaborative Governance	
74	Music Service Expenditure Review	
75	IT Governance	
76	Cloud Computing	
77	Stock Check Observation - Lamby Way	
78	Stock Check observation - Brindley Road	

The opinions given in reports issued to 31 October 2019 are shown in the table below. The majority of audit opinions allocated through drafts issued have recognised a sufficient level of internal control and governance in the areas reviewed.

Figure 2. Audit outputs and opinions (at 31 October 2019)

Output Stage	Number of outputs	Opinion				No opinion given
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	
Draft	18	0	12	5	1	0
Final	60	1	35	8	3	13
TOTAL	78	1	47	13	4	13

Since the last reporting period, five draft reports and one final report have been issued with opinions of insufficient with major improvement needed, and one draft report has been issued with an opinion of unsatisfactory assurance. Information on the findings of these reports is provided within Section 2.3 – Critical Findings or Emerging Trends.

Further to the table above, the outputs that were not been given an assurance opinion and the reasons for this were as follows:

Figure 3. Outputs without an assurance opinion (at 31 October 2019)

Audit	Comments
Payroll – CRSA completed	CRSA completed and discussed with payroll colleagues
Treasury Management – CRSA completed	CRSA completed and discussed with Treasury Management colleagues
NNDR – CRSA completed	CRSA completed and discussed with Revenue Services colleagues
Main Accounting – CRSA completed	CRSA completed and discussed with Accountancy colleagues
Education – income processes	Consultation review consolidating discrete assurance reviews – no further audit opinion.
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2018/19
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	
Cardiff Further Education Trust Fund	Completion of audit of accounts for 2017/18
Schools Contract guidance development	Guidance for schools on contracts, tendering, etc. and the publication of an exemplar policy.
Counter-fraud in schools – CRSA developed	Development of a counter-fraud CRSA for Schools.
Risk Based Verification	Consultancy on the draft policy and controls in the proposed Northgate Module.
St. Peter's Out of School Club and Governors' Fund	Audit certification.

2.2 Annual plan

The annual plan was agreed by Audit Committee at its meeting in April 2019 and was designed to be risk based and co-ordinated in application of the “three lines of defence” model. Assurance mapping exercises are carried out at periodic intervals during the year.

There have been two new audit engagements added to the audit plan since the last reporting period, and these are highlighted in ‘green’ in the Audit Plan (**Appendix B**). The new audits are relatively small, and accordingly have been agreed within the authority delegated to the Audit Manager (via the Audit Charter 2019-20). Information on the new audit engagements is provided below.

Firstly, time has been allocated to provide consultation, advice and guidance on the development of a proposed contractual arrangement with Fleetwheel, to provide and administer a stores service for Central Transport Service (CTS). This follows an audit of the stores within CTS, operated via a Tranman stock system, for which a need for significant improvement was identified in operational practices, as outlined within Section 2.3 – Critical Findings or Emerging Trends.

In addition, upon the request of the Governing Body of St. Peter’s RC Primary School, the Audit Manager has also agreed an audit of the School’s Private Fund. This follows the completion and presentation of audits of the Out of School Club and the Governors’ Fund for the school by the audit team.

2.3 Critical findings or emerging trends

In accordance with PSIAS, Internal Audit is required to report to Audit Committee on critical findings or emerging trends. Within this section, particular attention is drawn to the findings of the reports which provided audit opinions of lower assurance over the reporting period, with findings reported on an exception basis. A number of the reports referred to below are at a draft status, for which the findings will be discussed with management, and once the reports are finalised, the final opinion and recommendations will be reported to Audit Committee.

Since the last reporting period, one draft audit report has been issued with an ‘*unsatisfactory*’ audit opinion. The audit of Fly Tipping operations within the Waste Education and Enforcement Team identified significant gaps in processes, which require management attention. There is a

need to strengthen the recording of the fly tipping activities and recovery, and to improve the approach to performance measurement and management. The Audit Committee will receive an Executive Summary of the audit in the next Committee meeting once the report has been finalised.

There were five draft reports and one final report issued, for which opinions of *'insufficient with major improvement'* have been allocated over the reporting period. Firstly, an audit of ICT Governance in Cantonian High School has been finalised. The audit recognised that the Network Manager had identified a number of areas where improvements were required, for targeted delivery. Primary areas identified for improvement comprised implementing an access control protocol, an information asset register, clear processes for the acquisition and disposal of ICT, and reviewing the location, security and temperature controls for servers.

An audit of the fleet management stock processes for Central Transport Services (CTS), utilising 'Tranman' (stock management system) identified a need for process improvements. Most notably, stock count sheets could not be located for the financial year-end 2018/19, and there was a lack of separation between the stock count and stock authorisation processes. In addition, during out of hour periods, controls for allocating stock in Coleridge Road were insufficient. Operationally, there is a need to review processes for write offs, disposals, stock returns, and to formalise working arrangements currently in place with Fleetwheel, who were managing a consignment of stock from the Coleridge Road site. The Audit Manager has agreed a further consultancy audit engagement, to provide advice and guidance on a proposed contractual arrangement with Fleetwheel, to provide and administer a stores service for CTS.

The audit team reviewed processes within Strategic Estates, through which it was considered that whilst systems were operating broadly effectively in respect of three portfolios (non-operational assets, investment estate and land), controls were still being developed to provide the necessary assurance in relation to Cardiff Market (an operational asset). At the time of the audit, management were addressing three instances of the unauthorised transferring of market stalls. Management were working with Legal Services to resolve these cases at the time of the audit, and recommendations have focussed on strengthening and maintaining a system of ongoing checks for stallholder compliance with their Tenancy Agreements, and prompt escalation of any discrepancies or concerns.

An audit of the Deprivation of Liberty Safeguards (DOLS) arrangement with Cardiff and the Vale of Glamorgan Councils, and the University Health Board recognised that DOLS assessments were operated in compliance with the required statutory guidelines. However, there was a need to progress audit recommendations from the Vale of Glamorgan Council, to formalise governance arrangements between the partners, and manage the risks to capacity and resource for the current and future demand for the service. A draft letter of understanding had not been signed by the three partners, to provide clarity on the terms of the arrangement, and the relative contributions and outputs.

The audit of Roath Park Primary School recognised a need to achieve an effective division of duties in all income, expenditure and governance activities. A number of policies and procedures required completion or ratification, some governors needed to record their declarations of interests, and a process needed to be established to record gifts and hospitality. Transactional records and processes also required improvement, such as income recording and verification processes, to provide assurance that all income received was duly banked. In respect of arrangements managed through SLAs or contracts, the school needed to improve its due diligence, and verify that appropriate insurance and DBS disclosures are held by third parties.

The audit of direct payments processes, identified many areas of good practice, such as the delivery of previous audit recommendation, and the process for managed banking, whereby a third party provided an administration and assurance function in respect of direct payment use. However, there were gaps in right to work checks for those engaged through direct payments, the provision of up to date terms and conditions between the Council and service user, and there was a backlog of audits on funds allocated.

2.4 Value for Money findings

Since the last reporting period, the audits of value for money in enforcement, and overtime value for money have been finalised. The findings of these audits were detailed within the progress report for the September 2019 Audit Committee meeting.

The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period. However, within the audits of a lower assurance opinion, there were control gaps, which need to be addressed to provide assurance that the objectives of these

services are being run with proper attention to a combination of economy, efficiency and effectiveness.

2.5 Resources

There have been 1,039 chargeable days to 31 October, against a pro-rata plan of 1,148 days, which includes all operational auditors and the audit assistant. As outlined in previous progress reports, it has been agreed for a senior auditor to reduce their hours temporarily from 37 to 32 hours per week for the financial year 2019-20, for which the planned days have been adjusted.

Three members of the team are being supported through a CIA qualification with the IIA. Two of these auditors have progressed to working towards their third and final exam, one auditor is working towards their second exam. The team also contains a CIPFA trainee who is progressing well in their second year of the three year professional qualification.

3. AUDIT PERFORMANCE AND ADDED VALUE

3.1 Added value

Relationship Manager meetings have been arranged with every Director and diarised for quarterly meetings throughout 2019/20. These are useful in progressing matters relating to audits completed and planned; and for discussing corporate and directorate risks, issues and areas for potential audit input. Meetings were held with Directors in October / November 2019 to review the audits undertaken in Q2, those planned for Q3 and any changes to internal controls that could affect the audit plan. The changes to the audit plan, informed by these meetings, are detailed in section 2.2 (Annual Plan).

Audit has issued 38 client questionnaires this year (as at 31 October) and has received 16 responses (a response rate of 42.11%). One question asked of clients is whether they considered that the audit work added value to their service; 14 out of the 16 clients responded to advise that it did. In one case, this question was not answered, for which arrangements are being made to contact the relevant managers to discuss further, and one client felt that it did not add value. This was because the service had already identified most of the issues detailed within the audit report, but the manager also commented that it showed that the service had self-evaluated well.

In the reports issued to date (as at 31 October), there have been 434 recommendations made, of which audit clients have agreed 320, with 114 presently being considered through draft audit reports. These are summarised below:

Figure 4. Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed
Red	22	17
Red / amber	222	164
Amber / green	157	110
Green	33	29
TOTAL	434	320

3.2 Benchmarking and Performance

The audit team is a member of the Welsh Chief Auditors and Core Cities benchmarking groups. The position in respect of the Welsh Chief Auditors was reported to the Audit Committee in the progress report on 10 September 2019.

The Core Cities output has subsequently been received, for which, seven out of ten councils participated, and the comparative data is set out below.

Figure 5. Core Cities Benchmarking data 2018-19

	Cardiff	Group Average
AUDIT PLAN		
Number of Audits Planned	156.0	134
The percentage of the Audit Plan Completed	76.9	83
PRODUCTIVITY		
The percentage of Audit Productive time	80.1	80.2
CUSTOMERS		
The percentage of Client Surveys Returned	64.2	37
The percentage of returned Client Surveys rated "Satisfied" or better	98.5	99
COSTS		
Gross Audit Days per £1m Council Budget	3.6	2
Productive Audit Days per £1m Council Budget	2.8	2
Staff Costs per Productive Audit Day	£262.0	£290
Staff Costs per £1m Council Budget	£746.3	£451

The benchmarking information is positive in respect of the overall number of audits delivered in the year, and provides comparable rates of audit productive time and client satisfaction.

Given that the budgets of a number of the benchmarked councils were markedly higher than in Cardiff, the audit resources compared to the respective council budget were higher in Cardiff than the average for the group. However, the staff costs per audit day were lower than the average of the group.

The table below shows the actual performance achieved in 2018/19 and the targets and outcomes for 2019/20 to date.

Figure 6. Performance against targets for 2019-20 (to date)

Performance Indicator	2018/19 Outcome	2019/20 Target	Q1 Outcome	Q2 Outcome
The percentage of audit reports delivered within six weeks	78%	85%	80%	71%
The average number of audit productive days per FTE	142	170	42	86
The average number of finalised audits per FTE	12	12	3	6
The percentage of audit recommendations implemented within the agreed timescale	67%	90%	52%	59%
The percentage of the audit plan completed	77%	80%	19%	35%

For the Q2 2019/20 position, the performance relating to reports issued and finalised was on target, as was the average number of productive days per employee (FTE). The percentage of audit recommendations implemented within the agreed timescales has seen a level of improvement from the prior quarter, but continued attention is required in this area as performance remains significantly below target.

Following September's Audit Committee Meeting, the Chair wrote to three Directors who had recommendations outstanding which were originally agreed for implementation prior to 1 January 2019. The Chair requested an account of the reasons for delays, and a commitment to

delivery. On 2 October 2019, the Audit Manager attended a meeting of the Senior Management Team, to outline the current profile of recommendations across directorates and their implementation dates. The opportunity was also taken to reaffirm the role of the Audit Link Officers in each directorate to ensure that each Directorate Management Team reviews their recommendations on a regular basis, paying particular attention to those due in the next two months. The position will continue to be monitored and reported by the Audit Team through Relationship Management, Senior Management Team and Audit Committee meetings.

There has been some slippage in the percentage of the audit plan completed at the end of quarter two. Accounting for an anticipated lower level of audit delivery over the summer period, when both audit staff and client management take a greater proportion of their annual leave, a small number of audit reports targeted for delivery in the quarter had not been issued at the quarter end. Whilst the quarter 2 position is comparable with previous financial years, the Audit Manager has allocated a greater level of audits to the team for delivery in quarter three, to start to recover the position as we move into quarter four.

In addition to monitoring and managing the numbers of audits delivered, audit engagements are allocated in order to ensure that there is a breadth of assurance by the financial year-end, upon which to provide a complete audit manager annual opinion.

A lot of preparation has been underway to co-ordinate the thematic audits of 'health and safety', 'asset management' and 'commissioning and procurement'. These audits will take place across all directorates, and commence in quarter three, to provide a breadth of independent assurance on inherently high-risk areas. In respect of the Council's fundamental systems, many audit engagements have already taken place, and others are being targeted for delivery in the second half of the financial year.

3.3 Recommendations

Included within **Appendix C** are the red and red/amber open recommendations including the current management response for the information and monitoring of the Audit Committee. **Appendix D** contains the red and red/amber recommendations, which have been completed since the last Audit Committee Meeting. Amber / green and green recommendations are provided to Committee via a separate route.

The table below shows the instances where implementation dates have been revised by audit clients on SharePoint (as at 31.10.19). This reporting mechanism is used to monitor progress and target discussions on the effective management of risk management in relationship management meetings each quarter.

Figure 7. Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Education and Lifelong Learning	36	12	24
Social Services	18	12	6
Resources	6	4	2
Housing and Communities	2	2	0
Planning Transport and Environment	8	6	2
Waste Management	36	19	17
Central Transport Services	3	2	1
Economic Development	13	9	4
External and grants	8	1	7
Fundamental	3	0	3
Corporate Governance	3	1	2
Governance and Legal Services	1	0	1
Other assurance	8	2	6
	145	70	75
Schools	85	41	44
TOTAL	230	111	119

4. **CONCLUSION**

4.1 **Summary**

Whilst the delivery of the audit plan at the quarter 2 position is comparable with previous financial years, the delivery was below target. The Audit Manager has allocated a greater level of audits to the team for delivery in quarter three, to start to recover the position as we move into quarter four. A number of thematic audits are also commencing across audit directorates in quarter three to deliver a breadth of assurance in inherently high-risk areas.

The benchmarking data received from the Core UK Cities has provided comparative assurance in respect of audit productivity, delivery, and client satisfaction. Given that the budgets of a number of the benchmarked councils were markedly higher than in Cardiff, the audit resources compared to the respective council budget were higher in Cardiff than the average for the group. However, the staff costs per audit day were lower than the average of the group.

Ongoing attention is being given to the timely delivery of audit recommendations by audit clients. The Audit Manager has attended a meeting of the Senior Management Team, to outline the current profile of recommendations across directorates and their implementation dates, and to reaffirm the role of the Audit Link Officers in each directorate to ensure regular Directorate Management Team monitoring and review. The position will continue to be monitored and reported by the Audit Team through Relationship Management, Senior Management Team and Audit Committee meetings.

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Report Status (as at 31 October 2019)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	Resources - Budgeting and forecasting 2019-20			
Effective with opportunity for improvement	Health and Safety Framework			
	Risk management arrangements			
	Housing Rents			
	Creditors 2018/19			
	Payroll - In year testing 2018-19	1	1	
	Payroll Overpayments			
	Local Housing Allowance 2018-19			
	Ethics and values – Gifts and Hospitality			Drafts Issued
	Ethics and Values - Business and Personal Interests			
	Main Accounting – In Year Testing			
Insufficient with major improvement needed	Direct Payments	1		Draft Issued
Medium				
Effective with opportunity for improvement	Atebion Solutions			
	Sickness absence processes			
	Willows High School			
	Youth Innovation Grant			
	Communities - Partnership and collaborative governance			
	Stocktake observation - Brindley Road 2018-19			
	Stocktake observation - Lamby Way 2018-19			
	Storey Arms			
	VFM – Agency workers, interims and consultants			
	Personal Review Process			
	Radyr High – ICT Governance			
	LLanishen High – ICT Governance			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Fitzalan High – ICT Governance			
	Cardiff High – ICT Governance			
	Cathays High – ICT Governance			
	IT Governance			
	Cloud Computing			
	Joint Equipment Stores			
	Bulky Waste			
	Responsive Repairs			
	St. Teilo's – ICT Governance			
	VFM – Enforcement			
	VFM – Overtime			
	Into Work Grant Streams			
	Bishop of Llandaff – ICT Governance			
	Stock systems (Vectec)			
	Regional Partnership Board			Drafts Issued
	Ysgol Plasmawr – ICT Governance			
	Bilingual Cardiff			
	Education – Commissioning of Independent Investigations			
	Insurance			
	Treasury Management – In-year testing			
Audit of Scrutiny Functions				
Building Control				
Learning Disabilities				
Insufficient with major improvement needed	County Hall Canteen	1	1	
	Ysgol Glantaf	2	2	
	Music Service - expenditure review	1	1	
	Purchasing Cards (CTS)			
	Review of Gatehouse	2	2	
	Whitchurch High School	1	1	
	ICT governance in Schools - Cantonian			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Windsor Clive Primary School	1	1	Draft Issued
	Stock systems (Tranman)	1		
	Strategic Estates - Processes	1		
	Deprivation of Liberty Safeguards			
	Roath Park Primary			
Unsatisfactory	St. Peter's R.C. Primary School	5	5	
	Music Service – income review follow up	3	3	
	Contracts in Waste Management	1	1	
	Fly Tipping	4		Draft Issued
Grants / Accounts / External Bodies				
Effective with opportunity for improvement	Education Improvement Grant 17.18			
	Norwegian Church Trust 2018-19			
No assurance opinion given	Joint Committees - Prosiect Gwyrdd		Statement of Accounts Reviews / Support	
	Joint Committees – Port Health Authority			
	Joint Committees - Glamorgan Archives			
	Cardiff Further Education Trust Fund			
	St. Peter's Out of School Club and Governors' Fund			
Other assignments				
No assurance opinion given	Payroll – CRSA		CRSA	
	Treasury Management – CRSA			
	Counter-fraud in schools - CRSA development			
	Main Accounting – CRSA			
	NNDR – CRSA			
	Contract guidance for schools		Guidance	
	Education – income processes			
	Risk Based Verification			

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AUDIT PLAN, 2019/20 (as at 31 October 2019)

Audit Category		Risk	Engagement Type	Original audit plan	Assignment	Days	Audit Scope	National Issue	Report Status 31.10.19	Audit Opinion		
Fundamental Audits - S151 Assurance												
Creditor Payments & Processing (including procurement)	High	Assurance	60	CRSA 2019/20	5	Payments are authorised, accurate and timely for goods / services ordered and received.						
				In year testing (mid year 2019/20)	25							
				In year testing (year end 2019/20)	25							
				To be agreed with Director	5							
			0	Creditors in year testing 2018/19 (carried forward from 2018/19)	0				Final report issued	Effective with opportunity for improvement		
Payroll	High	Assurance	65	CRSA 2019/20	5	Recruitment processes are transparent and robust, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors.						
				In year testing 2019/20	15							
				Payroll overpayments	15							
				Recruit	15							
				Establishment reviews	15							
			0	Payroll in year testing 2018/19 (carried forward from 2018/19)	0				Final report issued	Effective with opportunity for improvement		
Council Tax			0									
NNDR	High	Assurance	20	CRSA 2019/20	5	Business Rate collection and control is working effectively and efficiently.						
				In year testing 2018/19 and 2019/20	15							
Local Housing Allowances				10	Local Housing Allowances In-year Testing (carried forward from 2018/19)						10	Effective controls to ensure accurate processing of bona fide claims.
Treasury Management				10	CRSA 2019/20						4	Effective Treasury Management Strategy, governance, risk management and monitoring framework.
					In year testing 2019/20						6	
Main Accounting	15	CRSA 2019/20	5	The main accounting system and processes are well controlled and operating effectively,								
		In year testing 2019/20	10									
Income and Debtors			0									
Asset Management			0									
Housing Rents	Medium		0	Housing Rents (carried forward from 2018/19)	0	Effective control processes are in place for managing and recovering housing rents				Draft report issued	Effective with opportunity for improvement	
Total			180		180							
Corporate Governance Assurance - Audit			Original audit plan	Assignment	Days							
Audit of risk management arrangements	High	Assurance	10	Audit of risk management arrangements	10	Risk Management arrangements are effective, and operated consistently						
			0	Audit of risk management arrangements (carried forward from 2018/19)	0							
Audit of governance arrangements			20	Audit of governance arrangements	20	Effective application of the Council's Code of Corporate Governance.				Final report issued	Effective with opportunity for improvement	
Audit of scrutiny functions	Medium		20	Audit of scrutiny functions	20	Effective scrutiny activities and outcomes				Draft report issued	Effective with opportunity for improvement	
Audit of ethics and values	High	Assurance	0	Audit of ethics and values (carried forward from 2018/19) - business and personal interests	0	Policy alignment to organisational values, with appropriate disclosures made.						
				Audit of ethics and values (carried forward from 2018/19) - gifts and hospitality	0							
Audit of Wellbeing of Future Generations			15	Wellbeing of Future Generations	15	Effective application of Wellbeing of Future Generations requirements.				y		
Audit of performance management	High		20	Audit of performance management	20	Performance management arrangements are effective, and operated consistently.						
Audit of Health and Safety			0	Audit of health and safety framework (carried forward from 2018/19)	0	Effective application of the Council's Health and Safety Framework.				Final report issued	Effective with opportunity for improvement	
Audit of Information governance			15	Audit of Information Governance	15	Effective mechanisms and systems for the requirement of the Data Protection Act 2018.				y		
Total			100		100							
Digital Services	Medium		30	IT project audits 1 - Hybrid Mail	15	Project management arrangements are operating effectively, as per corporate requirements.						
				IT project audits 2 - Virtual Agent	15							

Delegation and decision making	High	Assurance	20	Delegation and decision making	20	Effective application of delegated authority and decision making.					
Programme and projects (including CADT)			0								
Total			50		50						
Other Assurance			Original audit plan	Assignment	Days						
Contract Audit			40	Cradle to Grave review - Building Maintenance Framework	20	Effective contract compliance, control and delivery of objectives					
				Cradle to Grave review	20						
			0	Atebion Solutions (carried forward from 2018/19)	0	Effective performance management and charging mechanism			Final report issued		
Cardiff Bus - governance			10	Cardiff Bus - governance	10	Section 151 Assurance on governance arrangements					
Education - SOP			20	Review of Band B	20	Delivery of service objectives with effective compliance and control.			Y		
ICT Audit		Assurance	50	Identification and access management	20	Effective access management controls					
				IT inventory and asset management	20	Effective IT inventory and asset management controls					
				Change and patch management controls (to be confirmed)	10	Effective co-ordination and control.					
				IT Governance (Carried forward from 2018/19)	0	Effective co-ordination and control.					
				Cloud Computing (Carried forward from 2018/19)	0	Effective co-ordination and control.					
Value for Money studies	Medium	Assurance	30	VFM Theme - TBC	15	TBC					
				VFM in Digital Initiatives	15	Assurance on value for money in digital initiatives					
			0	VFM - enforcement (carried forward from 2018/19)	0	Value in use of enforcement practices				Final report issued	Effective with opportunity for improvement
				VFM - review of overtime (carried forward from 2018/19)	0	Value in use of overtime				Final report issued	Effective with opportunity for improvement
				VFM - agency workers, interims and consultants (carried forward from 2018/19)	0	Value in use of temporary workforce arrangements				Final report issued	Effective with opportunity for improvement
				VFM - sickness absence review (carried forward from 2018/19)	0	Effective sickness management policy and practices				Final report issued	Effective with opportunity for improvement
				VFM - workforce deployment (carried forward from 2018/19)	0	Value in the deployment of the workforce					
				VFM - personal review process (carried forward from 2018/19)	0	Effective personal review application and management.				Final report issued	Effective with opportunity for improvement
Taxation (incl. VAT)			19	Taxation	19	Effective compliance and control.					
System Development		TBC	10	System Development	10	Consultation or assurance services, as relevant					
National Fraud Initiative			20	National Fraud Initiative	20	Data matching counter-fraud exercise.					
Pensions and Investments			15	CRSA 2019/20	5	Effective compliance and control.					
				In year testing 2019/20	10						
Insurance			0	In-year testing 2018/19 (carried forward from 2018/19)	0				Draft report issued		
Health and safety											
Mileage & subsistence			0								
Fleet Management (pool cars, grey fleet, etc.)	Medium	Assurance	20	Fleet Management (pool cars, grey fleet, etc.)	20	Delivery of service objectives with effective compliance and control.					
Procurement			0								
Stores	Medium		16	Review of CTS stores	10	Effective and efficient stores management, and stock control					
				Year end stock check 1	3	Disciplined and controlled stock check processes for valuation and accountability					
				Year end stock check 2	3						
Business Continuity			0								
Total			250		250						
Service specific audits			Original audit plan	Assignment	Days						
				Health and Safety	15	Directorate health and safety compliance and risk management.					
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control					

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Planning, Transportation and Environment	High	Assurance	Asset management	15	Effective Directorate recording, monitoring, management and control of physical assets					
			Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.					
	Medium		170	Bulky waste collection (domestic properties)	15		Accurate charging and controlled operation of the service		Final report issued	Effective with opportunity for improvement
			Commercial waste	10	Delivery of service objectives with effective compliance and control.					
			Recycling in HWRCs	20						
			Stock systems (Tranman)	20	Effective and efficient stock management and control			Draft report issued	Insufficient with major improvement needed	
			Stock systems (Vectec)	10				Final report issued	Effective with opportunity for improvement	
			Purchasing cards (CTS)	10	Delivery of service objectives with effective compliance and control.			Final report issued	Insufficient with major improvement needed	
			Building Control	10				Draft report issued	Effective with opportunity for improvement	
			Fly Tipping	15				Draft report issued	Unsatisfactory	
			Trolleys	15						
			FOLLOW UP - Lamby Way Stores	0	Follow up Audit					
			FOLLOW UP - Review of contracts in Waste Management	0	Follow up Audit					
			0	Stock take observation - Lamby Way (carried forward from 2018/19)	0		Disciplined and controlled stock check processes for valuation and accountability		Final report issued	Effective with opportunity for improvement
Review of Gatehouse	0	Effective system and access control			Final report issued	Insufficient with major improvement needed				
Review of contracts in Waste Management	0	Delivery of service objectives with effective compliance and control.			Final report issued	Unsatisfactory				
Fleetwheel	5									
Consultation		Weighbridge - monitoring and review	0	Consultation and guidance on effective compliance and control.						
Housing and Communities	High	Assurance	Health and Safety	15	Directorate health and safety compliance and risk management.					
			Commissioning and Procurement	15	Commissioning and Procurement compliance and control					
			Asset management	15	Effective Directorate recording, monitoring, management and control of physical assets					
			Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.					
	Medium		150	Independent Living (deferred from 2018/19)	10		Delivery of service objectives with effective compliance and control.			
			Lettings policy in high rise accommodation (deferred from 2018/19)	10						
			Into work grant streams	10			y	Final report issued	Effective with opportunity for improvement	
			Responsive Repairs	20	Delivery of service objectives with effective compliance and control.			Final report issued	Effective with opportunity for improvement	
			Flexibilities funding (Housing)	10				y		
			"Get me home" service	15						
			Joint Equipment Stores	12	Effective and efficient stores management, and stock control			Final report issued	Effective with opportunity for improvement	
	0		Bilingual Cardiff (carried forward from 2018/19)	0	Welsh Language Standards compliance and control			y	Draft report issued	Effective with opportunity for improvement
			Regional Partnership Board (carried forward from 2018/19)	0	Effective governance and control in partnerships / collaborations			y	Draft report issued	Effective with opportunity for improvement
High	Consultation	Partnerships and collaborative governance (carried forward from 2018/19)	0			Final report issued	Effective with opportunity for improvement			
		RBV Module	3	Consultancy on the draft policy and controls in the proposed Northgate Module.		Briefing paper Issued	No Opinion Given			

Economic Development	High	Assurance	150	Health and Safety	15	Directorate health and safety compliance and risk management.			
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control			
				Asset management	15	Effective Directorate recording, monitoring, management and control of physical assets			
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
	Medium		0	Income collection (fees and charges) (deferred from 2018/19)	15	Delivery of service objectives with effective compliance and control.			
				Film Unit	15				
				Strategic Estates - processes	10				
				Channel View	15				
			Stores (leasehold properties)	15	Effective and efficient stores management, and stock control				
			Major Project governance	20	Operation of appropriate arrangements for Major Projects				
			Stock take observation - Brindley Road (carried forward from 2018/19)	0	Disciplined and controlled stock check processes for valuation and accountability	Final report issued	Effective with opportunity for improvement		
			County Hall canteen (carried forward from 2018/19)	0	Effective compliance and control.	Final report issued	Insufficient with major improvement needed		
Education and Lifelong Learning	High	Assurance	300	Health and Safety	15	Directorate health and safety compliance and risk management.			
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control			
				Asset management	15	Effective Directorate recording, monitoring, management and control of physical assets			
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
	Medium		Consultation	ICT governance - in year testing for schools	40	Effective ICT Governance mechanisms for compliance, business continuity and control	7 Final & 2 Drafts Reports Issued	Effective with opportunity for improvement	
				Counterfraud in schools - CRSA development	10		Completed	No opinion given	
				Counterfraud in schools: in year testing in primary schools x 4	40		Counter-fraud assurance in school governance, transactional, procurement and recruitment activities		
				Counterfraud in schools: in year testing in secondary schools x 4	40				
				Work in individual schools					
				School 1 - St. Francis RC Primary School	40	Full audits of systems of governance and internal control within individual schools			
				School 2 - Windsor Clive Primary School					
				School 3 - St. Illtyd's RC High School					
				School 4					
				School 5					
			School 6						
			Income collection in schools (incl. lettings, banking)	25	Effective compliance and control in school income collection.				
			Contract procedures in schools	25	Effective compliance and control in school procurements				
			Storey Arms	10	Review of systems of governance and internal control	Final report issued	Effective with opportunity for improvement		
	FOLLOW UP - St. Peter's RC Primary School		0	Follow up Audit					
	FOLLOW UP - Pontprennau Primary School		0	Follow up Audit					
	FOLLOW UP - Music Service income		0	Follow up Audit					
	School guidance on contract procedures		0	The provision of documented guidance and support to schools	Completed	No opinion given			
			0	Roath Park (carried forward from 2018/19)	0	Full audit of systems of governance and internal control.	Draft report issued	Insufficient with major improvement needed	
Commissioning of independent investigations (carried over from 2018/19)	10	Effective control in the commissioning and monitoring of independent investigations		Draft report issued	Effective with opportunity for improvement				

		Assurance	0	Youth Innovation Grant (carried forward from 2018/19)	0	Effective governance, decision making and performance management		Final report issued	Effective with opportunity for improvement
				Music Service - expenditure (carried forward from 2018/19)	0	Compliance and control in Music Service expenditure		Final report issued	Insufficient with major improvement needed
				Income processes (carried forward from 2018/19)	0	Compliance and control in income processes		Briefing paper issued	No opinion given
				St. Peter's (carried forward from 2018/19)	0	Full audit of systems of governance and internal control.		Final report issued	Unsatisfactory
				Willows (carried forward from 2018/19)	0			Final report issued	Effective with opportunity for improvement
				Ysgol Glantaf (carried forward from 2018/19)	0			Final report issued	Insufficient with major improvement needed
				Whitchurch High School (carried forward from 2018/19)	0			Final report issued	Insufficient with major improvement needed
				Music Service - follow up (carried forward from 2018/19)	0	Follow up Audit		Final report issued	Unsatisfactory
Governance and Legal Services	High	Assurance	50	Health and Safety	10	Directorate health and safety compliance and risk management.			
				Commissioning and Procurement	10	Commissioning and Procurement compliance and control			
				Income and Debtors	10	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
				Asset management	10	Effective Directorate recording, monitoring, management and control of physical assets			
Medium			To be agreed with Director	10	TBC.				
Resources	High	Assurance	50	Health and Safety	10	Directorate health and safety compliance and risk management.			
				Commissioning and Procurement	10	Commissioning and Procurement compliance and control			
				Income and Debtors	10	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
				Asset management	10	Effective Directorate recording, monitoring, management and control of physical assets			
	TBC			To be agreed with Director	10	TBC.			
High		0	Budgeting and forecasting (carried forward from 2018/19)	0	Effective financial planning, budgeting and monitoring		Draft report issued	Effective	
Social Services	High	Assurance	300	Health and Safety	15	Directorate health and safety compliance and risk management.			
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control			
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
				Asset management	15	Effective Directorate recording, monitoring, management and control of physical assets			
				Safeguarding (follow up review)	15	Follow up Audit			
	Medium	Assurance	300	Direct Payments	20	Effective control, management and monitoring of Direct Payments		Draft report issued	Insufficient with major improvement needed
				ICF schemes (incl. Families First)	15	Delivery of service objectives with effective compliance and control.			
				Early help service (impact of FPOC)	15				
				Children's Placements	20				
				Learning Disabilities	15				
				Mental Health Day Services (CRT)	15	Delivery of service objectives with effective compliance and control.			
				Foster carers (incl. safeguarding)	15				
				Deprivation of Liberty Safeguards	20				
	Sensory Services	15							
Payments to Care Leavers	20								
Child Health and Disabilities	20								
Home Care (mobile scheduling)	15								
0		0	Domiciliary Care (carried forward from 2018/19)	0					
Total			1,170	1,170					
External			Original audit plan	Assignment	Days				

External clients	Medium	Assurance	20	City Deal 2019/20	5	Scope as per rolling SLA	y				
				Cardiff Further Education Trust Fund	2						
				Norwegian Church Preservation Trust	2						
				Joint Committees	6						
				Rumourless Cities European Grant	8						
				Provision for other work	3						
				St. Peter's Private Fund	2						
				St. Peter's Out of School Club and Governors' Fund (unplanned)	10			Grant certification / statement of accounts work			
				0	Cardiff Further Education Trust Fund 2017/18 (carried forward from 2018/19)				0		
					Norwegian Church Preservation Trust (carried forward from 2018/19)				0		
Grants	Assurance	10	Provision for grant work	5							
			0	Education Improvement Grant 18/19	5						
			0	Education Improvement Grant 2017/18 (carried forward from 2018/19)	0						
Total			30	48							
Contingencies			Original audit plan	Assignment	Days						
General Audit			30	General Audit (provision)	12	TBC.					
Total			30	12							
Management			Original audit plan	Assignment	Days						
Corporate work – Audit Committee, WAO etc.	Medium	Management	50	Corporate work – Audit Committee, WAO etc.	50	Internal Audit management, planning, guidance and support activities.					
Assurance mapping			10	Assurance mapping	10						
CRSA development			0	CRSA development	0						
Process development			20	Process development	20						
Work for Audit Manager			30	Work for Audit Manager	30						
Planning, monitoring & reporting			30	Planning, monitoring & reporting	30						
Review of financial rules etc.			20	Review of financial rules etc.	20						
General advice and guidance			20	General advice and guidance	20						
Total			180	180							
Total chargeable days			1,990	1,990							

Final report issued	Effective with opportunity for improvement
Closed	No opinions given
Closed	No opinion given
Closed	No opinion given
Closed	No opinion given
Final report issued	Effective with opportunity for improvement

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol



AUDIT COMMITTEE: 12 November 2019

INTERNAL AUDIT INVESTIGATION TEAM PROGRESS REPORT

REPORT OF THE AUDIT MANAGER

AGENDA ITEM: 11.2

Reason for this Report

1. The Audit Committee's Terms of Reference requires Members to:
 - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
 - Monitor the Counter-fraud strategy, actions and resources.
2. This report has been prepared to provide Audit Committee with an update on the work of the Audit Section's Investigation Team, as at the 31st October 2019.

Background

3. The Audit Manager prepares quarterly progress reports, outlining the work undertaken by the Investigation Team, its key outputs and outcomes.
4. Progress reports focus on the proactive and reactive investigation activities underway, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises. Information is also provided on the officer training delivered by the team.

Issues

Progress Update

5. A new investigator has joined the team and their initial work has involved investigating council tax liability, council tax reduction and tenancy fraud referrals. Their broader skills and experience are also being utilised in other areas to support the team.
6. The number of referrals received are comparable to the same period last year, cases continue to be risk assessed and criminal cases are referred to the Team Manager or the Investigator.
7. Four Interviews Under Caution have been conducted in accordance with the Police and Criminal Evidence Act 1984 since the Investigator commenced duties. These investigations are ongoing and sanctions are to be applied as appropriate.

8. There are eighty-eight current investigations ongoing. Completed investigations are comparatively higher than last year, and the value of concluded reactive investigations has exceeded £35k in the year to date.

Fraud Awareness Initiatives

9. Following Audit Committee review, and Cabinet approval of the Counter-Fraud and Corruption Strategy, mandatory Fraud Awareness Training has been rolled out to all staff. The training has a required completion date of 31 March 2020.
10. To date, more than a thousand PC users within the Council have completed the eLearning module, and 23 face-to-face sessions have been delivered to non-PC users with more than 500 attendees. Additionally face-to-face training has been delivered to more than 70 Headteachers during their Conferences.
11. To further support Schools, a counter-fraud CRSA audit has been arranged for the Autumn Term, which has been introduced through strategic briefings Chairs of Governors and School Budget Forum meetings.
12. The team has engaged with the Corporate Communications Team and a number of senior officers of the Council to support participation in International Fraud Awareness Week commencing 17 November 2019. Preparation is complete for a week long internal communication campaign, for which a summary of the campaign will be provided to Audit Committee in the January Committee meeting.

Legal Implications

13. There are no legal implications arising from this report.

Financial Implications

14. There are no financial implications arising from this report.

RECOMMENDATIONS

15. That the Committee:
 - Notes the content of the progress report

CHRIS PYKE
AUDIT MANAGER
12 November 2019

The following appendices are attached:

Appendix A: Investigation Team - Progress Report



Resources Directorate Internal Audit Section



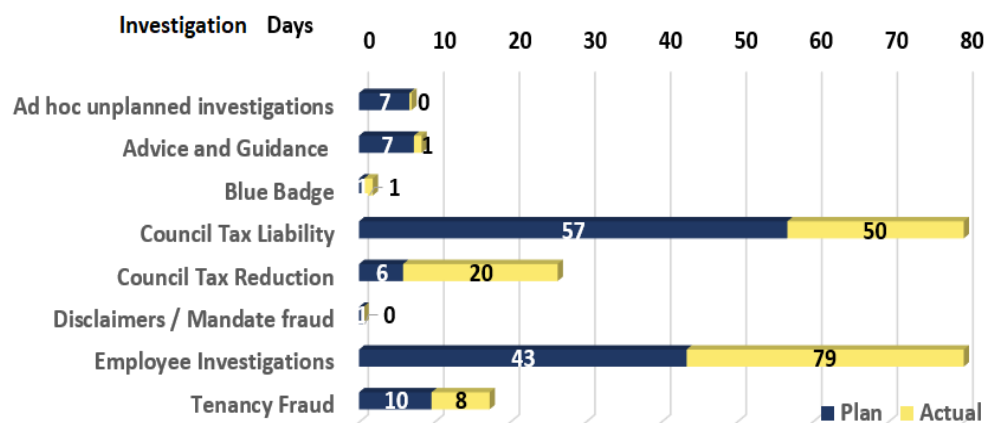
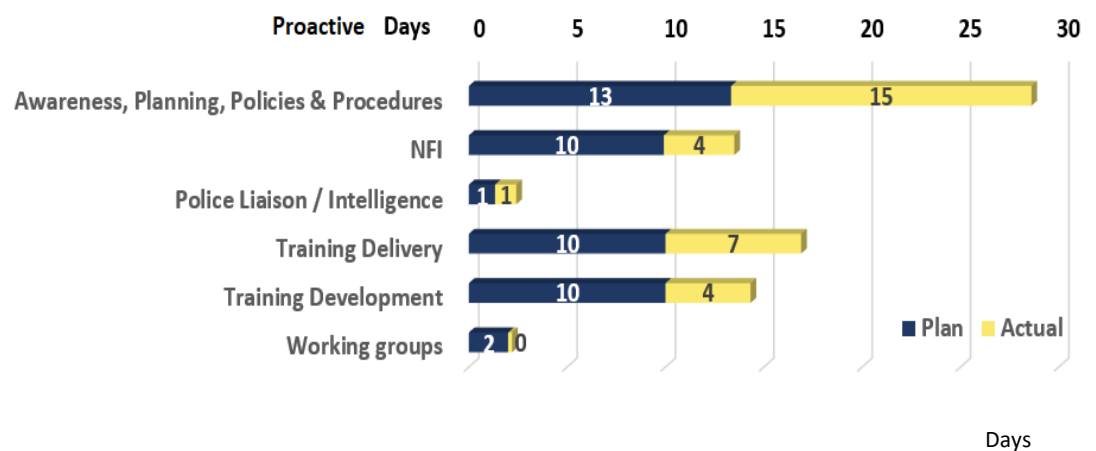
Investigation Team Progress Report (as at 31st October 2019)

Resources

The team consists of 2.5 full time equivalents, following the commencement of a new investigator, on the 30th September 2019. The new Investigator has been allocated initial investigation cases in respect of council tax liability, council tax reduction and tenancy fraud, and has already conducted a number of interviews under caution, in accordance with the Police and Criminal Evidence Act 1984.

Plan

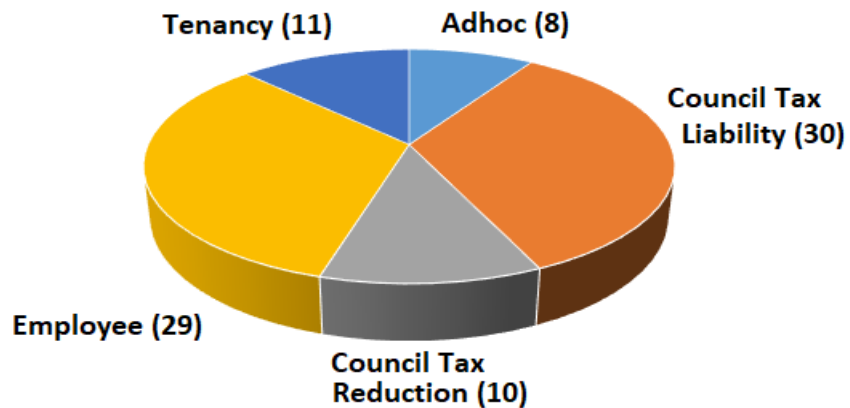
There were 278 days available (based on 1.5 fte.) in the original 2019-20 Investigation plan, which was adjusted to 376 days to account for the additional investigator appointed at the end of quarter 2. For the financial year to 31st October 2019, the team have applied 190 days as follows:



Ongoing Investigations

There are currently eighty-eight investigations ongoing (twenty-two more than reported in September):

Ongoing Investigations



Fraud Awareness Training

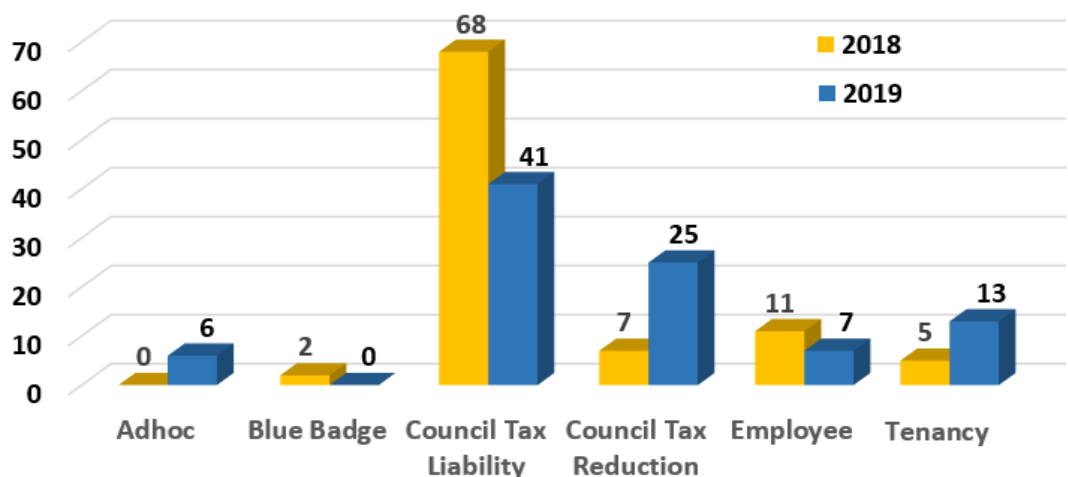
Following Audit Committee review, and Cabinet approval of the Counter-Fraud and Corruption Strategy, mandatory Fraud Awareness Training has been rolled out to all staff. To date, more than a thousand PC users within the Council have completed the eLearning module, and 23 face-to-face sessions have been delivered to non-PC users with more than 500 attendees. Additionally face-to-face training has been delivered to more than 70 Headteachers during their Conferences.

To further support Schools, a counter-fraud CRSA audit has been arranged for the Autumn Term, which has been introduced through strategic briefings Chairs of Governors and School Budget Forum meetings.

Reactive - Referrals

Ninety-two referrals have been received, compared to ninety-three for the same period last year:

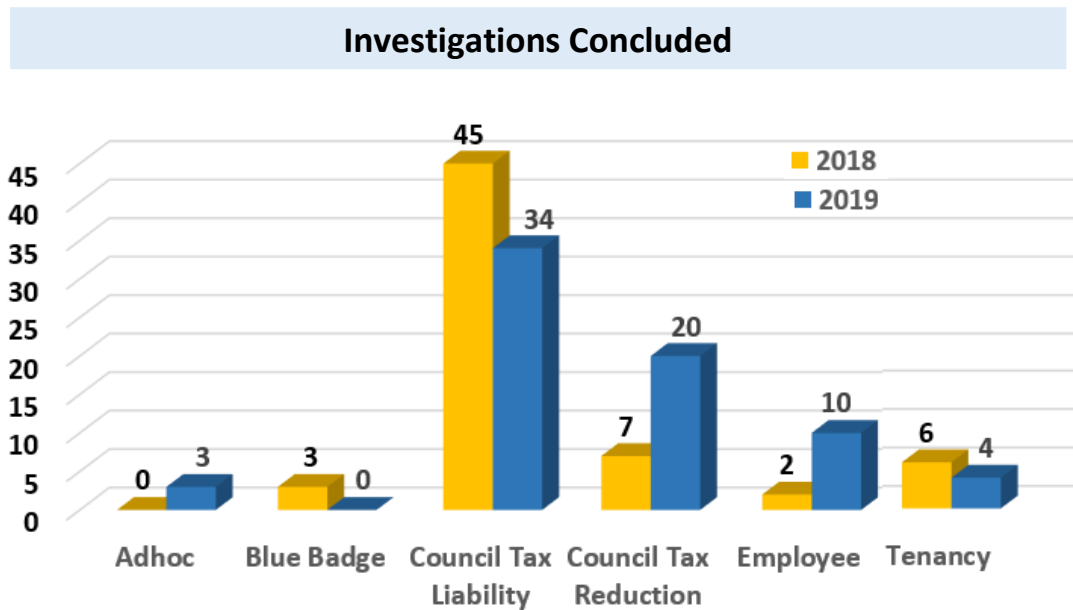
Referrals Received



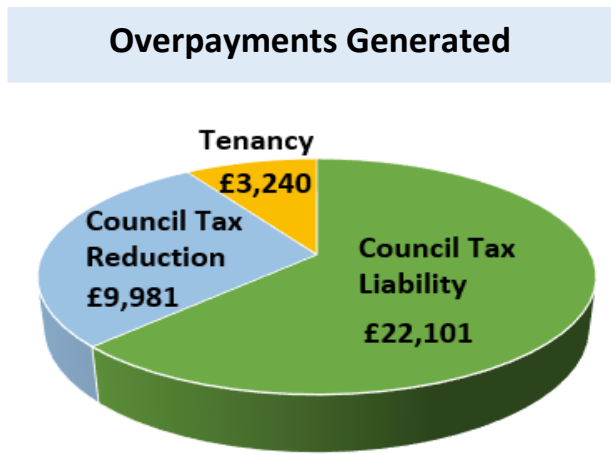
Ad hoc referrals related to a potential insurance fraud and a number of requests to undertake pension verification checks.

Investigations concluded

Seventy-one investigations have been completed, compared to sixty-three for the same period last year:



In respect of the investigations concluded, overpayments have been generated as follows:



The tenancy case related to a housing waiting list applicant who was removed from the list following investigation.

In respect of employee investigations, there were 2 Final Written Warnings Issued and 3 Dismissals.

Mae'r dudalen hon yn wag yn fwriadol

Audit Committee Action Plan

Agenda Item 13

(Updated following meeting held on 10 September 2019)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
Finance (Budget)			
Governance & Risk Management			
25.06.19	The Corporate Director Resources and Director of Economic Development to clarify any specific Health and Safety queries with Councillors Bale, Cunnah and Williams. Following this, relevant Audit Committee information and engagement is to be determined and arranged.	Completed Councillor engagement Meetings commenced August 2019.	CL & NH
Wales Audit Office (WAO)			
Internal Audit			
10.09.19	Committee agreed to amend the School Governance and Compliance Sections in both the Audit Committee Annual Report and Annual Governance Statement for 2018/19.	Completed 12.09.19	IA/CP
25.06.19	Audit Manager to meet with Corporate Communications Officers, to consider opportunities to communicate the outcomes of Internal Audit, and its work more widely.	Ongoing Discussions commenced in August 2019	CP
10.09.19	Audit Manager to circulate income information associated with the Trolley service.	Completed 17.09.19	CP
10.09.19	The Audit Committee Chair to write to Directors for whom there have been material delays in implementing 'red' and 'red/amber' recommendations, to request an account for the reasons for this, and a commitment and timeframe for delivery.	Completed 20.09.19	IA
Treasury Management			
25.06.19	The Operational Manager, Capital, Corporate & Treasury to: <ul style="list-style-type: none"> prepare a note for a future Audit Committee meeting on the nature of treasury management investments and risks, including the approach to ethical investments, and to; consider ways of providing wider information and context in relation to borrowing activities in future treasury performance management reports to the Audit Committee. 	Ongoing Point 1 To deliver through TM overview report in November 2019, and TM Strategy 2020-21 in January 2020. Point 2 Ongoing	AH
10.09.19	OM Treasury to review the availability of benchmarking on Capital Financing Costs as a percentage of budget, and to highlight any risks of comparison in a future report.		

Operational Items			
22.01.19	<p>The Director of Planning, Transport and Environment is recommended to:</p> <ul style="list-style-type: none"> Review the resilience of local incident management plans, and develop specific plans for a flood event arising from the coastal erosion corporate risk; Develop an engagement strategy to communicate to those most at risk; Report progress to a future Audit Committee meeting. 	<p>Ongoing</p> <p>Interim updates emailed to Members 01 April 2019 and 03 June 19 and 30 October 19</p>	AG
02.04.19	<p>Once disciplinary procedures have concluded within the Waste Management Service, Audit Committee to be informed of the terms of reference and approach for delivering the associated Post Investigation Review.</p>		
25.06.19	<p>The previously shared confidential briefing on the potential landfill tax liability is to be made available to Audit Committee Members who joined after the briefing was provided.</p>	<p>Completed</p> <p>Briefing offered - to be completed by 10 September 2019</p>	IA
Work Programme			
10.09.19	<p>The Chair to consider the Audit Committee work programme with regards to receiving ongoing assurance in respect of Brexit.</p>		
10.09.19	<p>The Audit Committee work programme to be adjusted to invite the Corporate Director, People and Communities to an earlier than planned meeting in respect of the directorate control environment.</p>	<p>Completed 12.09.19</p>	CP
WAO Tracker/Other Studies			
Outstanding Actions			
Scrutiny Letters			

Topic	Tuesday 25.06.19 at 2pm (CR4)	Tuesday 10.09.19 at 2pm (CR4)	Tuesday 12.11.19 at 2pm (CR1)	Tuesday 21.01.20 at 2pm (CR4)	Tuesday 24.03.20 at 2pm (CR4)	Tuesday 23.06.20 at 2pm (CR4)
				12.30-1.30pm - Committee Self- Assessment		
Wales Audit Office		Audit of Financial Statement Report for City of Cardiff Council (ISA260)	WAO Performance Audit Work Programme Update		Annual Audit Plan 2020	
		Audit of Financial Statement Report - Cardiff & Vale of Glamorgan Pension Fund (ISA260)	Annual Improvement Report		Cardiff & Vale Pension Fund Audit Plan	
			Well-being of Future Generations Examination Report			
	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update
Treasury Management	Performance Report	Performance Report	Performance Report	Performance Report	Performance Report	Performance Report
		Annual Report	Half Year Report			
				Draft Strategy 2020-21	Treasury Management Practices	
Finance	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues & Benchmarking	Financial Update including Resilience Issues
	Draft Statement of Accounts 2018-19 (including the AGS)	Final Statement of Accounts for 2018-19 (including the AGS)			Accounting Policies and Timescales for 2019/20 Statement of Accounts	Draft Statement of Accounts 2019-20 (including the AGS)
				Charging For Services & Generating Income – Update on WAO recommendations		
	WAO Tracker / Other Studies	WAO Tracker / Other Studies	WAO Tracker / Other Studies	WAO Tracker / Other Studies	WAO Tracker / Other Studies	WAO Tracker / Other Studies
Internal Audit	Progress Update	Progress update	Progress Report	Progress Update	Progress Update	Progress Update
	Internal Audit & Investigation Annual Report 2018-19			Draft Audit Charter and Draft Audit Plan 2020-21	Audit Charter and Audit Plan 2020-21	Internal Audit Annual Report 2019-20
Governance and Risk Management	Audit Committee Annual Report 2018-19			Audit Committee Annual Report Discussion 2019-20		Audit Committee Annual Report 2019-20
	Senior Management Assurance Statement Review			Senior Management Assurance Statement and AGS Action Plan 2019-20 (Mid-Year)		Senior Management Assurance Statement Review
					Draft AGS 2019-20	
	Corporate Risk Management (Year-End)	Corporate Risk Management (Quarter 1)	Corporate Risk Management (Mid-Year)		Corporate Risk Management (Quarter 3)	Corporate Risk Management (Year-End)
					Audit Committee Self-Assessment Feedback/Action Plan	
Operational matters / Key risks	Neil Hanratty Update on Internal Control Environment	Nick Batchelar Annual Report on School Governance, Balances & Deficits	Sarah McGill Update on Internal Control Environment	TBC - Andrew Gregory Update on Internal Control Environment (& Coastal Risk Management)	TBC - Paul Orders Update on the Council's Control Environment	TBC – Claire Marchant Update on Internal Control Environment
			Jane Thomas, Risk Based Verification Policy – Housing and Council Tax Benefit Assessment	TBC – Christopher Lee Update on Internal Control Environment (& H&S Governance)	Nick Batchelar Update on Internal Control Environment and School Governance	

Mae'r dudalen hon yn wag yn fwriadol