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AGENDA

Committee AUDIT COMMITTEE

Date and Time of Meeting MONDAY, 30 NOVEMBER 2015, 2.00 PM

Venue COMMITTEE ROOM 4 - COUNTY HALL

Membership Independent Members: Councillor Ian Arundale (Chair)
Professor Maurice Pendlebury, Hugh Thomas

Councillors Howells, Kelloway, McGarry, Mitchell, Murphy,
Professor Maurice Pendlebury, Dianne Rees, Hugh Thomas and
Weaver

*Time
approx.*

1 Apologies for Absence

To receive apologies for absence.

2 Declarations of Interest

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

3 Minutes (Pages 1 - 6)

To approve as a correct record the minutes of the meeting held on 16 September 2015.

4 Finance (Pages 7 - 10)

2.00 pm

4.1 Budget Strategy

5 Governance and Risk Management (Pages 11 - 60)

5.1 Corporate Risk Register

5.2 Risk Appetite

5.3 Constructing Excellence Wales on Building Maintenance Framework and Action Plan

- | | | |
|-----------|--|---------|
| 6 | Wales Audit Office | 3.10 pm |
| | 6.1 WAO Report Progress Update and Value for Money Studies | |
| 7 | Treasury Management (<i>Pages 61 - 66</i>) | 3.25 pm |
| | 7.1 Performance Report | |
| 8 | Internal Audit (<i>Pages 67 - 116</i>) | 3.40 pm |
| | 8.1 Half Year Progress | |
| | 8.2 Measuring Effectiveness of Internal Audit | |
| | 8.3 Assurance Mapping | |
| | 8.4 Public Sector Internal Audit Standards (PSIAS) External Assessment | |
| 9 | Work Programme Update (<i>Pages 117 - 120</i>) | 4.10 pm |
| 10 | Urgent Business | 4.15 pm |
| 11 | Date of next meeting | |

The next meeting is scheduled for 1 February 2016.

Marie Rosenthal

Director Governance and Legal Services

Date: Tuesday, 24 November 2015

Contact: Graham Porter, 029 2087 3401, g.porter@cardiff.gov.uk

AUDIT COMMITTEE

16 SEPTEMBER 2015

Present: Independent Members: Ian Arundale (Chair),
Councillors Howells, Murphy, Weaver,
Professor Maurice Pendlebury, Hugh Thomas and Dianne Rees

13 : APOLOGIES FOR ABSENCE

Apologies were received from Sir Jon Shortridge and Councillors McGarry and Mitchell. Had he been able to attend this would have been Sir Jon's last meeting.

RESOLVED – That a letter be sent to Sir Jon Shortridge to express thanks for his expertise, hard work and commitment both to the Audit Committee and to the Audit Panel before that.

14 : DECLARATIONS OF INTEREST

The Deputy Chairperson reminded Members of their responsibility under Part III of the Members' Code of Conduct to declare any interest in general terms and to complete personal interest forms at the start of the meeting and then, prior to the commencement of the discussion of the item in question, specify whether it is a personal or prejudicial interest. If the interest is prejudicial Members would be asked to leave the meeting and if the interest is personal, Members would be invited to stay, speak and vote. No declarations were made.

15 : MINUTES

The absence of the procurement sub group item on the agenda was raised. The Corporate Director (Resources) explained that this item has been rescheduled for the next Committee meeting.

RESOLVED – That the minutes of the meeting of the Audit Committee of 22 June 2015 be agreed as a correct record of the meeting and signed by Professor Maurice Pendlebury who was Chairperson at that meeting.

16 : FINANCE

Financial Update

The Committee was given an update by the Section 151 Officer and was advised that the projection is that there will be a balanced budget position for 2015/16, although the projection indicates a net overspend of £2.1 million at directorate level. Overall, the position appears better than at the same period last year although there are still some significant issues at directorate level in relation to achieving the budgeted savings. The contingency budget of £4 million partly offsets the projected directorate overspends. There has been some slippage in the capital programme mainly in respect of the 21st Century Schools Programme and the development of Central Square.

RESOLVED – That the report be noted.

Draft Statement of Accounts 2014-15, including Wales Audit Office Financial Statement Report (ISA260)

The Chairperson welcomed Ann-Marie Harkin, WAO Engagement Director, Non Jenkins, WAO Local Government Manager (South East) Wales region, Chris Pugh, WAO Auditor and Grants Specialist, Janet McNicholas, Audit Manager (WAO) and Alan Morris (WAO).

The Committee was advised that the total earmarked reserves stand at £34.1 million, the Housing Revenue Account balance is £8.438 million and the Cardiff & Vale of Glamorgan Pension fund is valued at £1.680 billion as at 31 March 2015.

An amended copy of the Wales Audit Office (WAO) Audit of Financial Statements Report – (Draft ISA260) was distributed to the Committee. WAO officers informed the Committee that there were no unadjusted misstatements in the accounts. The audit is now complete and the Auditor General is prepared to issue an unqualified audit opinion. There were a number of corrected mis-statements. One issue that arose was around the incorrect capitalisation of some expenditure on council house dwellings extrapolated to be £5.1 million. As this is below the materiality level WAO is not requesting an amendment to the Statement of Accounts in relation to it. WAO received the local authority accounts within the deadline and all required information was received. No material weaknesses in internal controls have been identified.

Anil Hirani, Operational Manager (Capital & Treasury) advised the Committee that WAO's concerns were around some of the narratives that have been used when officers have raised jobs for the completion of work on dwellings. There is a need for firmer processes around narratives and for more education of officers within the service area dealing with Housing works. WAO agreed with officers that it was an issue of coding/categorisation and that WAO had ascertained that it was not a material issue this year and that the figure quoted was an assumed worse-case scenario although improvements were needed going forward.

The Chair felt that officers should be congratulated on completing a very comprehensive and complex piece of work within the required timescale.

The Committee asked for paragraphs 78 and 79 of the Annual Governance Statement to be rephrased to clarify the supporting role of the Audit Committee to Internal Audit, and to explain how managers have been helped to make informed and transparent decisions. The Section 151 Officer briefed the Committee on the Cardiff Manager Programme, which is aimed at officers at grades 8, 9 and 10 across the Council. Finance led one day of the event and the aim was to bring everyone to the same position regarding financial awareness. It was agreed that the Annual Governance Statement would be amended to clarify these matters.

WAO officers advised the Committee that the audit of the Cardiff and Vale of Glamorgan Pension Fund has been completed and this has resulted in an unqualified audit report. WAO had been awaiting some assurances from fund managers but this has now been received.

RESOLVED –

- 1) That the AGS be amended to clarify the above matters.

- 2) That the Draft Statement of Accounts 2014-15 and the Wales Audit Office Financial Statement Report (ISA260) be commended to the Council.

17 : GOVERNANCE & RISK MANAGEMENT

Organisational Development Programme Update

This report informed the Committee of the progress of projects within the Council's Organisation Development Programme (ODP).

The Committee noted that this is an important programme of work for the Council on its improvement journey.

RESOLVED – That the report be noted.

18 : WALES AUDIT OFFICE

Corporate Assessment Update (WAO Project Brief)

WAO officers advised the Committee that the report sets out what WAO will be doing in the Corporate Assessment Follow-on. The ODP will be central to the report. WAO will be looking at issues that were identified during the Corporate Assessment. WAO has started to carry out document reviews and tracer work. It is expected that WAO will be able to produce some draft output in December 2015.

The Committee raised the matter of Member Surveys which were sent to both elected and independent members as part of the follow-on Corporate Assessment. WAO agreed to consider the relative representation of independent and elected Member survey responses.

RESOLVED –

- 1) That the report be noted.
- 2) That the Committee consider this again at its meeting on 1 February 2016
- 3) That WAO consider the relative representation of independent and elected Member survey responses.

WAO Annual Improvement Report

The Committee was advised that this year the Annual Improvement Report will be fairly light. Due to the forthcoming Corporate Assessment the Committee will have seen most of the content already. WAO needs to see the outcome of the follow-on assessment and the Estyn monitoring outcomes. WAO will also be working closely with the Care and Social Services Inspectorate Wales.

RESOLVED – That the report be noted.

WAO Annual Progress Report Update and Value for Money Studies

- i) Financial Resilience of Councils in Wales

The Committee was advised that WAO has produced a financial resilience report and will be doing this at regular intervals. There is some work to be done on knitting together the financial elements with policy and strategy, something which is always difficult to do but even more so in a period of austerity. WAO will be reporting on how councils are responding to the financial challenges that they now face when providing public services. It is expected that a report will be published in February 2016. WAO will be looking at how financial plans are linked to strategic plans. The implications of the Well-being of Future Generations (Wales) Act 2015 add another dimension to this. Aware that Welsh Government (WG) is not providing local authorities with any additional funding for the implementation of the Act, WAO will also be looking at the decision of WG and ministers. WAO has to be careful not to be seen as influencing policy but at the same time has to look at how decisions are made and the implementation of them.

ii) Certificate of Compliance

The purpose of this item was to inform the Committee about the Certificates of Compliance issued to the Council as part of the Local Government (Wales) Measure 2009 (the Measure).

RESOLVED – That the report be noted.

19 : TREASURY MANAGEMENT

Performance Report

Appendix 1 and Appendix 3 to the report for agenda item 7.1 (Treasury Management – Performance Report) contained exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972. It was agreed that the public be excluded for the duration of the discussion of this item of business on the grounds that if members of public were present during the discussions, due to the nature of the business to be transacted there would be disclosure to them of exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act, 1972. No members of the public and press were present.

The Operational Manager, Capital & Treasury, presented this report, the purpose of which was to provide the Committee with performance information and a position statement on Treasury Management as at 31 August 2015 and highlight key changes from the previous report received as at 31 May 2015.

The Committee was advised that as at 31 August 2015 investments totalled £48.9 million. Currently a slight underspend is forecast in terms of external borrowing. The forecast for internal borrowing at 31 March 2016 is £45 million.

The Committee enquired whether the Council is exposed to any risk in relation to Lender Option, Borrower Option loans (LOBOs) and asked how much notice the local authority would receive if they were called in. The Committee was advised that notice is given and it is not expected that any LOBOs will be 'called in' this year. The Council has plain LOBOs rather than complicated ones and could manage early repayment if that were necessary. The Council has also considered asking providers whether they would like to restructure the loans. LOBOs form only a small percentage of the Council's overall debt.

RESOLVED – That the report be noted.

Treasury Management Annual Report

Annexes B and C to Appendix 1 to the report for agenda item 7.2 (Treasury Management Annual Report) contained exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972. It was agreed that the public be excluded for the duration of the discussion of this item of business on the grounds that if members of public were present during the discussions, due to the nature of the business to be transacted there would be disclosure to them of exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act, 1972. No members of the public and press were present.

The purpose of this report was to provide the Committee with the Treasury Management Annual Report before submission to Council in September in accordance with the Council's Treasury Management Policy.

RESOLVED – That the report be noted.

20 : INTERNAL AUDIT

No items were presented.

21 : OUTSTANDING ACTIONS - ACTION LOG

The purpose of this item was to update the Committee on outstanding actions from the Audit Committee's Action Plan.

RESOLVED – That the report be noted.

22 : WORK PROGRAMME 2015 - 16

The purpose of this report was to update Members on the Committee's Work Programme for 2015/16

A Member requested that Financial Resilience be included as a standard separate agenda item, rather than as part of the budget/financial report. It was agreed by the Corporate Director Resources that the topic of financial resilience would be made more explicit under finance.

It was also requested that the reports from the WAO should be added at the requisite times to the work programme.

RESOLVED –

- 1) That Financial Resilience be added as a separate agenda item at appropriate times.
- 2) That the WAO reports expected for 2015-16 be added to the work programme.
- 3) That the report be noted.

23 : DATE OF FUTURE MEETINGS

The next meeting will be held on 30 November 2015 at 2.00pm

The meeting closed at 3.25pm

The meeting terminated at 3.25 pm

**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**

AUDIT COMMITTEE: 30 November 2015

FINANCIAL UPDATE 2015/16

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 4.1

Reason for this Report

1. To provide the Audit Committee with an update on the Council's financial position.

Background

2. To assist the committee in understanding the current financial context within which the Council is operating, this report sets out an overview of the current monitoring position for 2015/16 and gives an update on the preparatory work for 2016/17 and the medium term.

Issues

Financial Monitoring

3. Overall, the month six revenue monitoring for the Council shows a potential surplus of £309,000 as compared to the balanced position previously reported at month four. Financial pressures and shortfalls against budget savings targets in directorate budgets continue to be offset by projected savings on capital financing, an anticipated surplus on Council Tax collection and by NDR refunds on Council properties. Directorate budgets are currently projected to be overspent by £6.1 million however it is anticipated that management actions will enable this to be reduced by the year end. The current position includes projected overspends in the Social Services, City Operations and Economic Development Directorates and in Corporate Management. This reflects a number of factors including shortfalls against budget savings targets set as part of the 2015/16 budget and on-going shortfalls carried forward from the previous financial year. The directorate overspends are partially offset by the £4.0 million general contingency budget which was maintained as part of the 2015/16 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2015/16.
4. The projected overspends in directorate budgets include £4.960 million in Social Services, £666,000 in City Operations, £569,000 in Economic Development and £154,000 in Corporate Management. This position reflects a range of factors including increased demographic pressures, shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2015/16

budget together with on-going shortfalls carried forward from the previous financial year.

5. The 2015/16 savings for each directorate currently anticipated to be achieved show an overall shortfall of £5.717 million against the £32.473 million directorate savings target with £18.730 million having been achieved to date and a further £8.026 million anticipated to be achieved by the year end. The budget approved by Council on the 26 February 2015 identified red or red / amber achievability risks totalling £10.230 million with £5.854 million of the savings proposals still at a general planning stage. These risks are evident in the projected shortfall currently reported as part of the month six monitoring. A projected shortfall of £2.868 million has also been identified in relation to savings targets carried forward from 2014/15. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas. The £4.0 million General contingency budget which was allocated to reflect the risk and planning status of the proposed savings for 2015/16 is also available to offset the shortfall in the current financial year. However, despite this the shortfalls represent a continuing cause for concern particularly as the Council is faced with another very difficult budget round.
6. Actions are being taken by those directorates currently reporting a projected overspend in order to try to resolve the issues that led to the current position or alternatively to identify offsetting savings in other areas of the service. This will continue to be reviewed as part of the challenge process to review the performance of directorates including the budget monitoring position. The financial monitoring position and any actions being taken by directorates to reduce projected overspends are also discussed in the Chief Executive's monthly meetings with directors.
7. The Capital Programme for 2015/16 amounts to £327.8 million of which £116.5 million is in respect of General Fund schemes and £211.3 million is in relation to the Council's Public Housing schemes. Against this the projected out-turn is £297.6 million resulting in a net variance of £30.2 million. The majority of the projected variance is due to slippage in two main areas, namely, construction of the new Eastern High School and various energy projects including LED for street lighting. Directorates have been reminded of the need to avoid slippage wherever possible by ensuring that their project plans and profiles of activity are robust.
8. Cabinet approved the Month Six monitoring report at their meeting on 12 November 2015.

Budget Preparation

9. Following the approval of the Budget Strategy report by Cabinet and Council in July 2015, directorates spent the summer constructing their savings proposals as part of establishing a balanced budget position for approval by Council in February 2016. The Budget Strategy report indicated a budget gap of £47.4 million in 2016/17 and £116.9 million over the period to 2018/19. Within those figures, directorate savings are expected to amount to some £70 million with the balance accounted for through other strategy assumptions including increases in Council Tax.

10. Work has been carried out to update and review the budget strategy assumptions and to undertake due diligence on the initial 2016/17 savings proposals. Due diligence work has also been undertaken in respect of the budget savings shortfalls identified as part of the budget monitoring process in the current financial year in order to form a view regarding the future achievability of these savings. Any implications arising from the due diligence work will be reflected in the draft budget proposals which are due to be released for public consultation in December.
11. The timescales for the release of the Provisional and Final Local Government Settlement information from Welsh Government is creating risk and uncertainty for all Councils in Wales both in terms of the level at which budgets are set and in terms of the timeframes for approval by Council. The Provisional Settlement which is usually received in October will be announced on the 9th December with the Final Settlement not due to be announced until the 2nd March. Even then there will be a degree of uncertainty as the Welsh Government Budget is not due to be debated and approved by the National Assembly until 8th March. The Council's budget timetable currently assumes that the Budget will be considered at the Council Meeting on 25th February. This is now subject to review however there are also statutory considerations in that the Local Government Finance Act 1992 requires that Council's set their budgets no later than 11th March. Any further delay would also have implications for the collection of Council Tax in the new financial year.

Reason for Recommendations

12. To inform Audit Committee of the current financial context for the Council.

Legal Implications

13. No direct legal implications arise from this report.

Financial Implications

14. There are no direct implications arising from this information report.

Reccommendations

15. To note the financial information provided and the process being adopted in respect of budget preparation for 2016/17 and the medium term.

**CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
November 2015**

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**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**



AUDIT COMMITTEE: 30 November 2015

CORPORATE RISK REGISTER – MID YEAR REVIEW 2015/16

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5.1

Reason for this Report

1. To bring the Corporate Risk Register (CRR) to the attention of the Committee, in order to consider the strategic risks facing the Council.

Background

2. To support the arrangements for good corporate governance it is necessary for the Council to have a clear statement of its overall position in relation to corporate risks and to review them on a regular basis.
3. The CRR should identify the main risks facing the Council so that elected Members and Senior Management can make informed decisions and prioritise actions, with these high level risks in mind. The process followed is to identify the risk and then to address it through the control environment and mitigations in place or planned within the Council. This exercise results in a residual risk score which should demonstrate the effectiveness of the controls in place to manage the risk.
4. The Committee last sighted the CRR on 22 June 2015 which reflected the year end position for 2014/15. The register continues to be updated quarterly and presented to the Senior Management Team to ensure their collective ownership of the strategic risks facing the Council. On this occasion the register has been updated to reflect the mid year position for 2015/16.

Issues

5. The CRR is currently made up of twenty four risks, all of which are assigned to members of the Senior Management Team to ensure the most senior level of ownership and accountability by officers.
6. Each risk has been reviewed and updated by the respective risk owner to reflect the mid year position, which was shared with all Directors at a Senior Management Team meeting, to gain collective agreement.

7. Since the Committee last sighted the register in June 2015:
 - The number of corporate risks has reduced by one to twenty four;
 - A Senior Management restructure took place in April 2015, reducing the number of Directors from eleven to seven. Risk owners have been updated accordingly to ensure ongoing risk ownership and management.
8. The Social Services Directorate was formed in April 2015, to combine the Health and Social Care and Children's Services Directorates. The former Directorates collectively owned four risks on the CRR which have been amalgamated into three ongoing corporate risks as part of the mid year review. The Director of Social Services has taken ownership of these risks which relate to the Social Services and Wellbeing (Wales) Act 2014, the cost of delivering Social Services and delayed transfers of care.
9. The Risk Management Steering Group met in September and considered whether four risks, which had been escalated from Directorates, should be included on the CRR. The risks were considered by the Risk Management Steering Group who determined that it is appropriate for these to be managed and mitigated within individual Directorates.
10. A benchmarking exercise has recently been completed with UK Core Cities to identify and consider the comparability of risk themes on the CRR with other Local Authorities. A review of this data provides general assurance that the makeup of the CRR is broadly aligned with those of the other Core Cities. The Audit Risk Team is working with Risk Owners to review the benchmarking data in greater detail.
11. The Social Services Directorate has acknowledged the efforts made to manage and control the risk of failure to deliver the Social Services and Wellbeing (Wales) Act 2014. Reflecting on the ongoing controls and the proposed improvement actions going forward it was considered appropriate to reduce the residual risk score from high priority (red) risk to medium priority (red / amber) risk.
12. With the exception of the aforementioned change, all other risk scores have remained the same as the year end position for 2014/15. Although residual risks have remained relatively constant, there has been significant progress by risk owners, which is captured in the updated current controls and improvement actions of the detailed CRR.
13. It is important to note that risks are liable to change as circumstances alter and the CRR presents the position at a point in time and the appendices to this report reflect the mid year position 2015/16. The register will continue to be refreshed quarterly and the identified risk owners have a responsibility to ensure the register remains focused and relevant.
14. Since the Committee last sighted the register, the Director of Social Services has joined the Risk Management Steering Group to maintain appropriate representation following the departure of the Director of Health and Social Care.

15. In order to recognise the fundamental importance of the CRR, in the governance of the Council, the Committee will continue to consider reports on a biannual basis.
16. It is appreciated that there is considerable detail in the complete register and, therefore, two appendices are attached; Appendix A details the summarised register, Appendix B is a complete version.

Reason for Recommendation

17. As part of the arrangements for good corporate governance, it is necessary for the Council to have a clear statement identifying what strategic risks the Authority faces. The CRR will update Members and enable them to have an informed view on matters they consider. In addition, the Council will be able to demonstrate that there are effective and robust systems in place for managing risk.

Financial Implications

18. 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.

Legal Implications

19. 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.

RECOMMENDATION

20. The Committee is recommended to note the content of the Corporate Risk Register.

**CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES**

The following Appendices are attached:

Appendix A – Corporate Risk Register – Mid Year Review 2015/16 (Summarised)
Appendix B – Corporate Risk Register – Mid Year Review 2015/16 (Detailed)

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Risk Description	Inherent Risk	Residual Risk	Risk Owner	Cabinet Member
EVENT DRIVEN RISKS				
Social Services and Wellbeing (Wales) Act Failure to implement the Social Services & Wellbeing (Wales) Act 2014.	High Priority B1	Medium Priority (Red/Amber) B3	Tony Young	Councillor Sue Lent, Deputy Leader - Early Years, Children & Families & Councillor Susan Elsmore Health, Housing & Wellbeing
Hostile Vehicle Mitigation in Cardiff Vehicle Borne Improvised Explosive Device (VBIED) detonating in an area identified as a high risk crowded place, as a result of the inappropriate boundary treatments and access control processes protecting and managing it.	High Priority B1	High Priority B1	Andrew Gregory	Councillor Ramesh Patel Transport, Planning & Sustainability
Welfare Reform That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform Bill 2011, Universal Tax Credit, localisation of Council Tax Benefits, Social Fund reform, Introduction of the Benefit Cap and size restrictions for social tenants. Lack of information, short timescales for implementation and the large number of citizens affected makes this a significant risk. This risk is increased by the 2015 Budget which announced further welfare benefit cuts and introduction of Universal Credit from Nov 2015.	High Priority A2	High Priority B2	Sarah McGill (Jane Thomas)	Councillor Susan Elsmore Health, Housing & Wellbeing
Waste Management Failure to achieve targets for Landfill allowance, specifically for Biodegradable Municipal Waste and WG statutory Recycling Targets. Ineffective delivery of recycling targets and residual waste treatment.	High Priority B1	High Priority B2	Andrew Gregory	Councillor Bob Derbyshire Environment
Preparation of Local Development Plan Preparing a plan that is considered 'sound' by the Inspector, within the proposed timetable.	High Priority B1	Medium Priority (Red/Amber) C1	Andrew Gregory	Councillor Ramesh Patel Transport, Planning & Sustainability
Education – Schools - SOP Very ambitious timescales for project delivery, by a lean team, with restricted capital allocations to support reorganisation, improvement and expansion of school provision to meet growing pupil population.	High Priority B1	High Priority B2	Nick Batchelar (Janine Nightingale)	Councillor Julia Magill Education & Skills
Education Consortium & Attainment The Central South Consortium does not deliver effective services that challenge and support Cardiff schools to improve and Educational Attainment does not improve at the required rate.	High Priority B1	High Priority B2	Nick Batchelar (Angela Kent)	Councillor Julia Magill Education & Skills
ICT Platforms Unsuitable/ Outdated 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.	High Priority A2	Medium Priority (Red/Amber) C2	Christine Salter (Phil Bear)	Councillor Graham Hinchey Corporate Services & Performance
ONGOING RISKS				
Budget prioritisation The delivery of a balanced budget for 2016/17 alongside the deliverability of further significant savings over the life of the Medium Term Financial Plan Strong indication from Welsh Government that provisional settlement figure will not be received until December 2015 leaving very little time to react to any unanticipated settlement figures. Also, current indications are that the final settlement will not be announced until March 2016.	High Priority A1	High Priority A1	Christine Salter (Ian Allwood)	Councillor Graham Hinchey Corporate Services & Performance
Financial Resilience The financial resilience of the Council is likely to reduce over the medium term, given the scale of the financial challenge ahead.	High Priority A1	High Priority A1	Christine Salter (Ian Allwood)	Councillor Graham Hinchey Corporate Services & Performance
Budget Monitoring 2015/16 The Council's 2015/16 Budget included budget savings of £35.96 million of which £3.487m was identified as a capitalisation direction. £32.473 million were identified by directorates. Whilst lower than the £48.6 million identified for 2014/15 this level of in-year savings continues to pose a significant risk to the budget monitoring and the achievement of a balanced spending position for the financial year. At the time the budget was set the achievability risk ratings for the directorate savings identified that of the £32.473 million £10.23 million was rated red or red / amber with £5.854 million proposals still at a general planning stage. In the outturn report for 2014/15 £7.543 million of savings accepted had not yet been achieved which needed to be addressed in 2015/16.	High Priority A1	High Priority B1	Christine Salter (Allan Evans)	Councillor Graham Hinchey Corporate Services & Performance
Health and Safety Ineffective compliance of health and safety through poor application and embedding of the 'Framework for Managing Health and Safety in Cardiff Council.	High Priority A1	High Priority B1	Christine Salter (Christina Lloyd)	Councillor Graham Hinchey Corporate Services & Performance
Climate Change & Energy Security Un-preparedness to the effects of climate change due to lack of future proofing for key (social and civil) infrastructure and business development, and inability to secure consistent energy supply due to rising energy costs and insecurity of energy supply.	High Priority B1	High Priority B1	Andrew Gregory	Councillor Bob Derbyshire Environment
Information Governance 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.	High Priority A1	High Priority A2	Christine Salter (Vivienne Pearson)	Councillor Graham Hinchey Corporate Services & Performance
Social Services - Costs Failure to reduce the cost of delivering social services.	High Priority B1	High Priority B2	Tony Young	Councillor Sue Lent, Deputy Leader - Early Years, Children & Families
Delayed Transfers of Care Failure (with Health partners) to reduce the number of Cardiff residents experiencing delayed transfers of care.	High Priority B1	High Priority B2	Tony Young	Councillor Susan Elsmore Health, Housing & Wellbeing
Performance Management A performance management culture is not embedded within the Council leaving the Council exposed to intervention by Welsh Government in line with the Local Government (Wales) Measure 2009 and associated requirements	High Priority B2	High Priority B2	Christine Salter	Councillor Graham Hinchey Corporate Services & Performance
Organisation Development OD projects fail to deliver the radical change required to deliver efficiency savings and service changes, due to service and resource pressures.	High Priority B1	High Priority B2	Christine Salter (Dean Thomas)	Councillor Graham Hinchey Corporate Services & Performance
Business Continuity Large scale incident/loss affecting the delivery of services.	High Priority B1	Medium Priority (Red/Amber) C1	Christine Salter	Councillor Phil Bale, Leader – Economic Development & Partnerships
Education – Schools Delegated Budgets Secondary Schools with deficit budgets do not deliver agreed deficit recovery plans, impacting on the overall budgets for all schools.	High Priority A2	High Priority B2	Nick Batchelar (Neil Hardee)	Councillor Julia Magill Education & Skills
Legal Compliance Changes in services and staff roles across the Council resulting in: 1) Gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate; 2) 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.	High Priority B2	Medium Priority (Red/Amber) C2	Marie Rosenthal	Councillor De'Ath Skills, Safety & Engagement
Fraud Fraud, financial impropriety or improper business practices increase as internal controls are amended as resources become severely stretched.	High Priority B2	Medium Priority (Red/Amber) B3	Christine Salter (Derek King)	Councillor Graham Hinchey Corporate Services & Performance
Asset Management Ensure effective operation of the Council's Asset Management Board to achieve effective strategic oversight and identified savings.	High Priority B2	Medium Priority (Red/Amber) C2	Neil Harratty	Councillor Phil Bale, Leader – Economic Development & Partnerships
Workforce Planning Importance of forecasting and planning to building capability and capacity is not recognised and is not fully embedded.	Medium Priority (Red/Amber) B3	Medium Priority (Red/Amber) B3	Christine Salter (Philip Lenz)	Councillor Graham Hinchey Corporate Services & Performance

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Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
EVENT DRIVEN RISKS										
<p>Social Services and Wellbeing (Wales) Act</p> <p>Failure to implement the Social Services & Wellbeing (Wales) Act 2014.</p>	<p>Reputational / Financial / Stakeholders / Service delivery / Legal / Partnership / Community</p> <ul style="list-style-type: none"> Legal challenge around interpretation of 'duties' under the 'wellbeing' concept. Increases in demand, or service offer, stimulated by new duties under the Act. Social care sector staff not sufficiently trained to implement Act from 6th April 2016. 	B	1	High Priority	<ul style="list-style-type: none"> New governance arrangements in place to ensure effective monitoring of progress across the region. Senior lead officers identified with responsibility for each work stream. Regional task and finish groups established for each work stream and action plans being delivered. Updated Social Care Development and Workforce Plan submitted to Welsh Government in September 2015. Successful partnership workshop held to ensure full engagement in process. Officers contributing to national work groups as required. Regular reports to Scrutiny Committee with references to Cabinet in place. 	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Regional Implementation Plan updated for submission to WG on 16th October 2015. Joint approaches to developing opportunities across Cardiff, the Vale of Glamorgan and UHB closely monitored through IHSC Strategic Implementation Group, Leadership Group & Governance Group. National Learning & Development Plan being developed by Care Council for Wales to support implementation of the Act. First tranche of staff and partner development in progress through general awareness sessions. 	<p>Tony Young</p> <p>Councillor Sue Lent, Deputy Leader - Early Years, Children & Families</p> <p>Councillor Susan Elsmore - Health, Housing & Wellbeing</p> <p>Updated Potential Consequence, Current Controls and Proposed Improvement Actions</p> <p>(Residual risk updated from B1)</p>
<p>Hostile Vehicle Mitigation in Cardiff</p> <p>Vehicle Borne Improvised Explosive Device (VBIED) detonating in an area identified as a high risk crowded place, as a result of the inappropriate boundary treatments and access control processes protecting and managing it.</p>	<p>Service Delivery / Reputation / Legal / Financial / Health & Safety / Financial / Partnership / Community & Environment / Stakeholders</p> <p>Potential for:-</p> <ul style="list-style-type: none"> Large no's of fatalities, injuries to public in crowded place. Extensive structural damage and/or collapse of surrounding buildings. Major fire. Damage/disruption to utilities (gas, electricity, water etc.) Immediate impact to businesses in the Cardiff area. Media coverage affecting public perception, leading to a loss of public confidence directly resulting in reduced business, retail and tourism revenues generated in the city. Area to be 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 	B	1	High Priority	<ul style="list-style-type: none"> All existing identified high risk; crowded places have been formally assessed. Most crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge. Most crowded places have varying standards of boundary treatments protecting them; providing a limited/cursory visual deterrent but little/no protection from a hostile vehicle. CONTEST Protect/Prepare Task & Finish Group has developed a City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'. 20 (40%) of the identified 'gateways' into the crowded places already benefit from PAS 68/69 mitigation in place, implemented as a direct result of Home Office (Crowded Places) and Olympic Legacy funding. 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 incident occurring to help themselves manage and recover from its impacts. 	B	1	High Priority	<ul style="list-style-type: none"> WECTU CTSA's, the Emergency Services & Cardiff Council continue to promote and provide Project Argus and EVAC/Griffin training across the city. The revised products were launched nationally in November 2014 and are now being rolled out in South Wales. The CONTEST Protect/Prepare Group will continue to maintain the City Gateways Public Realm Enhancement Scheme to ensure that the proposed PAS 68/69 mitigation for the remaining gateways remains appropriate. This work also includes the estimated costs for the procurement and installation of the PAS 68/69 mitigation and ancillary services. Work is ongoing with Strategic, Planning, Highways, Traffic & Transportation (SPHTT) to advise developers across the city in relation to appropriate mitigation required. The CONTEST Protect/Prepare Group will continue to monitor and review the scheme to ensure it is fit for purpose until it is fully installed. Additional funding must be secured to procure and install the PAS 68/69 mitigation at the remaining 30 gateways (currently). 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. Further work has been undertaken to incorporate the car parking requirements of the Tabernacle, with an annex document being developed to better manage its 'users', covering their requirements whilst adhering to the existing Traffic Regulation Order. 'Sign-off' for this document is anticipated shortly. Two CT briefings were held in 15th & 22nd January 2015 for Civil Parking Enforcement staff to raise awareness of in relation to the Access Control Protocol, the National Threat Level and the ways in which they can support the work of CONTEST. The CONTEST Protect/Prepare Group will continue to support SPHTT in the delivery of all outstanding and future works associated with this risk. 	<p>Andrew Gregory</p> <p>Councillor Ramesh Patel – Transport, Planning & Sustainability</p> <p>Reviewed – No change</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
<p>Welfare Reform</p> <p>That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform Bill 2011, Universal Tax Credit, localisation of Council Tax Benefits, Social Fund reform, Introduction of the Benefit Cap and size restrictions for social tenants. Lack of information, short timescales for implementation and the large number of citizens affected makes this a significant risk. This risk is increased by the 2015 Budget which announced further welfare benefit cuts and introduction of Universal Credit from Nov 2015.</p>	<ul style="list-style-type: none"> Private landlords stop renting to benefit claimants Increased homelessness and demand for temporary accommodation Increased rent arrears Redeployment / Severance for 140 staff Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties. Funding issues with Council Tax Reduction Scheme Barriers to building additional affordable housing. 	A	2	High Priority	<ul style="list-style-type: none"> Communities staff continue to work closely with private landlords and advice agencies to mitigate wherever possible the reduction in benefit. To date private landlords have not withdrawn from the benefits market in large numbers but changes in the economy could influence this in the future so this will continue to be monitored closely. 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 private tenants to move accommodation where necessary. Timely information is being given to claimants to help them respond to the changes. Council Tax Reduction scheme worked well in 2014/15 and has been continued for 2015/16. Currently the reduction is based on 100% of liability so there has been no across the board cut to benefit. However funding issues could prevent this in the future. 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. Unfortunately the DHP grant has decreased in 2015/16 While arrears have increased this increase was much lower than anticipated due to effective management of the DHP fund and close monitoring of arrears. Many tenants remain affected and concern remains that arrears could rise further in the future The number of properties becoming vacant has increased as a result of Welfare reform and this combined with other issues has resulted in a significant increase in void rent loss. Work is being done to encourage exchanges rather than transfers as this will prevent properties becoming vacant as a result of the changes. The number of tenants in temporary accommodation has increased, however there are a number of factors contributing to this, this is being monitored carefully and has recently started to reduce. The benefit cap - the impact on rent arrears of this change is being monitored. Schemes have been put in place to protect those in Temporary accommodation and to encourage other tenants affected to return to work. Work is underway to identify additional cases following budget announcement. The communication plan is working well Factsheets have been developed and are constantly being updated as more is understood about the changes. Briefings are sent to external stakeholders updating them of any changes. The Welfare Reform Task Group is working well in 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. The date of the commencement of the transition to Universal Credit is 30 November 2015 however this will initially affect only a small number of clients, planning for staff reductions is still not possible. The scheme has been changed to include more information sharing for landlords and this should offset some of the risk. Work on digital inclusion and banking project is going well and training is provided across the city. The Advice Hub has moved to Central Library and is working well, providing comprehensive advice services for those affected by Welfare Reform. 	B	2	High Priority	<ul style="list-style-type: none"> Universal Credit will be introduced from 30/11/15 but only for a small number of claimants. A review of workforce is currently underway using approximate roll out timetable. Agreement has been reached with DWP to provide face to face services for UC claimants and funding will be provided for this in the current year. Services and appropriate publicity are being developed. Digital inclusion training and banking support has been successfully implemented and will continue to be monitored. Additional resource has been agreed for supporting council tenants with the Universal Credit changes, staff have been recruited to assist with this and procedures are being developed. Work has been undertaken to cost the potential risks of Universal Credit and this will continue to be updated as the more information is known. Size restriction for social tenants and the Benefit Cap remains a significant risk with potential increased arrears and homelessness; procedures are being kept under review to identify any further action that can be taken, including more support for those wishing to exchange. Regular meetings are held with social housing providers to monitor and improve processes. DHP spend is being monitored carefully following the reduction in budget for 2015/16, to date spend is within budget. Work has been carried out on the impact of possible council rent decreases on the HRA business plan and discussion is ongoing with social landlords about the impact of possible rent decreases on future housing development. Further work will be undertaken when more information becomes available. Impacts of the Budget announcements such as the restrictions on benefit for younger people and reduction in benefit cap to £20k will be reviewed as more information becomes available. 	<p>Sarah McGill (Jane Thomas)</p> <p>Councillor Susan Elsmore – Health, Housing & Wellbeing</p> <p>Updated Potential Consequence, Current Controls and Proposed Improvement Actions</p>
<p>Waste Management</p> <p>Failure to achieve targets for Landfill allowance, specifically for Biodegradable Municipal Waste and WG statutory Recycling Targets. Ineffective delivery of recycling targets and residual waste treatment.</p>	<p>Reputational / Financial / Stakeholder / Service delivery / Legal / Environmental / Community</p> <ul style="list-style-type: none"> Significant financial penalties for failure at up to £200/tonne or incorrectly capture tonnage data Procure landfill elsewhere with additional costs. Reputation damage Increased costs of landfill and alternative treatment markets Risk to grant funding currently £7.25m 2015/16 No MTFP for future grant funds or capital confirmed by WG Reducing Grants; reducing market values for recycles 	B	1	High Priority	<p>Policies / Strategy</p> <ul style="list-style-type: none"> Previous updates contain the policy position improvements between 2008-2015. Waste Management Strategy 2011-2016 was approved on 13th Jan 2011 and was revised in April 2015. Several progress reports have been made to Cabinet and Environmental Scrutiny in that period. Monthly performance tracking of recycling has been established to help predict the end of year position. Steps taken to improve MRF processing rates means less waste to landfill. Commercial recycling centre opened march 2014. Focus on pre-sort on the HWRCs is showing improvements in site recycling. <p>Contracts / Projects</p> <ul style="list-style-type: none"> Several Contracts have been put in place for additional materials to be recycled from the HWRC's. Interim contract in place for disposal of biodegradable green/food waste A flexible Interim Disposal Contract in place with Biffa for 2-10 years; commenced April 2009. Aggregate recycling is now in place. Recycling litter bins are in place in the city centre. New initiatives such a charging for bulky waste, commercial recycling 	B	2	High Priority	<p>Risk of Fines</p> <p>The minister still has waived fines for the 13/14 failings. However, the targets increase from 52% to 58% in 15/16, therefore, the risk rating remains high.</p> <p>Policy / Strategy</p> <ul style="list-style-type: none"> The outline waste strategy has been approved by Cabinet and work continues on the detailed planning for the five phases of the strategy implementation. The first phase of reducing waste capacity began in Qtr. 2 and the city wide changes will be completed by the end of Qtr. 3. Flats Strategy to improve waste and recycling collections from flats is designed to enable greater recycling and food waste form hard to capture areas. the sweepings contract is now in place Exploring reuse partners. Working with other Local Authorities to explore TEEP business cases and/or exploring joint working options Delays have been experienced in the HWRCs changes, which will reduce the recycling potential and waste minimisation activities that were planned for Qtr. 2 onwards. <p>Contracts / Projects</p> <ul style="list-style-type: none"> Progress the Organic procurement is to timescale to SCD of 	<p>Andrew Gregory</p> <p>Councillor Bob Derbyshire - Environment</p> <p>Updated Potential Consequences, Current Controls & Proposed Improvement Actions</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
					<p>centre, sweepings, mattress and carpet recycling schemes are all underway.</p> <ul style="list-style-type: none"> New HWRC delivery model is under review. <p>This year, placing the focus on pre sort high quality recycling and removing the reliance on post sorting of waste.</p> <p>Prosiect Gwyrdd Financial Close occurred December 2013 Viridor are the appointed contractor which commenced Sept 2015.</p> <p>Organic procurement The procure of a processing facility for food and green waste was completed for both Cardiff and the Vale of Glamorgan. The new facility will be operational in 2016, whilst the interim arrangements remain in place.</p> <p>Household & Commercial Waste Collections Household Waste collections were changed further towards the WG recycling blueprint is now underway by changing to: smaller fortnightly black (with accompanying hygiene services and weekly food and dry recycling and fortnightly green. National government discussions on comingled recycling remain an issue and further modelling on the best option for Cardiff will be completed in 2016</p> <p>Collaboration work Working and engaging with Welsh Government on legal and policy changes.</p>				<p>01/04/16. Interim contracts remain valid.</p> <ul style="list-style-type: none"> An interim Contract for residual treatment is in place for when the landfill closes and to ensure LAS targets are met and tax avoided wherever possible. New markets for carpets and mattresses are being explored Project Gwyrdd - Financial Close occurred December 2013 Viridor are the appointed contractor which commenced Sept 2015. Planning transitional management & contractual commencement arrangements IBA recycling will begin in Qtr. 2 to secure additional recycling tonnages <p>Collections</p> <ul style="list-style-type: none"> Commercial waste operations have refined the marketing package for recycling in the commercial sector to increase recycling from commercial waste collected by the Waste Collection Authority that is included in the total MSW (and therefore relevant to statutory targets). Set and achieve new commercial recycling opportunities for new materials and new income opportunities – targeting food collections and schools. Risk remains high that recycling performance and weather impacts on green waste could lead to a status quo in recycling performance or at worse a drop in performance 	
<p>Preparation of Local Development Plan</p> <p>Preparing a plan that is considered 'sound' by the Inspector, within the proposed timetable.</p>	<p>Service delivery / Reputation / Legal / Financial / Partnership / Community & Environment & Stakeholder</p> <ul style="list-style-type: none"> Preparing a plan which the independent Inspector considers 'unsound' and therefore cannot be adopted. Reputational issues for the Council. No adopted plan in place would mean the Council would not be in a position to effectively manage and control development- its ability would be significantly reduced. Failure to achieve corporate priorities which the LDP would help deliver relating to economic, social and environmental objectives. Possible breakdown of key strategic partnerships and with stakeholder groups. Delays in preparation. Possibility of planning applications being submitted in advance of plan adoption. Possible negative publicity on delay. Stakeholder concern at delay to timetable. Potentially significant objections raised by objectors and / or legal challenge submitted against Council impacting on timetable and plan content. Infraction proceedings against the Council resulting in significant financial penalties. Insufficient resources. Staff resource and monies required to undertake technical studies and other specialist advice considered necessary. 	B	1	High Priority	<ul style="list-style-type: none"> Use of project management techniques to effectively manage process and regular update meetings between Senior Officers and Members. Monitor emerging legislation/guidance/evidence and respond early to changes. Monitor budget spend and consider additional resources when required. A medium term financial bid has been agreed for 2013/14. Undertake Scrutiny process together with wider Member Briefing to raise awareness. Build in effective consultation and engagement into process to ensure stakeholders are informed at all stages. Close liaison with the Welsh Government Planning Division and Planning Inspectorate to: Ensure early warning of any problems (e.g. Consultation on LDP) Ensure LDP is sound, founded on a robust evidence base with sustainability appraisal and well audited community and stakeholder engagement. Undertake tests of soundness 'self assessment' at all stages of LDP preparation as recommended in national guidance Ensure procedures, Act, Regulations etc, are complied with and no undue risks taken LDP Corporate Officers Working Group A revised timetable for preparation of the LDP has been agreed by Executive and Council in November 2011. The revised timetable for the Delivery Agreement was agreed by WG in December 2011 Initiated schedule of meetings with Authorities within South East Wales and other stakeholders to discuss cross border and consistency issues to meet the tests of soundness Meetings held with Authorities within South East Wales and other stakeholders to discuss cross border and consistency issues to meet the tests of soundness. Report of Findings agreed and forms a background paper to the Preferred Strategy. A Flood Study Report to investigate fluvial food risk from reens in the Wentloog Levels has been completed and evidence presented in the report has informed the assessed candidate sites and inclusion of an additional strategic site. The LDP Preferred Strategy was approved by Cabinet on 18th October 2012 and Council on 25th October 2012. A consultation on the Preferred Strategy was completed on 14th December and over 1000 responses have been received. Final report has been completed on population and household projections as part of the evidence base to support the Deposit Plan. Report recommends reducing the overall level of housing growth in the Plan by approximately 4,000 dwellings. Final draft Gypsy and Traveller study investigating potential new sites has been completed and circulated for Member agreement. Report on Masterplanning general principles was approved by Cabinet on 16th May. These principles inform the preparation of the schematic Masterplans. Workshops held with officers to help inform the development of the strategic sites specific frameworks. A Masterplanning Framework Document has been prepared as a background paper to the Deposit Plan. 	C	1	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> To ensure effective partnership with service areas across the Council and seek to respond to the Action Points raised by the Inspectors at the further Hearing Sessions held on 28th and 29th September 2015 by mid October 2015 to support the ongoing LDP examination. Additional funding over the financial year 2015/16 will be needed to meet statutory requirements and support the ongoing examination of the LDP and commitments made in the LDP Delivery Agreement, which sets out a timetable agreed with Welsh Government for preparation of the LDP. Main expenditure headings over this year include the cost of the ongoing examination including planning Inspectorate costs, legal costs and other independent advice costs and publicity and printing costs relating to the Matters Arising Changes Schedule and adoption of the final version of the LDP following the publication of the Inspectors Report. Key dates remaining in the process are consultation on the second Matters Arising Schedule in October 2015 and following this publication of the Inspectors Report in late 2015 and adoption of the Plan in early 2016. 	<p>Andrew Gregory</p> <p>Councillor Ramesh Patel - Transport, Planning & Sustainability</p> <p>Updated Current Controls & Proposed Improvement Actions</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
					<ul style="list-style-type: none"> The Deposit Plan was approved by Cabinet on 12th September 2013 and Council on 26th September 2013 for consultation purposes. Consultation on the Deposit Plan was completed on 26th November 2013 and over 400 responses have been received. Consultation on the Alternative Sites was undertaken between 11th February and 4th April 2014. Following approval by Council on 26th June, 2014 the Deposit Plan and supporting information was submitted to the Welsh Government and Planning Inspectorate for examination on 14th August 2014. Following commencement of the examination, the Council submitted Statements relating to the "Matters and Issues" raised by the Inspectors and the LDP Examination Hearing Sessions were held in January and February 2015. These Statements included Statements of Common Ground agreed with key stakeholders. Following the request by the Inspectors the Council responded to the 187 Action Points within the agreed timescales to support the LDP at examination. These responses were prepared in partnership with relevant service areas. 					
<p>Education – Schools - SOP</p> <p>Very ambitious timescales for project delivery, by a lean team, with restricted capital allocations to support reorganisation, improvement and expansion of school provision to meet growing pupil population.</p>	<p>Reputational / Legal / Financial / Social / Stakeholder / Health & safety.</p> <ul style="list-style-type: none"> Insufficient primary places in some areas of the City. Further degeneration of school buildings Reducing educational standards. Project cost and time overruns Risk that Welsh Government do not support the revised strategy and associated capital bid incl agreement to the additional funds requested and/or withhold individual project funding if not satisfied with Business Cases. Difficulties associated with data source and production could undermine proposals and stakeholder trust in the SOP change process 	B	1	High Priority	<p>Proposals to balance supply and demand at primary level to reduce risk of insufficiency incl:</p> <ul style="list-style-type: none"> Public consultation on the provision of additional Welsh-medium and English-medium primary schools places in and around the Butetown, Canton, Grangetown and Riverside areas running from 07 September – 19 October 2015. Public consultation on the provision of additional primary school places in the Willows Catchment will be starting early October. Provision of Welsh-medium and English-medium primary school places in and around Llandaff North (Gabalffa/ Ysgol Glan Ceubal) consultation completed 25 March; report on the outcome of consultation to be considered at November Cabinet meeting. Post statutory notice; a report recommending the transfer of Glyn Derw High School onto the Michaelston Community College site from January 2016 will be considered by the Cabinet on 17 September. A report seeking permission to go out to public consultation on a proposal to establish a new high school in the West to replace Glyn Derw High School and Michaelston Community College will be considered at the Cabinet meeting on 17 September. A report seeking permission to go out to public consultation on the closure of Meadowbank Special School is due to be considered at the November Cabinet meeting. Realigned 21st Century Schools Programme of a greater value was approved by Cabinet on 19 March. Approval in principle of the realigned strategy the Welsh Government is required including the additional grant funding requested. Funds to target reduction of asset liabilities as part of the overall consideration in prioritisation of projects to go forward and options for resolving issues in place. Capital bid submitted to meet suitability and sufficiency issues - suitability and sufficiency was approved as £500k per year, 2015/16 to 2019/20. Assets being considered corporately to maximise the opportunity to focus funds realised within the Council and through other sources on fewer high quality buildings. Alternative models of design, procurement and construction in the initial stages of implementation with a view to reducing likelihood of cost overruns and reduce time required to complete the whole process. For example the Eastern High two stage tender process and incorporation of standardised design approaches. Extensive work on the 21st Century Schools realignment undertaken in conjunction with the Welsh Assembly to ensure the bid is consistent with their aims and expectations prior to submission. All training specific to 5 case business training has been undertaken by several member so the team and close contact with the Welsh Government officers during preparation of bids is improving quality and resulting in good outcomes on detailed business case approvals. Staff being recruited on a temporary basis until a new structure is in place by March 2016. 	B	2	High Priority	<p>All risks being monitored and reported to Schools Programme Board.</p> <ul style="list-style-type: none"> Pursue 'Turn Key solution' i.e. one contract, single point of management and responsibility Two step procurement methods being trialled Standardised design methods being pursued Continued active dialogue with Welsh Government and other professional parties to support progress and development Prioritise population data development to support accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward 	<p>Nick Batchelar</p> <p>(Janine Nightingale)</p> <p>Councillor Julia Magill Education & Skills</p> <p>Updated Potential Consequences, Current Controls and Proposed Improvement Actions</p>
<p>Education Consortium & Attainment</p> <p>The Central South Consortium does not deliver effective services that challenge and support Cardiff schools to improve and Educational Attainment does not improve at the</p>	<p>Reputational / Legal / Financial.</p> <ul style="list-style-type: none"> Budget implications. Educational standards falling behind other LA's. Potential impact on Estyn judgement for LA. Intervention from WG 	B	1	High Priority	<ul style="list-style-type: none"> The new Director of Education and Lifelong Learning continues to be part of the officer governance arrangements at CSC and the Cabinet Member for Education is part of the Joint Committee governance arrangement for the JES. The Director of Education and Lifelong Learning also continues to work alongside colleagues at ADEW and the WLGA to work through a consistent response from an All Wales perspective. A strengthened challenge and support framework is becoming 	B	2	High Priority	<ul style="list-style-type: none"> Officers will continue to monitor risks and report to corporate management, EIG and the Cabinet. Establish a clearer commissioning relationship between the Council and CSC, to more robustly hold the consortium to account. Continue to respond to Improvement actions identified by the Estyn March 2015 monitoring visit. Directorate delivery plan now refreshed with clear 	<p>Nick Batchelar</p> <p>(Angela Kent)</p> <p>Councillor Julia Magill -</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
required rate.					<ul style="list-style-type: none"> embedded and the performance management of Challenge Advisors has been prioritised to provide consistency in the quality of service received. Officers from Education work with the Central South Consortium to provide challenge and support to Head teachers and Governing Bodies. Schools identified as requiring additional support are required to meet with the Cabinet Member for Education and Lifelong Learning and the Director of Education and Lifelong Learning. Council make full use, if necessary, of formal warnings and powers of intervention. Actions to improve challenge and support arrangements for schools and to raise standards are being closely monitored via the Estyn Action Plan by EMT and EIG, which includes the Chief Executive and Corporate Services. School performance is now being tracked In Year via the regular collection of currently secure results from schools. 				accountabilities and performance measures.	Education & Skills Updated Risk Description, Potential Consequences, current Controls and Proposed Improvement Actions
<p>ICT Platforms Unsuitable/ Outdated</p> <p>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.</p>	<ul style="list-style-type: none"> Reputational / Financial / Stakeholder / Service delivery. 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. 	A	2	High Priority	<ul style="list-style-type: none"> Measurements put in place to track impact. Existing ICT budget spend focused on dealing with critical issues, capital and revenue budget resource provided to address major issues, medium term financial plan investment programme in place for subsequent years. Spending complete for renewal/upgrade of highest risk items, in particular firewalls, core servers/switches and external bandwidth. 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). Active projects underway and the current aged file storage solution have been replaced and cloud based storage for additional resilience and flexibility is being assessed. Other projects underway to replace many of the core older back end servers. 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 to medium. Additional load balancers to be purchased for application resilience in key systems. All SAP hardware was replaced in 2014/15 and virtualised where possible with older versions updated to current version by Nov 2015 Continued replacement of unsupported window servers. Publication of system and application support lifecycles. 	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Define a renewal programme for all desktop, software, network, servers, and telephones, appropriate to Cardiff's ambitions and resources. Continued assessment of priorities for replacement – applications infrastructure and servers are the next priority. Refresh of existing SAP, thin client and virtual server farms. Development of lifecycle monitoring. Successful pilot leasing scheme within schools to be considered for corporate desktop estate. Firmer engagement with business on decommissioning or replacing unsupported platforms and applications. 	Christine Salter (Phil Bear) Councillor Graham Hinchey - Corporate Services & Performance Updated current Controls and Proposed Improvement Actions
ONGOING RISKS										
<p>Budget prioritisation</p> <p>The delivery of a balanced budget for 2016/17 alongside the deliverability of further significant savings over the life of the Medium Term Financial Plan</p> <p>Strong indication from Welsh Government that provisional settlement figure will not be received until December 2015 leaving very little time to react to any unanticipated settlement figures. Also, current indications are that the final settlement will not be announced until March 2016.</p>	<p>Reputational / Financial / Legal / Service delivery / Stakeholder</p> <ul style="list-style-type: none"> Risk of failing to meet statutory budget setting deadlines Risk that service delivery impacted due to decreasing resources or failure to effectively prioritise spend inline with Corporate Plan Objectives 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 are not achieved as planned Risk that financial constraints lead to 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 of unbalanced budget as savings required over the medium term become harder to achieve and their impact on service delivery more difficult to manage. Failure of financial organisations with whom the Council has invested money. Risk that organisational development does not align to the financial strategy in relation to budget reduction requirements. Additional obligations such as Wellbeing of Future 	A	1	High Priority	<p>2015/16 Budget Setting</p> <ul style="list-style-type: none"> The 2015/16 Budget Report was set in February 2015 and included savings of £32.476M and savings from a capitalisation direction of £3.487M. The challenge now is in respect of delivery of these savings. <p>2016/17 and Medium Term</p> <ul style="list-style-type: none"> The 16 July Budget Strategy Report updates the MTFP set out in the February 2015 Budget Report and resets the Budget Reduction Requirement to £47.37 M. Three year requirement remains a high figure of £116.9M. As per the above Directorates have been asked to propose £29.66 M savings in addition to £7.05 M addressable Spend Savings proposals that will be assessed for due diligence during September and then taken forwards for Cabinet consideration prior to Public Budget consultation. The uncertainty as a result of the delay of the settlement from WG means there will be a need to identify additional savings over and beyond the original targets in order to react to any additional reductions in funding. Additional obligations such as Wellbeing of Future Generations Act being met with no extra resource from Welsh Government. 	A	1	High Priority	<p>2016/17 and Medium Term</p> <ul style="list-style-type: none"> Saving proposals received from directorates with due diligence being carried out during September. Further consultation with Cabinet Members in early October in order for proposals to be developed, understood and agreed prior to public consultation. Proposals and pressures assessed in respect of Wellbeing of Future Generations Act. 	Christine Salter (Ian Allwood) Councillor Graham Hinchey - Corporate Services & Performance Updated Potential Consequence, Current Controls and Proposed Improvement Actions

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
	Generations Act leading to Council failing in statutory duty.									
Financial Resilience The financial resilience of the Council is likely to reduce over the medium term, given the scale of the financial challenge ahead.	Reputational / Financial / Legal / Service delivery / Stakeholder <ul style="list-style-type: none"> Risk that the financial position of the Council is not understood by key stakeholders Risk that relevant, timely action commensurate with the Council's financial challenges are not taken Risk that this leads to intervention and increasing issues in respect of financial resilience 	A	1	High Priority	<ul style="list-style-type: none"> The Council regularly reports in relation to its financial performance. The Budget Report and the Budget Strategy Report on 16 July brought together a number of key statements in respect of financial resilience and identified the further work that was to take place. 	A	1	High Priority	<ul style="list-style-type: none"> A financial snapshot has been developed in respect of the financial resilience of the Council and will be reviewed 3 times a year. Key stakeholders will be briefed on this position. Financial triggers against this snapshot continue to be developed and reviewed. 	Christine Salter (Ian Allwood) Councillor Graham Hinchey - Corporate Services & Performance Updated Potential Consequence, Current Controls and Proposed Improvement Actions
Budget Monitoring 2015/16 The Council's 2015/16 Budget included budget savings of £35.96 million of which £3.487m was identified as a capitalisation direction. £32.473 million were identified by directorates. Whilst lower than the £48.6 million identified for 2014/15 this level of in-year savings continues to pose a significant risk to the budget monitoring and the achievement of a balanced spending position for the financial year. At the time the budget was set the achievability risk ratings for the directorate savings identified that of the £32.473 million £10.23 million was rated red or red / amber with £5.854 million proposals still at a general planning stage. In the outturn report for 2014/15 £7.543 million of savings accepted had not yet been achieved which needed to be addressed in 2015/16.	<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. Requirement to drawdown from General Reserves at the year end. Impact on the 2016/17 Budget where issues remain with achieving 2015/16 budget savings and any unachieved savings brought forward from 2014/15. 	A	1	High Priority	<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 £4 million General Contingency was allocated in the Budget. Full financial monitoring processes are in place for month 3 to 11 of the financial year including achievement of budget savings. Monthly meetings are held between service accountants, directors and Cabinet Members. An initial review of the budget savings took place in month 2 with full directorate / portfolio monitoring meetings being undertaken for Months 3, 4 and 5. Work is currently being undertaken in respect of Month 6. Availability of General Reserve should this be required. Full Council monitoring report for Month 4 was presented to Cabinet on 17 September 2015. Although overall a balanced position was reported, a projected overspend of £6.1 m was identified in relation to directorate budgets with projected shortfalls of £5.854m against 2015/16 savings targets and £2.769m against shortfalls carried forward from 2014/15. This represents a significant concern. The final outturn position will be presented to Cabinet in June 2016. The Corporate Director of Resources and Chief Executive have held challenge meetings with directors in those areas where significant overspends are reported. 	B	1	High Priority	<ul style="list-style-type: none"> The final outturn position was reported to Cabinet in June. The month 4 monitoring report reflected a projected balanced position for the council as a whole, although within that a projected net overspend of £2 million was stated for directorates. Significant work will be undertaken to reduce the amount of unachieved savings but where they exist they will be tracked and resolved during 2016/17 as part of the monitoring arrangements for that year. 	Christine Salter (Allan Evans) Councillor Graham Hinchey - Corporate Services & Performance Updated Potential Consequence, Current Controls and Proposed Improvement Actions
Health and Safety Ineffective compliance of health and safety through poor application and embedding of the 'Framework for Managing Health and Safety in Cardiff Council.	Reputational / Legal / Financial / Service delivery <ul style="list-style-type: none"> Fatalities Serious injuries Prosecution – fines for body corporate and/ or fines/imprisonment for individual Claims 	A	1	High Priority	<ul style="list-style-type: none"> Dedicated team of competent Health and Safety Advisers providing specialist advice and guidance (Christina Lloyd). Implementation of the 'Framework for Managing Health and Safety' based on the HSE model for successful health and safety management as detailed in the Council's Health and Safety Policy (revised 2014). The five key elements of the management system model for occupational health and safety are:- Policy 2. Organising - Control, Co-operation, Communication, Competence 3. Planning 4. Measuring Performance and 5. Audit and Review. (These elements encompass a wide range of actions including development and implementation of relevant policies and procedures, risk assessing, Annual Directorate Health and Safety Action Plans, corporate health and safety objectives, Directorate and Council Annual Health and Safety Reports, monitoring by Directorates, training, consultation with trade unions through corporate and Directorate meetings, accident reporting and investigation and auditing). Directorates carry out suitable and sufficient risk assessments as appropriate and ensure any necessary control measures are implemented and monitored. 	B	1	High Priority	<ul style="list-style-type: none"> Update Directorate Health and Safety Policies using 2014 Policy template ensuring more detail and cross referencing of operational documentation (All Directors / Chief Officers / Heads of Service). Address corporate H&S objectives for 2015/16 (Christina Lloyd and All Directors -- to be completed by April 2016)). Business objectives in Team Plan for H&S Advisers for 2015/16 Implementation of Directorate H&S Action Plans by Directorates (All Directors). 	Christine Salter (Christina Lloyd) Councillor Graham Hinchey - Corporate Services & Performance Updated Current Controls

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
					<ul style="list-style-type: none"> Health and Safety Advisers carry out a programme of health and safety audits, focussing on high risk activities, and undertake other inspections / investigations as necessary. Annual Business Objectives for Health and Safety Advisers. Code of Guidance on Leading Health and Safety for Senior Managers and Headteachers included on CIS. 					
<p>Climate Change & Energy Security</p> <p>Un-preparedness to the effects of climate change due to lack of future proofing for key (social and civil) infrastructure and business development, and inability to secure consistent energy supply due to rising energy costs and insecurity of energy supply.</p>	<p>Reputational / Financial / Stakeholder / Service delivery / Legal / Partnership / Community / Health & Safety</p> <p>Flooding & increased frequency and severity of storm events:</p> <ul style="list-style-type: none"> Loss of life and personal injury Direct damage to property, infrastructure and utilities Contamination and disease from flood and sewer water and flood on contaminated land Increased costs of insurance Break up of community and social cohesion Blight of land and development <p>Increased summer temperatures:</p> <ul style="list-style-type: none"> An increase in heat related discomfort, illness and death, increasing pressure on health and emergency services An increase in demand for limited water supplies Damage to temperature sensitive infrastructure (transport systems, electrical systems). Migration of biodiversity. <p>Inconsistent energy supply and cost:</p> <ul style="list-style-type: none"> 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 	B	1	High Priority	<p>Emergency Management Unit</p> <ul style="list-style-type: none"> Cardiff Council Emergency Management Unit is working through the Local Resilience Forum (LRF) with Utilities (including Dwr Cymru) and Telecom companies to ensure planning is carried out with consideration of flood risk. Cardiff Area Community Risk Register is developed and reviewed on a regular basis by the Cardiff Area Risk Group. It takes into account changes in the national risk register and how those changes affect Cardiff. Cardiff Area flood group meet regularly to exchange information, this group consists of NRW, Met Office, Emergency Services and Council Departments with a response to flooding. We also link into other responding agencies and voluntary organisations through the LRF via the Severe Weather Group, the Warning and Informing group and the Humanitarian Assistance and Community Resilience Group to promote preparedness through exchange of knowledge, assistance in plan writing and training. Cardiff Council Emergency Management Unit are carrying out a large and long term communication strategy in Cardiff in conjunction with multi agency partners highlighting flood awareness alongside other emergency eventualities and how residents, businesses and communities can be aware of the risks in their area and hence better prepare for them should that risk materialise. Cardiff now has 4 active community flood plans with two others in the planning stage, we have also, through multi agency consultation, produced a 'Preparing for Emergencies' document which is now available to all agencies and organisations. It provides information on how to prepare, respond and recover from an incident including flooding. Emergency Management Unit maintain up to date flood warning information from Natural Resources Wales on the Council GIS system. <p>Energy Management Unit</p> <ul style="list-style-type: none"> The Energy Management Team, in conjunction with Service Areas continues to promote initiatives to reduce energy consumption and carbon emissions, with the establishment of various loan funds, coupled with capital bids and allocations. The Council procures competitive energy contracts through the Welsh Purchasing Consortium. Key sites are fitted with back up generators for short term issues. Council Carbon Management Programme Renewables – October 2011 EBM considered Wind and Solar PV Opportunities in the Council Estate and approved the recommendations. <p>Local Flood Risk Management Strategy</p> <p>A Local Flood Risk Management Strategy was produced by the end of 2012 based on WG's Flood & Coastal Risk Strategy guidance. Which integrates; the PFRA, a coastal protection strategy, stakeholder communications and set a clear corporate approach to flood management and risk was presented to the Environmental Scrutiny on 2 Oct 2012. Public consultation was undertaken on the full strategy between January and March.</p> <p>Planning</p> <ul style="list-style-type: none"> Flood Consequence Assessment to inform LDP process (ongoing). A Flood Study Report to investigate fluvial food risk from reens in the Wentloog Levels completed to inform the assessed candidate sites. Compliance with WAG TAN 15 (Development & Flood Risk - 2004) is already part of the planning process. <p>Sustainable Development Unit</p> <ul style="list-style-type: none"> Carbon Lite Cardiff Vision Forum project - Carbon Lite Cardiff Action Plan Changing Climate, Changing Places pilot project. Further guidance to be disseminated to service areas on climate change issues as and when new information becomes available. Share learning experiences of climate change related risks with Integrated Strategy partners as and when information becomes available. 	B	1	High Priority	<ul style="list-style-type: none"> A public and key stakeholder consultation exercise has been completed, and the Local Flood Risk Management Strategy drafted for cabinet approval. An officers flood working group has been establish to improve internal and key stakeholder communications on flooding issues. The proposal to further progress Surface Water modelling further in line with national guidance and deadlines to inform the Cardiff Area Flood Plan awaits the next guidance from the Welsh Government Identify where flood risk information is in place for key social and civil infrastructure and identify where there are gaps (i.e. contaminated land).The Flood Regulations 2009 require Flood Hazard & Risk Maps to be produced showing impact and extent of future significant flood events (City Services by June 2015) To consider flood risks recognised in the Community Risk Register in the Community Planning/Integrated Partnership process. Community resilience workshops continue in high risk areas Strategic climate change resilience action plan approved by Cabinet on 11th July as part of a wider One Planet Cardiff Cabinet Report. Actions and recommendations in the plan cover heat planning and flooding issues. Corporate PI on climate change resilience developed to ensure that the authority and its services are prepared for a changing climate, and to enable robust reporting to WG on this work (in line with the potential reporting requirements of the Climate Change Act and Well-being of Future Generations Act). To focus on different aspects of climate change resilience annually - to enable Directorates to consider impacts from climate change to their assets, infrastructure, service delivery, strategy and partnerships, and to identify actions for improvement from this process. Meetings held with Performance to embed within corporate processes. Training and 1-2-1 support has been offered by the SD Unit to all Directorates to support them addressing the Corporate PI on this issue but uptake from Directorates has been low. The SD Unit will offer further support to Directorates to provide a combined year 1 & 2 response and will investigate other ways to ensure that parties are more proactively engaged, including an analysis of how new legislation (Well-being of Future Generations Act and upcoming Environment Bill) will help to influence this agenda. To consider the long term planning implications for coastal protection owned/managed by the Council (will be considered under the Local Flood Risk Management Strategy). An initial coastline survey has been completed and added to the strategy report, which indicates high levels of coastal erosion in south east Cardiff, further study is required into the high priority sites identified consideration of strategic defences is required alongside Welsh Government. A new energy policy and carbon reduction map has been developed which focuses on electricity and gas. This will be implemented from 2015/16 and run through until 2022 and will set an overall carbon target as well as site specific including a project programme. Progress has been made to establish up to date energy budgets. Deliver development of local power generation within city boundaries and with neighbouring LAs by securing heat networks, deliver the fuel Poverty strategy through measures such as Cyd Cymru, ECO and Green Deal opportunities, provide supplementary planning guidance on passive and renewal heating systems to new build and retrofit schemes. Energy security related issues to inform corporate financial systems revised buying and power consumption monitoring arrangements to save money and reduce demand and provide corporate & community planning for Energy City Wide to Business and public sector. Further guidance to be disseminated to service areas on 	<p>Andrew Gregory</p> <p>Councillor Bob Derbyshire - Environment</p> <p>Updated Current Controls and Proposed Improvement Actions</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
									energy security and energy savings opportunities such as implementation of Carbon Culture, delivering extensive energy invest to save programmes on the Council Estate. <ul style="list-style-type: none"> Delivering renewables within larger properties to lower dependency to grid supply. Energy Performance certificates undertaken to Council owned stock to improve understanding along with a variety of energy efficiency measures (cavity / loft / external wall insulation and boiler upgrades) funded via ARBED, ECO and Green Deal. 	
<p>Information Governance</p> <p>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.</p>	<p>Reputational / Financial / Legal / Service delivery / Stakeholder</p> <ul style="list-style-type: none"> Leads to the Information Commissioner issuing notices of non compliance and implementing financial penalties 	A	1	High Priority	<ul style="list-style-type: none"> Information Security Board chaired by the SIRO held quarterly. Suite of Information Governance Policies in place. Processes for Information Requests, Data Loss in place. The Information Governance Training Strategy in place. Information Requests and Training compliance monitoring reports provided and reported to Information Security Board, SIRO. The processing of CCTV requests (section 35 requests) has been centralised to ensure that these are dealt with appropriately ICO Consensual Audit determined that the Council is considered to have a 'reasonable level of assurance' in place Procurement contracts to include a clause regarding 3rd Parties processing personal data Privacy Impact Assessment process realigned and a PIA Board established to ensure that the Council, when changing systems and processes where personal data is involved, considers relevant legislation. (in preparation for the new EU requirements) PQA process includes the requirement for PIA's where personal information is being processed 	A	2	High Priority	<ul style="list-style-type: none"> The Improvement and Information Team who are responsible for the Governance of CCTV have compiled a register of all CCCTV devices owned by the Council. A review of the use of these devices is being undertaken through the council's Information Security Board and the nominated Directorate Information Asset Owners Work is underway to provide advice and guidance to Directors and Lead Officers working on the Alternative Delivery Models on Information Governance matters Work is underway to ensure that Information Governance matters are key considerations as the Council moves towards being 'digital by default' Work to support the collaborative services i.e. Regional Regulatory Service, Vale Valleys and Cardiff Adoption Service continues to ensure that the on-going Information Governance requirements are met and delivered Advice and assistance provided to the National Adoption Service and Rent Smart Wales continues as Cardiff Council is the Data Controller for these services 	<p>Christine Salter</p> <p>(Vivienne Pearson)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p> <p>Updated Current Controls and Proposed Improvement Actions</p>
<p>Social Services – Costs</p> <p>Failure to reduce the cost of delivering social services.</p>	<p>Reputational / Community / Legal / Financial / Stakeholders / Service delivery</p> <p>Quality and range of services and interventions compromised, e.g.:</p> <ul style="list-style-type: none"> Safety and welfare of individuals in the community compromised. Achievement of good outcomes for service users compromised. Shortage of appropriate services including placements. Inability to meet key objectives and performance targets. Increase in challenges from carers, including financial challenges. Increase in Delayed Transfers of Care (DToC). 	B	1	High Priority	<p>Strategic service improvement governance arrangements including:</p> <ul style="list-style-type: none"> Organisational Development Programme. Children's Services Improvement Board. Vulnerable Families Partnership Board. Social Services Reshaping Programme. Adult Social Care Strategic Commissioning Programme. DToC action plan. Internal Review team within Assessment & Care Management continues to focus on delivery of targeted reviews and reviewing packages of domiciliary care for individuals. Assessment & Case Management Business Process Review - commenced with corporate resources. 	B	2	High Priority	<ul style="list-style-type: none"> Remodelling Children's Services. MASH (Multi-Agency Safeguarding Hub). Remodelling services to disabled children. Redesign services for children with emotional, behavioural or mental health difficulties (UHB led). Enhance Community Resource Teams e.g. moving to 7 day working (ICF and RCF funding). Plan to increase domiciliary care capacity. Adult Services Improvement Board - in process of being established. Creation of combined Health & Social Care Locality Community Resource Teams to increase efficiency and effectiveness. Review and implement effective contract monitoring and management arrangements. Identify commercialisation opportunities. 	<p>Tony Young</p> <p>Councillor Sue Lent, Deputy Leader - Early Years, Children & Families</p> <p>Councillor Susan Elsmore - Health, Housing & Wellbeing</p> <p>Updated Potential Consequence, Current Controls and Proposed Improvement Actions</p>
<p>Delayed Transfers of Care</p> <p>Failure (with Health partners) to reduce the number of Cardiff residents experiencing delayed transfers of care.</p>	<p>Reputational / Legal / Financial / Community / Stakeholders / Service delivery</p> <ul style="list-style-type: none"> Potential ministerial intervention incurring significant reputational and political risk. 	B	1	High Priority	<ul style="list-style-type: none"> Leadership group established to tackle DToC - consisting of Cabinet Members from the Cardiff, Vale of Glamorgan, Chair of UHB and relevant officers. Joint action plan received and agreed by the Health Minister on 29th June 2015 under frequent review to monitor progress. Health & Social Care Integration - continued progression on integration with Health - partnership / governance arrangements for Mental Health, Learning Disabilities and frail older people; development of integrated complex hospital discharge team across Cardiff, Vale of Glamorgan and the UHB. 	B	2	High Priority	<ul style="list-style-type: none"> Performance challenges set to improve DToC - monitored regularly. Strategic review of reablement as part of ODP. Strategic review of DToC re-engineering as part of ODP. ICF and RCF monies to enhance the Community Resource Teams - e.g. moving to 7 day working. Plan to create more domiciliary care capacity to ensure availability of services to achieve timely discharges. 	<p>Tony Young</p> <p>Councillor Susan Elsmore - Health, Housing & Wellbeing</p> <p>Updated Potential Consequence, Current Controls and Proposed Improvement Actions</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
<p>Performance Management</p> <p>A performance management culture is not embedded within the Council leaving the Council exposed to intervention by Welsh Government in line with the Local Government (Wales) Measure 2009 and associated requirements</p>	<p>Reputational / Service delivery / Stakeholder</p> <ul style="list-style-type: none"> 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. <p><u>Outcome Agreement 2013/16</u> Financial</p> <ul style="list-style-type: none"> The WG guidance for the Outcome Agreement for 2013/16 means that there is a risk of not securing all or part of the £3.2m funding for 2013/14 and subsequent years 	B	2	High Priority	<ul style="list-style-type: none"> The Council's Corporate Plan sets the priorities of the Council and was approved alongside the budget in February 2015 The content of the Outcome Agreement with the Welsh Government agreed which provides a number of priorities that the Council is required to deliver and monitor The Performance Management framework for the Council has been revitalised, involving much greater corporate challenge and member engagement than was previously the case, with service and financial performance being discussed together on a monthly basis. In addition, specific arrangements have been developed for areas targeted for specific improvement, involving peer challenge and support. Benchmarking Strategy which clearly sets out the Council's vision in place Balanced Scorecards are in draft for Quarter 1 and will be used as communication tools within Directorates from Quarter 2 2015/16 	B	2	High Priority	<ul style="list-style-type: none"> Evaluate the impact of the revised arrangements for Performance Boards to evaluate the engagement Evaluate the impact of the Challenge Forum, Star Chamber, and Service Improvement Boards to ensure that these arrangements are fit for purpose. Regular programme of meetings of the Performance Leads is in place to ensure that these key staff across the Council work to deliver what is required at the right time and in line with the Council's requirements. Programme of training on Continuous Improvement secured from WG for the Performance Leads which aims to ensure that all have the skills required to take forward the performance improvement agenda across the Council Work continues to improve the alignment of objectives from the Corporate Plan / Service Plan into PPDRs of staff and work is being undertaken to improve the quality of the PPDR's. 	<p>Christine Salter</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p> <p>Updated Proposed Improvement Actions</p>
<p>Organisation Development</p> <p>OD projects fail to deliver the radical change required to deliver efficiency savings and service changes, due to service and resource pressures.</p>	<ul style="list-style-type: none"> The Council's budget constraints are so severe that the consequence of not delivering large-scale change could have a major impact on customer services. Radical changes to service delivery models may impact on the Council's reputation if not planned, co-ordinated and governed effectively. If change is not delivered, there could be unplanned reduction in staffing to achieve savings, which would result in loss of business knowledge and resources to implement change. Reputational impact if services do not meet increasing customer expectations. If change is not effectively planned, managed and implemented it may be delayed and subsequently impact on the Council's ability to achieve necessary savings and service improvements. With the increased budget pressures, the Council may not have sufficient capital and revenue to invest in technology which would achieve medium and long-term improvements and savings. 	B	1	High Priority	<ul style="list-style-type: none"> Governance arrangements established, led by the Chief Executive and Programme Boards, chaired by Directors to ensure change is delivered Disciplined approach, where risk assessment forms an integral part of the approach to change Programmes initiated with dedicated resources Experienced gained by managing programmes and projects over a number of years, building on lessons learned 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. Improving compliance to project and programme management governance standards by streamlining core processes and enhancing reporting, increasing transparency across change initiatives. Implementation of Programme & Project Management Database to enhance management information and reporting. The database has replaced spreadsheets and double-handling of information and will support the enforcement of a standardised approach to corporate policies; improving governance and ensuring that PQA Programme & Project management processes are being used across the Council. Investment Review Board initiated in April 2014 to review/approve Business Cases and prioritise resources. Organisational Development Board joined up with Senior Management Team who meets monthly to discuss the OD Programme. This ensures all Directors are fully engaged with the OD Programme. OD/SMT Board approved Programme Briefs for Reshaping Services, Social Services Improvement, Customer Focus & Enabling Technology and Vulnerable Children & Families Programmes in September 2015. It also approved refreshed Mandate for Neighbourhoods/Infrastructure Services programme. Improved reporting for the OD Programme has been developed (Dashboard Reports) and approved for use at OD/SMT Board. Appointment of programme managers to oversee the OD Programme (OM2 in April 2015 and OM1 in August 2015) has provided additional capacity and direction. 	B	2	High Priority	<ul style="list-style-type: none"> New Programmes & projects being initiated as part of Organisational Development – driving change from within Directorates, but corporately governed. Updated Programme Briefs and Project Briefs for the Enabling & Commissioning Programme to be considered by the Enabling & Commissioning Board and SMT/OD Board in quarter 3 of 2015/16. Programme Brief for Neighbourhoods /Infrastructure Services to be developed and considered by OD/SMT Board in quarter 3 of 2015/16. Digital Strategy and Roadmap to be finalised and used to inform delivery. Further work required to improve programme reporting and information flow. Further work required to understand the interdependencies for all the projects ongoing in the OD Programme to ensure best use of resources and no duplication of effort. Internal Audit Controlled Risk Self – Assessment tool to be piloted within OD Projects to inform strengths and weaknesses in controls and help prioritise areas for improvement. The budget setting process for 2016/17 is likely to produce new projects that will become part of the Organisational Development Programme. This will require early dialogue with Finance and relevant service areas to ensure resources can be planned. Enabling technologies to be realigned as appropriate to the priority areas. 	<p>Christine Salter (Dean Thomas)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p> <p>Updated Current Controls and Proposed Improvement Actions</p>
<p>Business Continuity</p> <p>Large scale incident/loss affecting the delivery of services.</p>	<p>Reputational / Legal / Financial / Stakeholder / Service delivery / Health & safety</p> <ul style="list-style-type: none"> Inability to operate in a timely and efficient manner. Potential impact on health and safety. Impact on key services to the public. Inability to meet business obligations e.g. partnership arrangements. 	B	1	High Priority	<ul style="list-style-type: none"> The Council has a BCM Champion who sponsors BCM at a strategic level and is actively supporting the BCM Programme. We have an approved Business Continuity Policy which is aligned to ISO22301. BCM Intranet web page. BCM toolkit is now available on CIS allowing all service managers to develop an appropriate BCM response for their services allowing future effective maintenance and audit. BCM workshops are available from the BC Officer on request. The Council has employed a Business Continuity Officer (appointed October 2010). The officer is a qualified ISO22301 lead auditor. The Council worked with Marsh to complete a corporate exercise to identify and prioritise all activities. Marsh conducted a follow up BCM session at CMB on the 24th May 2011 which concluded the work on prioritising and classifying all of the Councils activities. This work to prioritise activities continues to be reviewed annually by the senior leadership team to keep the work live. The Red and Amber activities were last reviewed in July 2014. The BCM Champion presented a report to the SLT on the position on all the Red and Amber activities. Directors, Assistant Directors and Chief Officers were tasked with ensuring that their Red and Amber activities had business continuity plans produced and audited by the end of 2014/2015. A partnership approach between the Emergency Management Unit and 	C	1	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> It was agreed by SLT in July 2014 that a target date for completion of effective up to date Red and Amber business continuity plans would be put in place and this would have a target date of the end of 2014/2015, individual Directorates are responsible for progressing this work. The BC Officer has started working with Directorates to start building business continuity plans for the Councils 62 Amber activities (activities that need to be recovered between 1 hour and 24 hours following business disruption) The Emergency Management Unit has developed an Incident Management Plan (Cardiff Councils Emergency Management Plan) to ensure alignment with ISO22301 this has been distributed to all Directorates. The BC Officer is working closely with Facilities Management to ensure they have effective plans in place to help manage possible business disruptions to our four core buildings. Continue to promote the need for the Office Rationalisation Project to incorporate a solution to manage the risk and impact of loss of work space effectively, to limit impact on the provision of council services should there be a business continuity incident. This would probably be best achieved through roll out of an effective mobile working solution. A solution has been identified and is available to staff. Internal 	<p>Christine Salter</p> <p>Councillor Phil Bale, Leader – Economic Development & Partnerships</p> <p>Updated Current Controls and Proposed Improvement Actions</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
					<p>the Corporate Risk Steering Group is helping to raise awareness and drive forward the BCM programme.</p> <ul style="list-style-type: none"> 68 % of our most time critical 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 19 % of our Amber activities now have business continuity plans which meet the business continuity audit requirement. The Council now has a 24 hour Incident Management structure for Gold and Silver Officers. This structure was exercised in a corporate exercise OTAN run by the Emergency Management Unit in 6th and 9th of June 2014. This exercise also gave BC plan owners the opportunity to exercise their own BC arrangements. Further training for our Gold officers is due in November 2015. The existing and well tested corporate emergency management structure was successfully and extensively used in the preparation for and over the NATO summit period. This structure was ready to manage a corporate response to any incident. Cardiff Council is a member of the Core Cities Business Continuity Group and has been for the last 4 years. This membership allows the sharing of best practice and joint initiatives between group members. The Business Continuity Officer has been working closely with the procurement section of Resources to ensure that the resilience of suppliers is considered carefully when procuring services which are important to our most time sensitive activities, our Red and Amber activities. Risk and Audit conducted an audit of the Business Continuity Risk in the first 2 quarters of 2015 / 2016 a briefing note has been issued to SLT on the current position and actions moving forward to further enhance our organisational resilience. 				<p>services have been working to improve the resilience and capability of infrastructure to support the use of this solution.</p> <ul style="list-style-type: none"> Work with ICT to ensure our core infrastructure is as resilient as practical to support a resilient and effective delivery of essential ICT services and the effective planning for recovery of critical IT services after an incident that affects our IT. 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. Facilities Management have identified a vulnerability within one of our electrical emergency generator supplies which the BC Officer is working to support the closure of this vulnerability. The BC Officer is actively supporting the development of an appropriate Threat and Response Policy to support council security arrangements. 	
<p>Education – Schools Delegated Budgets</p> <p>Secondary Schools with deficit budgets do not deliver agreed deficit recovery plans, impacting on the overall budgets for all schools.</p>	<p>Reputational / Legal / Financial.</p> <ul style="list-style-type: none"> Budget implications. Reducing educational standards. Intervention from WG 	A	2	High Priority	<ul style="list-style-type: none"> 2015/2016 Budget allocations issued to schools in early March 2015 and monitoring arrangements put in place for those schools showing financial concern Officers from Education and Financial Services worked 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. . The fall in pupil numbers for certain schools made it clear that a longer period than four years was needed in order to achieve a balanced medium term position Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure. The 2015/16 resulted in a school budget which exceeded WG protection levels albeit there was an acknowledgment that the financial pressures facing schools exceeded the additional funding. January 2015 letter written to all Chairs and Head Teachers providing a clear explanation of the financial challenges facing schools and the Council. Work ongoing with all schools but focussed targeting on specific secondary schools to continue to dampen the growth in deficits and ensure that those that do occur are recoverable. All Primary schools holding surplus over £50,000 were instructed to stay within WG levels but no surplus were reclaimed as there was a recognition by Council of difficult budget facing schools for 2014/15 and 2015/16. However, any sustained level of high surpluses will be recovered during 2015/16. 2015/16 Budgets issued in early March 2015 with a focus on protecting or increasing the AWPU. This was an acknowledgment that schools with pupils needed some element of funding. The Grants are increasingly focussing on need thus the need to use any school funding formula for those with pupils. Medium term budgets have been produced for 2016/17 and 2017/18 at very cautious levels in the absence of any indicative budgets at WG level and the need to manage expectations of the Council budget in the absence of any decisions yet made for 2016/17 in respect of school budget. MTFP shows a potential £10 million financial pressure on school budgets but it is unclear whether this pressure can be relieved by additional funds. The pressures are both in terms of inflationary and demographic of nature. Officers from Education, HR, finance and legal looking at potential intervention strategies and developing a protocol for intervention. Reviewing closely with Education Management Team and SOP in particular as to the opportunities available to address short medium term fall in pupil numbers for certain secondary schools. Some schools are unviable in short term but the spaces will be required in the next five years so financial plans required to get over the next few years with low pupil numbers. 	B	2	High Priority	<ul style="list-style-type: none"> Council make full use, if necessary, of formal warnings and powers of intervention. 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. School Budget Forum has agreed a revised protocol for responding to schools in deficit and this needs regular review with a tightening on the number of deficit budgets accepted. This has been reflected in the harder message contained within the 2015/16 school budget letters and the 2015/16 Budget Report. Finance Officers continue to meet with Challenge Advisers to discuss individual schools in respect of their financial and school standard performance. 2015/16 budgets have been drawn up and several schools have been identified as requiring meeting with S151 officer and senior education officers. These meetings took place in April and early May. Work is continuing with the School Budget Forum and consortium to ensure that the formula funding mechanism is transparent and remains fit for purpose whilst considering any interaction or impact of any grant allocation decisions. Maintaining the need for financial probity whilst ensuring that each school has the opportunity to improve school standards. Working with consortium to ensure that maximising value from constituent parts of Education Improvement Grant is secured and that there is clarity of allocation mechanism for 2016/17 and beyond. Developing the budget strategy for 2016/17 and providing early notification to budget forum and individual schools of likely impact of said strategy. 	<p>Nick Batchelar (Neil Hardee)</p> <p>Councillor Sarah Merry - Education & Skills</p> <p>Updated Current Controls and Proposed Improvement Actions</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
					<ul style="list-style-type: none"> 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 Individual school budget monitoring positions reported to Education Management Team on a quarterly basis 					
<p>Legal Compliance</p> <p>Changes in services and staff roles across the Council resulting in:</p> <ul style="list-style-type: none"> - 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: <p>in each case leading to increased risk of challenges.</p> <p>Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.</p>	<p>Reputational / Legal / Financial / Service delivery</p> <ul style="list-style-type: none"> Increase in number of challenges with consequences in terms of already stretched resources and impact of adverse 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 on external legal support 	B	2	High Priority	<ul style="list-style-type: none"> Professional internal legal and financial advice provided to a high standard. Legal Services repositioned in the senior management structure. Maintaining robust decision making process with legal implications on all reports. Appropriate use of South Wales Legal Consortium external legal services and external barristers through separate framework to increase resilience. Dedicated teams in specialist areas e.g. equalities, FOI / DPA. Sharing training/publications received 	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Prioritisation of work to make best use of internal expertise (including programme of projects in accordance with SMT decision) Continue efforts with exploration of collaboration with other legal services to see if there is the potential to increase resilience and / or efficiencies. Development of toolkits (led by Corporate resources) for major projects to reduce repetitive work and standard precedents with guidance for use in case of low value/low risk matters Increase training programme Council wide to cover legal, financial and regulatory matters but with sharing to develop knowledge within Directorates of specific statutory functions. Ensuring reports are discussed at preliminary stage in development to ensure all legal, financial and regulatory issues are addressed early 	<p>Marie Rosenthal</p> <p>Cllr DeAth - Skills, Safety & Engagement</p> <p>Reviewed – No Change</p>
<p>Fraud</p> <p>Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.</p>	<p>Reputational / Financial / Legal / Service delivery / Stakeholder</p> <ul style="list-style-type: none"> Increase in frauds and losses to the Council. Reputational risk as more frauds are reported. Increased time investigating suspected fraud cases. 	B	2	High Priority	<ul style="list-style-type: none"> Financial Procedure Rules, Contract Procedure Rules framework for staff to follow. Proactive work of the Internal Audit team, including a small team dedicated to combating fraud and financial impropriety. Professionally trained and experienced investigators to prevent deter and detect fraud against the Council. Regular reports to the Section 151 Officer and Audit Committee. Audit Committee review and assess the risk management, internal control and corporate governance arrangements of the authority. Wales Audit Office overview and work programme. Procurement team compliance role relating to contract procedure rules Management awareness as voluntary severance business cases are constructed and restructures considered. Regular review of Fraud policies and procedures e.g. the Anti-Money Laundering Policy. Ongoing training sessions provided for Officers, Head Teachers and Governing Bodies on Financial Procedure Rules and Contract Standing Orders and Procurement Rules. Cardiff Manager programme includes session on risk management and compliance / control. Senior Management Assurance Statements – challenge to Directors. Increased role and awareness now that the Discipline module is live in DigiGov. Working with Human Resources to review and update the disciplinary policy. 	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Continued vigilance Continue to provide the Chief Executive with regular briefing notes Continue to produce regular reports for Audit Committee Continual assessment of training needs for 'Rules'. Considering forum for sharing investigation outcomes, raising profile of fraud work. Formalise a policy for Monitoring Employees at work to provide Managers with the tools to undertake effective investigations. Development of training programme for Senior Management regarding Fraud Awareness targeting disciplinary chairs and HR to help with (employee) fraud prevention and investigation. Review of induction material relating to Fraud. Refine training through the Cardiff Manager Programme. Challenge inconsistent disciplinary sanctions and report findings to the Audit Committee. Assessing investigation outcomes to target high risk areas based on previous finding / knowledge. 	<p>Christine Salter</p> <p>(Derek King)</p> <p>Councillor Graham Hinchey - Corporate Services & Performance</p> <p>Updated Current Control & Proposed Improvement Actions</p>
<p>Asset Management</p> <p>Ensure effective operation of the Council's Asset Management Board to achieve effective strategic oversight and identified savings.</p>	<p>Reputational / Legal / Financial / Health & Safety / Stakeholders</p> <ul style="list-style-type: none"> Poor use of assets / VFM. Lost opportunity for capital receipts. Increased maintenance. Prosecutions / fines. 	B	2	High Priority	<ul style="list-style-type: none"> Cabinet formally approved a new Property Strategy in November 2014. Corporate Asset Management Board and supporting Working Group now set up to raise property profile and introduce more structured, disciplined approach to management of property and the Office Accommodation Rationalisation Programme. Established rolling programme of 'Fitness for Purpose' reviews of all council properties providing high level assessment of the current performance and value of buildings. Carbon Management / Energy Efficiency - Certificates / General Awareness / Introduction of Energy Renewables Strategy. Established Implementation Plan for the new Property Strategy. Determined governance and work programme updates for new Corporate Asset Management Board at meeting in January 2015. 	C	2	Medium Priority (Red/Amber)	<p>Review of Investment portfolio completed. Report on future strategy and direction of non-operational estate presented to PRAP in January 2015 for onward consideration by Cabinet in June 2015.</p>	<p>Neil Hanratty</p> <p>Councillor Phil Bale, Leader – Economic Development & Partnerships</p> <p>Updated Current Controls and Proposed Improvement Actions</p>
<p>Workforce Planning</p> <p>Importance of forecasting and planning to building capability and capacity is not recognised and is not fully embedded.</p>	<p>Reputational / Financial / Stakeholder / Service delivery</p> <ul style="list-style-type: none"> Poor service delivery due to ineffective use of resources. Loss of resources and recruitment problems. Poor morale Loss of experienced staff members including 	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> A Workforce Planning Project (PL04) forms one of the projects within the People and Leadership Programme to review, develop and implement the workforce planning project Workforce planning Stage 1 Design is completed producing a number of key reports outlining required next steps for workforce planning HRPS provided the Workforce Planning data (within the Resources/Staff section of Directorate Delivery Plan) and commenced work with 	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"> Workforce planning dashboard data provided to each Directorate to inform Directorate Delivery Planning discussions and development. The alignment of DDP's and the Workforce Strategy has been piloted within Children's Services. To be reviewed before role out a version of which will be incorporated into the Delivery Plans, integrating Workforce planning and business planning. 	<p>Christine Salter</p> <p>(Philip Lenz)</p> <p>Councillor</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Improvement Action	Risk Owner & Cabinet Member
	<p>managers</p> <ul style="list-style-type: none"> 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. 				<p>Directorates/Service Areas on the Workforce Planning agenda.</p> <ul style="list-style-type: none"> Behavioural Competence Framework implemented, including 12 behavioural competencies set out in 4 levels as a way in which the Council describes its people and jobs. All new and redesigned jobs are being described and advertised through role profiles. Work is being carried out on linking processes that can be used for the identification and development of potential e.g. Recruitment & Selection, PPDR and Cardiff Academy and underpinning these with the Competency Frameworks. The Workforce Planning approach for 2014/15 commenced with the roll out of the new tool and managers guide in March 2014. Whilst awaiting an IT solution, a new tool has been developed to enable the organisation to take a snapshot of where they are currently and to start to consider the 'skills' requirements piece Managers' guide to WFP developed and disseminated to Directorates March 2014. The Behavioural Competency Framework has been piloted. Stakeholder feedback is being collated to inform the revised approach. Additional 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. Options around the roll out of role profiles and other process efficiencies are also being considered and will be taken forward as part of the HR Delivery Plan for 2014/15 Draft workforce strategy developed and consultation commenced which will have workforce planning as a key component. Research and benchmarking planned with core cities during Q3 to review the effectiveness. Need to revisit options appraisal to deliver a workforce planning IT solution. Workforce Strategy consultation completed with key stakeholders – strategy and accompanying employee charter to be considered by Cabinet on 2nd of April. Workforce planning identified as a key priority 				<ul style="list-style-type: none"> VSA (value stream analysis) route identified as potential alternative engagement approach to understand directorate's needs relating to workforce planning, prioritising Vulnerable Adults and Vulnerable Children. Service Area Review Toolkit also provides opportunity for workforce planning questions to be incorporated – discussions with relevant stakeholders to be held in Qtr 1 – 15/16. Workforce Strategy signed off in April 2015 and a refreshed Workforce Planning approach is being taken forward in a number of ways. Social Services have developed a Workforce Strategy for their Directorate. Communities and Neighbourhood Services are piloting the Workforce Planning Canvas tool. Resources have held a workshop which focussed on Professional and Technical areas to inform the key skills required for the Directorate going forward. Work is underway with colleagues across the organisation to build workforce planning into the Directory Delivery Plan process for 2016/17. There is also a review underway with Procurement colleagues of the Service Review Toolkit to fully integrate Workforce Planning into the tool kit. In addition work is still ongoing to identify a suitable Workforce Planning IT solution. 	<p>Graham Hinchey - Corporate Services & Performance</p> <p>Updated Current Controls & Proposed Improvement Actions</p>

AUDIT COMMITTEE: 30 November 2015

RISK APPETITE

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5.2

Reason for this Report

1. To inform the Audit Committee about the work ongoing to develop of a corporate risk appetite.

Background

2. An Internal Audit report on risk management arrangements identified effective risk management structures and reporting, but recommended that the risk appetite of the Council is formally defined. This action was considered and agreed by the Risk Management Steering Group.
3. To assist in the development of a corporate risk appetite, a risk management briefing paper (Appendix A) has been prepared. This is to support the completion of a risk assessment task (Appendix B), by the Senior Management Team and the Risk Management Steering Group.
4. The task includes ten questions on the risk appetite in Cardiff Council, the answers to which will help inform the Cabinet on a wide range of key stakeholder views in setting a corporate risk appetite.

Issues

5. The Risk Management Policy, Strategy and Methodology outlines the importance of a risk appetite in identifying the level of risk the Council is prepared to tolerate before it takes protective action. Risk measurement and management tools are corporately available, but decision making could be further supported by a defined risk appetite position.
6. Through a risk spectrum, decisions on risk management could theoretically range from being 'risk averse', where avoidance of risk and uncertainty is a key organisational objective, to being 'hungry', where options are chosen which offer the potential for higher business rewards but greater inherent risk.

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7. In the current economic climate, the Council is required to make decisions which contain increasing inherent risks. At a time when difficult decisions have to be made it is essential that risks are considered on a consistent basis across the Council.
8. The establishment of a formal risk appetite can support Officers and Members in the application of the existing risk management framework. It will support them in their decision making considerations and rationale, and help to provide a balance between consideration of opportunities for innovation and change and risk exposure.
9. The findings of the risk appetite task will be collated and analysed, and the Audit Committee may be asked for input prior to a position paper / recommendation being provided to Cabinet.

Reasons for Recommendations

10. The Audit Committee has responsibility to monitor and scrutinise the effective development and operation of the risk management arrangements within the Council.

Legal Implications

11. There are no direct implications arising from this report.

Financial Implications

12. There are no direct implications arising from this report.

Recommendations

13. The Audit Committee to note the risk appetite briefing.

**CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES**

The following Appendices are attached:

- Appendix A** - Risk Appetite Briefing Paper
Appendix B - Risk Appetite Task

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Risk Appetite - Briefing Paper

Context

A recent Internal Audit of risk management arrangements identified effective risk management structures and reporting arrangements, but raised the following recommendation.

“The Council’s ‘Risk Maturity’ and ‘Risk Appetite’ should be formally defined and illustrated on measurable scales within the Risk Management Policy, Strategy & Methodology, or within supplementary documentation.”

Definition

An important stage in the Risk Management process is the identification and communication of an organisational ‘Risk Appetite’, which represents the level of risk an organisation is prepared to tolerate before it takes protective action.

Risk Appetite represents **“the range of exposure that is judged tolerable for the Authority.”** (Risk Management Policy, Strategy and Methodology)

Aim

To assist the Council in setting a balanced and clearly defined risk appetite to:

- help members, managers and officers consider risks in a consistent way across all Directorates;
- facilitate consistent monitoring and management of risks by all relevant officers, as supported by the Council’s risk management network.

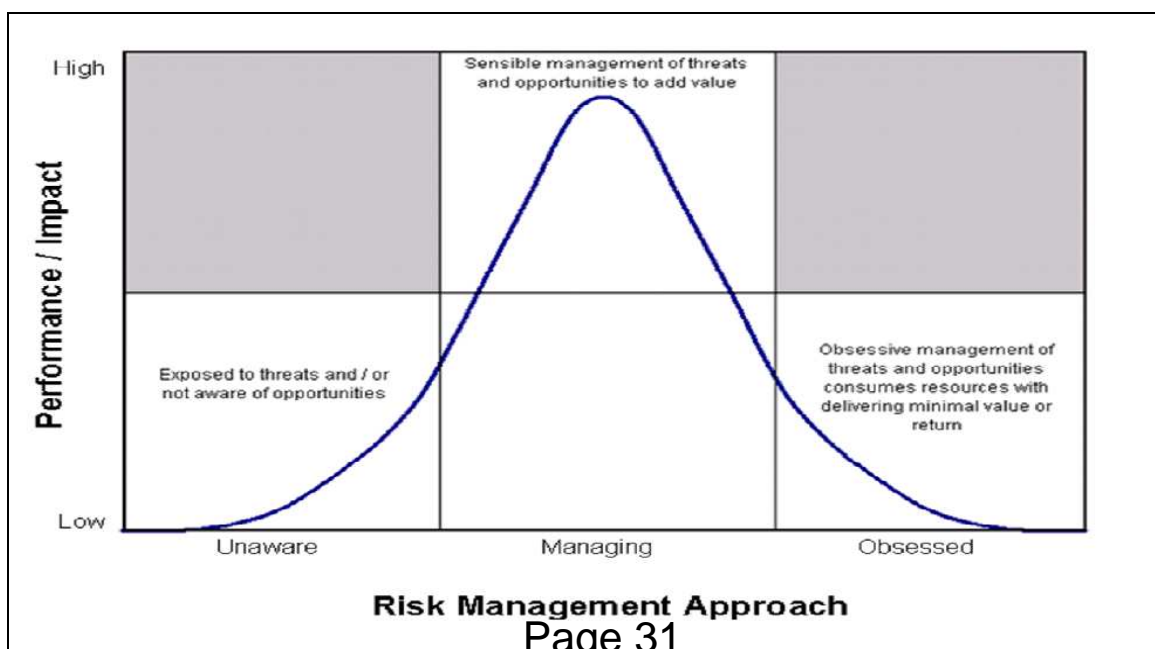
Considerations

It is increasingly important for the Council to identify innovative solutions and to explore new approaches in carrying out its operations.

Such opportunities will naturally bring new risks, both specific to the opportunity identified and in a wider context to the Council.

Only in extreme circumstances will it be found that value for money can be achieved by the total elimination of risk from any given situation.

The diagram below demonstrates the aims of a balanced approach in managing risks effectively in order to achieve optimum performance.



Approach

A risk management assessment task has been prepared, for completion by the Senior Management Team, Directors and the Risk Management Steering Group.

The task includes 10 questions on the risk appetite in Cardiff Council, the answers to which will help inform the Cabinet on a wide range of key stakeholder views when setting a corporate risk appetite.

Glossary of Key terms

Risk Spectrum

Averse	Avoidance of risk and uncertainty is a key organisational objective
Minimalist	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
Cautious	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
Open	Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).
Hungry	Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

Risk Management Categories

Strategic Risk	This is the risk arising from the possible consequences of strategic decisions taken by the Council, or the risk of a failure to achieve our strategic vision, and should be identified and assessed at the Executive and senior management level of the Council.
Financial Risk	This is the risk of changes in the Council's financial condition and circumstances, such as for example, in its balance sheet assets and liabilities, its funding, income and spending levels.
Service Delivery Risk	This is the risk arising from the nature of the Council's business and operations, for example, the risk of a failure to deliver statutory or other services to residents, to fail to provide required quality in services, or to fail to provide appropriate services in the event of an emergency.
Legal & Compliance Risk	This is the risk of successful legal action being taken against the Council, or of the Council breaching law in its activities and operations, and is also the risk of losses, possibly fines, and other sanctions arising from non-compliance with laws and regulations.
Reputational Risk	This is the risk of a significantly adverse or damaging perception of the Council by the general public and Cardiff residents.

Risk Appetite Task

1. What do you think the risk appetite of Cardiff Council is? (1 = low; 10 = high)

1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>	8 <input type="checkbox"/>	9 <input type="checkbox"/>	10 <input type="checkbox"/>
Averse		Minimalist		Cautious		Open		Hungry	

2. What do you think is Cardiff Council's **desired risk appetite** for the following risk categories?

	Averse	Minimalist	Cautious	Open	Hungry
• Strategic Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Financial Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Service Delivery Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Legal & Compliance Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Reputational Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. For the same categories, what do you think is Cardiff Council's **actual risk appetite**?

	Averse	Minimalist	Cautious	Open	Hungry
• Strategic Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Financial Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Service Delivery Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Legal & Compliance Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Reputational Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Do you feel Cardiff Council's risk management arrangements ensure a consistent approach managing risks?

Strongly Disagree <input type="checkbox"/>	Disagree <input type="checkbox"/>	Agree <input type="checkbox"/>	Strongly Agree <input type="checkbox"/>
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5. Do you feel strategies are communicated in a way which enables meaningful discussions about risk appetite at organisational and operational levels?

Strongly Disagree <input type="checkbox"/>	Disagree <input type="checkbox"/>	Agree <input type="checkbox"/>	Strongly Agree <input type="checkbox"/>
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6. Do you feel Cabinet provide effective oversight of the risk appetite through its governance processes, including setting and monitoring the appetite?

Strongly Disagree <input type="checkbox"/>	Disagree <input type="checkbox"/>	Agree <input type="checkbox"/>	Strongly Agree <input type="checkbox"/>
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7. Who is more accepting of or willing to take risks?

Management <input type="checkbox"/>	Cabinet <input type="checkbox"/>	Both Are Similar <input type="checkbox"/>
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8. Which of the following do you think Cardiff Council should do?

Reduce its risk appetite <input type="checkbox"/> <i>(i.e. accept less risk)</i>	Increase its risk appetite <input type="checkbox"/> <i>(i.e. accept more risk)</i>	Make no changes to its risk appetite <input type="checkbox"/>
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9. Do you feel Cardiff Council needs to formally approve and communicate a **corporate risk appetite**?

Strongly Disagree <input type="checkbox"/>	Disagree <input type="checkbox"/>	Agree <input type="checkbox"/>	Strongly Agree <input type="checkbox"/>
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10. Please provide any comments you have on Cardiff Council's appetite below.

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CONSTRUCTING EXCELLENCE WALES (CEW) REVIEW

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5.3

Reason for Report

1. To provide the Audit Committee with a briefing as to the findings of a review undertaken by Constructing Excellence Wales (CEW) into the Council's Building Maintenance Framework.

Background

2. The Council is over half way into its four year framework for building maintenance services. Key contractors include Ian Williams Limited, Kier Services Limited, and R&M Williams Limited.
3. Given the strategic and operational importance of the Building Maintenance Framework, in the summer/ autumn of 2014 officers commissioned CEW to undertake a review of the arrangement with the aim of ensuring that the Council maximises all possible benefits from the framework moving forward. CEW promote excellence in the built environment here in Wales (for more information please see: <http://www.cewales.org.uk/> <<http://www.cewales.org.uk/>>). Ultimately their role is to help improve the construction industry's performance, to help the industry deliver better quality services, and to help the industry deliver better value for money (VfM) for its customers and clients.
4. Audit Committee have expressed concerns as regards the Building Maintenance Framework and as such it is timely to update the Audit Committee as to the findings of the CEW review, the actions being taken by officers to address the same, and actions being taken by officers in general to improve the framework.

Issues

5. A briefing paper setting out the following is attached at Appendix A:
 - (i) Key features of the Building Maintenance Framework Agreement
 - (ii) The CEW Review Focus and Review Process
 - (iii) Key supply side findings – the experience of “users”
 - (iv) Key demand side findings – the experience of those “delivering” the services, i.e. the external contractors providing the services to the Council.
 - (v) The CEW Recommendations
 - (vi) Work done by service areas to compliment the CEW review

- (vii) Context where Council complaints are concerned
- (viii) Positives where the framework is concerned; and
- (ix) Current position with the CEW review and progress to date with regards the CEW recommendations.

6. With regards (ix) above, please note that a copy of the current Action Plan being progressed and delivered on by officers is attached at Appendix B to this report. Also, a copy of the Foreword and Executive Summary to the CEW review is attached at Appendix C.

Legal Implications

7. There are no direct implications arising from this report.

Financial Implications

8. There are no direct implications arising from this report.

Recommendation

9. For the Audit Committee to note the contents of the attached briefing paper at Appendix A, and in particular the contents of the CEW Recommendations, the work being done by officers to complement the CEW review and the contents of the Action Plan.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
November 2015

The following Appendices are attached:

Appendix A – Constructing Excellence Wales (CEW) Review – Briefing, September 2015

Appendix B – Current Action Plan

Appendix C - Foreword and Executive Summary to the CEW Review

Constructing Excellence Wales (CEW) Review – Briefing November 2015

1. The Council's building maintenance framework commenced in June 2013.
2. The purpose of this briefing paper is to provide a summary of the findings of the recent CEW review into the framework and show the progress that has been made to date with regards to delivering the recommendations. Attached to this briefing paper members will find a copy of the CEW Review Executive Summary, together with an up to date version of the Action Plan officers have been progressing since receipt of the CEW review.
3. The building maintenance framework plays a key role in the way the Council manages both its "domestic" and "non-domestic" estate.
4. Towards the end of the first year of its life (June 2014) it was decided that the framework would benefit from an independent review – CEW were approached due to their experience in reviewing frameworks on behalf of the public sector. Examples of other reviews they have done include the health sector's Design for Life programme, the South East Wales highways Framework, and the "SEWSCAP" schools framework.

Key features of the Framework Agreement

5. To assist in understanding the mechanisms of the framework, the following paragraphs highlight the framework's key features.
6. The framework was established as a mechanism to allow the Council to procure building maintenance services on a "call-off" basis from a number of "pre-qualified" Contractors.
7. Services are categorised as domestic (housing), non-domestic (essentially public buildings including schools and commercial premises) and disabled adaptations (disabled facilities grant works).
8. The framework agreement is divided into the following five Lots, and a series of providers were appointed to each Lot (see Appendix 1 for details):

Lot 1	domestic general building
Lot 2	non-domestic general building
Lot 3	domestic mechanical and electrical
Lot 4	non-domestic mechanical and electrical
Lot 5	disabled adaptations

9. There are two key mechanisms within the framework for ordering works:
 - the cascade approach - here a job or order under £30,000 in value in Lots 1, 2, 3, and 4 always goes to the number one ranked provider. If the ranked one bidder

cannot undertake the work (usually due to capacity issues) then the work is cascaded down the ranking.

- the mini-competition approach - here a job or order over £30,000 in value in Lots 1, 2, 3, and 4 is awarded via mini-competition between all of the appointed providers on the relevant Lot.
10. In Lot 5, owing to the law relating to disabled grants, the differentiating value for deciding whether to use the cascade or mini-competition route is £36,000, i.e. if an order is above £36,000, a mini-competition is undertaken.
 11. Estimated ratios of cascade work to mini-competition work per Lot per annum (to support the tender evaluation process) were put together prior to the procurement process with the assistance of all relevant sections of the Council (see Appendix 2 for these details).
 12. It should be noted that in the context of low value works in Lots 1, 3 and 5 (the domestic lots) the vast majority of works are ordered using schedules of works that have been developed by the key user, Community Maintenance Services (CMS) over a number of years.
 13. In contrast, the service area that predominantly use Lots 2 and 4, Facilities Maintenance (FM) were to utilise industry standard schedules, the “National schedule of Rates”(NSR). This was a “new” approach for FM and they had no schedules of works which the project team could use as part of the procurement process.

Review Focus and Review Process

14. The CEW review focussed on:
 - a) how the framework is performing against its core objectives;
 - b) how it measures against the UK Government’s ‘Effectiveness of Frameworks’ criteria;
 - c) how key stakeholders view the provision of services; and
 - d) how cost effective the services are in a broader value for money context.
15. The review process was based on three elements:
 - a) interviews and workshops with clients, members, contractors and end users to better understand their issues and concerns;
 - b) review of relevant contract documentation, reports and best practice guidance; and
 - c) the knowledge and experience of the reviewers.

Key supply side findings – the experiences of “users”

16. The following bullet points provide a brief insight to some of the views expressed by client “users” of the framework (Council officers, Members and Schools) and what CEW could glean from this “client” side engagement:
 - The quality of work has frequently been unsatisfactory to clients; particularly in relation to some of the cascade approach work (generally the experience where

mini competitions have been used is better with one contractor performing to a very high standard).

- Various concerns have been raised regarding the health and safety activities of some of the contractors (across all lots).
- There are clear communications issues – since the start of the framework there have been numerous instances of non-attendance by contractors at pre-arranged meetings for example. Also, there have been numerous instances where there are too many meetings, involving too many people before works actually start on site.
- With regards to the schools in particular there appears to be a lack of focus on the customer and end user – this has been identified as a significant issue for the schools.
- There would appear to be a clear lack of management of sub-contractors on the ground by the "Tier 1" contractors, i.e. our appointed suppliers are not managing their sub-contractors on the ground. This also links to the quality issue (the first bullet point above). Again, this is a problem with schools in particular.
- There needs to be more visibility as to what any uplift % being charged is actually for – for example it needs to be clearer if it is for pricing services, if it is for sub-contractor management etc. The pricing principles paper agreed between contractors and the Council needs to become part of day to day operations. Again, this is a problem with schools in particular.
- There are clear capacity issues with some of the ranked 1 providers.
- Within some organisations, the contractors themselves seem to be operating in silos, i.e. very different approaches between 'planned' and 'responsive' teams. Officers have had experience of this on a number of occasions – one side of the contractor's business has said they cannot do something, whilst officers have rung other sections of the business and they send someone out to do the work.

Key demand side findings – the experiences of those “delivering” the services, i.e. the external contractors providing the services to the Council

17. The following bullet points provide an insight to some of the views expressed by contractors, and what CEW could glean from those delivering the services to the Council:

- There are longstanding cultural and behavioural issues within client service areas. The Council is very “transactional” focused, i.e. the contractor treated very much at arms' length, which makes the development of trust and a joint working/ partnership approach extremely difficult.

- Even though a framework dealing with payments, variations, performance management etc. has been set up, it is not being followed. Directorates have simply slipped into doing what they've always done; essentially the framework is not being managed operationally as intended.
- With regards to schools in particular, the process/ activity of the client service area, i.e. the Council seems to forget about the customer/ end user.
- CEW identified a corporate risk presented by uncertainties and inconsistencies in the way the Council manages its statutory responsibilities – there is a particular issue with the non-domestic estate.
- Restructuring of relevant directorates, i.e. those using the framework, has had an impact on the framework's operation and success, particularly in its early days. Capacity and resource issues also exist with regards to some directorates/ service areas.
- There is overlap between the activities of some Council areas, i.e. two service areas in particular seem to be doing the same thing, which is creating confusion [SOP section of Education and FM (Building Services)].
- Overall management of contractors on the ground by the Council is an issue across the framework, but particularly with regards to schools.
- The FM side of the business has struggled to comply with their obligations under the arrangement, which has caused an issue with contractors. It has also caused mistrust and misunderstanding.

Clear positives where the framework is concerned

18. In addition to the above, it also has to be remembered that there are some clear positives where this framework is concerned:

Value for Money (VfM)

19. There are significant savings being delivered via the framework where mini competitions are concerned. Over £2.5 million worth of savings has been identified since the start of the framework via this mini-competition route alone.
20. Also, whilst we may be paying more for some low value works, we are paying less for other low value works – in essence it is a 'mix bag' where these low works and services are concerned.
21. The workshops conducted with contractors also saw contractors refer to previous pre-framework Council practices as representing poor value for money. Mention was made of the uplift for inflation being applied annually to contracts from 2006 to 2012, despite the serious economic downturn in 2008 and the subsequent decline in prices

across the construction industry. The new framework has been structured differently in that there is no uplift as of right; rather contractors have to justify their uplifts.

Community Benefits

22. Whilst more can always be done in this area, it is clear that this framework is delivering on this aspect.
23. Ian Williams Ltd's community benefits figures show that as a direct result of this framework, 13 apprentices and 11 graduates trainees have been appointed, either directly by Ian Williams Ltd, or within their supply chain.
24. Another key point is that in 2014 Ian Williams Ltd spent 100% of spend (i.e. in their supply chain for this contract) with businesses in Wales, and 91% of this was spent with SMEs. Also, the Welsh local multiplier figure for Ian Williams Ltd under this framework (which essentially shows that for every £1 spent on this framework, the following amount of money has been reinvested in the Welsh economy) sits at £1.98.
25. Kier Services spent 97% of their supply chain spend with businesses in Wales, and 55% with SMEs; and R&M Williams Ltd 94% of their spend with businesses in Wales, 100% of this with SMEs in Wales.

Governance and risk

26. Although there remains an issue with the Council's statutory obligations works and services on non-domestic buildings, using this arrangement sees the Council utilising capable contractors in line with its contract standing orders and procurement rules. The Council has now largely tackled issues regarding the procurement of building maintenance/ minor works in a manner inconsistent with these rules. The arrangement has seen a step change in that the Council is now procuring its building maintenance works and services in way that is lawful, reflects best practice and manages risk.

The CEW Recommendations

27. Whilst a number of specific recommendations have been proposed based on the report's conclusions a number of broad and over-arching themes have emerged. These themes have led to the following key recommendations being made by CEW:

1. Operational management of the framework

Whilst a robust process was followed to establish the framework, accountability for the operational management of the framework is unclear. It is, therefore, recommended that a single entity or individual is made accountable for the management and performance of the framework.

2. Organisation of the Client-body

Roles and responsibilities and service standards across the client organisations are unclear. This leads to areas of duplication, wasteful practices, inefficiencies and potential gaps in service which pose a particular corporate risk with respect to statutory responsibilities. It is recommended that a full review of the client function be undertaken.

3. Performance management

Performance is not being actively managed despite being a requirement of the contract. It is recommended that a suite of KPIs, covering both client and contractor performance, be jointly developed and applied to all aspects of the contract.

4. Collaboration and integration

Current relationships between clients and contractors are highly “transactional” in nature and lack the trust and collaborative approaches needed to fully realise the benefits of the framework. A more integrated relationship between the client and contractor teams based on partnering principles is needed to fully exploit the strengths of all partners. This will involve significant commitment to building relationships and fostering behaviours based on shared objectives and trust. It should also have a clear focus on the end-user to ensure that all processes are customer focused which, in turn, will foster greater innovation.

5. Communication

Communication between all partners needs to be improved to increase mutual awareness, transparency and ownership of framework issues and opportunities. This will support greater innovation.

6. Visibility of workload

By increasing the visibility of its forward programme of work the Council can support its framework contractors to better plan and resource this work which in turn will deliver a better value service to the Council. This will need a partnered approach to be effective as opposed to the current “transactional” relationship. This will allow greater innovation.

7. Cost competitiveness

The framework has the opportunity to deliver greater value for money by reducing inconsistencies and duplications in the pricing process asked of contractors. The success of mini-tenders should be extended through the packaging of more work into a greater number of packages. This should be combined with early agreement and consistency in the agreeing of rogue items from the schedule of rates together with any professional fees.

8. Social value

The framework offers significant opportunities to increase the value that this framework, through the Council’s investment in its property assets, can deliver across the Council’s communities. A community benefits board should be established with

senior client and contractor representatives to develop a framework-wide approach to community benefits which should include employment, training, local spend and community engagement initiatives (including schools and colleges).

Work done by service areas to complement the CEW review

28. Officers are acutely aware of the numerous issues and complaints that have been received from stakeholders (members, schools etc.) since the commencement of this framework. In addition to the commissioning of CEW to undertake a review of the framework (and the subsequent action plan) officers have also undertaken their own pieces of analysis into the framework, and taken some major actions to improve matters since the framework's commencement (and since the CEW workshops took place). Below is a précis of some of the "business as usual" work that has been done since the commencement of the framework to try and improve delivery (naturally, some of this has fed into the CEW review).

Void/ vacant property repairs

29. Analysis of the time taken to undertake repairs to vacant properties has shown that there has been an increase as to the time taken since the commencement of the framework (the average currently stands at 40 days). Officers however have been engaging with the contractors on the framework to address the same (agreeing numbers, looking at specifications etc.). It also needs to be recognised that the Council has shifted its approach slightly with these properties since the framework commenced – we now have external works and services undertaken (together with other elements if needed, such as new bathrooms and kitchens) before re-letting these properties, which has had programme implications.
30. Analysis to date indicates that the cost of work to void properties via the new framework is less than before the introduction of the new framework.

Responsive repairs (Emergencies, Urgent and Routine)

31. Given issues with the contractors in managing the volume of responsive repairs (there were clear issues with the contractors' ability to manage the delivery of these services given the fact that these services are heavily customer driven) officers within CMS took the decision to increase the internal workforce for delivery (from 90 to 130 plus) for these services, and to cap the maximum responsive orders going out to the contractors (currently capped at 100 p.w.).

It should be noted that officers are also currently undertaking a detailed review of performance regarding responsive repairs by contractors, with the intention of reporting the results of the same to Informal Cabinet in December' 15.

Disabled adaptations

32. The time taken to delivered Disabled Facilities Grant works has increased from 171 days during 2013/14 to 197 in 2014/ 15, a reduction in performance of 15.2%.

33. CMS have recently put in place increased monitoring of this work to help understand exactly why such a drop in performance has occurred, and to aid in improving the turn-around time of these works. Further analysis is ongoing to ascertain the exact reasoning behind the drop in performance.

Mini-competition process

34. The mini-competition process has seen issues arise with regards to the Council's historic specifications and tender pricing methods. It has essentially been necessary to update council documentation - on occasions this has seen delays in getting contractors to site. It needs to be remembered however that these types of issues are expected when bringing in this type of strategic arrangement. It was (and still is) expected that service areas will learn and improve their specifications, methods etc., during the life of the framework.

Engagement with Commissioning & Procurement

35. A good working relationship has developed between Commissioning & Procurement, CMS and FM, and key experiences such as the following are known by all and will be addressed in the next generation of the framework:
- The need to gear up second placed contractors as they usually take time and require price uplifts.
 - Managing such strategic arrangements requires different (and in some areas increased) service area resource to what has been in place historically – in particular operational contract management was under developed in the early months of the framework.

Information shared during recent council Employees road shows and at the Ambassador Groups will also be incorporated into the current framework where possible, and certainly in any subsequent framework.

Recent Satisfaction levels from CMS – Council operatives compared to Council contractors

36. A recent comparison of overall satisfaction levels between Council contractors and Council operatives indicate just over four-fifths (80.6%) of respondents were satisfied with how repairs were dealt with by Council operatives, with over two-fifths (43%) 'very satisfied'. Just under three-quarters (74.4%) of respondents were satisfied with Council contractors, with a third (33.3%) 'very satisfied'. Almost 19.2% of respondents were dissatisfied with Council contractors, with 11.1% indicating they were 'very dissatisfied'. Dissatisfaction with Council operatives was cited by 12.7% of respondents, with 6.1% indicating they were 'very dissatisfied'.

2014/ 15 CMS complaints figures

37. CMS has seen a decrease of 23% in the number of complaints it received in 2013/14 regarding its responsive and planned maintenance.

Actions by FM in response to complaints received since the commencement of the framework, both from Council service areas and schools, as well as the CEW engagement

38. Specific FM actions taken in the last year following feedback from customers (and from the CEW engagement) regarding there being a lack of focus on the customer and end user – (particularly in relation to schools):
- Dedicated surveying and customer support teams for schools established with a commitment to two meetings per annum from a dedicated officer for primary schools and one visit per annum for secondary schools to discuss property maintenance issues.
 - Customer feedback mechanisms formally established in the form of annual surveys, monthly telephone surveys and satisfaction surveys at the end of planned works.
 - FM attendance at head teacher conferences including representatives from our partnership contractors such as Ian Williams and Kier to discuss performance.
 - A revised Service Level Agreement has been issued with updated key contacts.
 - A 'Property Matters' newsletter has been established for schools and the first issue was delivered in July 2015.
 - Appointment of a Building Services specific Business Manager to oversee customer service, performance, finance and process.

Expenditure to date with the main contractors, i.e. those ranked 1

39. Below is a summary of the expenditure via the framework (with the ranked 1 providers) since the framework's commencement in 2013.
40. It should be noted that the figures include both directly awarded work, and work the ranked 1 contractors have won via mini competition.

	Ian Williams Limited	Kier Services Limited	R&M Williams Limited
2013/ 14	£10.7m	£1.1m	£2.2m
2014/ 15 (up to end of Jan 2015)	£18.5m	£0.7m	£3.6m
Total since inception	£29.2m	£1.8m	£5.8m

Performance to date with main contractors

Lots 1 and 3 (Ian Williams Limited) completed orders for CMS

41. The following table provides order data for 2014/ 15

	Ian Williams Limited
Emergency orders	3, 014
Urgent orders	6, 900
Routine orders	13, 982
Total order volume	23, 896

42. 23, 896 completed orders undertaken by Ian Williams Ltd for CMS in 2014/ 15.
43. CMS reported a “formal” customer complaints volume against Ian Williams Ltd of 74 for 2014/15.
44. This equates to a % of “formal” complaints against order volume of 0.31%.
45. It should be noted that the above figure only relates to “formal” complaints. Matters rung through directly to CMS, or communicated directly to members for example are not included. If one was to multiply the complaints figures by 4 however (to try and take account of these “non-formal” complaints) this would still only mean a % of complaints against order volume of 1.24%.
46. Accordingly it would appear that most orders are completed satisfactorily where domestic works are concerned.

Lots 2 and 4 – non domestic lots (Ian Williams Limited and Kier services) call/ order volumes

47. The following table provides order data for 2014/15

	Ian Williams Limited	Kier Services Limited	Internal
Emergency orders	646	2194	773
Urgent orders	490	1051	1471
Routine orders	351	312	1129
Total order volume	1, 487	3, 557	3, 373

48. FM are reporting a “formal” customer complaints volume of 71 across contractors and internal workforce (combined) for this financial year. As with CMS however this does not include “non-formal-complaints”.
49. 0.84% of orders have therefore been the subject of complaints. Even if one assumes that all of these related to external contractors, that would still only see a complaints rate of circa 1.4%.
50. If one was to multiply the complaints figures by 4 however, and again assume that all complaints related to external contractors (to try and take account of “non-formal” complaints) this would still only mean a % of complaints against order volume of 5.6%.
51. Again, accordingly it would appear that most orders are completed satisfactorily where non-domestic works are concerned.

Current position with the CEW review and progress to date with regards the CEW recommendations

52. Members' attention is drawn to the action plan that has been circulated with this note. Within the action plan, officers have set out the actions being taken to deliver on the CEW recommendations, and as can be seen, good progress is being made. Officers intend to continue delivering against the actions in the coming months, and indeed for the remainder of the life of the framework. A board has been set up to ensure delivery against these actions, comprising officers from CMS, FM, Audit and Commissioning & Procurement.
53. In addition, it has been agreed that the governance route for formal monitoring of the action plan will be to the council's Asset Management Board and for school specific actions, the existing headteacher focus group will be utilised.
54. It is also the intention to take the CEW review to Cabinet in January 2016 so that Cabinet may (i) instruct officers to commence working on the next generation of the building maintenance framework (ii) note the findings of the report, and (iii) approve a series of variations on the back of the CEW review.
55. With regards to (i) above it should be remembered that the first generation of a framework will always be challenging, but as pointed out in the CEW review, the establishment of the current framework provides a sound basis from which to further improve. The key for the Council is to take on board the lessons from the current generation of the framework and improve the next framework – officers have experience of using this “phased” approach successfully elsewhere – for example the regional frameworks for capital schemes (SEWSCAP) and highways work (SEWHFC) saw a marked improvement in areas such as costs and programme from the first generation to second generation framework – the same is expected where this framework is concerned.

Appendix 1 – Lots and Contractors

Lot 1 – Domestic General Building – estimated £11m/annum

Rank 1-	Ian Williams Limited
Rank 2-	Vinci Construction UK Ltd
Rank 3	Wates Construction Ltd
Rank 4-	R & M Williams Ltd
Rank 5-	Kier Services Ltd

Lot 2 – Non-Domestic General Building – estimated £5m/annum

Rank 1-	Ian Williams Limited
Rank 2-	Kier Services Limited
Rank 3-	Vinci Construction UK Limited
Rank 4-	Knox & Wells Limited
Rank 5-	Novus Property Solutions

Lot 3 – Domestic M&E – estimated £2.7m/annum

Rank 1-	Ian Williams Limited
Rank 2-	Vinci Construction UK Limited
Rank 3-	R & M Williams Limited
Rank 4-	Kier Services Limited
Rank 5	Bullock Construction Limited

Lot 4 – Non-Domestic M&E - £3m/annum

Rank 1-	Kier Services Limited
Rank 2-	Vinci Construction UK Limited
Rank 3-	Lorne Stewart PLC
Rank 4-	Cardiff Consortium Limited

Lot 5 – Disabled Adaptations - £4m/annum

Rank 1-	R&M Williams Ltd
Rank 2-	Kier Services Limited
Rank 3-	Wates Ltd
Rank 4-	Vinci Construction UK Limited

Appendix 2 – ratio of what was expected to go to the ranked 1 providers Ian Williams Limited, Kier Services Limited and R&M Williams Limited

Estimated ratio of schedule of rates work to mini-competition work per Lot, i.e. amount we expected to go to the ranked 1 providers Ian Williams Limited, Kier Services Limited and R&M Williams Limited			
Lot description	Estimated Annual Lot Value	Estimated amount of Schedule of Rates work	Estimated amount of Mini-competition work
Lot 1 Domestic GB	c£11m	90 %	10%
Lot 2 Non-domestic GB	c£5m	45%	55 %
Lot 3 Domestic M&E	c£2.7m	90%	10%
Lot 4 Non- domestic M&E	c£3m	45%	55 %
Lot 5 Domestic Disabled Adaptations works	c£4m	90%	10%

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Ref	Summary of Relevant CEW Recommendation.	Action being taken (please note that that delivering on the action in this column will see the Council deliver on the relevant CEW Recommendation).	Responsible Person	Target Completion	Comments
BMS_MST_20		Agreement of pricing uplifts with Ian Williams Ltd on Domestic (General Building) and Domestic (Mechanical & Electrical) Lots; and R&M Williams Ltd on the Disabled Adaptations Lot.	Sue Bartlett	30-Sep-15	Negotiations under way. Both Ian Williams and R&M have offered % increase backdated to June 2015. Whatever is finally agreed will need capturing in formal documentation, and be approved in line with the Council's constitution. Faithful and Gould are reviewing to ensure that this is a reasonable uplift.
BMS_MST_23	CEW are of the view that the framework has the opportunity to deliver greater value for money. They suggest that (i) the success of mini-tenders should be extended, i.e. the Council should undertake more mini-competitions, and (ii) that more clarity is needed on the uplifts being paid to the contractors on the framework.	Establishing a programme of mini-competitions to drive further VfM - sharing of the HRA Capital Programme - CMS	Sue Bartlett	30-Sep-15	SB has shared the current programme with R&M Williams Ltd, Ian Williams Ltd and Vinci facilities Ltd. DTR to circulate to all contractors.
BMS_MST_19		Agreement of a Pricing Principles Paper with Ian Williams Ltd regarding Non Domestic (General Building) "rougue" rates and Kier Services Ltd. regarding Non Domestic (Mechanical & Electrical) "rogue" rates. Percentage (%) uplifts for the remainder of the Framework Agreement are also to be agreed.	Lesley Ironfield	12-Nov-15	Update by Lesley Ironfield - 25th August 2015 Ian Williams have produced a proposal paper and agreement in principal following meetings with Procurement (DR) and Building Services manager (CR). They are currently preparing the legal papers to formalise the variation following CCC approval Kier Services Ltd.s. A proposal has been agreed in principal between Building services manager (CR) and Kier Services Ltd.s (TW) however it will need to be presented to corporate director and cabinet to form the legal variation following procurement advice .
BMS_MST_27	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). A key part of ensuring KPIs for this type of arrangement operate sensibly and accurately is ensuring there is agreement and clarity as to the payment/ application process under the arrangement.	Review and formalise information required to back up payment applications and agreement of process for payment applications - CMS	Sue Bartlett	30-Sep-15	Processes have been agreed and documented for approval of variations that support claims for payment. In addition to this the newly appointed Performance Manager has been tasked with reviewing the end to end processes to see if any further efficiencies can be gained.
BMS_MST_28		Review and formalise information required to back up payment applications and agreement of process for payment applications - FM	Lesley Ironfield	30-Sep-15	Lesley Ironfield Update - 25th August 2015 All payment applications are now monitored and approved via dedicated quantity surveyors. Introduction of a formal variation process in agreement with contractors now in place Regular 2 week finance meetings take place between contractors and Building services. Backed up by monthly meetings with senior managers. Payments and Variations monitored and recorded by new Business manager
BMS_MST_29		Review role of shared admin team where the process of applications and payments are concerned	Dylan Roberts/ Jane Thomas	30-Sep-15	DTR to raise with Christine Salter. DTR also to speak with Steve Jenkins & Ian Allwood. Issue needs to be escalated through the Council's portfolio structure. DTR to establish escalation point with MW.
BMS_MST_30	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). A key part of ensuring KPIs for this type of arrangement operate sensibly and accurately is ensuring there is agreement and clarity as to the way both parties log and manage complaints.	Review and share Council complaints procedure with all framework contractors – this needs to include how we log complaints (both formal and informal) - CMS	Sue Bartlett	30-Sep-15	SB has complaints procedure for Ian Williams and R&M Williams. No recent major issue. Monthly Surveys approximately 20 through calls made from C2C. Further work required on R&M arrangement. DTR happy to circulate process once agreed between parties.
BMS_MST_33		Review and approve ranked 1 contractor's complaints process – Ian Williams Ltd and R&M Williams Ltd - CMS	Sue Bartlett	30-Sep-15	SB has copies of the contractors complaints procedures and is reviewing these with the contractors.
BMS_MST_40	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). A key part of ensuring KPIs for this type of arrangement operate sensibly and accurately is ensuring there is agreement and clarity as to the way variations are raised and managed.	Review and formalise variation processes – CMS, Ian Williams Ltd and R&M Williams Ltd	Sue Bartlett	30-Sep-15	Work ongoing - review has been done and process is in place. Now a case of monitoring to see if effective.
BMS_MST_41		Review and formalise variation processes – FM, Ian Williams Ltd/ Kier Services Ltd.	Lesley Ironfield	30-Sep-15	Work is ongoing. Open ended emergency orders remain an issue. LI has reviewed but need to confirm its working well.
BMS_MST_43		Production of revised KPIs – Lot 1. Note: 2 way KPIs are to be agreed.	Sue Bartlett	31-Oct-15	Jane Thomas has suggested having one Performance Report to cover the whole framework. Jane will ask Rachel Jones to organise creating this report. Key Performance indicators are produced monthly and these are shared with the number 1 contractors at various meetings including the Strategic meeting.
BMS_MST_44	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary).	Production of revised KPIs – Lot 2. Note: 2 way KPIs are to be agreed.	Lesley Ironfield	31-Oct-15	Work is ongoing.
BMS_MST_45		Production of revised KPIs – Lot 3. Note: 2 way KPIs are to be agreed.	Sue Bartlett	31-Oct-15	Key Performance indicators are produced monthly and these are shared with the number 1 contractors at various meetings including the Strategic meeting.
BMS_MST_46		Production of revised KPIs – Lot 4. Note: 2 way KPIs are to be agreed.	Lesley Ironfield	31-Oct-15	Work is ongoing.
BMS_MST_47		Production of revised KPIs – Lot 5. Note: 2 way KPIs are to be agreed.	Sue Bartlett	31-Oct-15	Work is ongoing to develop and refine the performance information produced in respect of the DFS service.
BMS_MST_53	CEW are of the view that more integration and collaboraton will help improve the framewrk. It is felt set up of a quarterly meeting with all of the ranked 1 contractors to discuss potential improvements to the framework would help build the necessary collaboration.	Set up of a quarterly, across lot meetings, with all of the ranked 1 contractors to discuss potential improvements to the framework	Dylan Roberts	30-Sep-15	DTR will ask Charlotte Williams in his team to arrange for these to be diarised.
BMS_MST_54	CEW are of the view that more integration and collaboraton will help improve the framewrk. It is felt set up of a six-monthly meeting with all of the contractors on the framework to discuss potential improvements to the framework would help build the necessary collaboration.	Set up of a six-monthly, across lot meetings with all of the contractors to discuss potential improvements to the framework	Dylan Roberts	30-Sep-15	DTR to arrange for these to be diarised. To be progressed in September 2015.

BMS_MST_55	CEW are of the view that more integration and collaboration will help improve the framework. Clarity as to roles within the Council for FM type work, and the engagement around the framework with Schools in particular needs to be improved.	Review and formalise FM's new Customer Engagement Plan with relevant framework partners - Joint Plan	Lesley Ironfield	30-Sep-15	Update 28th September 2015 FM have attended New Head Teachers Conference. More results from Customer Engagement and also testimonials have been provided from Head Teachers. Lesley Ironfield Update - 25th August 2015 Customer engagement plan developed and good progress made to date. Presentation delivered to Head Teachers' conference in the Spring and update to be delivered in the Autumn. Property Newsletter and a schedule of visits twice yearly by dedicated surveyors and the setting up of North and South teams to schools developed. Regular telephone surveys and follow ups with customers Business Manager appointed to oversee customer service and performance.
BMS_MST_56	CEW are of the view that more Social Value could be being delivered via the framework. It is felt a board should be set up to increase the Social Value being delivered via the framework.	Set up of a Council wide Community Benefits Board	Dylan Roberts	30-Sep-15	The potential of a Board to be raised at escalation point on the Council's portfolio structure. DTR to agree escalation point with Mike Walsh.
BMS_MST_59	CEW raised a concern with the Council's Management of its statutory obligations - there is a particular issue with the non-domestic M&E estate.	Review current Corporate Risk Register to ascertain if standard of the M&E estate is captured	Lesley Ironfield	30-Sep-15	Update 28th September 2015 LI has put in a pressure bid for more Surveyors but no decision yet made about whether to support. Lesley Ironfield Update - 25th August 2015 Risk associated with lack of data regarding M&E estate has been recorded in Corporate Risk Register and is reviewed. Discussions with framework contractor ongoing regarding development of database on which to store all information regarding statutory maintenance undertaken. FM have developed a record system to capture servicing records and certificates for compliance in the interim. The introduction of a information management system forms part of the agreement of the paper currently being discussed with Kier Services Ltd.s This will greatly improve the recording and accessibility of the Stat Obs records. Feasibility of using a risk management system as part of SLA with Caerphilly Council will also be explored.

Supplementary Actions

BMS_MST_48	Drafting of formal/ legal variation documentation in line with Council Constitution.	Drafting of formal/ legal variation documentation	Dylan Roberts	08-Oct-15	Ian Williams Ltd have already presented their proposals, which FM and CMS are agreeable to. Ian Williams Ltd now preparing draft legal documentation for review. R&M Williams Ltd uplifts have been agreed. FM also in receipt of Kier Services Ltd variation proposal. Proposed to take matters to Cabinet in November.
BMS_MST_49	Drafting of Cabinet Report for all Variations, which will need to cover changes to date and changes from Summer' 15 onwards, in line with Council Constitution.	Drafting of Cabinet Report for Variation Implementation	Dylan Roberts	08-Oct-15	Report will note findings of the CEW review. Aim is for it to go to Cabinet Office by 15th October in order for it to go to Cabinet in November.
BMS_MST_50	Receipt of contractor TUPE Information for second generation arrangement to aid with procuring second generation framework.	Receipt of contractor TUPE Information for second generation arrangement	Dylan Roberts	30-Sep-15	DTR has raised informally, but formal request to be made in Autumn 15.

Completed Actions

BMS_MST_57	CEW are of the view that more Social Value could be being delivered via the framework.	Review Community Benefits Monitoring Tool	Dylan Roberts	Complete	DTR has circulated VW tool for comment. No comments as all comfortable with contents of tool.
BMS_MST_21	CEW are of the view that the framework has the opportunity to deliver greater value for money. They suggests that (i) the success of mini-tenders should be extended, i.e. the Council should undertake more mini-competitions, and (ii) that more clarity is needed on the uplifts being paid to the contractors on the framework.	Agree minor pricing uplifts for R&M Williams Ltd (DFG) in line with Framework Agreement	Sue Bartlett	Complete	Complete. Need to ensure agreement is in writing.
BMS_MST_22	CEW are of the view that more integration and collaboration will help improve the framework. Clarity as to roles within the Council for FM type work, and the engagement around the framework with Schools in particular needs to be improved.	Putting in place a process for carrying out and monitoring the activities of FM surveyors (ultimate goal being to reduce % uplift being charged by Kier Services Ltd. and Ian Williams)	Lesley Ironfield	Complete	Lesley Ironfield Update - 25th August 2015 Weekly performance meetings now taking place within building services. Productivity and performance of teams and individuals discussed at these meetings and at monthly performance meeting with OM. Productivity and performance data cascaded via team meetings and monitored.
BMS_MST_24	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). There also needs to be action to address capacity issues with the contractors	Formalise capacity, i.e. number of orders to be received in a week, with Ian Williams - Vacants	Sue Bartlett	Complete	Agreed at 10 Figure to be stated in variation
BMS_MST_25	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). There also needs to be action to address capacity issues with the contractors	Formalise capacity, i.e. number of orders to be received in a week, with Vinci - Vacants	Sue Bartlett	Complete	Agreed at 4 Figure to be stated in variation
BMS_MST_26	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). There also needs to be action to address capacity issues with the contractors	Formalise capacity, i.e. number of orders to be received in a week, with Ian Williams - Responsive	Sue Bartlett	Complete	Agreed at 350 Figure to be stated in variation

BMS_MST_31	CEW are of the view that the framework has the opportunity to deliver greater value for money. They suggest that (i) the success of mini-tenders should be extended, i.e. the Council should undertake more mini-competitions, and (ii) that more clarity is needed on the uplifts being paid to the contractors on the framework.	Sharing of Asset Management Plan and Asset Renewal proposals with Ian Williams – FM or SOP(both formal and informal)	Lesley Ironfield	Complete	Lesley Ironfield Update - 25th August 2015 Asset programme shared with contractors however the ability for forward planning is limited as asset budget for schools is held by School Organisational Planning, of which Building services have no control. A 2 year rolling asset renewal programme will be introduced Oct 15 however for only for 25% of the Asset budget currently held by SOAP. Agreement of schemes will be between PDD BS and SOAP This will then be shared with framework partners. DTR to take question to Schools Programme Board as to how they would like this done.
BMS_MST_32	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). A key part of ensuring KPIs for this type of arrangement operate sensibly and accurately is ensuring there is agreement and clarity as to the way both parties log and manage complaints.	Review and share Council complaints procedure with all framework contractors – how we log complaints (both formal and informal) - FM	Lesley Ironfield	Complete	Lesley Ironfield Update - 25th August 2015 Complaints process for contractors and FM reviewed and aligned with clear levels of escalation. Formal process agreed and introduced Aug 2015 and fully monitored and recorded to align with Contractors and FM systems
BMS_MST_34	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). A key part of ensuring KPIs for this type of arrangement operate sensibly and accurately is ensuring there is agreement and clarity as to the way both parties log and manage complaints.	Review and approve ranked 1 contractor's complaints process – Ian Williams Ltd and Kier Services Ltd. - FM	Lesley Ironfield	Complete	Lesley Ironfield Update - 25th August 2015 Complaints process for contractors and FM reviewed and aligned with clear levels of escalation. Formal process agreed and introduced Aug 2015 and fully monitored and recorded to align with Contractors and FM systems
BMS_MST_38	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). A key part of ensuring KPIs for this type of arrangement operate sensibly and accurately is ensuring there is agreement and clarity as to the ordering and specification processes/ content	Review and formalise ordering and specification processes – CMS and Ian Williams/ R&M Williams Ltd	Sue Bartlett	Complete	
BMS_MST_39	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary). A key part of ensuring KPIs for this type of arrangement operate sensibly and accurately is ensuring there is agreement and clarity as to the ordering and specification processes/ content	Review and formalise ordering and specification processes – FM and Ian Williams/ Kier Services Ltd.	Lesley Ironfield	Complete	Lesley Ironfield Update - 25th August 2015 Order specification processes agreed with both Ian Williams Ltd and Kier Services Ltd.. New processes mapped and in place to monitor compliance.
BMS_MST_42	CEW are of the view that there is a need to improve Performance Management under the Contract. Client and Contractor KPIs need to be reviewed (i.e. those in the contract) and new ones agreed (if necessary).	Review of current KPIs	Lesley Ironfield/ Sue Bartlett	Complete	DTR has forwarded Schedule 10 (KPI) of the framework. LI and SB to update if team has reviewed. These need to be reviewed once new variations, ordering, specification and complaints pocedures are reviewed.
BMS_MST_51	CEW recommended that a full review of the client function be undertaken."	Service Area Review - CMS	Sue Bartlett	Complete	
BMS_MST_52	CEW recommended that a full review of the client function be undertaken.	Service Area Review - FM	Lesley Ironfield	Complete	
BMS_MST_58	CEW recommended that a single entity or individual is made accountable for the management and performance of the framework.	Set up of a BMS Action Plan Board	Dylan Roberts	Complete	Completed on 1st May 2015
BMS_MST_60	CEW raised a concern with the Council's Management of its statutory obligations - there is a particular issue with the non-domestic M&E estate.	Review of statutory obligations/ PPM processes and standards.	Lesley Ironfield	Complete	Lesley Ironfield Update 25th August 2015 Process maps have been developed for statutory obligations and a business manager appointed to oversee the compliance and regular monitoring. Weekly meetings with Kier Services Ltd. to discuss progress and compliance An agreement has been made that no payments without the relevant certificates, these are now provided at time of application

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The City of Cardiff Council

BUILDING MAINTENANCE FRAMEWORK REVIEW

JUNE 2015



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

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Building Maintenance Framework Review

Foreword

Executive Summary

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Foreword

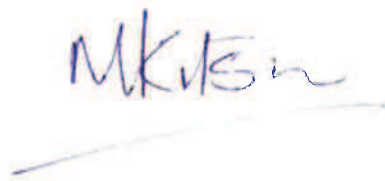
The City of Cardiff Council Building Maintenance Framework is just over 12 months into its 4 year term. The opportunity to review this framework at such a time is to be welcomed.

Constructing Excellence in Wales accepts that it is not an easy decision to invite an independent third party to scrutinise operations at this, or at any stage, and wishes to congratulate the Council for their proactive stance.

We believe that the establishment of the framework has provided the Council with a sound base to improve its performance. However, current organisational structures, cultures and behaviours across the client body, along with the reaction of contractors, are hindering its effective operation. If this framework is to deliver the benefits to the Council that it is capable of delivering, both in terms of value and customer satisfaction, then a collaborative approach must be taken – this will exploit the inherent strengths of each of the partners.

This report draws conclusions and offers recommendations which we believe will enable The City of Cardiff Council to deliver a step change in the way it delivers its property maintenance services and allow it to deliver greater value.

Given this period of financial constraint this opportunity could not be timelier.



Milica Kitson
Chief Executive
Constructing Excellence in Wales



Executive Summary

This Review focuses on the operational stage of the framework rather than the procurement stage to establish the framework. It considers performance against the original objectives of the framework as set by the Council in its role as client. However, it also measures performance and opportunities for further improvement against the criteria set out in the UK Government Construction Strategy 'Effectiveness of Frameworks' Report of March 2012. This has produced some findings which, although uncomfortable to face at times, make it easier to decide what needs to be done to further improve the framework. It is worth noting that the Direct Service Organisation (DSO), which also delivers building maintenance services, was not subject to this review. However, during the course of the review it became clear that the client role needed further investigation particularly with respect to the FM team and their role in relation to schools.

The process followed by the reviewers has involved extensive engagement, consultation and interviews with the Council's different client organisations, the Communities and Housing Team, the FM team and Commissioning and Procurement, as well as the framework contractors and a number of end-users/customers including head teachers and elected members. The feedback from these groups has been considered against the original objectives set out by the procuring client, the processes set out in the framework agreements and the criteria set out in the "Effectiveness of Frameworks" Report mentioned above. A series of conclusions have been drawn from this work and a number of detailed recommendations have been put forward to address areas for improvement.

However, it must be stressed that, although addressing many of the detailed recommendations will undoubtedly enable improvements to be made to the framework; such improvements will be limited unless some fundamental organisational and cultural issues are also addressed. To assist in understanding these issues and the recommendations to address them the following observations have been made by the reviewers:

Observations

As the review progressed, it became clear, very quickly, that the impact of prevailing and probably longstanding cultures and behaviours within the client organisations were having a detrimental effect on the operational performance of the framework and were constraining any opportunities to improve performance. The "transactional" nature of the client's relationship with the framework contractors makes the development of trust between the parties extremely difficult. For the framework to deliver tangible benefits to the Council trust is essential.

Unfortunately, the introduction of significant changes within the client bodies at the same time as the launch of the framework is likely to have had a detrimental impact on both the performance of the framework contractors and the framework as a whole.

Many of the principles and processes set out in the framework reflect good practices. However, many aspects of the framework are not being operationally managed as intended. Despite processes being set out in the framework to support areas such as payment, variations and performance management, these are not being consistently adhered to by the client teams.

Customers and end-users are becoming increasingly marginalised and frustrated with the processes in place and the behaviours being exhibited by both the clients and contractors. This is particularly the case with respect to schools, rather than housing and reflects a lack of focus by the FM client agent on the customer, where services and processes do not seem to have been designed with the customer in mind.

Although not a specific requirement of the review, it was impossible for the reviewers to ignore the corporate risks presented by uncertainties and inconsistencies in the way the Council manages its statutory responsibilities with regards to property assets. The frameworks arrangements could support the provision of far greater assurance and risk management in this area, but would need to be accompanied by a substantial review/reordering of the client organisation. It is recognised, however, that the "domestic"/housing client organisation has recently been subject to review. This is not the case for the "non-domestic/FM" client organisation.

There also appear to be certain internal business organisation issues within some of the Rank 1 contractors. This suggests a need for business improvement processes to be introduced within these organisations.

Although the reviewers have not considered in detail the recent Wales Audit Office Report into the Council's activities it is noted that the report was not positive. Many of the observations made by the Reviewers reflect and complement the conclusions in the Audit Report.

Finally, it is recognised by the reviewers that a number of positive actions have already been undertaken to address areas of concern and others are in the process of being addressed by the Council. This gives confidence that there is a willingness to address all the issues raised.

Issues

The observations outlined above have led to the emergence of a number of over-arching issues:

- It is unclear where accountability for the operational management of the framework lies
- The way in which the Council manages its property assets raises potentially significant corporate risks, particularly with respect to statutory responsibilities
- Communication is poor with little transparency of decision making and limited visibility of future workload. This does little to foster shared awareness and ownership of the issues
- Significant inefficiencies and waste exist within the processes that are being practiced as well as duplication of activities between different parties
- Performance is not being actively managed which does not give assurance that the Council is maximising value for its investment
- It is not clear that the Council's communities are fully benefitting from the significant investment being made in its property assets via the framework

Recommendations

Whilst a number of specific recommendations have been proposed based on the report's conclusions, a number of broad and over-arching themes have emerged. These themes have led to the following key recommendations:

Operational management of the framework

Whilst a robust process was followed to establish the framework, accountability for the operational management of the framework is unclear. It is, therefore, recommended that a single entity or individual is made accountable for the management and performance of the framework.

Organisation of the Client-body

Roles, responsibilities and service standards across the client organisations are unclear. This leads to areas of duplication, wasteful practices, inefficiencies and potential gaps in service which pose a particular corporate risk with respect to statutory responsibilities. It is recommended that a full review of the client function be undertaken.

Performance management

Performance is not being actively managed despite being a requirement of the contract. It is recommended that a suite of KPIs, covering both client and contractor performance, be jointly developed and applied to all aspects of the contract.

Collaboration and integration

Current relationships between clients and contractors are highly "transactional" in nature and lack the trust and collaborative approaches needed to fully realise the benefits of the framework. A more integrated relationship between the client and contractor teams based on partnering principles is needed to fully exploit the strengths of all partners. This will involve significant commitment to building relationships and fostering behaviours based on shared objectives and trust. It should also have a clear focus on the end-user, particularly in terms of schools, to ensure that all processes are customer focused which, in turn, will foster greater innovation.

Communication

Communication between all partners needs to be improved to increase mutual awareness, transparency and ownership of framework issues and opportunities. This will support greater innovation.

Visibility of workload

By increasing the visibility of its forward programme of work, the Council can support its framework contractors to better plan and resource this work which in turn, will deliver a better value service to the Council. This will need a partnered approach to be effective as opposed to the current “transactional” relationship – this will allow greater innovation.

Cost competitiveness

The framework has the opportunity to deliver greater value for money by reducing inconsistencies and duplications in the pricing process asked of contractors. The success of mini-tenders should be extended through the packaging of more work into a greater number of packages. This should be combined with early agreement and consistency in the agreeing of rogue items from the schedule of rates, together with any professional fees.

Social value

The framework offers significant opportunities to increase the value that this framework, through the Council’s investment in its property assets, can deliver across the Council’s communities. A community benefits board should be established with senior client and contractor representatives to develop a framework-wide approach to community benefits which should include employment, training, local spend and community engagement initiatives (including schools and colleges).

**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**

AUDIT COMMITTEE:

30 November 2015

TREASURY PERFORMANCE REPORT AS AT 31 OCTOBER 2015

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 7.1

Appendix 1 of this report is 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

PORTFOLIO: CORPORATE AFFAIRS

Reason for this Report

1. To provide Audit Committee Members with performance information and a position statement on Treasury Management as at 31 October 2015 and highlight key changes from the previous report received as at 31 August 2015.

Background

2. The report attached at Appendix 1 provides the Committee with a snapshot of treasury performance, position statements on investments and borrowing.

Performance

3. At 31 October 2015, investments total £49.7 million. Interest income on investments is as per budget, however external interest payable as per the forecast at Month 6 budget monitoring is forecast to be £1.2 million underspent. This is due to deferring the timing of external borrowing and utilising internal borrowing in the short term. Subject to progress on expenditure on the capital schemes during the year, a forecast for internal borrowing at 31 March 2016 is £47 million. This assumes £15 million of borrowing will be undertaken by the end of the year.
4. The Performance Report includes a new table in respect of forecasts of the Capital Financing Requirement (CFR) at the end of the year. A number of variables are required to be calculated and assumed when forecasting and calculating this figure, so it is subject to change and will be updated periodically in line with Budget Monitoring reports. The prime reason for inclusion of this forecast is to allow monitoring against the recently introduced Housing Revenue Account debt cap by Welsh Government, to ensure the Council is not at risk of incurring financial penalties as a result of breach.

Investments

5. Pages 2 and 3 of the Performance Report consider 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.
6. The current investments list details each investment, the interest rate, the start date and maturity date. It also links this back to the credit criteria approved by Council in February 2015 by a colour coding which indicates the perceived strength of the organisation.
7. 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.
8. 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 – This demonstrates that we are not exceeding any exposure limits.
 - **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

9. Apart from the £187 million borrowing, to undertake the HRA Settlement payment on 2 April 2015, no further borrowing has been undertaken during the year to date. £3.6 million of loans will mature in the remainder of the year and £15 million of new PWLB loans will be taken to reduce internal borrowing and to benefit from preferential rates (Project Rate) available for investment related to 21st Century School projects in 2015/16.

Reason for Report

10. To provide Audit Committee Members with an update on the treasury management position as at 31 October 2015.

Legal Implications

11. No direct legal implications arise from this report.

Financial Implications

12. Treasury management activities undertaken by the Council are governed by a range of policies, codes of practice and legislation. This report indicates the treasury management position at one point in time and makes a number of assumptions in forecasts which will be updated in future reports. The report provides a tool for indicating to Members the treasury position. Future reports will highlight main changes since this report.

RECOMMENDATIONS

13. That the Treasury Performance Report for 31 October 2015 be noted.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
30 November 2015

The following appendix is attached
Appendix 1 – Cardiff Council Treasury Management Performance Report

Draft

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By virtue of paragraph(s) 12 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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AUDIT COMMITTEE: 30 November 2015

**INTERNAL AUDIT HALF YEAR PROGRESS REPORT
REPORT OF THE AUDIT & RISK MANAGER**

AGENDA ITEM: 8.1

Appendices B & E of the report are not for publication

Reason for this Report

1. To provide the Audit Committee Members with an update on the work of Internal Audit up to the 30th September 2015.

Background

2. An Annual Audit Strategy/Plan is prepared each year which acts as a yardstick by which the work of Internal Audit can be measured. It is important that this allows for flexibility so that professional judgement can be applied to enable work to be prioritised over the life of the Plan in order to maximise the use of audit resources and add most value to the organisation in targeting changing risks.
3. The Audit & Risk Manager prepares quarterly briefings and a half yearly progress report outlining the work undertaken by the audit teams and key performance information.
4. Progress reports are discussed with the Corporate Director Resources and Head of Finance, to provide them with a meaningful update of the work of the team and to give them the opportunity to discuss changing priorities. This is then presented to Audit Committee.

Issues

5. The half year progress report is attached at Annex 1 for information.

Legal Implications

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

Financial Implications

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

RECOMMENDATIONS

8. That the Committee note the report.

**DEREK KING
AUDIT & RISK MANAGER**

The following is attached:

Annex 1: Internal Audit Half Year Progress Report

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CORPORATE RESOURCES INTERNAL AUDIT SECTION

INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD ENDING 30.09.15

Open
We are open and honest about the difficult choices we face, and allow people to have their say on what's important to them and their communities.

Fair
We champion fairness, recognising that with less resource we need to prioritise services for those who need them most.

Together
We work with our communities and partners across the city to deliver the best outcomes for the people of Cardiff.



INTERNAL AUDIT PROGRESS REPORT

Overview

1. The past six months have been extremely busy, with many challenges faced, and resource pressures impacting on audit work and planned coverage.
2. A clear Strategy and Audit Plan was set out in March 2015 and our audit planning and monitoring database was ready for audits to be assigned from the beginning of April.
3. In May, the Audit & Pensions Manager (BJ) retired and the Principal Auditor (Risk & Governance) and Principal Auditor (Programme & Projects Assurance) left the Council. We have struggled to recruit to a Senior Auditor post, and a part-time Auditor had been on long term sickness, which has had a significant impact on audit coverage and has required the continuous re-assessing of priorities.
4. Following a recruitment process for the Principal Auditor (Risk & Governance) role, an appointment was made in June, although the person appointed was previously a Senior Auditor, so it created a further vacancy at that level. A decision was made not to recruit to the Principal Auditor (Programme & Projects Assurance) post and work in this area was re-assessed and re-assigned. This post was to be considered for budget savings for 2016/17.
5. An appointment was also made in September to the Senior Auditor post, but the successful candidate was internal, which resulted in a further vacancy at Auditor level. A second Senior Auditor post has not been filled and is to be considered for budget savings for 2016/17.
6. In June we appointed (on a temporary basis) an additional person at Auditor level, to assist with analysing National Fraud Initiative data.
7. A wellbeing and attendance hearing was held in September and, as an outcome, the person on long term sickness absence was dismissed, creating a further vacancy of 0.5 FTE Auditor post.
8. As a consequence of failing to recruit to a Computer Auditor role, a Group Auditor has been assigned to oversee this element of the Audit plan and he is being supported to study for ISACA (formerly known as the Information, Systems, Audit & Control Association). We are also in discussion with neighbouring authorities to develop a shared service for computer audit work and hope to see some progress in the autumn. We have also identified some areas relating to computer controls where we consider that we have the experience to undertake audits.
9. In summary, the current resources within Internal Audit are:

	FTE	
Management	0.50	
Audit	9.80 (1.5 of which is currently vacant)	Total = 14.6
Risk & Governance	2.00	
Investigation	2.30	

10. Arrangements are in hand to advertise the 1.5 Auditor posts and we are looking at supporting up to 3 team members to study for the Institute of Internal Auditors (IIA)

examinations. This is positive, as IIA is now well established throughout both the private and public sector and is fast becoming a lead on auditing as a profession. This will allow a balance of professional qualifications and is considered will be a real benefit to the Section as a whole and to those individuals selected to study. It is intended to retain the one temporary appointment to assist with data matching until the end of March 2016.

11. In addition to the 14.6 posts above there are two vacant posts (Principal and Senior Auditor) not being filled and being considered for savings for 2016-17. There is also further consideration required, following the retirement of the Audit & Pensions Manager.
12. With this number of posts reducing every year, audit coverage is increasingly stretched and any absence, even by just one individual, can have a significant impact on what can be achieved. Also, when a request comes forward for unplanned work, then it is increasingly difficult to decide what assignments will be left unaudited, given we no longer have the opportunity to target all medium assessed risks even over a three year cycle.
13. At the present time we are achieving around 80% of our total planned days and 73% of our planned chargeable days. This seems in line with some recent comparative data from other Audit teams, many struggling with resource issues, where chargeable time seems to be within the range of 70% to 80%.
14. Despite this pressure, we have achieved a great deal over the past six months, including:
 - We have continued to undertake system based auditing with priority on high risk audits, assigned from the Audit Plan. Reports issued over the past three months have been added to [Appendix A](#) which now shows the position at the end of the six months. These have been completed to professional standards, as set out in the Public Sector Internal Audit Standard (PSIAS).
 - Recognising the pressure on resources, we have extended our approach to Control Risk Self-Assessment (CRSA). We are on track to deliver our programme in schools and, at the time of writing this report, we have had staff from 95 schools attend workshops and set about completing the CRSA. We have also used this approach for almost all our fundamental systems audits ahead of our plan to have these completed by the year end. We have also developed a CRSA for Projects and we are looking to pilot this on some ODP projects in the autumn. This approach helps raise awareness around managing risks and the importance of sound governance and financial control and has been well received.
 - As part of reporting we have continued to highlight any control weakness or non-compliance through our audit opinion. A tracker for all Limited Assurance reports is attached at [Appendix B](#). Monthly meetings with the Section 151 Officer and the Head of Finance discuss audit priorities and the Audit & Risk Manager meets with the Chief Executive every two months. There are a number of follow up audits due in the autumn, where it is hoped we will evidence improved control.
 - We have continued to target the objectives set out in our Strategy at the commencement of the year and regular monitoring shows that we are generally on track and many actions contributing to achieving our delivery plan. Our risk register has been updated to reflect some emerging risks.
 - We have continued to engage with all stakeholders and our Relationship Manager meetings continue to be successful. We have recently asked all Directors to complete a short questionnaire seeking their views of the Internal Audit service. Responses to audit

quality assurance questionnaires continue to be encouraging. [Appendix C](#) provides statistics on performance indicators we use to capture client feedback.

- We have been receptive to tasks we have been asked to consider, including work around VFM. In a number of areas we are extracting spend analysis and seeking assurances from senior management this is justified and “managed”.
- We have ensured that our service review Action Plan is regularly reviewed and updated and have continued adopting lean auditing techniques, which have further streamlined our processes to deliver efficiencies. We have an Audit development group meeting monthly with an opportunity log seeking further improvement. We have also introduced SharePoint which has helped us manage our documents in an improved way. This links with our move to paperless audits and a more agile approach to working.
- We have continued to meet deadlines for the work we undertake in relation to the Corporate Risk Register and Annual Governance Statement and developed a number of new initiatives relating to governance and risk management. These include:
 - Assurance Mapping
 - Risk Appetite – briefing and questionnaire
 - Partnership and Collaboration – protocol & toolkit
 - Audit Committee / Scrutiny Committees Protocol
- We have committed to training and the development of our team and are on track with Performance reviews and we recently undertook a competency / skills assessment exercise to feed into our 6 months performance reviews. Members of staff have been encouraged to attend and participate in roadshows and workshops and Core Brief is delivered at a monthly Section meeting.
- We have had the opportunity to be part of the Cardiff Manager Programme and we now offer two sessions, one on risk management and another on control and compliance, which helps raise awareness and allows us to reinforce some key messages in these essential areas of governance. To date we have had 360+ senior managers attend and feedback has been very positive.
- We have continued to measure our performance in line with the new Accounts and Audit Regulations strengthening the need to monitor and assess the effectiveness of Internal Audit. This has involved a number of initiatives using a mix of self-assessment and questionnaires with stakeholders. Benchmarking has been key to providing comparative data with others. A separate report on the work ongoing to measure the effectiveness of Internal Audit is being prepared for the Section 151 Officer, Head of Finance and Audit Committee (November meeting).
- In June we were invited to join the UK Core Cities Heads of Audit group. This is proving really useful for sharing good practice with potential for networking and some useful benchmarking exercises. [Appendix D](#) is a list of those involved with the UK Core City Heads of Audit Group.
- In relation to fraud work we have continued to be proactive in identifying, detecting and investigating fraud and over the past six months NFI has been a key area of work. [Appendix E](#) provides a summary of the work of the Investigation team.

- We have continued to have the support of the Chief Executive, Section 151 Officer, more recently the newly appointed Head of Finance, and Audit Committee membership, which has proved invaluable in the work we do and the challenges we face.
15. Over the past six months, the main challenges have been associated with reduced resources and impact on our role and how we have continually had to reassess priorities. Finding suitable candidates for key roles has also been an issue and morale also needed attention, as staff are aware of proposed budget scenarios and likely further savings to be made.
 16. Slippage on planned work is being monitored and an exercise underway to identify audits unlikely to be undertaken over the current cycle of the Plan and this will be reported to the Section 151 Officer and Audit Committee around the end of December.
 17. Benchmarking generally provides encouraging news in relation to our costs, quality and performance, but we have scope to further improve productivity. We are raising awareness amongst the team, using SharePoint to good advantage and looking at training and how we can improve delivering audits on time in a smarter way. We have recognised a shift in the type of audit we undertake with the more routine establishment and stewardship type audits replaced by more high risk audits which do take longer to set up (new control matrices need be prepared) and undertake.
 18. There is also a significant challenge in the changes happening across the Council as other methods of delivering services are being considered and Internal Audit will need to continue to champion sound risk and governance arrangements alongside their role for ensuring adequate financial control through this period of unprecedented change. This often means balancing planned work with other work, that best suit the changing risk profile of the authority.

Outcomes

19. Despite a challenging six months, we have remained committed to delivering an efficient and effective audit service and this report highlights some positive work being carried out in many areas. Much of our performance information is encouraging and shows we are generally on track meeting our objectives.
20. The outcomes from audits show that we continue to provide a satisfactory level of assurance in the majority of audits, although we do also identify potential improvements in internal control which have been incorporated into audit reports sent to Directors. Reports continue to be well received by management and it is encouraging that there has been a high level of agreement on the proposed enhancements to control for all of these.
21. The analysis provided shows that there are still a number with a “Limited Assurance” Audit opinion (10) which equates to around 20% of audits completed. Executive Summaries are produced for each and they are subject to discussion with the Chief Executive and it has been agreed for any where there is insufficient improvement, following a re-visit after six months, will be reported to Audit Committee. To date, since April 2015, there have been no “No Assurance” audits. It should be noted at the time of reporting there are a number of draft reports issued and included are three further potential “Limited Assurance” audit opinions and two “No Assurance” audit opinions and this trend will need close monitoring. It should also be noted every “Limited Assurance” report requires a revisit after six months, which then has an impact on planned work and our ability to target new areas.

22. Whilst it is considered that the overall control framework remains sound it has been recognised some of our rules need review to ensure they remain “fit for purpose” in the changing environment in which we operate and such a review is ongoing.
23. We have changed the way completed audits are being followed up, now through relationship manager meetings and we have seen an improvement in “open” actions, with only a few outstanding for longer than twelve months. All are monitored and any delays challenged.
24. With regard to the main areas of concern arising from audit work over the past six months, a themed analysis of recommendations has highlighted contract audits and contract management skills lacking, as we face new models for delivering services. Also, in areas within Social Services, we are seeing some follow up audits recognising improvement but still being given a limited assurance audit opinion, where despite commitment on behalf of senior management, resource reductions are seen as impacting on the ability to implement and enhance controls. (A Principal Auditor now regularly attends the Director of Social Services Management team to ensure these matters are being addressed). In other areas we are also seeing an impact on control with staff numbers reducing at a faster rate than alternate delivery models being developed, thus increasing pressure on staff as expectations remain, or even increase, during periods of change.
25. Wider consideration has seen much work done to address the concerns arising from the initial Wales Audit Office Corporate Assessment and of particular note is an improved stability at senior management level since the appointments made in the summer, a significant engagement programme with staff through briefings, workshops and the ambassador networks and with the public through the Cardiff Debate. Also noted is the work on service reviews, analysing key activities to inform future priorities and funding options for effective service delivery and an overall improvement in performance management and monitoring thereof. Much work has also been done around improving governance, an example being through the work of Scrutiny and other Committees looking at agenda management, to streamline processes to encourage more effective decision making. Key appointments to support the delivery of the ODP have also been welcomed which helps provide assurance around governance in some key emerging areas of new ways of delivering services.
26. Key priorities for Audit over the next six months are to continue to prioritise high risk audits and maximise the use of audit resources, to provide a high standard of professional service. We need to maintain and build on our client relationship and continue to identify emerging trends and risks to ensure we continue to add value in the best way.
27. We also have a number of initiatives ongoing, especially around governance and risk management that need progressing and we aim to continue work on VFM to support the work of colleagues across Finance, given the huge budget challenges the authority faces.
28. Work on assurance mapping in coming months will be key in helping inform our own priorities in drafting next year’s Audit Plan.
29. We need to build relationships and contacts with colleagues in the UK core cities and make the best of the opportunities this presents in terms of learning and sharing professional best practice.
30. Finally, we need to keep abreast of any changes to systems and processes across directorates, to ensure early intervention regarding sound risk, governance and control issues.

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
<i>Fundamental / High</i>				
NDR	Satisfactory			
Council Tax	Satisfactory			
Cheque Printing	Satisfactory			
Housing Rent Arrears	Satisfactory			
Invest to Save	Satisfactory			
Main accounting – CRSA & in year testing	Satisfactory			
Service Charges	Satisfactory			
SRB – Whitchurch High School	Limited	4	4	
Castle – overtime review	Limited	3	3	
Mental Health Contracts	Limited	3	3	
<i>Residential and Nursing Care</i>	<i>Satisfactory</i>			<i>Draft report issued</i>
<i>Medium</i>				
Pencaerau Primary School	Satisfactory			
Cashless catering in schools	Satisfactory			
St. Monica's Primary	Limited	9	9	
Whitchurch High School – CRSA	Satisfactory			
Willows – CRSA	Satisfactory			
Woodlands	Limited	6		
<i>Targeted Elderly</i>	<i>Satisfactory</i>			<i>Draft report issued</i>
<i>Crosslands Children Home</i>	<i>Satisfactory</i>			<i>Draft report issued</i>
<i>Insurance - CRSA & in year testing</i>	<i>Satisfactory</i>			<i>Draft report issued</i>
<i>Pen y Bryn Primary School - clerk</i>	<i>Deferred</i>	8		<i>Draft report issued</i>
<i>Cantonian High School - CRSA</i>	<i>Limited</i>	6		<i>Draft report issued</i>
<i>Penalty Charge Notices</i>	<i>Limited</i>	5		<i>Draft report issued</i>
<i>Youth Centre inventories</i>	<i>No assurance</i>	6		<i>Draft report issued</i>
<i>Grants / Accounts / External Bodies</i>				
Communities 2.0	Satisfactory			
Homelessness	Satisfactory			

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
WIMLU	Satisfactory			
Follow-ups				
Direct Payments – Resources	Satisfactory progress			
Rumney High School (Second follow up)	Satisfactory progress			
Supervised Contact Service	Deferred			
Supporting People programme	Limited	2	2	
Children with Disabilities	Limited	3	3	
<i>Safeguarding and review (core groups) – 3rd follow up</i>	<i>Satisfactory progress</i>			<i>Draft report issued</i>
<i>Contract variations – CMS</i>	<i>Limited</i>	3		<i>Draft report issued</i>
<i>Glyn Derw / Michaelston</i>	<i>No Assurance</i>	12		<i>Draft report issued</i>
Ad hoc assignments				
Property, Land and Procurement Changes				Briefing paper
Additional salary payments				E-mails to Directors
Consultancy contract				Briefing paper
Sickness absence	Additional points to supplement WAO report			E-mail to HRPS
Prosiect Gwyrdd – annual return				Annual returns audited (for the Council's Statement of Accounts, 2014/15)
Welsh Purchasing Consortium – annual return				
Port Health – annual return				
Glamorgan Archives – annual return				
Highways Street Operations payroll	Improved but still limited			Qtr 4 update
Dr Who Experience	No significant concerns			Email
Conferences, Seminars and other events	Limited			Email
Children's Services payments	Limited			E mail
Pool cars	Deferred – new system imminent			Draft report issued

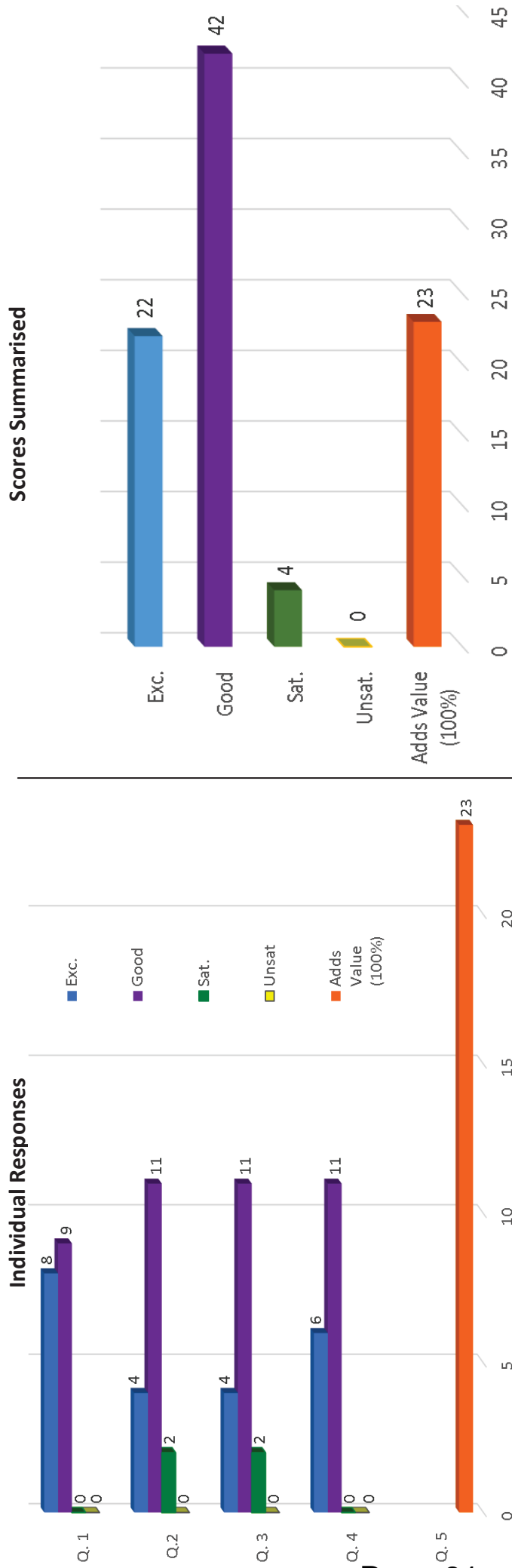
By virtue of paragraph(s) 12 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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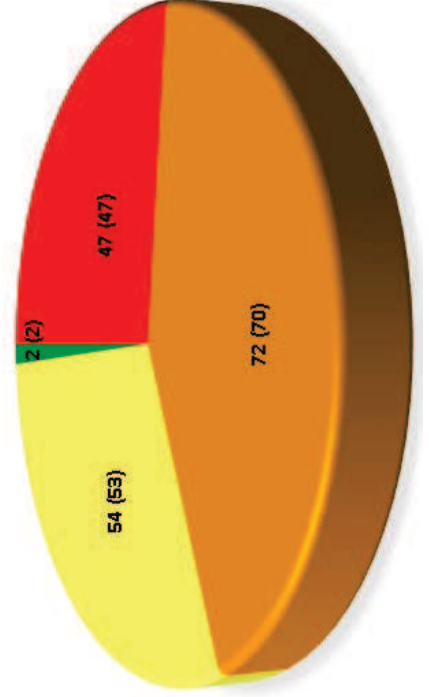
A) Audit Quality Assurance Questionnaires

Twenty three questionnaires have been returned in the first half of the year, the results are shown below.



KEY	
Q1:	How well did the auditor communicate with you throughout the audit?
Q2:	How helpful and constructive did you find the advice offered to you during, and at the conclusion of, the audit?
Q3:	How useful did you find the audit report/action plan?
Q4:	How acceptable was the overall performance of the auditor(s)?
Q5:	Do you feel the audit offered "added value"?

B) Audit Recommendations:



Proposed	(Agreed)
Red Recs.	47
Red/Amber Recs.	70
Amber/Green Recs.	53
Green Recs.	2
Total	172

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MEMBERS OF THE UK CORE CITIES GROUP

Birmingham
Bristol
City of Cardiff Council
Glasgow
Manchester
Newcastle
Nottingham City Council
Leeds City Council
Liverpool
Sheffield

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By virtue of paragraph(s) 12 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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AUDIT COMMITTEE: 30 November 2015

**MEASURING EFFECTIVENESS OF INTERNAL AUDIT
REPORT OF THE AUDIT & RISK MANAGER**

AGENDA ITEM: 8.2

Reason for this Report

1. To inform the Audit Committee Members on work undertaken in line with our Quality Assurance & Improvement Programme, entitled 'Measuring the Effectiveness of Internal Audit'.

Background

2. Measuring performance to provide assurance around complying with standards and meeting statutory obligations, is gaining impetus.
3. The Accounts and Audit Regulation (Wales) 2015 sets out for the first time a requirement for an annual assessment of the effectiveness of Internal Audit, recognising the importance that the audit function provides within the public sector.

Issues

4. The attached report aims to identify those initiatives undertaken to demonstrate how Internal Audit performance is being measured and to provide some key performance data.

Legal Implications

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

Financial Implications

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

RECOMMENDATIONS

7. That the Committee note the report and support the actions being taken to measure the effectiveness of Internal Audit.

**DEREK KING
AUDIT & RISK MANAGER**

The following is attached:

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CORPORATE RESOURCES INTERNAL AUDIT SECTION

MEASURING THE EFFECTIVENESS OF INTERNAL AUDIT

Open
We are open and honest about the difficult choices we face, and allow people to have their say on what's important to them and their communities

Fair
We champion fairness, recognising that with less resource we need to prioritise services for those who need them most.

Together
We work with our communities and partners across the city to deliver the best outcomes for the people of Cardiff



Audit Committee

Subject: Measuring the Effectiveness of Internal Audit

(Quality Assurance & Improvement)

Background

In today's modern audit teams measuring performance to provide assurance around complying with standards and meeting statutory obligations, of having an "efficient and effective" audit service, is gaining impetus. With the Finance Service Review last year identifying an in-house delivery model as the best way to move forward, it is considered important that the IA team is able to demonstrate that it is performing at a high level and in compliance with professional standards.

The Accounts and Audit Regulation (Wales) 2015 now sets out for the first time a requirement for an annual assessment of the effectiveness of Internal Audit, recognising the importance that the audit function provides within the public sector, in the way it contributes to sound governance arrangements.

Joining the Core City group of councils this year has opened up a new networking opportunity and a means of sharing ideas and best practice with others of like size and make up. These contacts are already proving useful by way of assurance in what we do and providing some new ideas for us to consider.

In striving to be efficient, and to maximise service delivery in times of reducing resources, we have proactively embraced "lean thinking" and our processes have been repeatedly challenged and streamlined. We are seen to be leading on a number of initiatives to further promote and develop professional standards. That said, we need to continue to monitor how we provide the services we do and be flexible enough to adapt to increasing demands of our clients, changing risk profiles and the increasing pressures faced within the Council.

Issues

There are considered to be a number of different elements to how Internal Audit performance can be measured:

- Delivery against the Audit Plan
- Delivery against Annual Objectives
- Internal quality assurance reviews
- Extent to which audit recommendations are agreed and implemented
- Director meetings and audit assurance questionnaires
- PSIAS – self assessment
- IIA – "What Every Director Should Know" self-assessment
- Audit Committee view as part of Audit Committee Self-Assessment
- Benchmarking
- External Assessment
- WAO Opinion on IA and overall financial control opinion
- Management Performance Review

Issues

This report aims to set out progress in each of these areas and any initiatives undertaken to demonstrate how audit performance has been measured. These tend to be either a form of self-assessment including built in control / quality assurance mechanism, various ways of gathering information from feedback from our key stakeholders or through comparisons with others providing services similar to ours. The reported position is at the half year ending September 2015.

➤ *Delivery against the Audit Plan*

Prior to the commencement of each year an Audit Strategy is prepared, a key element of which sets out the planned audit coverage for the financial year ahead. This is produced based on a number of factors identified within the Strategy and forms a risk based Annual Audit Plan. It is important to note that this is a position statement prepared at a point in time, looking ahead with senior managers at what they perceive are the main risks and challenges they face over coming months. These risks and challenges change and it is important that Internal Audit has the flexibility to react to this, to target emerging issues to best effect. That said a way of measuring what Audit has done over a period of time is by comparing planned and actual work and understanding where the differences have occurred. Audit management are continually assessing the changing risk profile, through their general knowledge and experience of Council business, their findings from the work they undertake and meetings they attend, and awareness of emerging issues, which may result in reprioritising their Plan. The Audit & Risk Manager reports quarterly on audits undertaken and reports issued and a range of other work undertaken, so the Head of Finance, the Section 151 Officer and Audit Committee members have oversight of what audit coverage has been. As the year progresses audits unlikely to be undertaken in the current year are identified and reported, based on an assessment of what other work is considered to merit prioritisation.

The % Plan achieved is used as a measure of audit performance in benchmarking exercises but it is difficult to comment on figures, without an understanding of the changing risk profile of the Individual authority. Figures for 2014/15 showed we achieved 71% of our Plan compared to a Welsh average of 83% but Cardiff has been undergoing significant changes over recent years, which has very much influenced where audit attention has been considered to be best placed, given the reducing resources we have available.

Work currently ongoing on assurance mapping should help support our Audit Plan going forward and help with how we best utilise the resources we have available.

➤ *Delivery against Annual Objectives*

Each year when developing our Strategy we undertake a SWOT analysis which helps set out our key objectives and Delivery (Business) Plan for the year ahead. This considers how the Audit teams contribute to the overall objectives as set out in the Corporate Plan. This Business Plan sets out the objectives for the Section as a whole and how we intend to measure performance against each. This then sets the scene for all officers within Audit for their team and individual performance objectives / targets providing a “golden thread” to the corporate objectives that have been set. These objectives are regularly monitored through the PPD review process, allowing every team member the opportunity to meet with their Line Manager and discuss their performance and training needs.

Despite the many pressures over the past six months it is considered Audit is on track to deliver the objectives as set out and this is evidenced through regular reporting and updating of our Delivery Plan and Service review plans, to the Section 151 Officer and more recently the Head of Finance. This will continue to be our focus for the remainder of the year in order to ensure high standards of service delivery are maintained.

➤ *Internal quality assurance reviews*

Prior to reports being issued to senior managers, a Senior Auditor undertakes a quality assurance review to ensure professional standards are maintained. One change in recent months has been to introduce a “light touch” review, where audits have resulted in a “good” or “satisfactory” audit opinion and there are no significant concerns arising from the audit. This helps auditors take ownership of their assignments and they have to meet and sign off with their findings with clients. There is ongoing engagement with a Senior Auditor throughout

every audit and for any limited or no assurance opinion a full quality assurance review is undertaken before reports are prepared and issued.

A post audit assessment is also completed for every audit where an auditor and a Reviewer / Manager will score performance against a set of behavioural and technical competencies. This informs development and training plans. A sample of the Post Audit Assessment and Audit Client Feedback Form is shown at Appendix A.

Every month each auditor has an assignment portfolio review to discuss work done, matters arising, performance issues and priorities for the coming weeks.

A skills gap exercise has also been undertaken over the summer, based on a Competencies framework recommended by CIPFA and the outcomes are to be considered as part of half year development reviews.

➤ *Extent to which audit recommendations are agreed and implemented*

Another measure of client feedback is through analysing the level of agreement to audit recommendations proposed at the conclusion of an audit. This is used as an indicator that the auditor has grasped a good understanding of the risks and issues arising from the audit and identified some meaningful recommendations for managers to consider to enhance control.

Implementation of recommendations is reviewed as part of Director's meetings.

Figures are encouraging with over 99% of recommendations agreed (100% for red risks) and an improvement has been noted in a reduction in "open audits / actions" over recent months.

More details are available in progress reports (See Half year report).

➤ *Director meetings, audit assurance questionnaires and Director survey*

Meetings are held at least every three months with each Director. A member of the Audit management team is assigned a directorate and meets with the Director and is often invited to his/her management team, to discuss audit matters. This is proving mutually beneficial and allows an opportunity to review how audit is delivering its role in adding value. It also provides audit with really valuable insight of the risks and issues within the directorate and puts audit in a prime position to be able to influence risks as they arise.

Following each audit a Principal / Senior Auditor contacts the appropriate Line Manager and a quality assurance questionnaire is completed. This seeks the views of the auditee on a range of matters and details are regularly reported as a key indicator. Current results are encouraging at 99% satisfaction and more detail can be found in the Half Year progress report (reporting to Audit Committee in November).

To supplement this ongoing dialogue and feedback and recognising the key role of Directors in terms of the Internal Audit delivering a professional service, they have been asked to complete a questionnaire. This sought views on the level of engagement, the protocol for undertaking and reporting and a general view on the IA service.

The main messages from the returned questionnaires are encouraging as Directors responded very positively in all areas. It is considered that the participative approaches we adopt in undertaking our role is welcomed and Directors feel engagement is very good. The professionalism of the audit team was recognised by all and all felt confident in being able to approach the team for advice and guidance. The response to one or two questions will be explored with Directors to see if Audit can do more in adding value in support of their responsibility for financial control.

➤ *Public Sector Internal Audit Standard – self Assessment*

The standard provides a detailed self-assessment document which is aimed to measure compliance with its key principles and it is recommended that Heads of Audit complete this. Wales Audit Office refers to this in forming a view on the work of IA.

The self-assessment exercise has been undertaken and currently information is being gathered to support the scores assigned. The outcome provides a high level of assurance regards compliance with the standard. The document will be reviewed in the autumn and consideration will be given to this being incorporated and reported within the Audit Strategy later in the year. Further information on this is available from the Audit & Risk Manager.

➤ *Chartered Institute of Internal Auditor document – “What Every Director Should Know”*

In April this year the CIIA produced a document entitled “What Every Director should know” which set out “ten ways to get the most from Internal Audit.” This guide is aimed at Audit Committee members considered to be Directors, in terms of their role on the Audit Committee.

This guide has been studied and the ten recommended audit committee practices for effective internal audit oversight have been extracted and a matrix produced which sets out to identify evidence to support where these practices are in place. This has provided a high level of assurance but some recommendations merit further consideration.

The guide is to be saved on the Audit Committee SharePoint reference site, and the Audit & Risk Manager intends to discuss with the Chair how best to present the information to members.

➤ *Audit Committee view – part of Audit Committee Annual Assessment*

A section of the Audit Committee self-assessment is devoted to Internal Audit and when this is considered it reflects on what service IA provide to Committee. In its role it is vitally important that the Committee receives timely and informative information from a number of sources and IA play a key role in doing so. The views of Audit Committee members are therefore very important and welcomed.

The Committee self-assessment exercises undertaken to date have always provided 100% assurance of satisfaction around the service they receive from the Audit & Risk Manager and his team. Evidence of this is shown on the completed assessment documents.

➤ *External Assessment*

The PSIAS sets out that every Audit Section is subject to an external assessment at least once every five years. This assessment must be carried out by a professionally qualified and experienced internal auditor. In Cardiff we need to arrange and undergo an assessment over the next 2 ½ years. The approach to be used is one of self-assessment and then an external evaluation and report. Much of the work as outlined in this document is building up momentum in anticipation of this assessment.

The Audit & Risk Manager is leading on an exercise across Wales to establish a peer review group whereby the assessors will be selected from within the group. This is being done to protect independence and guard against any conflicts of interest concerns and this approach will save significant costs, considered to be in the region of around £12,000 (what some are paying for external assessment by private companies.)

The outcomes of any external assessment would be shared with the Section 151 Officer, Head of Finance and the Audit Committee Chair as potential sponsors for the exercise.

➤ *Benchmarking*

Benchmarking provides valuable comparative data to inform how a service is delivered. Clearly there are risks of not comparing like with like and uncertainty over the accuracy of data submitted by others, but data comparatives can be helpful in providing assurances and also to highlight potential areas for further consideration, seeking improvement.

For many years Cardiff has been a member of two benchmarking clubs, namely the Welsh Chief Auditor Benchmarking group and the CIPFA Benchmarking Group. Both provide different information and the CIPFA annual exercise allows each authority to select up to 18 authorities to compare with as well as across the group as a whole.

Comparisons focus primarily on service delivery, performance, quality and cost and the CIPFA exercise also provides information on audit coverage, particularly useful for planning and a “scrap book” which captures examples of good practice in a number of areas. This good practice is used to inform the Audit opportunity log.

Attached at Appendix B are graphics reporting on some key indicators from both exercises for the 2014/15 year. For the CIPFA exercise the information provided relates to the comparison with our selected group of authorities, considered to be a more meaningful comparison. More information on the wider UK CIPFA exercise is available from the Audit & Risk Manager (Graphs being similar for almost all indicators to the selected group.) Also included is some useful indicators relating to the Audit Committee.

Joining the UK Core Cities Group recently has opened up further opportunities for comparing our performance with others and some initial work has begun on this. This is considered a real benefit as comparison with core cities, many similar in size and make up to Cardiff, will be invaluable.

➤ *WAO Opinion on IA and overall financial control opinion*

WAO work closely with IA to avoid overlap or duplication of efforts and undertake some review of audit work and will consider the self-assessment exercise undertaken each year around compliance with the PSIAS. Overall WAO have provided a positive opinion of IA performance and have not raised any significant issues around compliance with standards in the past.

➤ *Management Performance Review*

Management within Internal Audit prepare a set of SMART objectives based on delivering the Section’s Business Plan. The PPD review process requires managers to measure and report on their achievement against the Business Plan every 6 and 12 months. This involves a rigorous challenge by their direct manager, and sign off by a senior manager within the directorate. The performance of managers often reflects that of the team that they oversee, so challenging manager’s achievements does provide a view on performance overall. The Audit & Risk Manager completes his 6 and 12 monthly reviews, which is signed off by the Head of Finance/Section 151 Officer, and is countersigned by the Section 151 Officer/Chief Executive. It is considered this provides a meaningful review of performance for all teams within Audit.

Summary

The monitoring and measurement of audit performance is becoming increasingly important, in order to be able to demonstrate high and consistent standards of performance and compliance

with professional standards, crucially important in fulfilling statutory Section 151 obligations i.e. to provide an efficient and effective audit service. It is also important to be able to show best practice and it acts as a catalyst for innovation and change.

The work of Internal Audit has traditionally been subject to a high level of scrutiny, and this has necessitated a rigorous means of measuring work and performance. This can impact on productive time available and it is important a balance is struck between undertaking productive work and the time taken on monitoring and reporting on service delivery and performance.

Much of the work in pulling together the above and identifying the different elements of our Quality Assurance & Improvement programme should stand Cardiff in good stead when an "external "assessment is undertaken and provides Senior Managers, such as the Head of Finance and Corporate Director Resources, and Audit Committee members, with the assurance their roles require. We will continue to proactively monitor the areas as set out and also look at other means of capturing information which may serve to help us to develop and improve the way in which we provide the services across the Section.

Audit & Risk Manager
October 2015

POST- AUDIT ASSESSMENT (PAA)

This assessment should be completed and discussed with the Reviewing Manager following the issue of the final report. A copy of the completed document should be forwarded to the Audit Manager once completed.

Audit Subject:	Audit Opinion:	Auditor(s):	Reviewer:
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Completion Date of PAA Form:	Start Date (as per the TOR):
Date draft report / action plan to reviewer:	Finish Date (Final Report):
Original Planned Days:	Actual Days:
Original Planned Cost (£):	Actual Cost (£):

N.B. If any time reassessments were completed, please attach to the bottom of this form

Assessment Section

Key – 1= Outstanding, 2= Effective, 3= Developing, 4= Ineffective

The comments column should include any relevant comments to support your assessment.

	Auditor	Manager	Comments
1. Scoping & TOR – The scope was clearly defined at the outset of the audit with clear objectives identified.			
2. Methodology & Testing – A professional approach was taken to the audit, with key risks & controls identified and included within a test matrix. Adequate sampling & testing was undertaken & results analysed appropriately.			
3. Report Writing – a good quality, accurate and concise report / action plan was produced			
4. Communication – appropriate dialogue was held with the Line Manager & Client throughout the audit.			
6. Time Management – good time management was demonstrated by delivery of a good quality audit on time.			
7. Value for Money - the audit contributed to achieving greater efficiency or value for money.			
8. Documentation – all reports and supporting working papers were scanned, well organised, referenced and filed appropriately.			
9. Client Satisfaction – the client was communicated with appropriately throughout the audit and found the audit and the recommendations / advice offered helpful & constructive			

Auditor Comments:	Date:
General Comments (Reviewing Manager) – to include any identified development needs:	Date:
General Comments (Audit & Risk Manager):	Date:

AUDIT CLIENT FEEDBACK FORM

Upon completion of the above PAA, the Reviewing Manager should contact the client by phone to discuss the auditor's performance. Below is a template for this discussion.

Audit Title:	_____	Auditor:	_____
Reviewing Manager:	_____	Date of Contact:	_____
Manager Contacted: (Name & Grade)	_____		

1. How well did the Auditor communicate with you throughout the Audit?

Excellent Good Satisfactory Unsatisfactory

2. How helpful & constructive did you find the advice offered to you during, and at the conclusion of, the audit?

Excellent Good Satisfactory Unsatisfactory

3. How useful did you find the Audit Report / Action Plan? (Accuracy, Management Value & Promptness)

Excellent Good Satisfactory Unsatisfactory

4. How acceptable was the overall performance of the Auditor(s)?

Excellent Good Satisfactory Unsatisfactory

5. Do you feel the audit offered "added value"?

Yes No

6. Do you have any other comments regarding the Auditor or Internal Audit overall?

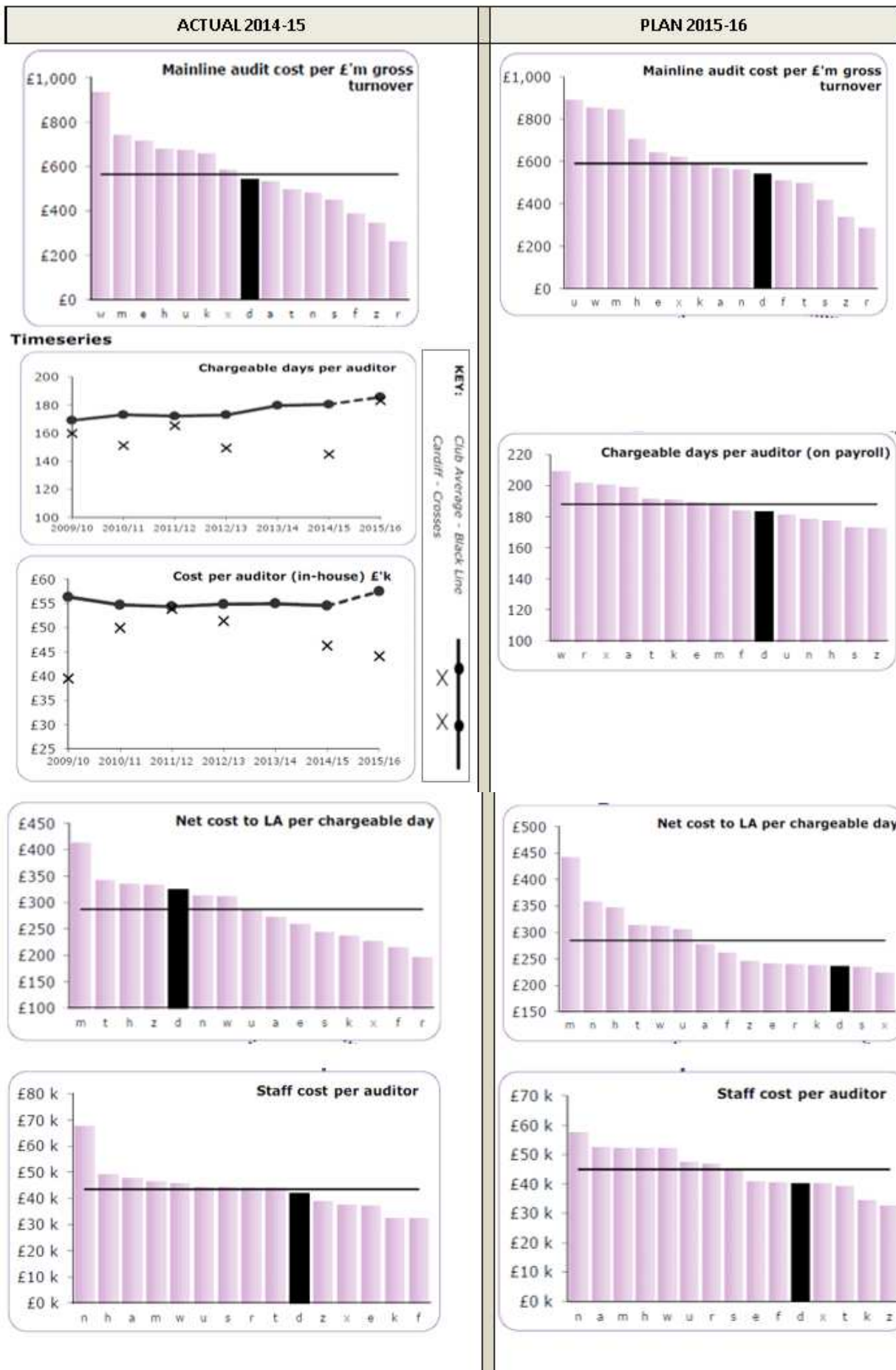
7. Can you suggest any ways in which the Audit Service could be improved, or areas you consider would benefit from future audit reviews?

ANY COMMENTS OR CONCERNS RAISED BY THE CLIENT SHOULD BE RESPONDED TO WITHIN 10 WORKING DAYS

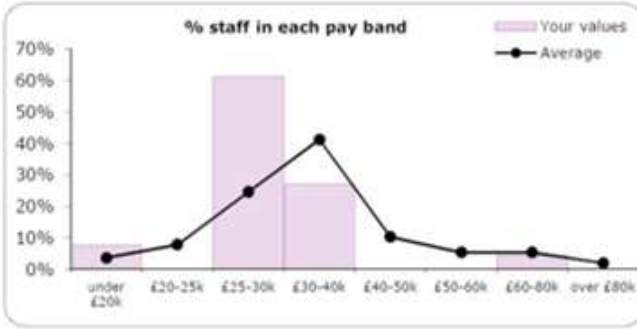
Date Responded to Client Feedback (where applicable):

Name of Auditor who Responded (where applicable):

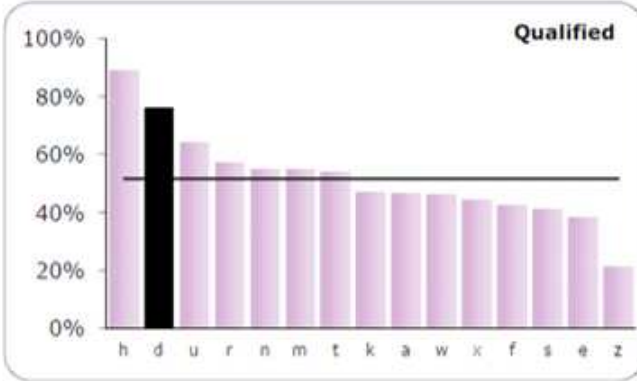
CIPFA AUDIT BENCHMARKING CLUB 2015 - Comparator Report



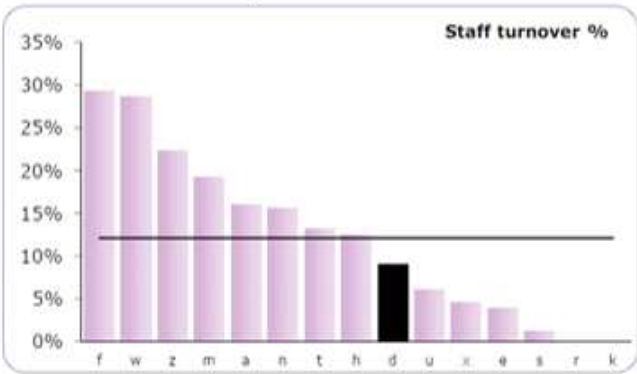
Staff Salary Bandings as at 31.03.15



Audit Qualifications as at 31.03.15

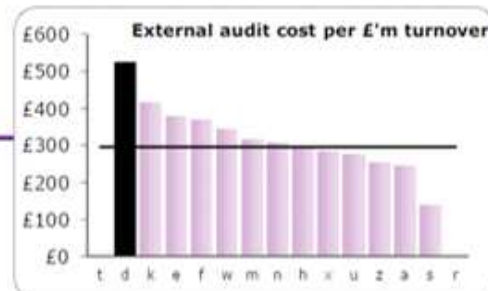
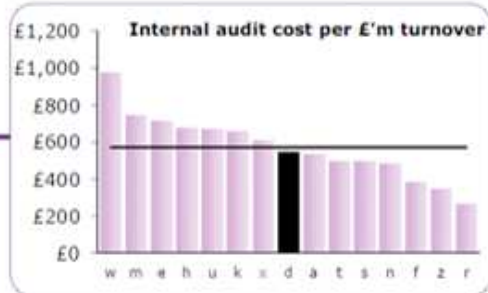


Audit Staff Level Changes



OVERALL AUDIT COSTS

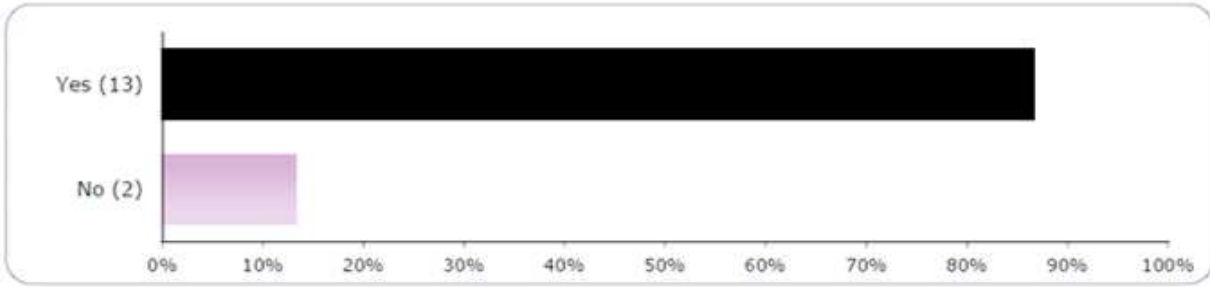
Internal and External 2014-15 Actuals



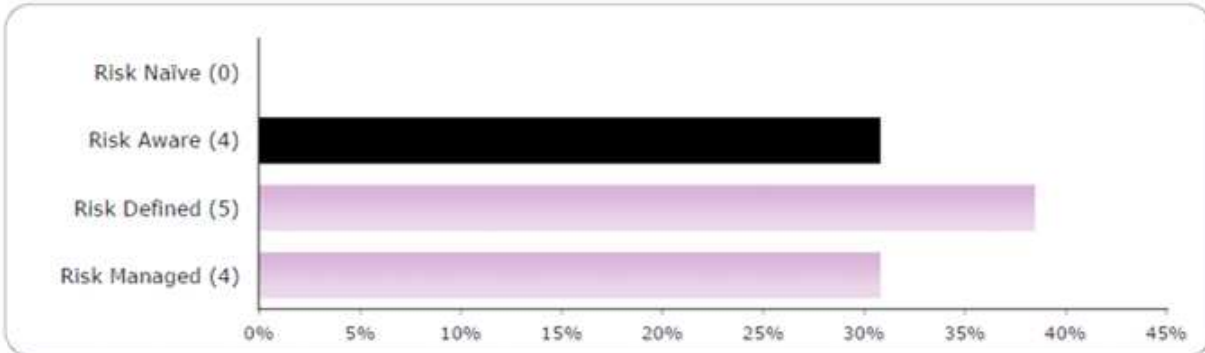
CORPORATE GOVERNANCE

THE COUNCIL

Has risk maturity been assessed?

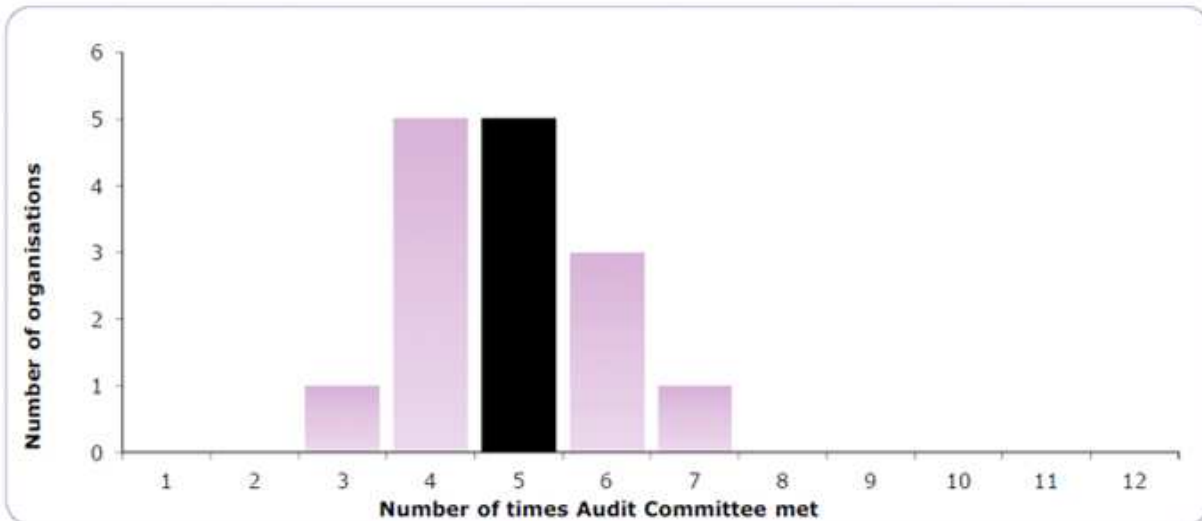


If so, what was the outcome?

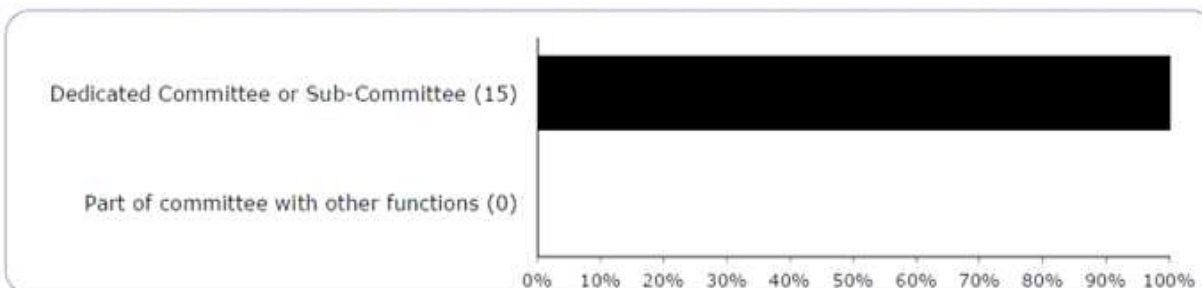


REPORTING TO MEMBERS

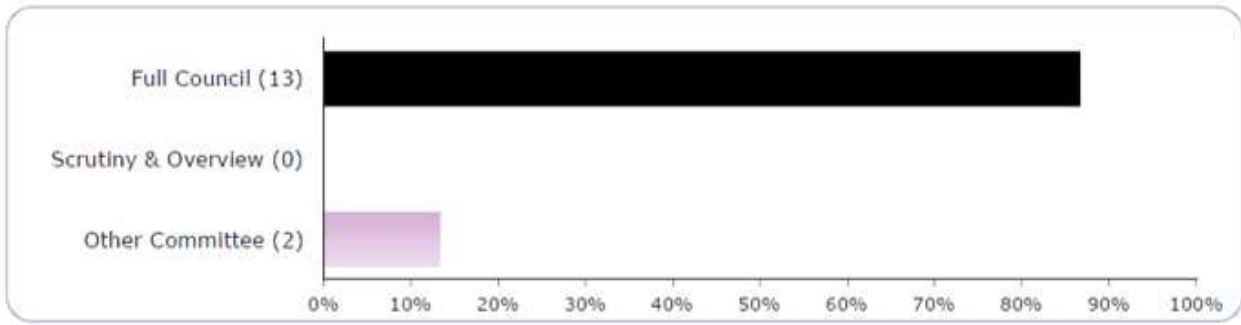
How many times did the Audit Committee meet in 2014/15?



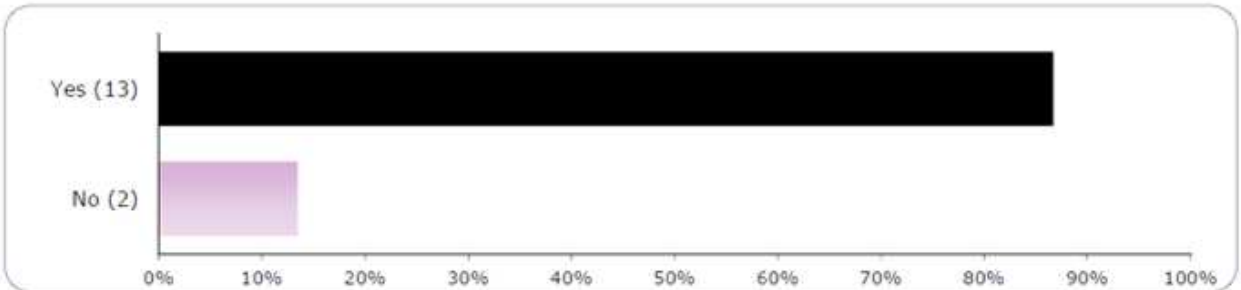
How is your Audit Committee constituted?



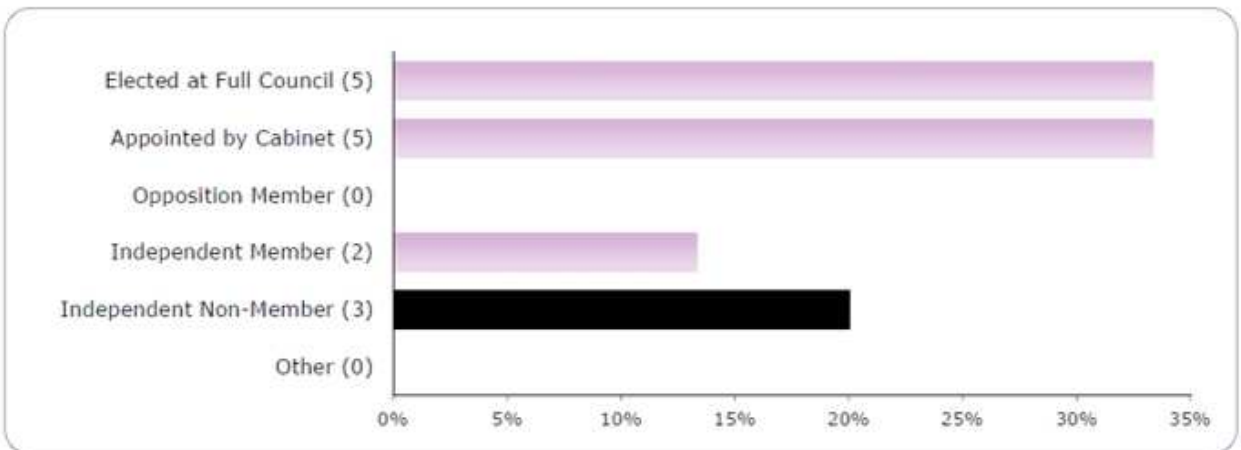
Where does this body report to?



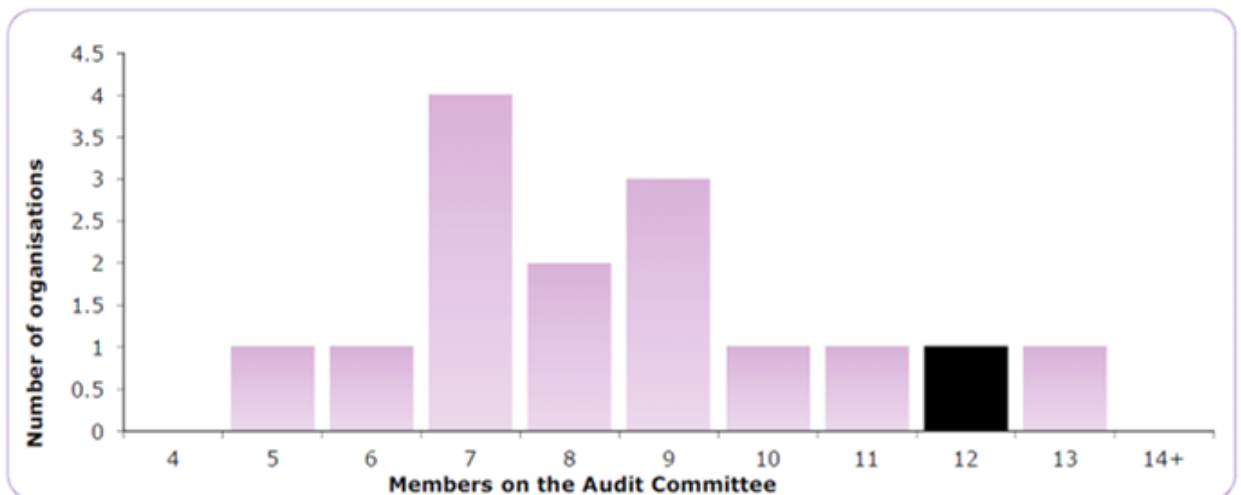
Is your Audit Committee politically balanced?



How is the chairperson selected?

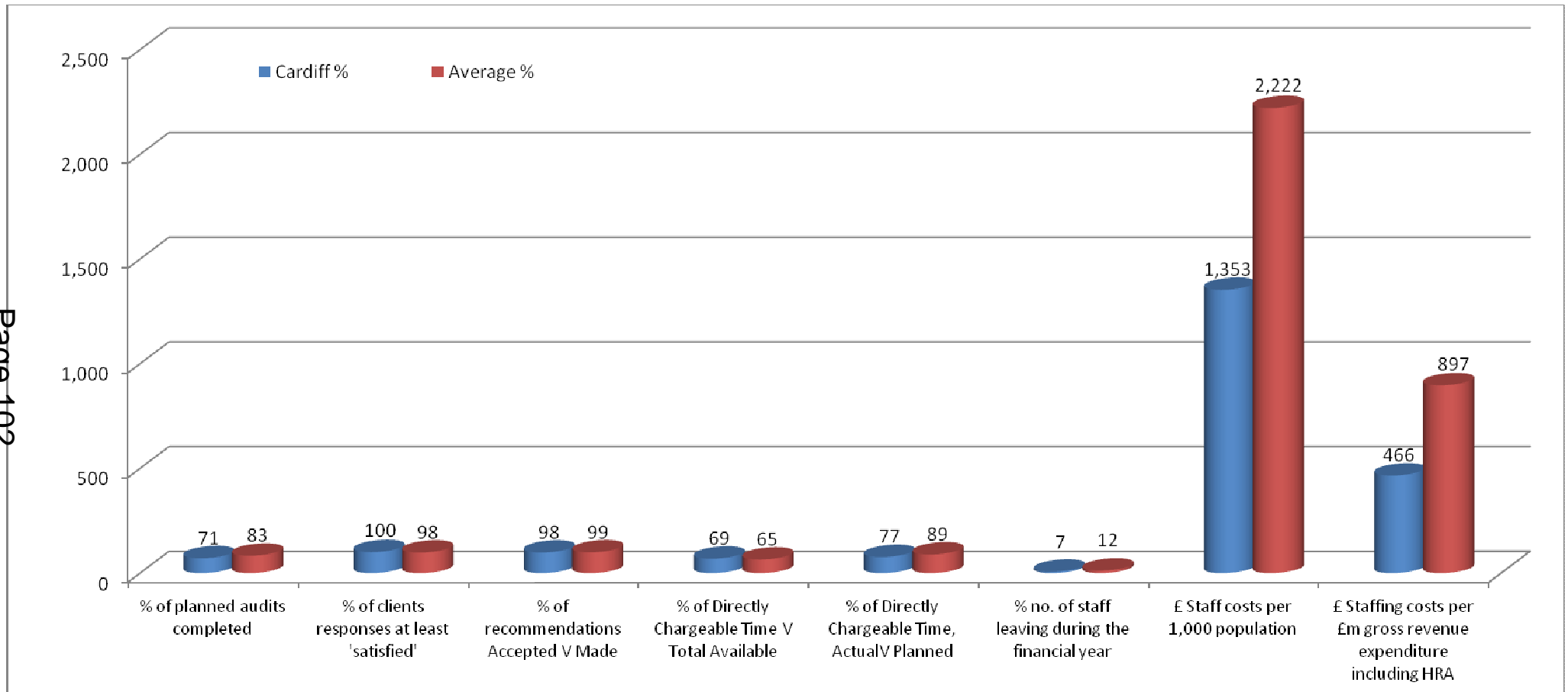


How many members are on the Audit Committee?



WELSH CHIEF AUDITOR'S GROUP – BENCHMARKING CLUB 2014-15

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ASSURANCE MAPPING

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 8.3

Appendices A of the report is not for publication

Reason for this Report

1. To provide Audit Committee members with an update on work being undertaken to develop an Assurance framework and Assurance map.

Background

2. There has been a drive toward risk based auditing across all audit sectors, with many audit teams undertaking audits only using this approach. Section 2010 of the Public Sector Internal Audit Standards (PSIAS) includes a requirement that the risk based plan takes into account the organisation's assurance framework and that the work of internal audit will address both local and national issues.
3. With the significant budgetary pressures faced in the public sector, it is important that resources are targeted to best effect to add value to the business. This very much applies to Internal Audit staff where there has been a reduction in numbers, often at times of increasing demands and expectations.
4. This has brought about a need to more formally capture the different level of assurance available from both within and outside the Council, to make more informed decisions on how best to utilise resources in the future. This assurance exercise is primarily looking at risk management, governance and internal control matters, rather than wider aspects of service delivery.
5. The Audit team has begun work on developing an Assurance framework and Assurance map to help with future audit planning needs, although the information should also serve useful to others in identifying where assurance can be found, and importantly, where there are gaps that need to be addressed. This is very much a work in progress as it will need to capture any emerging risks or issues as they arise and any actions to mitigate or deal with these over time.

Issues

6. Internal Audit has developed an assurance framework using the "three lines of defence" model, and all three lines have a specific role to play in the Council's internal control environment.

	Source of Assurance
1st	Business operations / management assurance, including local management controls
2nd	Corporate governance oversight, such as Cabinet and Scrutiny committees
3rd	External or third party review, such as Estyn, CSSiW, Wales Audit Office

7. This identifies that senior managers, acting as the first line of defence, have a joint and individual responsibility for risk management, governance and their control environments and should provide assurance through their own internal processes and working methods.
8. Each Council will also have in place corporate arrangement for overseeing risk, governance and control, providing a challenge and an assessment of assurance from the work it performs.
9. All Councils are subject to a range of inspection / audit regimes and there will be a number of organisations involved and reports prepared, many of which will comment on a range of service delivery, performance and improvement matters. This 3rd level of defence includes the assurance provided from WAO and the Internal Audit team.
10. The assurance map has been developed using a number of sources which may inform how risk, governance and control matters are “managed” across the Council. Key sources will include the Corporate Risk Register, known operational or business risks, Annual Governance Statement significant issues and any matters arising from Senior Management Assurance Statements. External reports, including those from WAO and external regulators and those from Internal Audit should also inform the “map”.
11. By mapping assurance coverage against the key risks and significant issues within the organisation, it should be possible to give senior management and Members an informed view on the level of assurances in different areas and to make more informed decisions on where resources are best targeted. It should avoid duplication of effort and contribute to supporting the work on compiling the Annual Governance Statement.
12. Internal Audit is able to use the assurance map to ensure that activities can be targeted to provide better coverage in key areas and minimise duplication of effort through the sharing and coordinating of activities with other management activities.

Reason for Recommendation

13. As part of the arrangements for good corporate governance, it is important that the Council has a way of capturing the different levels of assurance it can seek to rely upon, from both within and outside the Council. The development of an assurance framework and assurance map is a formal approach adopted to achieve this so duplication can be avoided, any gaps can be highlighted and addressed, and more informed decisions can be taken regards utilizing diminishing resources to best effect.

Financial Implications

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

Legal Implications

15. There are no direct legal implications arising from this report.

RECOMMENDATION

16. The Committee is recommended to note the content of the Assurance Map.

**CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES**

The following Appendix is attached:

Appendix A – Internal Audit Assurance Map

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Document is Restricted

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**PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) – EXTERNAL
ASSESSMENT**

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 8.4

Reason for this Report

1. To update the Audit Committee Members on the proposed arrangements for the Public Sector Internal Audit Standards - External Assessment.

Background

2. The Committee was informed of the PSIAS at its meeting on the 27th March 2013, where it was agreed that the Standards be adopted by the Internal Audit Section from the 1st April 2013.
3. The Internal Audit Section has fully implemented these Standards and the Audit Charter. These and the general approach to Internal Audit, are firmly based around the definitions for audit and the standards set within the PSIAS.
4. The PSIAS require that an assessment is carried out by external assessors at least once every five years.

Issues

5. The Audit & Risk Manager has met with members of the Welsh Chief Auditor's Group, where it was proposed that the Welsh authorities establish a peer group to undertake such assessments. The vast majority of authorities supported this approach and agreed to seek approval from their Managers within their authorities (18 signed up to date). This approach is consistent with a peer group established for Core cities across the UK. This approach, based around a robust self-assessment and an external evaluation, fully meets the requirements of the Standard and has significant cost savings.
6. A draft Terms of Reference has been drawn up for discussion when the Welsh Chief Auditors next meet, which provides information on how the assessment arrangement is likely to be progressed, but is subject to more detailed discussion. See Appendix A attached.
7. Work has begun on grouping and matching authorities to avoid any potential conflicts of interest and soon each authority will have details to enable some timelines to be set for the external assessments to take place.

8. This approach has been agreed in principle with the Head of Finance and Section 151 Officer.

Legal Implications

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

Financial Implications

10. There are no financial implications arising directly from this report, however, this approach to external assessments will save the Council the cost of other forms of assessment, which would need to be purchased from external providers.

RECOMMENDATIONS

11. To advise members of the approach to be adopted for carrying out external assessments in compliance with Public Sector Internal Audit Standards (PSIAS).

DEREK KING
AUDIT & RISK MANAGER

The following is attached:

Appendix A - Terms of Reference

TERMS OF REFERENCE

Welsh Chief Internal Auditor Group

External Assessment – Peer Review

Purpose of the Paper

At a recent meeting of the Welsh Chief Auditors meeting it was agreed that member authorities should look to formalise the arrangements for their external assessments and develop a clear basis for the approach to undertaking such assessments.

It was agreed at this meeting that the external assessment process could be undertaken as a peer review whereby one Authority would undertake a peer assessment of a different Authority within the group. It was also agreed that reciprocal reviews would not be undertaken. The majority of Chief Auditors present agreed to support this approach. It was for individual authorities to decide if they wish to be part of the peer review group.

Background Information

Members of the Peer Group:

To be confirmed once response received.

External Assessments:

The Public Sector Internal Audit Standard (PSIAS) introduced a requirement for an external assessment which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

The purpose of the external assessment is to help improve delivery of the audit service to an organisation. The assessment should be a supportive process that identifies opportunities for development which ultimately helps to enhance the value of the audit function to your Authority.

The two possible approaches to external assessments outlined in the standard include either a full external assessment or an internal self-assessment which is validated by an external reviewer.

External reviewers should:

- Possess a recognised professional qualification
- Have appropriate experience of internal audit - at least five years at manager level within the public sector / local government
- Have detailed knowledge of leading practices in internal audit
- Have current, in-depth knowledge of the Definition, the Code of Ethics and the International Standards.

The Head of Internal Audit should discuss the proposed form of the external assessment with their Line Manager (where relevant) or Section 151 Officer (or equivalent) or Chief Executive prior to making recommendations to the Audit Committee regarding the nature of the

assessment. The scope of the external assessment should have an appropriate sponsor, such as the Chair of the Audit Committee or Section 151 Officer.

The Head of Internal Audit should report the results of their quality assurance improvement programme (ongoing activity, internal and external assessments) to stakeholders. Such stakeholders should monitor the implementation of actions arising from internal and external assessments.

Proposed Approach

Members of the peer group have elected to adopt the latter of the 2 approaches with another member of the peer group undertaking the validation. The key benefit to this approach is cost. Evidence gathered show costs for a full external assessments at around £15K and a validated assessment, similar to the approach proposed, at approx. £11k.

There are obvious financial savings to members of the group by adopting the peer review approach outlined within this paper. In addition, such an approach is in keeping with the promotion of collaborative working arrangements.

Independence and Objectivity

Prior to the commencement of the assessments taking place all parties will agree the programme of peer reviews and an appropriate timetable, including the number of days required to undertake the reviews. It is important to ensure the independence of the auditor undertaking the peer assessment. Any known or perceived conflicts of interest should therefore be disclosed. It should be acknowledged at the outset that all Welsh Internal Audit services have some knowledge of each other.

The Assessment Process

Completion of the Checklist:

Each Head of Internal Audit must complete the Checklist for Conformance with the PSIAS which is attached to the Local Government Application Note in advance of the external assessment.

Pre Assessment Phase:

- Confirm the terms of reference for the review, timescales and dates for the review.
- Obtain background information in order to obtain an appreciation of the function. This should include the IA Charter / Strategy or Terms of Reference (independence, scope authority, purpose and the relationship with the Audit Committee and senior executives).
- Obtain details of responsibilities, resources, structure and activity.
- Obtain details of any external client organisations e.g. Joint Authorities and consider whether such organisations may have different outcomes in terms of compliance with the PSIAS and whether separate assessments may be required.
- Obtain the completed self-assessment which has been sign posted to the supporting evidence.
- Obtain any other information relating to the effective performance of the internal audit function.
- Obtain evidence of how quality is maintained and how performance is measured and reported.

Assessment Phase (on-site visit):

- Review of documentation in support of the standards / checklist.
- Examine a sample of audit engagements according to the PSIAS and procedures.
- Interview key staff to confirm audit procedures and process.
- Undertake an exit meeting with the Head of Internal Audit.

Post Assessment Phase:

The review should conclude with a detailed report providing an opinion on the Internal Audit activity's conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards highlighting any areas of partial conformance or areas which do not conform along with recommendations for improvement, where appropriate.

Reporting Phase:

- Discussion of the draft report with the Head of Internal Audit.
- Issue of draft final report and agreed actions to the Head of Internal Audit and Sponsor to confirm accuracy.
- Issue final report to the Head of Internal Audit and Sponsor
- Head of Internal Audit / Sponsor to issue final report to their Audit Committee which includes an action plan and implementation dates.

It is envisaged that each phase of the assessment process should take approximately 1 day, and overall, the assessment completed within 5 working days.

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DRAFT Audit Committee Work Programme 2015-16

Key: One-off Items

Topic	Wednesday 16.09.15 at 2pm (CR4)	Monday 30.11.15 at 2pm (CR4)	Monday 01.02.16 at 2pm (CR4)	Tuesday 22.03.16 at 2pm (CR4)	Wednesday 22.06.16 at 2pm (CR4)	September '16 (workshop)
Wales Audit Office	Corporate Assessment Update		Corporate Assessment Update	Corporate Assessment Update	Corporate Assessment Update	Corporate Assessment Update
	Annual Improvement Report (deferred from June)			Annual Financial Audit Outline (to include revised statement of responsibilities)	Annual Improvement Report	
	Audit of Financial Statement Report (ISA260)			Cardiff & Vale Pension Fund Audit Plan	Regulatory Prog. Update & Fee information 2016-17	Audit of Financial Statement Report (ISA260)
	Report progress updates and Value for Money studies	Report progress updates and Value for Money studies	Report progress updates and Value for Money studies	Report progress updates and Value for Money studies	Report progress updates and Value for Money studies	Report progress updates and Value for Money studies
	The Financial Resilience of Councils in Wales					
	Certificate of Compliance					
Treasury Management	Performance Report	Performance Report	Performance Report	Performance Report	Performance Report	Performance Report
	Annual Report	Half Year Report	Strategy 2016-17	Treasury Management Practices		Annual Report
Finance	Budget Update and Financial Resilience Update	Budget Update and Financial Resilience Update	Budget Update and Financial Resilience Update	Budget Update and Financial Resilience Update	Budget Update and Financial Resilience Update	Budget Update and Financial Resilience Update
	Annual Report Statement of Accounts & Audit of Statements Report			Draft Statement of Accounts/AGS (report any changes in accounting policy)	Draft Statement of Accounts 2015-16 (including the AGS)	Annual Report Statement of Accounts & Audit of Statements Report
	Audit of the Financial Stat't Report – Cardiff & Vale of Glamorgan Pension Fund					Audit of the Financial Stat't Report – Cardiff & Vale of Glamorgan Pension Fund
Internal Audit		Half Yearly Progress Report	Progress Update	Progress Update	Progress Update	Progress Update
		Measuring Effectiveness of Internal Audit		Audit Strategy 2016-17	Internal Audit Annual Report 2015-16	
		Assurance Mapping				
Governance and Risk Management	Organisational Development Plan Update (CS)		Audit Committee Annual Report Discussion	Audit Committee Draft Annual Report 2015-16	Audit Committee Annual Report 2015-16	
			Audit Committee Annual Self Assessment Review 2014-15			Self Assessment Workshop (pre Committee meeting exercise)
		Corporate Risk Register (Mid Year)			Corporate Risk Register (Year End)	
			AGS 2014-15 Action Plan (Mid Year)	Draft Annual Governance Statement '15/16		
Operational matters / Key risks	Bldg. Maintenance Disabled Facilities Services Contracts (Deferred to Nov. 15)	Bldg. Maintenance Disabled Facilities Services Contracts (Jane Thomas, Dylan Roberts)			Education – Briefing on Schools in Deficit	

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Audit Committee – Action Plan

Item 9

(Updated following meeting held on 16th September 2015)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
Finance			
AN4.1 23.03.15	<u>Budget Update</u> Audit Committee to receive a report highlighting how the Committee can add value, on behalf of the Council, in setting the Budget.		CS
MN13 16.09.15	A letter be sent to Sir Jon Shortridge, to express thanks for his time and commitment to the Audit Committee. Letter sent 28.09.15.	Completed	Lord Mayor
Governance & Risk Management			
AN6.3 22.06.15	Audit Committee requested a SMAS be completed for the half year and outcome reported back to Committee.	01.02.16	DJK
AN6.3 22.06.15	That the Committee be provided with a report on the responses to the question on PPDRs contained in the Employee Survey and on the outcome of the survey.	30.11.15	DJK
AN6.5 22.06.15	<u>Procurement & Contracting Sub Group</u> That relevant officers should attend the Audit Committee meeting in September to discuss Member concerns on the Building Maintenance Framework, and the progress of the action group in implementing the recommendations from the Constructing Excellence review. <i>(Deferred to November meeting)</i>	30.11.15	Chair/CS/ DJK
MN16 16.09.15	<u>Annual Governance Statement (AGS)</u> The AGS be amended to clarify matters raised at the meeting.	Completed	DJK
Items of Interest for Members			
AN6.1 22.06.15	That a Value for Money audit be considered in respect of the way in which schools employ supply teachers.	01.02.16	DJK
Wales Audit Office (WAO)			
MN18 16.09.15	<u>Corporate Assessment Update (WAO Project Brief)</u> That the Committee consider this again at its meeting on 1 February 2016	01.02.16	WAO
MN18 16.09.15	That WAO consider the relative representation of independent and elected Member survey responses.		WAO
	The Committee be provided with further information / intelligence on how the fee of the WAO's work is formulated e.g. benchmarking / comparisons with other local authorities.	22.03.16	WAO
Treasury Management			

Minute No. /Agenda No.	Actions	Timeline	Action Owner
Internal Audit			
AN8.2 19.01.15	<u>Value for Money</u> Committee requested a further briefing on Agency Spend to identify further potential savings. This report should also consider further savings in relation to stand-by allowances where spend was considered high.	01.02.16	DJK
MN09 22.06.15	<u>Assurance Mapping</u> Further information to be provided later in the year.	30.11.15	DJK
Outstanding Actions			
AN10.2 22.06.15	<u>Education – Governance</u> The Director of Education to provide a further briefing on school balances.	22.06.16	NB
AN10.2 22.06.15	<u>Director Strategic Planning & Highways – Response to Internal Audit Report</u> That the Committee receives a further progress report in six months.	22.03.16	DJK
Work Programme			
MN22 16.09.15	That Financial Resilience be added as a separate agenda item at appropriate times.	30.11.15 Completed	DJK
MN22 16.09.15	That the WAO reports expected for 2015-16 be added to the work programme.	When available	DJK