

## **Draft Annual Governance Statement 2016/17**

### **1. Scope of Responsibility**

1. The City of Cardiff Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
2. The Cardiff Harbour Authority (Harbour Authority) is subsumed in the Council and not a separate entity. The Council is the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Pension Fund) and Cardiff Port Health Authority (CPHA). In January 2017 the Council was also approved by Cabinet as the Accountable Body for the City Capital Region (CCR) City Deal.
3. The governance arrangements detailed in this Annual Governance Statement (AGS) apply equally to the Council's responsibilities to the Harbour Authority, Pension Fund, CPHA and CCR City Deal. Within the Statement of Accounts, the Annual Return of the CPHA includes a corresponding Annual Governance Statement with additional supporting governance information. There are further specific requirements for the Pension Fund which are:
  - The Statement of Investment Principles;
  - Funding Strategy Statement;
  - A full Actuarial Valuation to be carried out every third year.
4. The Council has adopted the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This framework was updated following a period of consultation with the financial year 2016/17 representing its first year of application.
5. This statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014.
6. The governance arrangements in the Council's two subsidiary companies, namely Cardiff City Transport Services Ltd. (Cardiff Bus) and Cardiff Business Technology Centre (CBTC) are subject to periodic review. These were not reviewed by the Council in 2016/17.

### **2. The purpose of the Governance Framework**

7. The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled and the means through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The Council's Constitution represents its code of governance, setting out how decisions are made and the procedures which are followed through rules, codes of practice and protocols.

8. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but is based on an ongoing process to identify, prioritise and appropriately manage risk.

### **3. The Governance Framework**

9. The Framework comprises two core principles and five supporting principles. Principles A and B permeate implementation of principles C to G but good governance is dynamic, and the Council as a whole is committed to improving governance on a continuing basis through a process of evaluation and review.

#### ***Core principles***

- a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- b. Ensuring openness and comprehensive stakeholder engagement.

#### ***Supporting Principles***

- c. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- d. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- e. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- f. Managing risks and performance through robust internal control and strong public financial management;
- g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

### **4. Assessment Process and Summary**

10. The AGS summarises the assessment of governance against the governance framework and comprises three elements:
  - 1) Statements from Senior Management, the Audit Manager and the Audit Committee;
  - 2) Supporting information and evidence mapped to the core and supporting good governance principles;
  - 3) A Senior Management review of the Council's significant governance issues.
11. The three elements above when taken together represent the assessment of governance, through the perspectives of the Senior Management Team (SMT) and the independent opinions of the Internal Audit Manager and Audit Committee based on their respective programmes of work and an assessment of the system of internal control.
12. For further information and detail, supporting information is mapped to the governance framework principles (a-g) within the AGS and followed by an open disclosure from the senior management team (SMT) of the significant governance issues affecting the organisation as summary actions to take forward and address.
13. The diagram below sets out the components of this assessment.



**i) Assurance Statements**

14. The following statements are made at the year-end, upon consideration of the performance information, governance disclosures and audit and regulatory report findings from assessors both internal and external to the Council.

**Senior Management Statement**

To be populated at the year-end position

**Audit Manager Statement**

To be populated at the year-end position

**Audit Committee Statement**

To be populated at the year-end position

## ii) Governance Framework - Supporting Information

### A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

15. All Members and Officers in the Council are required to comply fully with Codes of Conduct as set out in the Constitution, which sets out the particular roles and responsibilities of Officers and Members and provides clarity on the interfaces between these roles. These include:
  - Functions and subsections delegated to officers;
  - Members' Code of Conduct;
  - Employees' Code of Conduct;
  - Protocol on Member / Officer Relations;
  - Cardiff Undertaking – signed by all Members upon election and underlines their duties to the City and its citizens.
16. The Monitoring Officer has the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do based on Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000. An interim Monitoring officer was in place in the financial year 2016/17 until the appointment of the new Director of Governance and Legal Services and Monitoring Officer in September 2016.
17. The Standards and Ethics Committee has a responsibility to monitor and scrutinise the ethical standards of the Authority, its Members, employees and any associated providers of the Authority's services, and to report to the Council on any matters of concern. The Committee is chaired by an independent person and its role includes determining the outcome of complaints against Councillors and Co-opted Members and monitoring the Council's whistleblowing procedures.
18. Results of the Standards and Ethics Committee Annual Report 2016/17 to be included here – Going to Council in June 2017.
19. An Officers' Personal Interests & Secondary Employment Policy requires staff to disclose any personal interest which actually or potentially conflict with their duties to the Council and all secondary employment. The policy sets out how all Council employees are obliged, under the Employees' Code of Conduct, to ensure that their private interests do not conflict with their public duties, and to comply with the Council's rules on the registration and declaration of financial and non-financial interests.
20. For Members the 'Cardiff Undertaking', sets out expectations of conduct in accordance with the 'Principles of Public Life'. The Corporate Assessment Follow-on, issued by the Wales Audit Office (WAO) in February 2016, recognised these governance arrangements, but concluded that the Standards and Ethics Committee could do more to visibly enforce the principles of the Cardiff Undertaking.
21. To address this recommendation the Standards & Ethics Committee has committed to publishing biannual Member Briefings on the work of the committee, underlining the importance of the Cardiff Undertaking and member conduct and behaviour. The first briefing was authorised for publication to all members in August 2016.

22. The Council's Cabinet approved Corporate Values focus on fairness, openness and working together. The Council supports a culture of behaviour based on these values which guide how the long term vision of the Council is put into effect, as well as how Members and Officers deliver their day to day roles. Corporate and directorate planning and personal performance and development arrangements are aligned to delivering corporate values and priorities.

**23. Results of the staff survey 2016/17 to be included here.**

24. The Workforce Strategy and Employee Charter have been in place throughout 2016/17 and are underpinned by the Council's vision and values and aligned to the Corporate Plan and the Organisational Development Programme:

- The Employee Charter sets out the expectations of employees, managers and senior managers and has formed part of the objective setting process for personal performance and development reviews. It aims to address the issues raised by the Wales Audit Office in September 2014 as part of the Corporate Assessment and the earlier Welsh Local Government Association (WLGA) Peer Review.
- The Workforce Strategy seeks to deliver outcomes for and with employees, within a culture that supports a flexible, skilled, engaged and diverse workforce.

25. The Council takes fraud, corruption and maladministration very seriously supported by the following policies to prevent, and manage such occurrences:

- Financial Procedure Rules;
- Contract Standing Order and Procurement Rules;
- Whistleblowing Policy;
- Fraud, Bribery & Corruption Policy;
- Money Laundering Policy and Procedure;
- ICT Security Policy;
- Data Protection Policy & Procedure;
- HR policies regarding investigation and discipline of staff.

26. Induction training is undertaken by all staff to ensure awareness and understanding on a range of policies, procedures and regulations including those relating to Financial Control, Data Protection, Health & Safety, Equalities and IT Security. Induction training also ensures that all staff are aware of the corporate values and how they should be applied.

27. The Corporate Director Resources is the Council's Section 151 Officer with overall responsibility for the financial administration of the Council. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

**B. Ensuring openness and comprehensive stakeholder engagement.**

28. Through its Corporate Values, the Council outlines a commitment to being "open and honest about the difficult choices we face, and allowing people to have their say on what's important to them and their communities." Consultation, engagement and joint working with citizens are central to delivering this value and are outlined as follows.

29. To support openness, the Council is focusing on publishing increasing amounts of data through the development of an Open Data Strategy as part of the Council's Publication Scheme. It has adopted the UK government's approach to publishing data to a minimum of 3 stars out of a 5 star scale. This means data should be easily accessible and available to re-use as required (subject to terms outlined in the Open Government Licence). In 2016/17 a project group has focussed on achieving this standard.
30. There is open debate and challenge on performance and risk management with quarterly reporting and review in Senior Management Team (SMT) and further challenge and oversight in Cabinet, Scrutiny and Audit Committee meetings. A Risk Management Steering Group is in place to develop and review risk management policy and accountability frameworks and to support SMT in identifying new and emerging corporate risks. A 'Star Chamber' is used by the Chief Executive, Directors and Cabinet Members to agree actions arising from an open debate of performance and service delivery challenges.
31. Meetings of the Council, Cabinet and Committees are generally open to the public to attend except where confidential or exempt information is being discussed, as defined by the law. Full Council meetings include a facility for public questions, and the Council's Scrutiny Committees invite stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through direct access to address Committees. Throughout 2016/17 the Council has webcast Council and Planning Committee meetings to enable wider public accessibility. Papers and reports are also available on the Council's website via 'Modern.gov.'
32. The public and other stakeholders are given the opportunity to tell the Council what they think about the services provided through the Council's Comments, Complaints and Compliments Policy. It reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints, as well as guidance received from the Public Service Ombudsman for Wales and places a greater emphasis on a prompt resolution of complaints. Cabinet is informed annually of the number of complaints received.
33. Citizens, communities and partners have been engaged in a three year conversation 'The Cardiff Debate' about the future of public services in Cardiff. Consultation on the 2016/17 budget involved 3,348 people completing a 'Changes for Cardiff' questionnaire and public views were also given via petitions, social media, attendance at 'drop-in' public engagement events, and through correspondence. The consultation ran for more than four weeks and included twenty community engagement events, a youth council event, an online questionnaire, a video, social media promotion and hard copy questionnaires distributed across the city.
34. Regular meetings are held with Institutional stakeholders to whom the Council is accountable, which include the Welsh Government and the Council's External Auditors (Wales Audit Office). Efforts have also been made to foster open and effective relationships between the County Council and the six Community Councils in Cardiff through a Community Councils Charter ("the Charter"). It reflects the model Charter issued by the Welsh Government in the Local Government (Wales) Measure 2011 and is based on equality of partnership between the two tiers of local government.
35. The Council participates in a single integrated partnership strategy 'What Matters' 2010-2020' which was introduced to deliver a vision of 7 shared citizen outcomes, and bring together the Community Strategy; the Children & Young People's Plan; the Health, Social Care & Wellbeing Strategy and the Community Safety Strategic Assessment. A Public Service Board was in place throughout 2016/17 and replaced a former Local

Service Board to deliver the 'What Matters' outcomes and also to meet the requirements of the Wellbeing of Future Generations Act 2015. Delivery against the What Matters outcomes is subject to an annual review.

36. The Wellbeing of Future Generations Act 2015 requires decision making to encompass 7 wellbeing goals and 5 ways of working to ensure improvements to the economic, social, environmental and cultural well-being of the Local Authority area. Statutory membership includes the Local Authority, Health Board, Fire and Rescue Service and Natural Resources Wales. To help embed the wellbeing goals in the decision making process a Liveable City Policy Forum helped to develop a Liveable City Integration Tool to be piloted in assessing the impact of draft policy decisions in the next financial year.
37. Neighbourhood Partnership teams made up of multi-agency staff, collaborate and work together to redefine conventional working and bring more decision-making and resources closer to communities. This approach has shaped the work of some delivery programmes such as Families First, Communities First, Flying Start and Youth Engagement Panels to target Council resources effectively, reduce duplication and identify gaps in services. Cardiff's Community Hubs offer locality based partnership working and Neighbourhood delivery has been a consideration in alternative delivery models (ADMs).
38. The Council regularly engages in consultation with the Trade Unions and a 'Partnership for Change Agreement' was signed off in February 2015. This agreement, lays the groundwork to address the difficult challenges ahead around how, irrespective of any service delivery models agreed, the Council will jointly address the continuing budget savings required whilst reducing operating costs, improving performance and improving customer satisfaction. A Joint Partnership Board supports the reform agenda.

### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

39. The Cabinet has established a vision for Cardiff to be "Europe's most liveable capital city" through achieving seven outcomes, as jointly agreed by public service and third sector partners. A 'Liveable City Report' is published annually and captures performance against a range of indicators associated with each of the following outcomes.
  - People in Cardiff are safe & feel safe
  - Cardiff has a thriving & prosperous economy
  - People in Cardiff achieve their full potential
  - Cardiff is a great place to live, work & play
  - People in Cardiff have a clean, attractive & sustainable environment
  - People in Cardiff are healthy
  - Cardiff is a fair, just & inclusive society
40. The Corporate Plan sets out the organisation's priorities and clear improvement objectives to be delivered with the support of Lead Members. It was approved by Council in February 2016 for the period 2016 – 2018, informed by the consultation on budget proposals for 2016/17. It sets the strategic direction and provides a framework for Directorate Delivery Plans and performance management objectives. Corporate Plan priorities have been maintained from last year as below:
  - Better education and skills for all;
  - Supporting vulnerable people;



- Creating more jobs and better paid jobs;
  - Working together to transform services.
41. The delivery of the Corporate Plan is monitored through the Council's Performance Management Framework, which includes:
- Performance Challenge sessions of the Council's Senior Management Team;
  - Joint Cabinet and Senior Management Team Performance Challenge meetings;
  - A Challenge Forum involving Members, Senior Officers and external peer support to challenge the Council's progress against its improvement journey and the delivery of the Corporate Plan
42. The Council has committed to the Sustainable Development Charter and making decisions that produce the best long term outcomes for Cardiff and the future of Wales. A Cardiff Capital Region (CCR) City Deal aims to enhance development, infrastructure, land use, economic development and employment. Its proposals are supported by a £1.2bn fund with a target of creating 25,000 jobs by 2036, leveraging £4bn of private sector investment and securing economic growth. The CCR City Deal involves the UK Government, Welsh Government and ten Council's working together, through joint enterprise. In January 2017, an independent report of how best to support the ambitions of the CCR from the CCR Growth and Competitiveness Commission was endorsed by the 10 Council Leaders. Work has begun to include the report's recommendations as areas of work within the CCR City Deal Implementation Plan.
43. In the context of increasing demand for Council Services and ongoing reductions in budgets, a rolling three year Organisational Development Programme has continued to:
- Review the shape and scope of the organisation and the way in which services are currently delivered to meet demand;
  - Enhance citizen engagement and widen opportunities for people and communities to shape services around their needs;
  - Identify delivery models that may be established to meet demand pressures and reflect budgetary realities;
  - Strengthen performance management, workforce development and staff engagement arrangements;
  - Identify opportunities for further efficiency savings through better internal and external collaboration, integration of service delivery and better use of assets and infrastructures.
44. The Final Local Government Settlement for 2016/17 was received in February 2016 which was later than the usual date of December. Not having a firm figure of Aggregate External Finance (AEF) for the 2016/17 financial year caused some uncertainty, but was managed through regular consultation with the Welsh Government and prudence in the budget setting process. Cardiff experienced a 0.1% reduction in AEF which in cash terms equated to a £301,000 loss of general funding compared to 2015/16.
45. The Council's Budget for 2016/17 included a budget reduction requirement of £33 million for 2016/17, building on £113 million in the previous three years with a further £73 million requirement anticipated over the next three. A deliverable Budget Strategy has been a key document for meeting the radical changes which must continue to be made to the shape of the organisation in order for it to remain operational and resilient.
46. Consultation on the Council's 2016/17 budget proposals "Changes for Cardiff" ran from 11 December 2015 – 12 January 2016. As outlined under principle *B. Ensuring*



*openness and comprehensive engagement* of this AGS, a number of mechanisms were used to ensure the consultation was as accessible as possible.

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes.**

47. To ensure decision makers are well informed, all decisions taken by Members are supported by written reports from officers which include assessments of the legal, HR and financial implications arising from the decision. Such reports address the key risks involved in particular decisions and alternative courses of action which are available. Reports also take into account the impact of economic, social and environmental wellbeing factors through the Council's Impact Screening Tool.
48. The Well-being of Future Generations Act commenced from April 2016 to improve the economic, social and environmental well-being of Wales in accordance with the detailed sustainable development principles and well-being goals that are prescribed by the Act. The Council participated in an early adopter's process in 2015/16 to facilitate understanding and preparation for the requirement of the Act. A Liveable City Policy Forum and a Performance & Governance Programme have further developed processes and performance management arrangements throughout 2016/17 to enable delivery of the Act to embed in organisational processes and decision making.
49. Consultation on draft decisions resulting from budget proposals is robust and the impact on citizens and service users is an important consideration. The Cardiff Debate and 'Changes for Cardiff' communications with citizens have been an important means of identifying and designing services to meet the needs and expectations of service users and citizens in Cardiff in the context of budgetary constraints.
50. To ensure staff are consulted and involved in decision making, various channels of communication are used including Corporate Roadshows, the Chief Executive's Update, joint updates from the Leader and Chief Executive, Core Brief, 'Our News' newsletter and 'Your Inbox' circulars. A Council Ambassador Network has employees at all levels from across the Council helping to take forward the four corporate commitments from the Employee Survey namely: Health and Wellbeing; Performance Management; Learning and Development; and Employee Voice.
51. To ensure robust project based decision making, the Council has developed a Business Case template using the Office of Government Commerce (OGC) "Five Case Model", as recommended by HM Treasury for use by Public Sector bodies. Additionally, to assist with the evaluation of alternative delivery models being considered by the Council as part of its Organisational Development Programme, a Corporate Alternative Delivery Model (ADM) Evaluation Methodology was developed by the Commissioning and Procurement Service in 2015/16. It has been made available for use throughout the financial year 2016/17 and was used robustly on an Infrastructure Services ADM project.
52. The Council has a performance management framework to facilitate and measure the delivery of priorities at City, Council, Directorate and officer levels. The framework includes statutory National Strategic Indicators together with local indicators to support a wide understanding of performance. The annual performance against these indicators is submitted to the Welsh Government to be audited as part of the revised Wales Programme for Improvement as the result of the Local Government (Wales) Measure. This framework ensures that there is alignment between Performance against the Council's targets and objectives are reported publicly on a quarterly and annual basis.

53. The Budget Strategy report for 2016/17 acknowledged the requirement for an updated approach to identifying budget targets given the extent of the financial challenge in the medium term. The budget strategy used a Reshaping the Base Budget approach to establish linkages between the Reshaping Service Programme and the Council's target operating model. It looked to initially identify the shape of services and then to understand the link to strategic priorities. Savings were then identified against the four drivers of:
- Policy led savings
  - Business Process efficiency led savings
  - Discrete Directorate led savings
  - Income/commercialisation savings
54. To provide greater confidence in the delivery of savings, once the 2016/17 directorate proposals were submitted, they were subject to progressive challenge to ensure clearer ownership, accuracy, feasibility, achievability and risk management.
55. The Wales Audit Office (WAO) conducted a review into the financial resilience in Cardiff Council in March 2016, to assess whether the council effectively manages budget reductions in order to ensure ongoing financial resilience. The conclusion was that
- 'The Council has improved its arrangements for financial planning and has sound financial control and governance arrangements but now needs to develop robust plans to support the timely delivery of its savings proposals'.*
56. The Council's financial control and governance arrangements were assessed as low risk, and financial planning as medium risk. This was consistent with the findings of the WAO follow on report published on 26 February 2016 which recognised that the Council has improved its Medium Term Financial Plan / Programme (MTFP) arrangements and had raised the profile of financial resilience but through which four specific recommendations were made to further strengthen financial planning processes.
57. The Council's risk management guidance emphasises the requirement to incorporate risk management into all levels of business, including the management of shared risks through programme, project and partnership arrangements.

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

58. The Council has put in place a commitment to effective leadership, recognised in the WAO Corporate Assessment Follow On 2016, which concluded that:
- 'The Council has put in place better arrangements to support improvements and to address longstanding issues, but is now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes'.*
59. WAO recognised a more engaged culture, with good Member and officer commitment to attending and engaging in full Council meetings. They reported a need to improve more variable Member engagement observed in Scrutiny Committee meetings, the Leader's meetings with opposition leaders, the Challenge Forum, Member Training and Member Briefing sessions. The requirement to clarify some roles and responsibilities within the Council's decision making framework was also reported.

60. The Council has developed a Statement of Action to respond to the Follow On Corporate Assessment and a Performance and Governance Programme to further develop and embed performance management arrangements.
61. The Council's has published an Annual Statutory Improvement Report, which provides a retrospective summary evaluation of performance for 2015-16 as required by the Local Government (Wales) Measure 2009. In assessing progress against Improvement Objectives, a number of sources of information were used including reviews of inspection reports, surveys, feedback, case studies and performance measures. A WAO Annual Improvement Report of May 2016 anticipated Council compliance with the requirements of the Local Government (Wales) Measure 2009 providing arrangements to support improved outcomes and embed the pace of improvement are maintained.
62. Strategic business change is delivered through the Organisational Development Programme (ODP) via two portfolios of work; i) Enabling and Commissioning Services (Led by the Corporate Director Resources) and ii) Reshaping Services (Led by the Director of Communities, Housing and Customer Services). The ODP utilises a best practice governance approach (Project Quality Assurance (PQA)) to provide effective planning, monitoring and delivery. Oversight is achieved via portfolio Programme Boards, an Investment Review Board and the Senior Management Team (SMT).
63. Decision making responsibilities and authority are clearly set out in the Council's Constitution. It documents the roles and relationships for decision making, between the Full Council, the Cabinet, Scrutiny and other Non-Executive Committees. It also details decisions delegated to senior officers through the different management tiers.
64. The Chief Executive (Head of Paid Service) is the most senior member of the Council's staff and has responsibility for overall management supported by seven Directors (Tier 1) and a number of Assistant Director / Chief Officer (Tier 2) posts. The structure in place throughout 2016/17 was supported by HayGroup benchmarking analysis in 2015 which aligned the management structure of Cardiff Council to other Core City Councils and a selection of other Unitary/City Councils of a similar size.
65. The Cabinet is the part of the Council which is responsible for most major decisions. The Cabinet is made up of the Leader elected by the Council, and up to nine other councillors whom he/she nominates for approval by the Council. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.
66. The Council aims to ensure that Members and Officers have the skills, knowledge and capacity to discharge their responsibilities effectively and recognises the importance of well trained, competent people. All new staff and Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures.
67. A Member Development Strategy aims to provide Members with access to a range of development opportunities to assist them in delivering their roles as Community Leaders and Council representatives. A Member Development Programme is informed by the WLGA Continuing Professional Development for Councillors Competency Framework which sets out the range of skills and knowledge required by Members. The existing programme has been in a process of review by a Member Development Steering Group during 2016/17 as part of a Member Support and Induction Project.

68. Performance is primarily evaluated through the Council's Personal Performance and Development Review (PPDR) process, which provides a framework for employees and managers to discuss work performance and behaviour as well as to identify learning and development needs. It enables employees to be clear about their roles, responsibilities and the behaviours expected of them whilst giving a clear understanding of how their job and efforts contribute to the Council's objectives. Member Personal Development Reviews are also in place to help them update their knowledge and learn new skills, where required, to be more effective in supporting their communities. The Cardiff Council Academy supports the PPDR through the provision of a number of learning and development programmes and courses.
69. An in-house Cardiff Manager Programme represents a commitment to increasing the learning and development of staff with line management responsibilities. The programme is well embedded, having trained more than 400 staff in key management and finance skills since it commenced in 2014. Approximately 220 managers have completed an ILM level 3 qualification following participating in the programme.
70. The Council's Workforce Strategy has employee health and wellbeing as a priority. The Council has signed the 'Time to Change Wales' Organisational Pledge and achieved the Corporate Health Standard – Bronze Award. An Employee Health and Wellbeing Strategy 2016-19 was approved by Cabinet in June 2016 and provides a broad framework to address barriers to wellbeing and identify ways to improve employee wellbeing. This strategy has commenced the delivery of planned wellbeing initiatives, employee support mechanisms and joint working with employees, Trade Unions and other groups and networks. A number of measures of success include staff turnover, sickness and resolution policy data, and employee survey feedback completed in quarter four 2016/17.

#### **F. Managing risks and performance through robust internal control and strong public financial management.**

71. Risk management is an integral part of strategic decision making, forming a key element of business planning, budget proposals, budget strategy, programme and project considerations. A Corporate Risk Register (CRR) is maintained and reviewed by SMT each quarter to ensure it includes key risks to the corporate vision, objectives and priorities. A Corporate Risk Map has also been used throughout 2016/17 to provide a transparent representation of the status of corporate risks and to support a proportionate management response.
72. The risk management process is led by the Information Governance and Risk Team, and supported by a nominated Member Risk Champion, Senior Officer Risk Champion and a network of Directorate Risk Champions. This process is designed to ensure clear ownership of risks which are identified, reviewed and escalated systematically each financial quarter.
73. The risk maturity of the Council has been self-assessed in 2016/17 and benchmarked through the CIPFA network. The reviews identified that the Council has a number of the characteristics of a 'risk-defined' risk maturity level. Work has now commenced to achieve those remaining characteristics in 2017/18.
74. Service delivery is monitored through risk registers and performance information and reports. The Cardiff's Statutory Improvement Report provides an annual summary of performance against Welsh Government indicators and corporate priorities and

commitments. Projects and Programmes are monitored using PQA criteria, including use of milestones, risk and issue registers and lessons learned methodologies.

75. Decisions are made based on reports from officers which include assessments of the legal, HR and financial implications arising from the decision. Reports also take into account the impact of economic, social and environmental wellbeing factors through the Council's Impact Screening Tool.
76. The Council's five standing Scrutiny Committees are designed to support the cabinet in providing accessible, efficient and effective services for citizens. They meet on a monthly basis to undertake pre-decision scrutiny, policy monitoring and review and launch in-depth inquiries to help the Cabinet develop and review policies and services. The majority of recommendations raised to Cabinet following Scrutiny Inquiries are fully accepted. The Council also has collaborative scrutiny arrangements with its partners. Examples include the Prosiect Gwyrdd Joint Committee, the Shared Regulatory Services Joint Committee and the Glamorgan Archives Joint Committee.
77. The Audit Committee provides assurance to the Council on the effectiveness of its governance, risk management, and internal control arrangements through a wide ranging programme of work. The Audit Committee through its work programme has standard agenda items at each meeting which include; budgetary and financial information, treasury management, risk and governance, internal audit, external audit and operational matters. The Audit Manager reports functionally to the Audit Committee and the Council's Section 151 Officer is their principal advisor.
78. As part of its quality assurance and improvement programme the Internal Audit Section has to measure conformance with the Public Sector Internal Audit Standards (PSIAS) which came into force in April 2013. The PSIAS is a central measure of the effectiveness of the internal audit function against the mandatory elements of the International Professional Practices Framework. An essential measure of conformance is a mandatory external assessment at least every five years. Following internal preparation, an external assessment will commence in quarter one 2017/18.
79. Members and senior managers are provided with quarterly performance information on a balanced scorecard basis, with performance measured against performance indicators which are aligned to corporate plan priorities. The standard corporate risk scoring approach is used to measure performance and enable consistency of understanding. The financial element of the balanced scorecard quantifies variances between the budget and actual position for each directorate in respect of the overall budget position, savings delivery and staff costs.
80. The Council has robust arrangements for internal control. The risk management policy, strategy and methodology enables consistency in risk assessments across the Council, supported by a portfolio of policies and procedures to ensure effective stewardship of public monies, address maladministration, corruption and fraud, as summarised under Principal B *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*
81. Effective arrangements are in place to safeguard personal data. The Corporate Director Resources is the Council's Senior Information Risk Owner, supported by a dedicated team who manage the overall Council approach to information management. An Information Governance Strategy contains a suite of information governance policies, procedures and guidance information to support compliance with the Freedom of Information Act / Environmental Information Regulations, Data Protection Act, Privacy and Electronic Communication Regulations and Protection of Freedoms Act.

82. An Information Governance Training Strategy sits alongside the Information Governance Strategy to enable clear understanding of corporate and individual responsibilities. A risk assessment determines the extent of staff training, information and support required to provide the Council and the Information Commissioner's Office with the required assurance. Members are registered with the Information Commissioner's Office as individual Data Controllers.
83. As outlined in the section on *Principle D. 'Determining the interventions necessary to optimise the achievement of the intended outcomes'* significant attention has been given to financial management to support both long term and operational performance, through medium term financial planning and robust financial resilience mechanisms. This is integrated into all levels of planning and control, and is tracked both through performance monitoring of outcomes and through the corporate risk management mechanisms.

**G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**

84. The Council aims for all reports for the public and other stakeholders to be written in a fair, balanced and understandable way. This is to achieve a balance between providing full and complete information to demonstrate clear transparency without being onerous or overly complex.
85. The Council also aims for information to be easy for the Council and the public to find and use. It has adopted the Information Commissioner's model publication scheme, which sets out the classes of information that should be routinely available.
86. The Council's Annual Statutory Improvement Report evaluates performance, summarising the findings of a number of reports on performance, including corporate measures and evaluations of delivery against the What Matters, equality, sustainability and scrutiny measures.
87. The AGS is an assessment of the governance of the Council applied to the 'Delivering Good Governance in Local Government' CIPFA / SOLACE framework, as outlined in the *Assessment Process and Summary*.
88. To demonstrate accountability, Senior Management Assurance Statements (SMAS) are completed by the Chief Executive and each Director to self-assess performance against a set of governance, risks management and internal control statements. Collectively, SMT hold an Action Plan of significant governance issues, representing an open disclosure of the most prominent issues of governance which require attention. The AGS Action Plan is included in the following section.
89. The SMAS and AGS Action plan of significant governance issues are reviewed biannually by SMT, Audit Committee and the Information Governance and Risk Team. The aim is to achieve openness and transparency in Council affairs and identification, communication and management of matters which require corporate attention.
90. Annual Council meet in May of each year to establish Committees: their size, terms of reference and allocation of seats. The Council's Constitution sets out the terms of reference for each of its Committees and the decisions that can be taken by each of those Committees, and is reviewed regularly by the Constitution Committee. A number

of Committees have been appointed by Council to discharge regulatory and scrutiny services and they deliver annual reports on their performance and findings.

91. Prior to services being delivered through third parties or via joint working arrangements, the Legal Services Team assist directorates to ensure responsibilities and accountabilities for governance and risk management are adequately documented. The risk management policy strategy and methodology requires clear risk management arrangements in whichever model of service delivery is used.
92. Performance information is published against statutory NSI and PAM datasets, as set by the Welsh Government. Where these indicators and measures are relevant to the progress made against the Council's Improvement Objectives and Outcome Agreement they are included in Council's Improvement Report. This report includes ranking information to clearly and transparently show performance relative to each other Local Authorities in Wales.
93. The Council has taken steps to ensure that recommendations for corrective action made by external audit are acted upon, such as the development of a statement of action for the Corporate Assessment Follow-on published in February 2016, and targeted governance projects to deliver the required improvements. Opportunities to learn from wider studies from the WAO are taken through the use of a tracker system to identify and summarise a range of their publications for the information and consideration of the Audit Committee.
94. The Council has an effective Internal Audit Service, as supported by performance information and reporting. The Internal Audit Charter enables direct access to all officers, managers and members and requires functional reporting to the Audit Committee. Governance assessments form an element of the majority of audit engagements and the overall review of governance, risk management and control has informed the annual assurance statement from the Audit Manager. An audit recommendation follow-up process is in place to provide assurance to Audit Committee that recommendations are acted upon.
95. Peer challenges, reviews and inspections from regulatory bodies are welcomed by Cardiff Council as a means to provide assurance over service delivery or identify opportunities for improvement.

### **iii) AGS Action Plan**

96. The significant governance issues carried forward from the 2015/16 financial year and held at the 2016/17 year-end are outlined below, as collectively owned by the SMT.

**Significant Governance issues Action Plan - To be populated at the year-end position**

**Certification by the Leader of the Council and the Chief Executive**

**To be populated at the year-end position**