

AUDIT COMMITTEE: 12th NOVEMBER 2019

PEOPLE & COMMUNITIES (EXCLUDING SOCIAL SERVICES)

- INTERNAL CONTROL ENVIRONMENT

AGENDA ITEM:

5.1

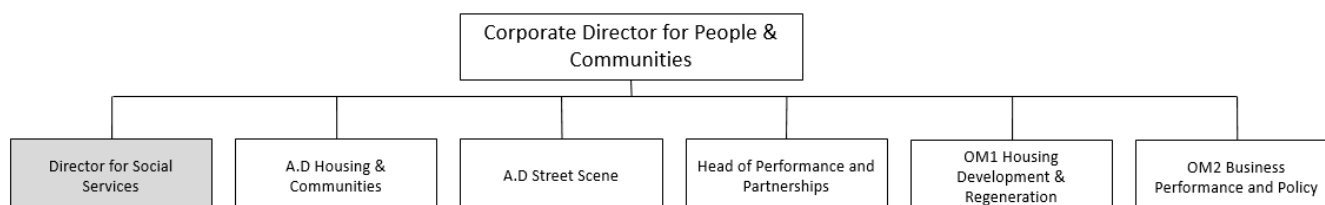
REPORT OF THE CORPORATE DIRECTOR, PEOPLE AND COMMUNITIES

Reason for this Report

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

Background

3. People and Communities high level structure chart



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

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

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

5. **Performance & Partnerships:** Work with customers and partners (internal and external) to support the Council's priorities and outcomes for citizens. The Cardiff Research Centre (CRC) delivers robust research, information and consultation services for Cardiff Council and its partner organisations. The Cabinet Office provides support for the Leader and the Council's Cabinet. This includes administrative support, such as correspondence management and coordinating meetings and leading the development on strategic corporate policy such as the Corporate Plan. The Equalities Team provides an important advisory function and supports policy development. Bilingual Cardiff is responsible for overseeing the implementation and monitoring of the Welsh Language Standards. The Councils' media and communications team helps to promote the work of the Council to both

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

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

Issues

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

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

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

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

(b) Senior Management Assurance Statement

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

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

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

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

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

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

(c) Internal Audit Engagement and Response

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

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

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

Street Scene Specific

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

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

(d) Wider Assurance

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

Legal Implications

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

Financial Implications

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

RECOMMENDATIONS

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

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

The following is attached:

Appendix A: Audit Committee Presentation