

AUDIT COMMITTEE: 21st JANUARY 2020

**PLANNING TRANSPORT AND ENVIRONMENT INTERNAL CONTROL
ENVIRONMENT & COASTAL RISK MANAGEMENT UPDATE**

AGENDA ITEM: 5.1

REPORT OF THE DIRECTOR, PLANNING TRANSPORT AND ENVIRONMENT

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 the Planning, Transport and Environment Directorate.
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.
 - To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

Background

3. Cardiff Council's Planning, Transport & Environment Directorate has responsibility for a wide and complex range of statutory duties, functions and services. From a Capital Ambition and Corporate Planning perspective our core remit is to ensure that "Cardiff grows in a resilient way", aiming to be among the very best cities in the UK and Europe. The directorate employs circa 460 staff with teams comprising:
 - Transport policy and delivery
 - Planning
 - Highways infrastructure and operations
 - Energy & sustainability
 - Bereavement and registration
4. To illustrate the scale and complexity of directorate priorities being taken forward, below are some examples within the current Corporate Plan:
 - Launching a new Transport & Clean Air Vision for the city and develop a Clean Air Strategy
 - Ensuring the Council can achieve compliance with the EU Limit Value for Nitrogen

- Supporting Transport for Wales with the implementation of the Cardiff Metro
 - Development of an Electric Vehicles Strategy
 - City Centre Transport Masterplan
 - Delivery of the Council's Active Travel agenda
 - Delivery of high-quality and well-connected communities and increasing the delivery of new houses
 - Delivering a prioritised programme of highway enhancements
 - Developing a Cardiff Food Strategy
 - Delivering a 9 Megawatt Solar Farm at Lamby Way
 - Securing a contract for the delivery of a Heat Network
5. Additional priorities are outlined in the Directorate's Delivery Plan as headline actions, these include:
- Coastal Risk Management
 - Sustainable Drainage Systems and Approving Body
 - Delivering a long-term solution to ensure adequate burial space
6. The Director leads on governance, risk management and internal control to ensure there is a robust and embedded process for managing, monitoring and control, examples of these systems are outlined below and are further explained as required in the issues section of this report:
- Annual refresh of Capital Ambition and Corporate Plan
 - Directorate Delivery Planning
 - Quarterly Performance Reviews
 - Financial and Budget Monitoring Meetings
 - Cabinet Reporting / Scrutiny interface
 - Quarterly Service Area Joint Committee
 - Monthly Operational & Quarterly Health & Safety Committee Meetings
 - Fortnightly Senior Management Meetings
 - Operational Improvement Meetings and Annual Management Reviews (BSI registered operations)
 - Internal Quality Management Audits
 - Risk Register Reviews
 - Senior Management Assurance Statement Reviews
 - Internal Audit Engagement & Response
 - Emergency Management Processes
 - Business Continuity Planning
 - Independent external regulation / assessment

Issues

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

7. Risks relevant to the directorate are contained and detailed in a number of registers at various levels including; Corporate (strategic risks), Directorate (essentially delivery plan and operational risks) and emerging Team (work delivery risks) registers. These risks are monitored on a regular basis and more formally via a quarterly embedded process. Meetings with responsible officers ensure that risks are relevant, status is appropriate, controls are supporting mitigations, and updates on the latest position are recorded. Escalation of high

level risks led by the Directorate are part of the Council's SMT process, whereby they can be considered for inclusion on the Corporate Risk Register, the director leads on this process. Corporate risks relating to the directorate are as follows:

- **Air Quality** – Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.
- **Coastal Erosion** – Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)
- **Climate Emergency** - Cardiff has declared a Climate Emergency; we need to both reduce our emissions and become more resilient to the likely impacts from climate change. Anticipated effects from global climate change on the city are extreme weather events such as flood / storm and heatwave.

Risk	Current Risk rating	Target Risk Rating	Target Reduction Date
Air Quality	B1	C3	>12 months
<p>Implement Clean Air Plan: Implement package of measures detailed in Final Plan, this is dependent on WG approving the plan.</p> <p>Clean Air Strategy and Action Plan: In developing the Clean Air Plan the Council has further developed a wider Clean Air Strategy and Action Plan to satisfy the requirements of LAQM. This was approved by Cabinet on 13th June 2019. The strategy includes measures that will likely provide further AQ improvements including AQMAs such as:</p> <ul style="list-style-type: none"> • Implementation of Non Idling Zones • Living Walls and other Green Infrastructure • EV Infrastructure and Council Fleet Measures • Car Clubs with Low Emission/ Zero Emission Vehicles • Air Quality Planning Guidance • Schools Active Travel • Behavioural Change Promotion, Car Free Day, Clean Air Day etc • Expansion of Real-time monitoring network and display/ sharing of data <p>Some of these improvements have commenced and will continue to develop as part of the strategy.</p> <p>Evaluation of air quality improvements: Ongoing monitoring and evaluation plan to include updated modelling and assessment following implementation of measures.</p> <p>Work with Public Health Wales to quantify future health benefits and improvements from reduced emissions/ NO2 concentrations</p> <p>Cardiff's Transport & Clean Air Green Paper:</p> <ul style="list-style-type: none"> • Green Paper 'Changing how we move around a growing city' has been developed and consulted on. This will be developed into a white paper explaining the broad principles of how Cardiff Council will improve air quality. 			
Coastal Erosion	B1	C1	>12 months
<ul style="list-style-type: none"> • Completion date for detailed design and Full Business Case (FBC) anticipated May 2020. 			

	<ul style="list-style-type: none"> • Full Business Case to be submitted to Welsh Government for approval & funding confirmation • Tender scheme promptly following support from Welsh Government. Contract will be developed as part of detailed design process to support tender process. • Anticipated construction starting late 2020 - early 2021, subject to the above.
Climate Emergency	A1 B1 >12 months
Number of initiatives planned to help mitigate risk including: <ul style="list-style-type: none"> • Developing enhanced twenty year Flood and Storm mitigation strategy with partners • Developing enhanced engagement programme with partners supporting the public in enhancing their own resilience. • Improve the service provided by the SuDS Approval Body (SAB) • Develop a 20 year heat mitigation strategy for the city • Lamby Way solar farm contracted for completion end May 2020. • Grant application for progression of Heat Network - Dec 2019 • Electric Vehicle strategy - first tranche of residential chargers delivered and proposals to convert council fleet to electric being finalised. 	

(b) Senior Management Assurance Statement

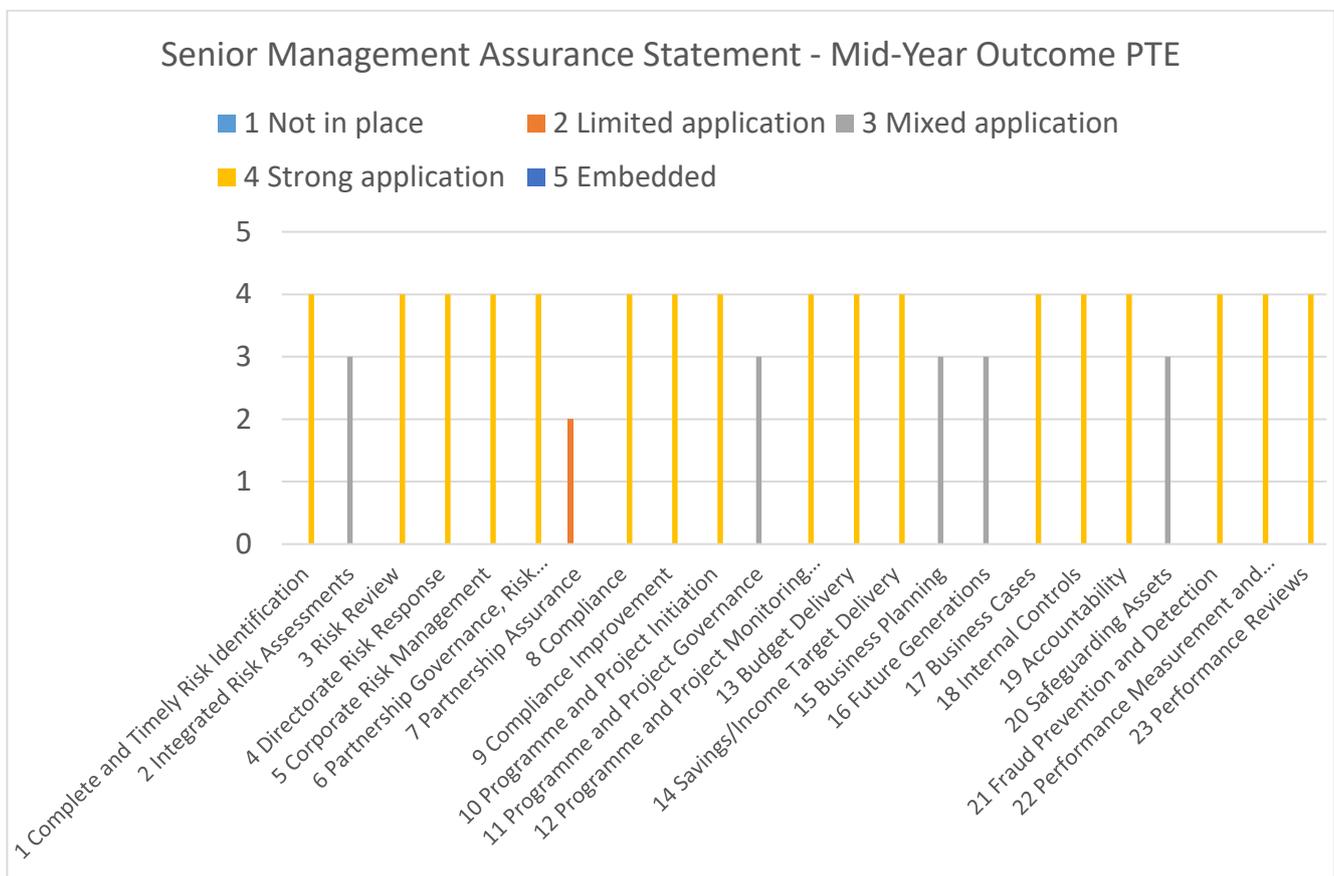
8. The Directorate Management Team continues to be actively engaged in the review of the Directorate Senior Management Assurance Statements, with the most recent review taking place at the mid-year stage during September 2019 (see table and chart below for outcomes). Overall there is strong application of governance and controls across the Directorate with many robust systems in place to monitor and improve matters (see item 3 above). There are however, a number of areas that need to be reviewed and strengthened, particularly where outcomes are currently “limited or where there is mixed application”, further consideration needs to be given to the following SMAS areas of management:

- Integrated Risk Assessments – undertaking a management refresh to help ensure further consideration of all relevant risks impacting on the directorate
- Partnership Assurance – to gain further collaborative insights and identify relevant risks across key interested parties
- Programme & Project Governance – upskilling project managers to build in additional monitoring and control where required
- Business Planning – to ensure officers are more actively involved in the initial and ongoing planning process to achieve robust plans, particularly at team level
- Future Generations – to build in principles of the Act and 5 ways of working i.e. longer term planning, more involvement with stakeholders and prevention management
- Safeguarding Assets – to ensure integration of asset management plans and policies across the Directorate and wider Council

9. Additionally, a number of significant issues have been highlighted including:

- Detailed / robust and innovative plans required for savings across the service – where we need to proactively manage and deliver detailed budgetary measures relating to the in-year position and Medium Term Financial Plan.
- Major Programme Delivery – where all major delivery programmes in energy, transport, highways and planning/development need to be effectively managed and led.

No	Statement	Status Year Start / Mid-Year
1	Complete and Timely Risk Identification	Strong Application
2	Integrated Risk Assessments	Mixed 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	Strong Application
7	Partnership Assurance	Limited Assurance
8	Compliance	Strong Application
9	Compliance Improvement	Strong Application
10	Programme and Project Initiation	Strong Application
11	Programme and Project Governance	Mixed Application
12	Programme and Project Monitoring and Reporting	Strong Application
13	Budget Delivery	Strong Application
14	Savings/Income Target Delivery	Strong Application
15	Business Planning	Mixed Application
16	Future Generations	Mixed Application
17	Business Cases	Strong Application
18	Internal Controls	Strong Application
19	Accountability	Strong Application
20	Safeguarding Assets	Mixed Application
21	Fraud Prevention and Detection	Strong Application
22	Performance Measurement and Management	Strong Application
23	Performance Reviews	Strong Application



(c) Internal Audit Engagement and Response

10. The table below includes audits for the Directorate. All audits are sent to the Director, officers involved in the audit and business support team. Regular meetings are held with the Council's Audit Team and Directorate Management Team to help monitor and implement agreed actions.

Audit	Report Status	Audit Opinion	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2018/19 (& 1 older outstanding recommendation re. Adopted Land))						
Adopted Land	Final	Limited Assurance	1	4	5	Revised Action Date - not yet due
Commissioning and Procurement - City Operations	Final	Effective with opportunity for improvement	0	3	3	Completed
Budgeting and Forecasting - PTE	Final	Effective with opportunity for improvement	0	2	2	Completed
Flood Risk Management	Final	Effective with opportunity for improvement	0	2	2	Completed
2019/20						
Building Control	Final	Effective with opportunity for improvement	3	3	6	Not yet due

(d) Wider Assurance

11. Essentially, assurance and independent assessment is provided from the following external organisations, all certifications have been retained:

- British Standards Institute (BSI) – accreditation and registration to BS ISO 9001:2015 Quality Management System for Highway Operations (Street Lighting, Highway Electrical Apparatus, Barrier Repair and Traffic Management). Additionally this accreditation supports retention of our relevant National Highway Sector Schemes 8, 10b, 12a and 12b, which essentially are bespoke Quality Management Systems for organisations working on the UK road network relating to the operations noted above.
- Highway Electrical Association (HEA/HERS) – which provides a standard of excellence for highway operations and in particular street lighting and highway electrical apparatus.
- Association for Public Service Excellence (APSE) – providing validation for performance benchmarking for Cemetery and Crematorium Services, Roads, Highways and Winter Maintenance.
- Planning Inspectorate Wales - dealing with planning appeals, national infrastructure planning applications, examinations of local plans, other planning-related and specialist casework.

(e) Coastal Risk Management – Updated Committee Briefing Note

12. Since 2004, England and Wales have operated its Emergency response processes under the Civil Contingencies Act (CCA 2004). The Act promotes the importance of working

together to maximise the limited resources available to public bodies to respond to major incidents.

13. The Act also directs public bodies to draw up public facing risk registers, to ensure the general public can be aware of what the risks are. In Cardiff, the greatest risk is flooding, from the sea, rivers and surface water.
14. The Bristol Channel has the second highest tidal range in the world. This provides in the most extreme conditions (spring high tide/low barometric pressure/heavy rain/high winds) a significant risk of coastal inundation. The area affected would be extensive running through Gloucestershire, Somerset, Newport, Cardiff, Vale of Glamorgan and Bridgend.
15. The Natural Resources Wales (NRW) and the Environment Agency (EA) in England along with the Metrological Office would through monitoring the tides and the weather, be able to predict such an event within a five day window.
16. On receipt of this information, Cardiff Resilience Unit (previously known as the Emergency Management Unit) would brief our Gold Officer and Silver Officer cohort. They in turn would be invited to briefings by the partnership group of Civil Contingencies partners in South Wales, which consists of (Police, Fire and Rescue, Ambulance, Coastguard, Health Board, Armed Services, Utilities, Highways and Transport) in order to create a strategy.
17. The strategy created by South Wales would have to be aligned with that of Gwent and to a large degree with Somerset and Avon. Given the size of the risk, Regional and Central Government would set up their respective control centres, in Wales ECCW and Central Government, COBRA.
18. Cardiff Council would then embed a Gold Officer in the South Wales regional response control centre, they would then feed into Cardiff's own Gold and Silver control to ensure clarity of command and control.
19. Cardiff Council knowing the potential for over a thousand properties to be flooded in this scenario would have to recommend a mass evacuation. These affected properties are highlighted on existing NRW maps and each property has the ability to reference automatic telephonic message warning. Through social media and direct messaging, householders would be told of the risk and advised to leave their properties. There is no legal power to enforce evacuation (other than terror incidents) so householders could and have in the past remained in situ during evacuation orders.
20. Cardiff Council would initially direct people wherever possible to stay with friends and family, or if this was not possible, temporary reception would be set up to accommodate those affected. Long term accommodation if needed, would be discussed with Welsh Government and neighbouring authorities.
21. Traffic management during a mass evacuation would have to be monitored closely. There is a real risk of traffic collision and vehicle failure. For all the householders who refused to leave, there would have to be close monitoring and be supported as far as is practical.
22. There would be little to no possibility to stop the seawater entering the environment of the City. The seawater would flood large areas, with sewage and other pollutants and toxic material being an issue during both response and recovery. This scenario would be replicated throughout the surrounding region.

23. There would only be limited capability available within the UK to deal with this disaster. Central Government would have to make very difficult decisions as to where resource would be sent.
24. Cardiff Council would have to work with Welsh Government and other Welsh local authorities on how the Recovery operation would be managed.

Legal Implications

25. 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

26. There are no direct financial implications arising from this report. The coastal risk management scheme is included within the Capital Programme. In respect of reactive incident management there are business continuity plans in place which when rolled out will have the consideration of spending commitments which reflect the need of the situation. All such commitments will be recorded along with the business reason for incurring the cost. These costs will then be met through a combination of use of reserves, available funds or any associated grants and support offered post event.

RECOMMENDATIONS

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

Andrew Gregory
Director, Planning Transport & Environment

The following are attached:

- Appendix A:** Audit Committee Presentation
- Appendix B:** Cardiff Coastal Defences Project Leaflet
- Appendix C:** Public Engagement Review
- Appendix D:** Flooding Scheme Note
- Appendix E:** Briefing Note on the Law Surrounding Coastal Flood Risk in Wales