

## GOVERNANCE AND AUDIT COMMITTEE

29 NOVEMBER 2022

Present: Gavin McArthur (Deputy Chairperson in the Chair)  
David Price, Dr. Janet Wademan,

Councillors Carr, Lewis, Moultrie, Waldron and Williams

### 49 : APOLOGIES FOR ABSENCE

Apologies were received from Hugh Thomas and Councillors Goodway and Palmer.

### 50 : DECLARATIONS OF INTEREST

No declarations of interest.

### 51 : MINUTES

Deferred to 29 January 2023.

### 52 : FINANCIAL UPDATE

The Head of Finance provided a verbal update on the financial position. Members were advised that the Month 6 position was reported to Cabinet and the financial position remains challenging. Staff pay awards have been accepted and work is ongoing to maintain a balanced position by year end.

Members were advised that the 2023/24 provisional budget settlement figure would be announced on 13 December 2022. An anticipated budget gap of approximately £53 million is expected and budget proposals are being prepared for public consultation. The final settlement figure will be announced at end of February.

RESOLVED – That the report be noted.

### 53 : FOLLOW-UP WASTE MANAGEMENT REVIEW

The Committee received a report providing an opportunity for Members to consider an Audit Wales report that was published in respect of recycling performance and to consider the authority's management response.

Members were advised that the waste management service has undergone significant governance and audit review since 2017/18. Work carried out by Internal Audit resulted in 92 audit actions, with a further 51 audit actions arising from further follow up audits. Work has progressed and now the service area has only 5 outstanding internal audit actions open. These are due to be closed by December 2022.

In March 2020 Audit Wales completed a review of the Council's plans to reduce waste and achieve the national recycling targets. During this review Audit Wales noted that work had commenced with the Waste and Resources Action Programme (WRAP), Local Partnerships and Welsh Government to look at an operating model to inform the development of an appropriate approach in Cardiff. Correspondence by Audit Wales (Appendix A) was presented to Cardiff Council with several considerations made to the Council with regards to the development of the Waste Recycling Strategy. The considerations accepted by the authority were detailed in the report.

Members were advised that the Council has continued to work closely with the Welsh Government and WRAP to demonstrate its commitment to meeting the statutory targets. A segregated recycling pilot was undertaken in January 2022 and a compositional analysis of household and Trade waste in Cardiff. The findings of these exercises informed the development of a new Recycling Strategy which was approved by the Cabinet in September 2022.

In March 2022 Audit Wales undertook a follow up review of the Council's plans to reduce waste and improve its recycling performance to achieve the national recycling targets. All recommendations were agreed and a copy of the report and the management response were appended to the report.

The Chairperson welcomed the Director of Economic Development and officers from the Waste Management Service to the meeting. The Director was invited to deliver a presentation. The Chairperson also welcomed Ian Phillips of Audit Wales to the meeting. Mr Phillips was invited to present the Audit Wales report.

Members were invited to comment, seek clarification or raise questions on the report. Those discussions are summarised as follows:

- The Director stated that the recommendations set out in the review report were accepted. The Recycling Strategy has since been launched and recycling rates have improved over the last two quarters. The Recycling Strategy aims to achieve a recycling rate of 70% by 2025 and the Director considered that they service was on track to achieve that target.
- Members requested further detail of the governance structures in place that would support implementation of the strategy. Members were advised that regular Programme Board meetings are held between the Chief Executive, Head of Finance, Director of Economic Development and operational managers which aim to implement a sustainable service delivery model that will deliver the strategy. The Programme Board report to SMT on a six-weekly basis. Project Teams bring forward aspects of the strategy and monthly Management Teams also meet to review all aspects of performance. Regular updates are also provided to Cabinet and the Scrutiny function. Corporate Finance officers are also part of the project teams in order that issues are identified at an early stage.
- Members sought clarification on the Council's working relationship with WRAP and whether WRAP were represented in terms of project management, as suggested in the Audit Wales report. Officers advised that fortnightly meetings are held with representatives from WRAP to discuss the four core projects listed

in the report. WRAP do not attend project board meetings but internal board representatives are provided with an update on the progress of projects. The relationship with WRAP is an informal partnership. Members asked whether there were limitations on the work WRAP would undertake on the Council's behalf as the statutory obligations lie with the Council. Officers stated that WRAP facilitate feedback on the performance authority to the Welsh Government and provide expertise advice on waste management issues.

- Members sought reassurance that the measurement of waste recycling performance was accurate and also requested further details on the processes used to verify the accuracy of recycling figures. The Committee was advised that data is input into a dataflow system which is monitored and audited by Natural Resources Wales. Confidence in the accuracy of the figures is high and the same system is used across all Welsh local authorities.
- Audit Wales were asked to confirm the recycling rates for Cardiff and other Welsh local authorities are comparable. Audit Wales confirmed that recycling performance figures were comparable.
- Members asked what proportion of the authorities waste comes from commercial businesses. Members were advised that 126,000 tonnes of waste are collected from residential properties and 35,500 tonnes are collected from commercial customers. In 2023 changes to legislation requiring all commercial businesses to recycle will come into force. Cardiff Council has approximately 3000 commercial waste collection contracts in place currently.
- Members asked whether the restriction put in place at HWRCs during the covid pandemic would be lifted and whether this would lead to a reduction in fly-tipping. Officers stated that the restrictions – namely a no black bag policy and a booking system – had led to a step change in the recycling being presented and the total recycling performance had increased from 60% to 85%. There was also a 100% increase in the income received from trade waste. The controls will therefore be retained.
- Members noted that the findings in the Audit Wales report generally supported with work ongoing particularly around recycling. Members asked Audit Wales to comment on what the Committee could be doing to provide assurance that the sustainable development principal is being consistently applied across policy development areas. Ian Phillips (IP) of Audit Wales stated that there is an expectation that sustainable development principals will drive policy across all service areas. In terms of the waste report, recommendation 4 and paragraph 33 relate to the sustainable development principal. Paragraph 33 provides some feedback on where sustainable development principals could potentially be strengthened. Examples were a more integrated approach between the decarbonisation team and waste management, between planning and waste management; and involving communities in waste prevention and waste reduction initiatives. In answer to a question on what the Governance and Audit Committee can do, IP Audit Wales suggested that the Committee should be aware of the 'five ways of working' described in the Future Generation Act and how to challenge officers on the application of sustainable development principles but suggested that further training be considered on the Future Generation Act and

the sustainable development principal in particular.

- Members asked whether there was a more generic process that could be applied across the Council that ensure the principals of the Future Generation Act are embedded in policy and strategy. The Director of Economic Development stated that a programme of training across policy assessment areas has been undertaken. The work undertaken by Audit Wales in this area is recognised corporately and it will form a part of all future decision making. Cabinet reports and officer decision reports will be required to have the relevant policy assessment as part of that process.

RESOLVED – That the report be noted.

#### 54 : FOLLOW-UP LEISURE REVIEW

The Committee received a report from Audit Wales on the Council's progress in meeting the proposals for improvement made in their Review of Leisure Services report in 2020 and to consider the management response.

The Chairperson invited Samantha Clements of Audit Wales to present the report including a summary of the findings. Members were advised that Audit Wales recognise both the Council and GLL are working constructively to address the unprecedented and significant implications of the COVID19 pandemic and the cost of living crisis.

Officers were invited to make a brief presentation on the management response to the report's recommendations.

Members were advised that in October 2020 Audit Wales reported the findings of their review of the leisure services provided by Greenwich Leisure Ltd (GLL) and how they contributed to the achievement of the Council's well-being objectives. A copy of the Audit Wales report was appended at Appendix E.

The findings from the above review were based on fieldwork undertaken prior to the COVID19 pandemic. The report concluded the Council had achieved its key aim of keeping its leisure centres open but there was scope for the Council to better apply the sustainable development principle and strengthen its arrangements to assure itself that its contract with GLL was delivering value for money.

The Leisure Services Contract was also subsequently reviewed by the Economy and Culture Scrutiny Committee and by Cabinet. Furthermore, to mitigate increased energy costs, it was agreed in principle, that the Council make relief payments to GLL and enable GLL to acquire their energy at a cheaper rate either directly or indirectly through the Crown Commercial Service.

Audit Wales undertook a follow-up review during April and May 2022 to assess the Council's progress in addressing the six proposals for improvement made in the 2020 report. All recommendations were agreed. The management response was appended at Appendix B.

The Chairperson invited Samantha Clements of Audit Wales to present the report including a summary of the findings. Members were advised that Audit Wales recognise both the Council and GLL are working constructively to address the unprecedented and significant implications of the COVID19 pandemic and the cost of living crisis.

Members were invited to comment, seek clarification or raise questions on the report. Those discussions are summarised as follows:

- A Member asked Audit Wales whether the statement in the report in relation to 'limited financial information' received by Audit Wales from GLL was exclusively in reference to the medium term financial forecasting information or whether it included other financial information. Sara-Jane Byrne of Audit Wales stated that the Audit Wales report was published prior to further information being presented to the Economy and Culture Scrutiny Committee. The statement referring to 'limited financial information' therefore related to both the medium term financial forecasting and other financial information.

RESOLVED – That the report be noted.

## 55 : SUMMARY REPORT OF ASSURANCE AND RISK ASSESSMENT WORK

Members received a report summarising the assurance and risk assessment work undertaken by Audit Wales during the year. Gareth Newell, Head of Performance introduced the report.

Members were advised that the report was received on 17 November 2022. Members were advised that a management response to the report was being drafted, however, there were no issues of concern identified through the SMT consideration to date.

Sara-Jane Byrne presented the Audit Wales report and provided a summary of the key assurance and risk assessment projects. The three areas covered by the report – financial position; the implications of the Local Government Elections Act; and carbon reduction plans; were undertaken at all 22 Welsh local authorities.

Members were invited to comment, seek clarification or raise questions on the report. Those discussions are summarised as follows:

- The Chairperson stated that ideally the Audit Wales reports would be presented at the same time as the management response in future.
- A Member commented on Exhibit 1 in the report which provided details of the amount of usable reserves in Welsh local authorities. Members considered that a range of the usable reserves would be more beneficial than the ranking order comparison that was provided in the report.

- A Member referred to references in the One Planet Cardiff Strategy – focussing on ‘carbon reduction’ and references in the Audit Wales report to ‘net zero’ and asked whether these are the same thing. Sara-Jane Byrne stated that her understand was that this referred to decarbonisation and agreed to provide further clarification on this point in writing.
- A Member noted that a number of the reports presented at the meeting endorsed the approaches being taken by the authority in terms of the application of sustainable development principals across a range of services. The Member asked what checks and assurances could the Committee expect to see in the future to ensure that those principals continue to be applied. The Head of Performance and Partnerships stated that a lot of work has been undertaken to increase organisational knowledge of what is meant and expected. Significant guidance is available for policy development and decision making, including a policy portal containing information on long-term thinking, how best to use data and preventative approaches, expectations around engagement, etc. A single integrated assessment of decisions has also been introduced which includes Future Generation Act assessments, policy implications, equalities impact assessments, child impact assessments, Welsh languages assessments and a range of environmental impact assessments.
- Members considered that the Committee would need to be assured that the commitments described above are being executed. The Head of Performance agreed to revisit where assurance can be improved beyond the Single Integrated Assessment.
- A Member considered that the strategic use of reserves and the resource implications referenced in paragraph 45 of the report should be addressed in the management response.

RESOLVED – That the report be noted.

## 56 : COMBINED SPRINGING FORWARD REPORT

Members received an Audit Wales report on the council workforce and assets. Gareth Newell, Head of Performance introduced the item. Members were advised that a management response to the report was currently being drafted and would be expected in due course.

Samantha Clements from Audit Wales introduced the report.

- A Member referenced comments in the report in relation to ‘valuable progress’ and asked whether more information could be provided in terms of identifying exactly what that valuable progress is. Members were advised that the report sets out that valuable progress was made in embedding hybrid working and delivering a property strategy.

- Responding to points raised by the Committee, the Head of Performance accepted that report commended the work undertaken in terms of consultation and engagement with staff but more work was needed in terms of consultation and engagement with partners and the public. The management response will address these points.

RESOLVED – That the report be noted

#### 57 : WORK PROGRAMME AND TIMETABLE UPDATE

Sara-Jane Byrne presented the report. Members were asked to note that, in terms of the statement of accounts for 2021/22, the report states that the work programme timetable indicates that opinion on the accounts would be provided in December 2022. However this would be moved to January 2023 across Wales.

RESOLVED – That the report be noted.

#### 58 : AUDIT AND INVESTIGATION TEAM - PROGRESS UPDATE

The Committee received a report from the Audit Manager providing the Governance and Audit Committee with an update on the work and performance of the Internal Audit and Investigation Teams. The report covered the period from 1 July to 30 September 2022.

Members were reminded that the Committee approved the Audit Charter and the risk-based Audit Plan 2022/23 on 15 March 2022. The Internal Audit Progress Report at Annex 1 of the report provided details of performance in relation to the Internal Audit Plan and provided a summary of the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings across the Council for the assurance of the Governance and Audit Committee. Members were asked to note that no 'unsatisfactory' audit opinions have been provided over the reporting period.

The Investigation Team Progress Report at Annex 2 focused on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.

The Audit Manager stated that it has not been possible to appoint to the vacant Senior Auditor post. Therefore a decision had been taken to add an additional a Principal Auditor at Grade 9 to the structure. Vacant posts would be released providing an overall saving of £15,000 in the next financial year. The restructure would provide additional management resource. Specialist contractors were also being used to undertake four specialist audits to support the work of the in-house team.

Members asked whether officers were confident that the Principal Auditor post would be filled, given the difficulties in appointing a Senior Auditor. The Audit Manager accepted that there were difficulties attracting suitable candidates. Members were advised that the failure to appoint to the vacant post did not result in the existing team were carrying additional workload, but rather to prioritised approach to deliver the plan in order to maximise assurance with the resources available.

A Member asked whether the timescales set for implementing audit recommendations were realistic. Members were asked to note that management determine the timescales for responding to recommendations.

Internal Audit will discuss responses to recommendations and if they are considered to be overly optimistic then this is highlighted. However, it is ultimately management responsibility to act upon recommendations.

The Committee noted the mainly positive conclusions drawn from the reports.

RESOLVED – That the report be noted.

## 59 : COUNCIL COMPLAINTS - MID YEAR REPORT

The Committee received a report to assist Members to review and assess the authority's ability to handle complaints effectively.

The Isabelle Bignall, Chief Digital Officer was invited to present the mid-year complaints report. A total of 1,348 complaints have been received during the first six months of the year – 69.4% of which were responded to within the 20 working day target. Of the remaining complaints 28.8% were responded to within 3 months.

Members were advised that the Project Manager responsible for the introduction of the new complaint handling system has left the authority and resources for a replacement were not yet available. There has been no impact upon the ability to respond to complaints on a day to day basis. However, the timeline for rolling out the new system will need to be revisited.

The key progress made on the project was highlighted, including webpage development and training. Colleagues in Cabinet Support, Waste and Adult Services were currently trialling the system.

The Key Performance Indicators (KPIs) were presented. The KPIs were yet to be ratified by the Halo Board. However, the Ombudsman's office recently published their own KPIs and consideration may need to be given to aligning with the Ombudsman's KPIs in the future.

Members and officers discussed how complaints were helping inform organisational learning and service improvement.



Members noted the differences between complaint categorisation used by the authority and by the Ombudsman. Members considered that it would be helpful to have a greater understanding of how the Ombudsman categorises complaints and whether it would be possible for discussions to take place with the Ombudsman with a view to the Ombudsman publishing data on complaints in Cardiff in a more useful way.

Officers stated that it would be possible to include reference to the authority's categorisation and the Ombudsman's categorisation in future reports. An undertaking was also provided that this would be raised as an agenda point at the next quarterly meeting between the Ombudsman and the other 22 Welsh local authorities. The point has been raised previously at which point the Ombudsman considered that their categorisation needs to work across all 22 Welsh local authorities.

Members also considered that organisational learning should also be extended to consider complaints referred to the Ombudsman. Officers advised that a feedback loop is in place.

RESOLVED – That the report be noted.

#### 60 : CORPORATE RISK MANAGEMENT 2022/23 (MID-YEAR)

The Head of Finance presented the Corporate Risk Management Quarter 2 2022/23 Mid-Year report.

Members were asked to note that the risks for financial resilience and budget monitoring had increased during the period.

A Member considered that the Corporate Risk Register seemingly lists all the major areas of responsibility for the Council. For example, failure to deliver performance to meet statutory recycling targets could be interpreted as not being a risk as there was no uncertainty. Therefore, failure to meet the statutory targets is not a risk. It is an issue and it should be managed accordingly. Officers welcomed the feedback and agreed to reflect on the comments raised.

RESOLVED – That the report be noted.

#### 61 : OUTSTANDING ACTIONS

RESOLVED – That the report be noted.

#### 62 : CORRESPONDENCE

RESOLVED – That the report be noted.

#### 63 : WORK PROGRAMME UPDATE

RESOLVED – That the report be noted.

64 : URGENT ITEMS (IF ANY)

No urgent items.

65 : DATE OF NEXT MEETING

The next meeting is scheduled for 24 January 2023.

The meeting terminated at 4.00 pm