

## **GOVERNANCE & AUDIT COMMITTEE: 26 MARCH 2024**

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### **ECONOMIC DEVELOPMENT CONTROL ENVIRONMENT UPDATE**

**AGENDA ITEM: 4**

### **REPORT OF THE DIRECTOR OF ECONOMIC DEVELOPMENT**

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#### **Reason for this Report**

1. This report has been produced in response to the Governance and Audit Committee's request for an update on the Economic Development control environment.
2. The Governance 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 framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
  - 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.
  - Review the governance and assurance arrangements for significant partnerships or Collaborations.
  - Review and assess the authority's ability to handle complaints effectively and make any associated reports and recommendations.
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#### **Background**

3. The Economic Development Directorate is responsible for a wide range of functions, services and statutory duties. The Directorate manages the Council's Economic Development team; City Centre Management; Tourism; Major Projects; County Estates; Culture, Venues & Events teams; Parks; Sport & Leisure; Harbour Authority; Recycling Neighbourhood Services; and Shared Regulatory Services. The directorate employs 1,234 FTEs. The following strategic priorities for 2023/24 illustrate the scale and variety of work undertaken across the directorate:

Attract more and better jobs:

- Supported business to create 1362 jobs and safeguarded 702 jobs up to Q3, 2023/24.

- Accessing UK and Welsh Government funding for regeneration. Financial claim for 2022/23 paid - circa £5 million. Cabinet agreed a further £8.5 million of funding across grant schemes for the remainder of the Shared Prosperity Fund (SPF) timeline.
- Partnership working with public and private sector.
- General recovery of the Economy - post pandemic work strategies in the private sector continue to create strong interest in the innovation and start-up space and discussions are taking place with a range of investors and occupiers.
- Challenges in the economy in terms of inflation in the construction sector and higher interest rates are still holding back development of new commercial premises in the city. In the short term this has meant a take-up of existing Grade A space to accommodate clients moving into the city and those expanding.

#### Attract more visitors that stay longer:

- Tourism KPI results for 2022, show significant improvements from the previous year in the number of staying visitors (53.1% increase), total visitor numbers (19.3% increase) and total visitor days (50.3% increase).
- City centre footfall has steadily recovered since the Pandemic, increasing by 3,784,164 (12.8%) from Q3, 2022/23 compared to Q3, 2021/22 and this year has seen a further increase of 54,701 (0.16%) from Q3, 2022/23 compared to Q3, 2023/24.
- The Council, WG and Principality Stadium bid to host the EPCR Finals in 2025 has been successful.

#### Continue the regeneration of the city centre and Cardiff Bay:

- Construction inflation prices levelled out and resources more available which will help to progress projects.
- Progressing the Sport Village project. Disposal strategy agreed by Cabinet in July. Option agreement concluded and entered with developer in September 2023. Work to develop the masterplan is ongoing.
- Progressing Indoor Arena project. Cabinet agreed the Funding Strategy for delivery of the Arena and approved the Development Funding Agreement in Q3 and enabling works commenced on site in January 2024.

#### Continue to modernise the management and operation of the Council's estate:

- Reducing the carbon footprint in the built environment – Cabinet agreed sites in tranche 1 (8 properties) for Carbon Reduction Programme improvements to reduce their carbon output, commencing in 2024/25. Willcox House was relinquished in Q3, 2023/24 which will positively impact the carbon reduction target.
- Hybrid Working Model - A Hybrid Working Project Brief and Engagement Plan has been drafted. An engagement programme with staff and service areas is underway. This will inform the detailed requirements of the Core office working environment to be included in the full business case. A report will be presented to Cabinet May 2024.
- Maintain Council buildings in a safe compliant condition - Identified priority 1 maintenance and compliance works relevant to the corporate estate are collated into a programme which is then used to commission essential works. As new surveys and investigations are undertaken the programme is re-prioritised accordingly.
- Dispose of land and property - A new Annual Property Plan for 2023/24 outlining Council receipt targets was approved by Cabinet in June. Expected to achieve circa £2.4 million against the general fund capital receipts target. (This is a lower figure against target due to increased ring-fenced sums against St Teilo's appropriation.) Several smaller transactions are likely to roll over into 2024/25 due to Planning / third party delays.

#### Supported Sport, Leisure and Green Spaces:

- Physical Activity & Sport Strategy (PASS) - The PASS is now fully adopted and managed with strong governance in place to review progress with the Leader as Chair of the PASS Partnership Board. The two pilot areas identified for year one (Llanrumney and Riverside) have completed a full and robust evaluation of need and demand.
- Green Flag Award - All 16 parks maintained their Green Flag status, and two new green flags awarded for Parc Tredelech and Western Cemetery.
- Allotment Strategy – WG approved a two-year Allotment Improvement Grant programme. This year's funding will support sites at Pengam Permanent, Flaxland Av and Porthamel Rd.
- Lisvane & Llanishen reservoirs opened to the public in July 2023.

Make Cardiff a world-leading recycling city as a core part of our response to climate change:

- Recycling Performance – The unverified recycling performance figure for Q2 was 61.11%. Results have been impacted by recent industrial action as kerbside waste tonnage reduced and HWRC tonnage increased.
- Recycling Strategy Implementation Programme – Implementation of segregated recycling city wide is progressing. Programme to deliver Phase 2 to a further 36,000 residents was rolled out in February 2024.
- Single-use plastics - Implemented segregated recycling to 100% of schools on contract with the Council to collect waste. 50% of the commercial customer base have now converted to compliance with the business waste regulation requirements for segregated recycling.
- Shared Regulatory Services – SRS has continued to focus on tackling private sector empty homes across the city. Resulting in a total of 78 properties or dwellings being brought back into occupation, to date this year.

4. The service has established governance arrangements and processes to manage and monitor strategic commitments, operational responsibilities and risk management. The key arrangements are set-out below:

- Monthly **Management Team** meetings for Economic Development (all of the directorate except for RNS) attended by the Director, Assistant Director and all OMs.
- Monthly **Management Team** meetings for RNS attended by the Director, Assistant Director, and all OMs.
- Monthly **Project Boards** relating to strategic projects attended by the Director, Assistant Director, and OMs.
- Quarterly **Health and Safety Committee** meetings attended by the Director, Assistant Director and OMs and performance officers.
- Quarterly **Service Area Joint Committee** (SAJC) and Performance Management meetings attended by the Director, Assistant Director and OMs and performance officers.
- Bi-weekly **Senior Management Team** meetings involving the Director, Assistant Directors, OM1s and performance / business management officers. (A review of outstanding audit actions and risk management is a standing item on the agenda for these meetings).

5. Additional assurance is also provided by continuous work with the Council's Internal Audit, Scrutiny Committees and reports submitted to Cabinet for decision.

## Issues

6. Buildings and Property

The service has embedded governance arrangements to help better manage buildings and property related risks. The Corporate Landlord approach ensures the strategic direction of the estate aligns with the management of all information relating to statutory compliance and effective management of other property management functions. Strategic controls related to land and buildings are managed by Strategic Estates in conjunction with Health & Safety, Legal and Insurance. Governance and assurance is provided through various Boards including:

- **Asset Management Board** – This Board is used to test high level principles and deliberate how to tackle any issues that are critical to the model. Members include the CEX, Directors and applicable OM's.
- **Corporate Landlord Board** – This Board is facilitated by the CADT team and runs through the projects management side of the programme. Members include SED, FM, CADT and Finance.
- **Corporate Landlord Working Group** – This group updates and communicates Corporate Landlord principles to service area property managers. It also provides an opportunity for those managers to query, suggest and challenge issues.
- **School Organisation Programme Board** – this board manages the planned expansion and upgrade of the existing school estate.

#### 7. Recycling and Neighbourhood Services (Waste Management)

Governance arrangements have been strengthened following the uncovering of significant fraud in 2017.

A new Assistant Director for Street Scene was appointed in 2018 and governance and assurance has been strengthened in the service by:

- A new senior management team within Recycling and Neighbourhood Services who work as a management team across service teams and have regular management meetings as senior managers and with the Director of Economic Development.
- A focus on data to understand costs and performance of services. This information is shared with managers and is used to identify variances. Any variance is analysed to identify the reasons for the changes, including monthly tonnage and financial data on recycling and waste.
- Working collaboratively with internal audit to identify areas of risk within the service area, with a view to continuous improvement to governance and controls.
- Robustly managing mandatory training for all staff in relation to fraud and bribery, alongside other mandatory Council training.

These improvements were recognised in the Audit Wales report on Waste Management (October 2022) which stated:

The Council's focus has been on addressing a series of longstanding operational issues. These include a pattern of overspends and unrealised savings, health and safety issues, high sickness absence, difficult industrial relations, and management and business controls not being in place or adhered to.

*We recognise that the Council has made improvements to the management of the service. These improvements include:*

- *a much-improved understanding of costs and performance across the service;*
- *a more effective use of data;*
- *the introduction of a new working pattern for waste collections; and*
- *continued improvements to the overall control environment to address recommendations made by Internal Audit following a series of adverse audit opinions.*

8. Technology

A Statutory Obligation Compliance software RAMIS provides a holistic view of property performance. This system is currently being replaced by a new software called Tech Forge. Statutory Obligations compliance data is reported to SMT and all service areas to push compliance ratings up to a minimum of 80% set by SMT.

9. The directorate has developed a clear structure and process for managing and monitoring strategic and operational risks related to its responsibilities and commitments and these are set out below.

10. Directorate Delivery Plan (DDP)

The Directorate Delivery Plan is the ED management team's plan to deliver key strategic and operational activities aligned to the Capital Ambition Delivery Plan. Managers consider resources required to deliver projects and initiatives and identify the key risks to delivery, in order to develop and implement actions to achieve a risk tolerance level relevant to the activity.

11. Directorate Risk Registers

Risks related to the delivery of corporate and directorate actions are recorded in the DDP and are included in the directorate risk register. Officers responsible for managing risk are named along with risk controls in place and any further actions required to manage risk priority down to an acceptable tolerance level.

12. Collaborative Working

Good working relationships have been developed with departments across the council to jointly deliver projects as can be seen from the Corporate Landlord approach described above. A close working relationship with Internal Audit has supported the directorate to address areas for improvement identified in external audits, such as the Audit Wales Review of Leisure Servicers and Waste Management. The directorate works closely with Trade Union representatives to consult on the development of budget proposals where these affect staff and to address specific workforce issues such as the recent industrial action in Waste Management.

**(a) Risk Management**

13. Risk management is a standing item discussed and documented at regular directorate management team meeting such as quarterly BIMs, bi-weekly management team meeting and performance management reviews. At these meetings, the operational management team formally review existing risks and identify emerging risk, their impact on service delivery and agree mitigation levels. The directorate priority themes on the risk register are:

- Cost of living crisis impacting income at the Council's venues.
- Increased interest rates impacting the deliverability of projects.
- Maintenance costs of buildings and infrastructure in the corporate estate.
- Staff retention / filling vacancies in teams requiring specific skills.
- Identification of issues with specialist data management IT software systems (Tech Forge, Xn Leisure Centre booking system, and Weighbridge software).

Please see Appendix 1: Directorate Risk Register containing risks on a residual risk rating of red/amber and above.

14. The Directorate Risk Register is created and reviewed by the senior management team. Where risks are raised as part of BIM, local management team meetings or are recommended as a result of audits they are added to the Directorate Risk Register. The Directorate Risk Register is reviewed bi-weekly at management team meetings. Officers review and update the risk register including consideration of the RAG status of each risk. Where appropriate new risks are added or old risks are closed, if no longer considered relevant. Where appropriate, high-level risks are escalated to SMT for targeted mitigation. During the review, consideration is given to Corporate Risks – their current status, and again whether the risks have changed. Updates are then feedback to the corporate centre as appropriate.

15. Three risks relating to the Directorate are on the Corporate Risk Register:

- Non-completion of Statutory Building Equipment maintenance.  
This risk manages non completion of cyclical statutory inspections or the remedial works arising out of the inspections, required to maintain the premises and related installations in a safe and legally compliant condition.
- Health and Safety.  
This risk manages non-compliance with corporate Health and Safety arrangements to control key risks across the Council in line with statutory requirements.
- Recycling Performance.  
This risk manages failure to meet statutory recycling performance targets within the Waste (Wales) Measure 2010 (70% by 2024/25). Failure to meet target may lead to Welsh Government imposing fiscal penalty.

Please see Appendix 2 containing full details of these Corporate Risks.

### Escalated Risks

16. From time-to-time directorate level risks need to be escalated to SMT and considered to be added to the Corporate Risk Register. Following Covid-19, the Directorate Risk relating to the sustainability of the Leisure Contract with GLL was escalated due to the significant uncertainty relating to income recovery. This has now been reduced back onto the Directorate Risk Register. Currently the Directorate has one escalated risk that is being monitored by SMT:
  - UK Emissions Trading Scheme  
The government recently published its response to a consultation undertaken last year on developing the UK Emissions Trading Scheme (ETS), confirming that 'energy from waste and incineration plants' will be included from 2028. The response will be significant for Energy from Waste (EfW) plant operators, as it could end up costing the sector up to £800 million a year. However, many aspects of the tax are still to be determined. The government said stakeholder feedback strongly indicates that some level of cost pass-through will occur between operators of incinerators and EfW facilities and their customers. Cardiff Council and other Local Authorities are working with Welsh Government to better understand potential cost impacts of the policy and how they can be distributed fairly and what guidance might be useful etc.

### **(b) Internal Audit Engagement and Response**

17. Internal Audit recommendations are a standing item at directorate management team meetings (BIMs). Audit Report recommendations are discussed and tracked to ensure they are implemented in a timely manner.
18. In addition to regular review and monitoring by management team regular meetings take place with the Directorate Relationship Manager from Internal Audit to discuss progress of audit recommendations, progress of the audit programme and development of target audit areas to be included in future audit plans.
19. The table below details the audit programme and reports since 2021/22:

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2023/24 (to date)						
Building Support		Effective with opportunity for improvement				Management are considering the audit report and recommendations
Weighbridge software and Associated Controls	Final	Advisory / consultation work – no assurance opinion given	7	0	7	Advisory report received by management with 7 proposed actions.
Value for Money in the use of Council Vehicles - Parks	Final	No directorate opinion – sampled as part of corporate audit	1	0	1	1 open recommendation with a implementation date of 30/06/2024
Pest Control	Final	Effective with opportunity for improvement	5	9	14	5 open recommendations with target dates of: 2 recommendations 01/02/2024, 1 recommendation 28/02/2024, 2 recommendations 01/04/2024
Trade Waste	Final	Effective with opportunity for improvement	0	8	8	Audit Closed – recommendations implemented
2022/23						
Skip Hire	Final	Effective	0	4	4	Audit Closed – recommendations implemented
Performance Management	Final	Effective	0	4	4	Audit Closed – recommendations implemented
Disposal of Land and Buildings	Final	Effective with opportunity for improvement	0	6	6	Audit Closed – recommendations implemented
Waste Management Enforcement	Final	Effective with opportunity for improvement	0	6	6	Audit Closed – recommendations implemented
Cardiff Harbour Authority	Final	Effective with opportunity for improvement	0	3	3	Audit Closed – recommendations implemented

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
Cardiff International White Water	Final	Effective with opportunity for improvement	0	21	21	Audit Closed – recommendations implemented
Brindley Road Stores	Final	Effective with opportunity for improvement	0	8	8	Audit Closed – recommendations implemented
Cardiff Organic Waste Treatment Contract	Final	Effective with opportunity for improvement	0	4	4	Audit Closed – recommendations implemented
Cardiff Riding School	Final	Effective with opportunity for improvement	0	15	15	Audit Closed – recommendations implemented
Cardiff Caravan Park	Final	Effective with opportunity for improvement	0	11	11	Audit Closed – recommendations implemented
Income and debtors – (St David's Hall & Cardiff Castle)	Final	No directorate opinion – sampled as part of corporate audit	0	14	14	Audit Closed – recommendations implemented

Shared Regulatory Services in Cardiff	Final	Effective with opportunity for improvement	1	2	3	1 open recommendation with a implementation date of 31/03/2024
Leisure Contract Governance	Final	Effective with opportunity for improvement	0	9	9	Audit Closed – recommendations implemented
Health and Safety	Final	Effective with opportunity for improvement	1	2	3	1 open recommendation with a implementation date of 01/04/2024

2021/22						
Contract Monitoring and Management - Economic Development	Final	No directorate opinion – sampled as part of corporate audit	0	5	5	Audit Closed – recommendations implemented
Waste Collections	Final	Insufficient with major improvement needed	0	5	5	Audit Closed – recommendations implemented
Pre-Contract Assurance - Economic Development	Final	Insufficient with major improvement needed	0	3	3	Audit Closed – recommendations implemented



Older – Longstanding Open Recommendations						
Gatehouse	Final	Insufficient with major improvement needed	1	6	7	1 overdue open recommendation with a implementation date of 31/12/2023
Asset Management - RNS	Final	Insufficient with major improvement needed	2	2	4	2 open recommendations with a implementation dates of 31/03/2024

20. Since 2021/22 the service has benefitted from 21 audits containing 154 recommendations (actions). 15 of the 154 recommendations remain open. 7 of these relate to an Advisory Review that has only recently been received. The remaining 8 open recommendations are explained below.

- Value for Money in the use of Council Vehicles: Parks (1 Action)  
 This audit was completed January 2024 and given an assurance rating of effective with opportunities for improvement. One recommendation remains open regarding procedures for the controls and issuing of fuel. A new process is currently being developed and as part of this process all 'Fuel Sign out Sheets' have been standardised for the purpose of consistency. Target completion date is June 2024.
- Pest Control (5 Actions)  
 This audit was completed in December 2023 and given an assurance rating of effective with opportunities for improvement. 5 recommendations remain open related to use of secure mobile communications, digitalising tasks currently issued on job cards, stock control processes and realignment of the pest control income budget.
- Health and Safety (1 Action)  
 This audit was completed in February 2023 and given an assurance rating of effective with opportunities for improvement. One recommendation remains open regarding the development of a control system to monitor completion of statutory inspections commissioned through the council's Insurance Policy. This will require a connection with HSB and the council's RAMIS system, which is not currently possible. Discussions have been held with HSB and Risk Monitor (who own RAMIS). HSB are currently updating their systems, and do not have an API which would allow the export of data from their system to RAMIS. It would therefore require a manual process requiring considerable officer time. When HSB have updated their systems, further discussions will take place. Target completion date is April 2024.
- Shared Regulatory Service (1 Action)  
 This audit was completed in 2021/22 and given an assurance rating of effective with opportunities for improvement. One recommendation remains open relating to the quality and timeliness of financial management information being shared. Discussion have taken place between SRS and Finance however progress with the completion of this action has been delayed due to resource pressures following the impacts of Covid-19 on the SRS operating model. The intention is to establish regular quarterly meetings between SRS and Finance to improve information sharing. The target completion date has been deferred until 31/03/24.

## 21. Longstanding Open Actions

In addition to the above, there are 3 actions that have remained open on audits that took place before 2021/22, as set out below:

- Gatehouse/Weighbridge (1 Action)  
 This audit was initially completed in May 2021 and given an assurance rating of Insufficient with major improvement needed.

One recommendation has remained open due to a lack of audit trail relating to changes to access rights and passwords in the software system. However, this could only be put right upon implementation of a new software system.

Weighsoft is the new software system replacing Gatehouse and following its implementation in April 2023 it was noted a number of features requested in the software had not been implemented and therefore issues remained relating to providing improved governance and assurance.

The service therefore requested Internal Audit to review the implementation of the Weighsoft software to help provide assistance identifying any outstanding risks.

The following actions were identified as part of an Internal Audit Advisory Review and are currently being implemented:

- Weighsoft system users and access levels have been reviewed and updated accordingly by the Data Manager. An email address is in the process of being implemented so that users can press “forgotten password” and a link would be sent via email. There would be no need for any involvement in changing passwords by the System Administrators/Super Users.
- A visual inspection sheet completed by the operative managing the access barrier at Bessemer Commercial site is cross checked against weighsoft on a daily basis. Anomalies found between the paperwork and the weighbridge system are highlighted to the data manager and the action taken is recorded on the spreadsheet.
- Periodic manual sample testing (dip testing) is being conducted by the data manager, the weighbridge supervisor and administrative assistant on a regular basis. Tasks are not undertaken by individuals on their own work or for the dates where individuals were working on the weighbridge. Focus for the dip sampling is on higher risk activities such as paying customers at Bessemer Commercial Site.
- Controls are in place to ensure that an individual is not responsible for carrying out checks on their own work. The data manager, weighbridge supervisor and administrative assistant provide cover for these checks.
- All relevant process maps have been updated by the data manager.
- Training requirements for staff are up to date and training records are recorded on DigiGov. All mandatory e-learning training modules are up to date.

There are some actions that will require further work and these are ongoing:

- A bespoke report to insert a reason field when amending a ticket and entering a manual weight has recently been signed off and is currently in development. The facility to amend a ticket has been removed from the weighbridge operators and the facility currently sits with the data manager and weighbridge supervisor (for cover).
- The Data Manager is working with Weighsoft to explore the audit trail of changes to system access or passwords.
- The Depot and Infrastructure Manager is working with a contractor to review how we monitor vehicle movements into the waste transfer station area with ANPR and CCTV. This will support picking up any vehicle depositing that has not gone over the weighbridge, especially out of hours. Barriers are not practical at all location to isolate movement and even if they were in place they could be abused.

An assurance audit of weighbridges is intended for next year’s audit plan.

- Asset Management (RNS) (2 Actions)

This audit was completed in 2020/21 and given an assurance rating of insufficient with major improvement needed. Two of four recommendation remain open summarised below:

- *Review existing systems to ensure their suitability for effective asset management.* This action has not been able to be closed because of a significant change to the planned site infrastructure. The service planned to migrate the existing asset management systems from Papertrail to AMX which would provide a more detailed analysis of depreciation costs, allowing us to make better informed decisions around maintenance and renewal costs. The service has recently added the assets of the closed landfill site at Ferry Road to AMX and is in the process of refurbishing and adding the assets on the Lamby Way Landfill site to AMX. There is a significant project being undertaken to assess the future viability of the MRF and until we have certainty on how this will progress it was felt more prudent to remain on the existing Papertrail system ahead of authorisation any additional expenditure associated with moving to AMX. It is also intended to transfer asset checks for the Lamby Way, Bessemer and Millicent St Waste Depots from current Papertrail system over to AMX. Due to the size of this project, software developer advice at present is to refine a single system and understand system architecture prior to transition. Resource for the initialisation and ongoing asset management requirements is recognised in the pending Depot & Disposal restructure. It is anticipated that a decision on the viability of the MRF will not be taken until September.
- *Develop an Asset Management Strategy.* The Asset Management Strategy requires addition resource, identified to be realised through the Depot and Infrastructure restructure, which has been delayed due to the ongoing strike action. This action will commence following the cessation of strike action from the 21 March 2024.

### (c) The Wider Control Environment

#### Senior Management Assurance Statement

22. The Directorate Management Team is actively engaged in the review of the Council's significant governance issues and complete individual Senior Management Assurance Statements (SMAS). These inform the development of a collective directorate assurance and provide an opportunity to compare the previous year's statement to track improvements. Overall, there is a strong application of governance and controls across the directorate and there is an improved position in terms of budget, planning and performance and fraud prevention and detection.

Description	ECD	Comments
Risk	Embedded	Overall embedded application however there is room for improvement to ensure consistent and effective engagement with all relevant managers, partner organisations, stakeholders and boards regarding management of risks.
Partnership Working	Embedded	Overall, an embedded application
Engagement and Equalities	Strong	Overall strong application however further work is needed to consistently consider groups protected by the Equalities Act - Utilisation of SIA's needs to be considered and improved to achieve better outcomes.

Compliance	Strong	Overall, a strong application but the directorate will need to continue the progress made to ensure outstanding audit report actions are completed, working with audit to close these down. Continue to work with Occupational Health to reduce long term sickness absence. Further work is required to complete mandatory training across the non-office based / non pc user workforce.
Project Initiation	Strong	Overall, a strong application but a need to improve consistency in the recording of associated opportunities and clearly defined financial and non-financial outcomes and benefits
Budget	Embedded	Overall, an embedded application. An improved position since the previous review.
Planning and Performance	Embedded	Overall, an embedded application. An improved position since the previous review.
Control	Strong	Overall, a strong application and work needed to ensure relevant Impact Assessments are completed alongside the development of new policies and Strategies. Work has commenced to ensure Finance Reports align with Strategic Estates KPI results reported - to be fully embedded.
Fraud	Embedded	Overall, an embedded application. An improved position since the previous review

23. The directorate has a range of established partnerships and collaborative arrangements and mechanisms with numerous services now delivered through externally contracted arrangements and/or in partnership with public and private sector organisations. Some examples include:

- The Health and Safety team works with the Health and Safety Executive, Public Health Wales and other Local Authorities and full consultation is undertaken with stakeholders, staff and trade unions in respect of the introduction of new Health and Safety policies or significant changes to guidance, for example, changing the risk assessment template.
- Joint action plan between Parks, Highways and Transport for maximising opportunities for increasing tree canopy within the street scene/built environment.
- GLL Leisure Services contract.
- Waste Strategy delivery in partnership with WG and WRAP.
- Harbour Authority in partnership with WG

Most collaborative arrangements are generally governed and managed formally through partnership agreements or legal contracts. Legal and financial advice is always sought in the development of these arrangements. The Council then manages these contracts through specific board arrangements involving the external partner, a Council appointed Senior Responsible Officer (normally Director, Assistant Director or OM1), relevant Cabinet Members and a range of officers, including officers from corporate services.

## External Assurance

24. The directorate has recently been the subject of two external reviews undertaken by Audit Wales:
- Review of Leisure Services Contract  
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. It was 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. There were 6 recommendations for improvement. Audit Wales undertook a further follow-up review during April and May 2022 to assess the Council's progress in addressing the six proposals for improvement. All recommendations were agreed, and the review was considered by Governance and Audit Committee in November 2022. Two recommendations remain open relating to the development of options to mitigate the risk of the contract failing. Work has been undertaken but the recommendations are yet to be closed due to the ongoing issues with Pentwyn Leisure Centre.
  - Review of Waste Management  
As part of a fundamental review of the service, 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 & 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. Several recommendations were made with regards to the development of the Waste Recycling Strategy. These were accepted. 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 5 recommendations were agreed. The review was considered by Governance and Audit Committee in November 2022. The 5 recommendations remain open awaiting a Cabinet decision on the Recycling Strategy.
25. Across the directorate there are certain standards and assessments that provide intelligence and data on aspects of the service from independent assessors. These reports provide an assurance we are meeting recognised quality standards, enables us to benchmark our services with other organisations and enables the directorate to respond as appropriate to any improvement actions required. Meeting external standards and criteria gives us assurances that we are providing a high standard service to our customers, enables us to be commercially competitive, our facilities are safe to use, and our management systems and processes are robust. A listing of these assurances is shown in the table below:

<b>External Reports / Audit / Inspection Area</b>	<b>Provider</b>	<b>Rating / Opinion</b>	<b>Management Comments</b>
<b>Green Flag status assessment</b>	Keep Wales Tidy	Certificate	The benchmark national standard for publicly accessible parks and green spaces in the United Kingdom.  This assessment provides assurances that we are meeting our Corporate Plan objective to improve our parks and public spaces.
<b>CHA Statutory Inspections-</b>	Natural Resources Wales Welsh Government	Licence	CHA Management and operation of the Cardiff Bay Barrage Fish Pass and Aeration System / Cardiff Bay Barrage Act 1993 – CHA has a range of statutory duties and responsibilities, detailed in the Welsh Government Agreement under Section 165 of the Local Government Planning and Land Act 1980. KPIs are also regularly monitored and reported to ensure compliance of infrastructure management, environmental management, conservation development, and community liaison.
<b>Playground Inspections / EN1176 European Standard</b>	Annual Tender Process	Report	Annual inspection of playgrounds and playground equipment.  Post installation inspection of new playgrounds and equipment.
<b>BSI Assessment Visit Reports</b>	BSI	Report	Environmental Management System / Quality Management System (ISO 19001 and 14001)  Accredited to Waste Management and CHA providing an assurance of service performance to an international recognised Standard.
<b>Cardiff Sailing Centre Statutory Inspections</b>	Royal Yachting Association's (RYA)	Report	To ensure the Cardiff Sailing Centre meets RYA Standards & Guidelines
<b>Audit Wales</b>	Audit Wales	Report	Review of Waste Management and Leisure Services.

26. External assessments are discussed at regular operational BIM meetings and where areas for improvement have been identified an appropriate response is agreed by relevant managers to ensure adequate resources are available to address issues. When managers become aware of significant issues as a result of these reports these are discussed and where appropriate engagement may be sought with other council departments such as Finance and Legal and/or organisations outside of the Council.

#### Major Project and Partnership Governance

27. The Directorate has a very small team of 3 people charged with taking forward the Council's major project agenda. The service is therefore required to engage with service areas across the Council to achieve its goals. In particular, the major project team has regular established engagement with the Council's Finance and Legal services.

28. In terms of governance, a monthly Major Projects meeting is held with Directors and senior officers from relevant departments of the Council chaired by the Chief Executive. This meeting reviews project plans and monitors project delivery.
29. Below this, individual projects are managed through a streamlined Council version of the Prince 2 project management approach involving bespoke teams representing a range of internal corporate services and external partners as appropriate. Regular team meetings are undertaken with risks and issues escalated to the monthly Major Projects senior management meeting.
30. Every new project is the subject of a business case process and normally requires a Cabinet decision to be initiated, with further Cabinet decisions as the business case progresses through the stages of development.
31. The Council has an established process for bidding for funding to develop project proposals relating to the delivery of Capital Ambition objectives. This requires bids to be made to the Investment Review Board led by the Council's Finance department.
32. Objectives are set out in the Corporate Plan and performance is reported through the Council's performance management framework. Project risks are captured on the Directorate Risk Register and escalated as required.

#### Value for Money

33. A range of methodologies are used to provide assurance including testing the market through procurement, benchmarking, customer satisfaction surveys, external reviews, budget monitoring and general performance management (KPIs). Some examples are outlined below, in addition to some identified opportunities for improvement.
34. The private sector has an important role in the delivery of service across the Directorate. The procurement of goods and services is undertaken in accordance with the Council's Contract Standing Orders and Procedures Rules. Obtaining value for money is a fundamental principle of these rules. Where appropriate, framework contracts have been put in place in accordance with these rules, for example, framework contracts for the maintenance of the Council's Estate. By tendering general building maintenance contracts to the open market we can demonstrate best value. In recent years this approach has been amended to enable greater competition.
35. The work relating to the disposal of Council assets undertaken by the Council's Strategic Estates team is generally supported by independent external valuation to demonstrate best value.
36. The Council operates a workshop estate to support and promote business start-up. On an annual basis the Council benchmarks rental levels against the private sector locally. In addition, occupation levels are regularly monitored, and a customer satisfaction survey is also conducted annually.
37. Sport and Leisure has faced significant budgetary challenges requiring innovative new approaches. Partnerships like the GLL contract are an example of retaining the same level of service at a vastly reduced cost to the Council. Other examples include the leasing of Pavilions and Changing Rooms to enable occupiers to secure grant funding from National Governing Bodies where the Council was unable to do so. This has resulted in improved facilities for clubs, a more sustainable model for clubs and increased membership.
38. The recent external review of Leisure Services by Audit Wales was based on the question 'is the Council's approach to leisure services supporting the achievement of its well-being objectives, and delivering value for money?' Although Audit Wales acknowledge that the Council has achieved its key aim of keeping its leisure centres open, it has also made recommendations so that the Council can assure itself that its contract with Greenwich Leisure Limited is delivering value for money. Whilst the operating subsidy has been removed, and therefore the big strategic target achieved, there is more the Council can do to derive value for money out of its relationship with GLL and an action plan has been developed to that end.

39. The Parks Service engages in a variety of activities to help demonstrate value for money. Goods and services are procured through the application of robust cost and quality models at tender evaluation stage and monitoring throughout the term of the contract. Regular benchmarking is undertaken to test service provision including APSI benchmarking of horticultural services which measures the service against other cities; participation in the Core Cities Group which measures against a range of national indicators; and Green Space Wales which compares performance with other local authorities in Wales. The Green Flag Award is a good example of benchmarking providing assurance of value for money in so much as it involves consideration of a range of indicators including conservation and heritage, engaging communities and embedding policies. The service undertakes customer satisfaction surveys annually, and also uses Trip Advisor to monitor feedback from visitors to our parks. One area for improvement in terms of providing value for money assurance is to better understand the value parks and green spaces (including allotments) provide in terms of reducing the burden on the health service through green referrals from GPs.
40. The Directorate will also appoint external advisors from time to time to review a service and provide a view on value for money.
41. The Council's building maintenance is now mainly delivered through procured market tested contractors. However, an internal Direct Labour Organisation (DLO) has been retained. The charging rates for the DLO are regularly reviewed through comparisons with the Council's framework contractors. Improved productivity is now being achieved through better planning of work (planned maintenance programme) as an outcome of the Corporate Landlord approach which in effect reduces the amount of 'down-time'.
42. Customer feedback is also a useful way of understanding value for money from the service user perspective. For example, in respect of Cardiff Harbour Authority an Annual Stakeholder Satisfaction Survey is undertaken. The 19/20 survey resulted in 95% of participants being satisfied / very satisfied with the service provided. Also, on an annual basis the Business Support Team survey companies which have received guidance, advice/support from economic development and this has been in place for the last 3 years. We have a 75% satisfaction target and this year we achieved 100% satisfaction and in the last 3 years we have not fallen below our performance target of 75% satisfaction.
43. A final example relates to a physiotherapy service provided by the Council's Occupational Health Service to address Muscular Skeletal related sickness absence in the Recycling and Neighbourhood Services area. Following 2 years of providing the service, the impact on sickness absence has not been realised and therefore the service will now be reviewed.

### Complaints Handling

44. Complaints are managed at a local level via the new corporate Halo software with a number of identified administrative officers trained to use the software system to co-ordinate complaint responses for their relevant local teams. A report on the number of complaints, complaint details and compliance with the Complaints Handling procedure is reviewed and monitored by local management teams. A report of complaints received across the directorate is also considered by the directorate management team on a quarterly basis.
45. As a result of these reviews, it has been identified that there has been a big decrease in complaints for Economic Development and this is mainly due to the continuation of a review of complaints received by Parks and, as a result, applying the Council's Corporate Complaints Policy more stringently. For example, many of the complaints for Parks were actually classed as first-time requests for services (such as grass cutting) and therefore are now being treated as such in the first instance, rather than going through the complaints process.
46. Waste Collections continue to adopt a positive, constructive approach to complaints and positive strides have been taken to reduce the number of formal complaints received about the service. This is reflected by a 39% decrease for the service (1,267 complaints recorded in 2022/23 compared to 2,089 in 2021/22). This decrease can be attributed to the following reasons:
  - The 4-day working single shift pattern introduced in 2021/22 has now 'bedded in' and crews are familiar with their new rounds.



- A combination of Cardiff and the Vale College and in-house HGV training has helped to reduce the driver shortage levels experienced by the Council in 2021/22.
  - Following a review of the “Assisted Lift” scheme.
47. However, complaints during 2023/24 are expected to increase due to embedding of the new segregated recycling collections and disruptions to collections / cessation of garden waste collections due to ongoing industrial action.

### **Legal Implications**

48. There are no direct legal implications from this report.

### **Financial Implications**

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

### **RECOMMENDATIONS**

50. That the Governance and Audit Committee considers and notes the content of the report.

**Neil Hanratty**  
**Director, Economic Development**

The following is attached:

**Appendix 1:** Directorate Risk Register  
**Appendix 2:** Directorate Corporate Risks