

# Cardiff Council Annual Governance Statement 2019/20



CREV GWIR IN THESE STONES  
FEL GW YDR HORIZONS  
O FWRNAIS AWENSING

## CONTENTS

<b>Scope of Responsibility</b>	<b>page</b>	<b>3</b>
<b>Purpose of the Framework</b>	<b>page</b>	<b>3</b>
<b>The Governance Framework</b>	<b>page</b>	<b>4</b>
<b>Assessment Process and Summary</b>	<b>page</b>	<b>4</b>
<b>Assurance Statements</b>	<b>page</b>	<b>5</b>
• <b>Senior Management Statement</b>	<b>page</b>	<b>5</b>
• <b>Audit Manager Statement</b>	<b>page</b>	<b>6</b>
• <b>Audit Committee Statement</b>	<b>page</b>	<b>8</b>
<b>Governance Framework: supporting information</b>	<b>page</b>	<b>10</b>
<b>Annual Governance Statement Action Plan</b>	<b>page</b>	<b>23</b>
<b>Cardiff and the Vale of Glamorgan Pension Fund</b>	<b>page</b>	<b>24</b>
<b>Certification</b>	<b>page</b>	<b>25</b>

## **Scope of Responsibility**

1. Cardiff Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
2. The Council is responsible for the Cardiff Harbour Authority. The Council is also the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Pension Fund) and Cardiff Port Health Authority (CPHA), and is the Accountable Body for the Cardiff Capital Region (CCR) City Deal. The governance arrangements detailed in this Annual Governance Statement (AGS) are documented in consideration of the Council's areas of responsibility, and the extent to which the Council is charged with governance.
3. The Council has adopted the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
4. Cardiff Council has three wholly owned subsidiary companies which traded in 2019/20, one of which Cardiff City Transport Services Ltd. (Cardiff Bus) underwent changes in governance arrangements which are set out in paragraph 74. The Council also has an interest in a special purpose vehicle (CSC Foundry Limited) which is governed by a Joint Committee for the CCR City Deal.

## **The Purpose of the Governance Framework**

5. The Governance Framework comprises the systems, processes, culture and values by which the Council is directed, controlled, and the means through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The Council's Constitution sets out how decisions are made and the procedures which are followed through rules, codes of practice and protocols.
6. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but is based on an ongoing process to identify, prioritise and appropriately manage risk.
7. The Code of Corporate Governance documents how we apply the principles of good governance (as summarised in Section 4 of the AGS – Assessment

Process and Summary). This Code was approved at the Constitution Committee on 11th February 2019 and is included in the Council's Constitution.

## **The Governance Framework**

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

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

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

### Supporting principles

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

## **Assessment Process and Summary**

9. The AGS summarises the assessment of governance against the governance framework and comprises three elements:
  - 1) Statements from Senior Management, the Audit Manager and the Audit Committee
  - 2) Supporting analysis mapped to the core and supporting good governance principles that provides a judgement that is based on supporting information and evidence
  - 3) A Senior Management judgement of the Council's significant governance issues
10. These three elements when taken together represent the assessment of governance, through the perspectives of the Senior Management Team (SMT) and the independent opinions of the Internal Audit Manager and Audit Committee based on their respective programmes of work and an assessment of the system of internal control.
11. For further information and detail, supporting information is mapped to the governance framework principles (a-g) within the AGS, and followed by an open

disclosure from the SMT of the significant governance issues affecting the organisation as summary actions to take forward and address.

- The diagram in fig. 1 sets out the components of this assessment.

**Fig.1**



**Assurance Statements**

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

**Senior Management Statement**

- As a Senior Management Team we have continued to apply a self-assessment exercise as a primary means of measuring our delivery of good governance, and identifying issues for improvement. We have needed to adapt the usual process, whereby our self-assessment is informed by a mid-year and subsequent year-end Senior Management Assurance Statement (SMAS) assessment. This year to enable management to focus on the Council’s response to the Covid 19 crisis, we did not complete the year-end SMAS review, scheduled for April 2020. At the onset of the Covid 19 pandemic in March 2020, following a period of heightened planning and coordination, the Council invoked its incident management regime and the Senior Management Team met on a daily basis for the first eight weeks, gradually moving to a schedule of meeting three times a week. The focus of these meetings was to consider the Council’s response to the crisis, ensure coherency and to ensure there was a matter of record and clear governance of decisions taken.

15. Since March 2020, the attention of Senior Officers has been firmly focussed on the Council's response to the crisis and upholding effective communication, decision making and control. There is an acknowledgment that the assurance process for the end of the year and looking forward to 2020/21 has not been as laid down by the Senior Management Assurance process previously agreed. However, the Senior Management Team is clear that this deviation from normal practice was temporary, and that there will be a move to re-engage with the previous senior management assurance process in full for future years. In order to provide the Senior Management assessment of good governance for 2019/20 as a whole, once services were moving to a managed 'restart' towards the end of quarter one 2020/21, the Senior Management Team took the opportunity to review the 2019/20 half yearly returns, and considered the body of work delivered over the last six months, including a reflection on the response of the Council to Covid 19.
16. The Senior Management Team considers that the most recent Senior Management Assurance Statement exercise from the mid-year 2019/20 position, offers a true and fair reflection of the governance maturity of the Council for the year overall. This mid-year assessment was based on the governance maturity which we could evidence within each Directorate against a series of assurance statements. Accordingly, the Senior Management Team considers that the Council is approaching strong application of good governance across the assurance areas, with some examples of embedded and limited in some assurance areas in some directorates. This assessment was based on a self-assessment using a 5-point rating system ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. The maturity assessment highlighted opportunities to further enhance the disciplines of partnership and collaborative governance and compliance the detail of which is presented in the Annual Governance Statement Action Plan. It is recognised that where there are weaknesses identified then robust recovery procedures need to be put in place. The Senior Management Team recognises the need to prioritise actions for enhancement to enable strong evidence of application across all areas going forward.
17. In relation to the work of the Senior Management Team in 2019/20 we continued to collectively own the Corporate Risk Register, we reviewed all corporate risks quarterly, and monitored progress against the action plan of significant governance issues.
18. The Chief Executive continues to emphasise that areas of weakness need to be addressed in these challenging and changing times and there remains the importance of achieving consistent standards of governance and control across all directorates, and has reinforced these expectations to be monitored and managed through the senior management assurance statement process as we enter 2020/21

### **Head of Audit Opinion Statement**

19. "The PSIAS state that the 'Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its

governance statement.’ This must be based upon an objective assessment of the framework of governance, risk management and control. It must also include an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

20. This opinion has been prepared by the Audit Manager, based on the provisions of the PSIAS. In preparing and forming this opinion, assurance has been taken from a number of sources, including:
21. **Assurance Audit Assignments** – work undertaken through the risk-based annual audit plan, with delivery prioritised to maximise assurance and added value. The audit plan is responsive to risk and informed by audit information and existing assurances, information from Senior Management, and monitoring of Council activity, strategy, risks, and wider assurance sources.
22. **Discussion with Senior Managers** – quarterly relationship manager meetings with Directors or their representatives, Audit Manager attendance at Senior Management Team meetings where assurance items are considered, and regular meetings with the Corporate Director Resources (Section 151 Officer) and the Chief Executive.
23. **Consultancy** - advice and guidance offered generally or on specific matters, including the design and development of new processes, such as risk based verification for housing benefit and council tax reduction applications, and wider process guidance, such as continuity and control in back office functions during the COVID-19 crisis which took place at the financial year-end.
24. **Risk & Governance** – assurance reviews on the co-ordination of the Corporate Risk Register, the management disclosures which support the Annual Governance Statement, and wider governance reviews (including programmes and projects and financial / contract procedures).
25. Based on the programme of audit work undertaken to assess internal controls and reviews of governance and risk management arrangements, it is considered that the application of the overall framework for control within the Council for 2019/20 is **effective with opportunity for improvement**. This opinion is based on the delivery of a comprehensive audit plan, and an acknowledgment of the increasing pressure on resources in both demand and budgets, which has been managed through a resilient performance culture.
26. The control environment for core financial systems, and for the majority of audits overall (74%) was considered as adequate, and allocated an opinion of ‘effective’ or ‘effective with opportunity for improvement’. Twenty three audits have been given an audit opinion of ‘insufficient with major improvement needed’ recognising the need for attention to achieve sound controls, and four audits were given ‘unsatisfactory’ opinions in respect of a particular school, a school traded service, and in areas of waste management. A number of allegations of fraud within the Waste Management function which preceded this financial year have been investigated, the majority of associated disciplinary

hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. The Waste Management function continues to receive a greater proportion of allegations of fraud and financial impropriety, and all allegations are robustly assessed and investigated as appropriate. Audit assurance and support targets and follows up on the highest risk areas.”

### **Audit Committee Opinion Statement 2019/20**

27. “Based on the evidence presented to the Audit Committee during 2019/20, it is the considered view of the Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2020/21, include:

#### **Budget Management**

28. The Audit Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was balanced, some particular directorates had significant overspends, for which controls have been in need of improvement.
29. The Audit Committee continues to raise concerns about the controls in place within directorates to achieve budget savings proposals put forward, and will continue to reinforce expectations for delivery in the year to come.
30. Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to support the economic and social needs presented by the COVID-19 crisis. This unprecedented environment follows a number of years in which the financial parameters within which the Council operates have been constrained. The Committee will be interested in the management of the budget over the year to come through appropriate management controls and interventions, where required, and will continue to reinforce expectations for delivery given the significant financial pressures facing the Council.

#### **Internal Control**

31. The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing significant challenges in how it delivers services. At a time when many decisions have to be finance driven, it is essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems.

32. The Audit Committee has invited senior officers to attend each Committee meeting this year, to account for their delivery of good governance, risk management and internal control. In addition, the Audit Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. This year we have observed isolated internal control gaps, and unsatisfactory audit opinions in respect of a particular school, a school traded service, and in areas of waste management. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.
33. The Audit Committee is aware that allegations of fraud isolated within the Waste Management function have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once these matters have concluded, Audit Committee will seek assurance on the robustness of post investigation review.
34. The Committee receives a list of all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Audit Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Audit Committee has considered the Internal Audit Plan for 2020/21, and will closely monitor its progress and findings over the year ahead.

### **Financial Resilience (including Treasury Management)**

35. In a position of constrained finances, the Audit Committee will continue its consideration of the framework for financial decisions. The Audit Committee has received updates on financial resilience as part of the finance updates and has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors.
36. The Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Audit Committee has and will continue to satisfy itself that the levels and profiles of investments and borrowing throughout the year are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

### **Schools Governance & Compliance**

37. Audit Committee has raised concerns about governance and compliance matters in schools for some time, which are regularly responsible for a greater proportion of audit reports giving concern. This year, through

overseeing the work of internal audit, we have continued to observe that certain schools have not achieved a satisfactory level of stewardship and internal control.

38. In view of an ongoing need for regular school governance assurance, Audit Committee has arranged to receive regular updates from the Director of Education and Lifelong Learning on the monitoring, controls and progress of governance improvements in Schools. This is with the understanding that Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as acceptable.
39. The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.”

#### **ii) Governance Framework - Supporting Information**

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

40. All Members and Officers in the Council are required to comply fully with Codes of Conduct as set out in the Constitution, which sets out the particular roles and responsibilities of Officers and Members and provides clarity on the interfaces between these roles. These include:
- Functions and subsections delegated to Officers
  - Members’ Code of Conduct
  - Employees’ Code of Conduct
  - Protocol on Member / Officer Relations
  - Cardiff Undertaking – signed by all Members upon election and underlines their duties to the City and its citizens
41. The Director of Governance and Legal Services is the Monitoring Officer, and has the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do based on Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000.
42. The Standards and Ethics Committee has a responsibility to monitor and scrutinise the ethical standards of the Authority, its Members, employees and any associated providers of the Authority’s services, and to report to the Council on any matters of concern. The Committee is chaired by an independent person and its role includes determining the outcome of complaints against Councillors and Co-opted Members and monitoring the Council’s whistleblowing procedures.

43. In 2019/20, the Monitoring Officer was notified of a total of ten complaints relating to Member conduct. The Monitoring Officer has not referred any of these complaints to the Public Services Ombudsman, however, three complaints were made directly by the complainants to the Ombudsman. Of the three complaints submitted to the Ombudsman, in each case the Ombudsman decided there was no evidence of a breach of the Code, so there would be no further investigation. Three complaints were dealt with under the Local Resolution Protocol, and of these, one was resolved informally by the Monitoring Officer and two have been referred to the Hearings Panel (hearings to be arranged). In three cases, the Monitoring Officer decided there was no evidence of a breach of the Code, so no further action was appropriate. One complainant was advised of the remits of various other relevant regulatory bodies, and advised to refer the complaints to those bodies, as appropriate.
44. The Chair of the Standards and Ethics Committee presented the Committee's Annual Report 2018/19 to full Council in February 2020 and outlined the work of the Committee. The Chair made specific reference to the Members Survey findings and reminded Members of the guidance on social media. The Committee has agreed that presentation of its Annual Report to Council serves to promote Members' understanding of the important role of the Committee and its work; and that further Member briefings would be issued as and when required.
45. Members and Co-opted Members are required to register their personal interests in any business of the authority, and to comply with the rules on personal interests set out in the Members Code of Conduct. All personal interests disclosed by Members are published on the Council's website within the Member's profile information. The Council's Policy on Officers' Personal Interests & Secondary Employment requires all staff to disclose any personal interest which actually or potentially conflicts with their duties to the Council and all secondary employment. The policy sets out how all Council employees are obliged, under the Employees' Code of Conduct, to ensure that their private interests do not conflict with their public duties, and to comply with the Council's rules on the registration and declaration of financial and non-financial interests. The Standards and Ethics Committee has reviewed the Council's arrangements for managing officers' personal interests and recommended that a register of Senior Officers' outside business interests should be published on the Council's website with effect from 01/04/2019, which has been implemented. The Committee agreed that no further changes should be made to the Council's arrangements for managing officer's personal interests.
46. The Council's Corporate Values focus on fairness, openness and working together. The Council supports a culture of behaviour based on these values which guide how the long term vision of the Council is put into effect, as well as how Members and Officers deliver their day to day roles. Corporate and directorate planning and personal performance and development arrangements are aligned to delivering corporate values and priorities.

47. The Workforce Strategy and Employee Charter continues to ensure that there is alignment between the Council's vision and values and the Corporate Plan:
- The Employee Charter sets out the expectations of all staff (employees, managers and senior managers) and has formed part of the objective setting process for personal reviews
  - The Workforce Strategy seeks to deliver outcomes for and with employees, within a culture that supports a flexible, skilled, engaged and diverse workforce
48. The Council takes fraud, corruption and maladministration very seriously supported by the following strategy and policies to prevent, and manage such occurrences
- Counter-Fraud and Corruption Strategy
  - Financial Procedure Rules
  - Contract Standing Order and Procurement Rules
  - Whistleblowing Policy
  - Fraud, Bribery and Corruption Policy
  - Money Laundering Policy and Procedure
  - ICT Security Policy
  - Data Protection Policy & Procedure
  - HR policies regarding investigation and discipline of staff
49. The Counter-Fraud and Corruption Strategy was introduced in July 2019 through a range of delivery methods such as e learning and location based workshops. In excess of 3,500 employees have undertaken the course, and training sessions have been attended by over 70 Head Teachers and 35 Chairs of / School Governors. The Council is also supported by a range of policies, procedures and regulations, including those relating to Financial Control, Data Protection, Health & Safety, Equalities and IT Security.
50. The Council has a Whistleblowing Policy in place through which staff and contractors are encouraged to speak out on misconduct or illegal behaviour within the organisation, which affects the public or other people (making a disclosure in the public interest). In 2019/20 a total of six whistleblowing cases have been reported to the Monitoring Officer.
51. The Corporate Director Resources has both overall responsibility for the financial administration (S151 Officer) and the information governance arrangements of the Council (SIRO). The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The Information Governance arrangements with respect to Senior Management Board required strengthening and the Information Security & Governance Oversight Group has been formed and held its first meeting on the 11 May 2020. The Group consists of the SIRO, the Corporate Director for People & Communities, Monitoring Officer, Director of Social Services, Chief Digital Officer and the Head of Finance. Plans are in place to put in place a more effective Directorate Representative Group in order to ensure that there

is effective consultation and communication on Information Security and Governance matters.

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

52. Through its Corporate Values, the Council outlines a commitment to being “open and honest about the difficult choices we face, and allowing people to have their say on what’s important to them and their communities.” Consultation, engagement and joint working with citizens are central to delivering this value and are outlined as follows.
53. To support openness, the Council is focusing on proactively publishing data through the Open Data Strategy as part of the Council’s Publication Scheme. It has adopted the UK government’s approach to publishing data to a minimum of 3 stars out of a 5 star scale. This means data should be easily accessible and available to re-use as required (subject to terms outlined in the Open Government Licence). Data sets continue to be identified for publication.
54. There is open debate and challenge on performance and risk management with quarterly reporting and review in Senior Management Team (SMT) and further challenge and oversight in Cabinet, Scrutiny and Audit Committee meetings. A Risk Management Steering Group is in place to develop and review risk management policy and accountability frameworks and to support SMT in identifying new and emerging corporate risks. An Assurance role has been developed within the SMT environment where the Chief Executive, and Directors discuss aspects of the assurance, for example risk management, performance management, outcomes and progress on audit recommendations made by the internal and external bodies and regulators. This has increased the visibility and the connections between these assurance pieces. The meetings between the Chief Executive, Directors and Cabinet Members to agree actions arising from an open debate of performance and service delivery challenges have continued for the majority of 2019/20.
55. Meetings of the Council, Cabinet and Committees are generally open to the public to attend except where confidential or exempt information is being discussed, as defined by the law. Full Council meetings include a facility for public questions, and the Council’s Scrutiny Committees invite stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through direct access to Committees. During 2019/20 the number and types of Council and Committee meetings increased compared to 2018/19. Scrutiny and other meetings were allocated webcasting time based on public interest and prioritisation of specific items including the development and implementation of dual language webcast for Council meetings.

Webcasting Data		
Year	2018-19	2019-20
Number of Meetings webcast	37	54
Number of Committees (Types) webcast	8	10
Total Hours Webcast	95:15:44	126:50:24
Live views	1674	1960
Archive Views	3376	6909
Total Views	5050	8869

56. The public and other stakeholders are given the opportunity to tell the Council what they think about the services provided through the Council's Comments, Complaints and Compliments Policy. It reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints, as well as guidance received from the Public Service Ombudsman for Wales and places a greater emphasis on a prompt resolution of complaints. Cabinet is informed annually of the number of complaints received.
57. Citizens, communities and partners continue to be engaged through a programme of citizen engagement, budget consultation, Ask Cardiff surveys that seek opinions of a range of Quality of Life and Quality of Services statements. The output of these are used to inform proposals and decisions of priorities and planning for the provision of services. The participation levels for these engagement sessions do leave room for improvement and the Council will continue to build on participation numbers.
58. Regular meetings are held with institutional stakeholders to whom the Council is accountable, which include the Welsh Government and the Council's External Auditors (Wales Audit Office). Efforts have also been made to foster open and effective relationships between the County Council and the six Community Councils in Cardiff through a Community Councils Charter ("the Charter"). It reflects the model Charter issued by the Welsh Government in the Local Government (Wales) Measure 2011 and is based on equality of partnership between the two tiers of local government.
59. The Cardiff Public Services Board (PSB) represents a statutory partnership of public and voluntary sector organisations, chaired by the Leader of the Council to deliver the city's Wellbeing Plan. The Wellbeing Plan, which responds to the evidence from the Wellbeing Assessment, focusses on the areas of public service delivery which fundamentally require partnership working between public and community services, and the citizens of Cardiff. The Plan was

adopted by Full Council and statutory member organisations by the statutory deadline of May 3rd 2018. The Cardiff PSB is supported by partnership governance and delivery arrangements, reporting by exception into the PSB on a quarterly basis. Over the course of the Covid-19 crisis the Cardiff PSB has met on a more regular basis in order to lead a co-ordinated strategic response to critical issues across the city's public services. The annual report on the Wellbeing Plan has been delayed as a result of the covid-19 crisis, and will be considered by the Cardiff PSB in September.

60. Multi-Agency area based responses have extended into areas of Butetown and Splott, with a range of partners who identify, discuss and jointly plan priorities to address. In Butetown, there is a focus on young people's aspirations, the impact on the community as a result of drugs, county lines and the disruption of ASB. In Splott, there is a focus on county lines, off road motorcycle annoyance and diversionary activity for young people. At present there is no dedicated resource aimed principally at Area Based Working and work carried out to date has been undertaken as a trial and proof of concept. Further work will be required to ensure an Area Based Working approach in Splott and Tremorfa is to the same level as Butetown, partners have also suggested the inclusion of Adamsdown. The reporting mechanisms highlight main achievements and results based accountability but the caveats of resource and time being seen as constraints. This is an area which has been impacted by Covid 19 and has led to a stalling of activity due to lockdown and social distancing constraints.

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

61. To outline its ambitions for the city, the Council's Administration set out a policy programme for the five years from 2017 to 2022, entitled 'Capital Ambition'. These policy commitments were updated in January 2020. At the heart of Capital Ambition is the goal to create a greener, fairer and stronger capital city, tackling poverty and inequality in all its forms.

62. Capital Ambition identifies four priorities:

- **Working for Cardiff:** Making sure that all our citizens can contribute to, and benefit from, the city's success.
- **Working for Wales:** A successful Wales needs a successful capital city.
- **Working for the Future:** Managing the city's growth in a sustainable way.
- **Working for Public Services:** Making sure our public services are delivered efficiently, effectively and sustainably in the face of the rising demand and reducing budgets.

63. The Corporate Plan sets out how the Administration's priorities for Cardiff will be achieved, providing clarity on what will be delivered, and by when. In accordance with the requirements of the Well-being of Future Generations (Wales) Act 2015, the Corporate Plan sets out Cardiff's Well-being Objectives,

the steps we will take to achieve them and how we will measure progress. The seven Well-being Objectives are:

- Cardiff is a great place to grow up
  - Cardiff is a great place to grow older
  - Supporting people out of poverty
  - Safe, confident and empowered communities
  - A capital city that works for Wales
  - Cardiff grows in a resilient way
  - Modernising and integrating our public services
64. The Council and Cardiff Public Services Board agreed the same Well-being Objectives, creating a clear link between the Corporate Plan and the Public Services Board's 'Well-being Plan 2018-23'. The 'Area Plan for Care and Support Needs 2018-23' produced by Cardiff & Vale Integrated Health & Social Care Partnership in accordance with the Social Services and Well-being (Wales) Act 2014 also provides a more consistent approach to planning across a range of partners.
65. The Corporate Plan is a rolling three-year plan which is refreshed annually. The latest refresh was approved by Council in February 2020 for the period 2020 – 2023, informed by the consultation on budget proposals for 2020/21.
66. The delivery of the Corporate Plan is monitored through the Council's Performance Management Framework, which also allows for the Council's policy agenda to be refreshed and updated as necessary. This includes:
- Quarterly performance monitoring by Cabinet and Senior Management Team as part of its Assurance Board role. Progress is reported to Members alongside the Budget Monitoring.
  - Half-year and end-of-year strategic assessments of performance which include the Annual Well-Being Report to meet statutory performance reporting requirements. This includes all relevant performance data, as is informed by the Council's risk register and finance monitoring. The half-year assessment is considered by the Policy Review and Performance (PRAP) Scrutiny Committee before being received by Cabinet. The end-of-year assessment is considered by PRAP and Cabinet before being approved at a meeting of full Council.
  - An early draft of the Corporate Plan is considered by the PRAP Scrutiny Committee to help shape corporate policy.
  - Targets for the Key Performance Indicators are considered by the Performance Panel, which includes members of the Policy Review and Performance Scrutiny Committee as well as the Chairs of all scrutiny committees.
67. Challenge sessions convened by the Leader, Chief Executive, relevant Cabinet Member(s) and Director(s) to sign-off Steps, Key Performance Indicators and Targets by Well-being Objective.

68. Consultation on the Council's 2019/20 budget proposals "Changes for Cardiff" ran from 16<sup>th</sup> November 2018 – 2<sup>nd</sup> January 2019. As outlined under principle B of this AGS, ensuring openness and comprehensive engagement, a number of mechanisms were used to ensure the consultation was as accessible as possible. The consultation enabled members of the public to communicate their views on the budget proposals. It informed the final decisions on service changes, which focussed on delivering valued public services in the face of ongoing austerity.
69. Building on the approach to the Council's Budget Strategy over the last few years is key to planning for future years. The Council identified a budget gap of £105 million for the period 2020/21 to 2023/24 with a £73 million gap for the period 2021/22 to 2024/25. The outlook over the medium term remains a matter of concern and the Budget Report 2020/21 detailed the challenges in respect of continued financial pressures and the difficulty of setting and realising year on year budget savings. In a normal year, a deliverable Budget Strategy will continue to be a key document to review but with the impact of Covid19 this will require even closer monitoring and a potential reshaping of the strategy as services evolve into their future shape and size.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.**
70. All Cabinet and Council decisions taken by Members are supported by written reports from Officers on the legal, HR, property and financial implications arising from the decision. These reports are also required to outline the economic, social and environmental outcomes, the key risks and alternative courses of action which are available.
71. To meet requirements of the Well-being of Future Generations (Wales) Act 2015, the Council has published well-being objectives and a well-being statement as part of the development of the Corporate Plan. To ensure that the sustainable development principle the focus has been on considering the 5 ways of working at the earliest stage of policy development. Policy development, across the organisation, is encouraged to consider:
- **Long term:** Defined as the trends that affect Cardiff both today and in the future.
  - **Prevention:** Intervening earlier to prevent problems affecting citizens from occurring or worsening.
  - **Involvement:** Engaging with citizens, particularly the most vulnerable in society.
  - **Integration:** Working across boundaries to deliver Capital Ambition, the administration's policy agenda for the city.
  - **Collaboration:** Working with others to have a greater impact.
72. The Council uses a number of sources of information to assess progress against Well-Being Objectives, including:

- **Progress against the Council’s Key Performance Measures** – A number of performance measures are identified within the Council’s Corporate Plan which help show the progress made in delivering the Well-Being Objectives. Where applicable, targets are set against these performance measures to demonstrate the desired level of achievement. Performance measures are assigned a RAG status: **GREEN** where the measure is on or above target, **AMBER** where the result is within 10% of the target and **RED** where the result is greater than 10% from the target.
- **Progress against the Steps in each Well-being Objective** – The Council included a number of Steps in the Corporate Plan to help achieve the Well-Being Objectives. Monitoring the progress of these Steps provides an understanding of what has been achieved and where further work is required.
- **Inspection Reports** – The Council is subject to a number of inspections from regulatory bodies including the Wales Audit Office, Estyn (Education) and the Care and Social Services Inspectorate Wales (CSSIW). Their findings help the Council to assess areas of strong performance, as well as identifying areas that require improvement.
- **Surveys and Citizen Feedback** – The annual Ask Cardiff survey, as well as more specific consultation and engagement work, provide residents an opportunity to share their views on a wide range of the Council’s services. From this, areas of strong performance can be identified, along with those areas where Cardiff’s citizens feel the Council needs to improve. Similarly, complaints and compliments provide a valuable source of information on performance, and the Annual Wellbeing Report is considered by Cabinet alongside the Annual Complaints Report.
- **Finance Monitoring** – The Council’s Outturn Report and Budget Monitoring
- **Feedback from Scrutiny Committee and Audit Committee** – The Council responds to the issues raised and recommendations made by the Scrutiny Committees, which help inform performance improvement.
- **Risk** – The Council’s Corporate and Directorate Risks are considered as part of a rounded view of performance, and the Annual Well-being Report is prepared and considered by Cabinet alongside the Council’s Annual Corporate Risk Report. Reviewing this information assists the Council to develop a balanced picture of the Council’s improvement journey over the year.

73. By utilising this information, the Council can identify areas of improvement and celebrate success, and also identify areas where performance may not have been as good, and therefore the areas that may require further attention.

74. To ensure staff are consulted, and involved in decision making, various channels of communication are used including the Chief Executive’s Update, Core Brief, Staff Information messages, the Staff App, and DigiGov (the Council’s HR system). The revision to the Employee Engagement Strategy will be brought forward in the autumn 2020.

75. Consultation on draft decisions resulting from budget proposals is robust and the impact on citizens and service users is an important consideration. The engagement of citizens has continued to be an important means of identifying and designing services to meet the needs and expectations of service users and citizens in Cardiff in the context of budgetary constraints. To support robust project based decision making, the Council has developed a Business Case template using the Office of Government Commerce (OGC) “Five Case Model”, as recommended by HM Treasury for use by Public Sector bodies.
76. The Council’s Budget Strategy is based on an incremental budgeting approach where budgets are informed to a greater extent by corporate priorities and the required future shape of the organisation. The themes for savings in the Budget Strategy for 2020/21 were categorised as Efficiencies, Income Generation and Service Change. This change was a response in order to generate a greater level of confidence in the delivery of savings with a focus on efficiency savings being primarily in place in advance of the beginning of the Financial Year 2020/21. The onset of the Covid 19 crisis has impacted on the success of any income generation proposals and work will be undertaken to implement alternative strategies.
77. Cardiff City Transport Services Ltd. (Cardiff Bus), one of the Council’s wholly owned subsidiary companies determined to co-opt two independent non-executive directors with proven skills in governance and transport services. In January 2020, the Council agreed to re-appoint both nonexecutive directors for a further 12 months in order to ensure that there was continuity as the Company faced a challenging period ahead of it. In addition, a new Management Director was appointed in January 2020 in order to work with the Board and the Council in navigating the Company through this period.
78. The Council has worked with the Company and its turnaround Committee in order to provide resolutions to the challenges facing the company (i.e. Pension Scheme, long term business sustainability, Covid 19) The Budget report in February 2020, included a package of financial support, subject to a future report to Full Council.
- E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.**
79. Decision making responsibilities and authority are clearly set out in the Council’s Constitution. It documents the roles and relationships for decision making, between the Full Council, the Cabinet, Scrutiny and other Non-Executive Committees. It also details decisions delegated to senior officers through the different management tiers.
80. The Cabinet is the part of the Council which is responsible for most major decisions. The Cabinet is made up of the Leader elected by the Council, and up to nine other councillors whom he/she nominates for approval by the Council. The Cabinet has to make decisions which are in line with the Council’s

overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

81. The senior management structure of the Council was unchanged for 2019/20. The Council aims to ensure that Members and Officers have the skills, knowledge and capacity to discharge their responsibilities effectively and recognises the importance of well trained, competent people. New Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures. All new officers undertake the appropriate level of induction which includes a suite of mandatory e-learning training modules. Each mandatory training module has its own target date for full compliance. An in-house Cardiff Manager Programme represents a commitment to increasing the learning and development of staff with line management responsibilities. The programme continues to be offered more widely across the officer body without the requirement to sit a formal ILM level 3 qualification.
82. Performance is primarily evaluated through the Council's Personal Review process, which provides a framework for employees and managers to discuss work performance and behaviour as well as to identify learning and development needs. It enables employees to be clear about their roles, responsibilities and the behaviours expected of them whilst giving a clear understanding of how their job and efforts contribute to the Council's objectives. Member Personal Reviews are also in place to help them update their knowledge and learn new skills, where required, to be more effective in supporting their communities. The Cardiff Council Academy provides a number of learning and development programmes and courses.
83. The Council's Workforce Strategy has employee health and wellbeing as a priority. The Council continues to support the 'Time to Change' Pledge, has been recognised as a Disability Confident Employer, signed the Dying to Work Charter and achieved the Corporate Health Standard Silver Award. During 2018/19 the Council has continued to work towards being recognised as a Dementia Friendly organisation and achieving the Corporate Health Standard Gold Award by March 2020. The Council continued during 2018/19 to deliver the Employee Health and Wellbeing Strategy 2016-19 which provides a broad framework to address barriers to wellbeing and identify ways to improve employee wellbeing.
84. During 2019/20 the Council published an Annual Wellbeing Report, following full Council approval, in accordance with the requirements of the Wellbeing of Future Generations (Wales) Act. This provides a retrospective summary evaluation of performance for 2018/19 and identifies areas of focus moving forward. This also discharges the responsibilities as set out by the Local Government Measure. The Annual Wellbeing report for the Financial Year 2019/20 will be published in September 2020.
85. Following its publication, the WAO audited Cardiff Council's Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009

and the WAO Code of Audit Practice. The Audit Certificate stated that “the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.” Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

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

86. Risk management is an integral part of strategic decision making, forming a key element of business planning, budget proposals, budget strategy, and programme and project considerations. A Corporate Risk Register (CRR) is maintained and reviewed by SMT each quarter to ensure it includes key risks to the corporate vision, objectives and priorities. A Corporate Risk Map has also been used throughout 2019/20 to provide a transparent representation of the status of corporate risks and to support a proportionate management response.
87. The Risk Management Strategy and Policy continued to be supported by a nominated Member Risk Champion, Senior Officer Risk Champion and a network of Directorate Risk Champions. This process is designed to ensure clear ownership of risks which are identified, reviewed and escalated systematically each financial quarter. There has been a significant number of new risks due to the changing environment, Brexit, Climate Change, Covid 19 that have led to a need to reconsider all risks as a result of these environmental factors. In addition, the number of risks that are accompanied by risk indicators has increased by xx%.
88. The Council’s five standing Scrutiny Committees are designed to support the Cabinet in providing accessible, efficient and effective services for citizens. They meet on a monthly basis to undertake pre-decision scrutiny, policy monitoring and review and launch in-depth inquiries to help the Cabinet develop and review policies and services. The majority of recommendations raised to Cabinet following Scrutiny Inquiries are fully accepted. A number of the Council’s collaborative activities are governed by Joint Committees which can be identified on the Council’s website.
89. The Council has robust arrangements for internal control which are set out within the three statements contained within this report from the Audit manager, Audit Committee and Senior Management respectively.
90. The Council’s Health and Safety Forum, comprises of appointed Elected Members, Union Representatives and relevant Council Officers, which meets

quarterly. During 2019/20 the Forum reviewed a number of health and safety related policy and guidance documents in relation to Asbestos Management, Violence at Work and Risk Assessments

91. The Forum, also continued to monitor statutory maintenance compliance (continuing to focus on high risk disciplines), Legionella Management, Fire Safety, Electrical Safety and Gas Safety. The Forum also started to review violent incidents to employees of the Council as well as the action taken to reduce the risk to employees including the access to the Council's 'ALERT' Data base. The Forum continued to review RIDDOR reportable accident/incidents, with more detailed information provided on accidents/incidents in schools. In 19/20 members also reviewed the performance of construction work undertaken on school sites in relation to health and safety compliance highlighting areas of improvement for future monitoring.

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

92. The Council aims for all reports for the public and other stakeholders to be written in a fair, balanced and understandable way. This is to achieve a balance between providing full and complete information to demonstrate clear transparency without being onerous or overly complex.
93. The Council also aims for information to be easy for the Council and the public to find and use. It has adopted the Information Commissioner's model publication scheme, which sets out the classes of information that should be routinely available.
94. The Council's Annual Wellbeing Report (formerly the Statutory Improvement Report) evaluates performance, summarising the findings of a number of reports on performance, including corporate measures and evaluations of delivery against the Capital Ambition, Wellbeing Plan and the objectives and activities that the Council is delivering as part of the Partnership arrangements (PSB).
95. The AGS is an assessment of the governance of the Council applied to the 'Delivering Good Governance in Local Government' CIPFA / SOLACE framework, as outlined in the Assessment Process and Summary.
96. As a result of reacting to the Covid 19 crisis the focus of the Council was assurance on the response and the impact on service delivery. This has meant that the year-end Senior Management Assurance Statements (SMAS) were not completed with Management placing reliance on the half year assessments and the governance put in place in response to the crisis. Collectively, SMT hold an action plan of significant governance issues, representing an open disclosure of the most prominent issues of governance which require attention following the SMAS review. The AGS Action Plan is included in the following section.

97. Council meet in May of each year to establish Committees: their size, terms of reference and allocation of seats. The Council's Constitution sets out the terms of reference for each of its Committees and the decisions that can be taken by each of those Committees, and is reviewed regularly by the Constitution Committee. A number of Committees have been appointed by Council to discharge regulatory and scrutiny services and they deliver annual reports on their performance and findings.
98. Prior to services being delivered through third parties or via joint working arrangements, the Legal Services Team assist directorates to ensure responsibilities and accountabilities for governance and risk management are adequately documented. The risk management strategy and policy requires clear risk management arrangements in whichever model of service delivery is used.
99. Peer challenges, reviews, and inspections from regulatory bodies are welcomed by Cardiff Council as a means to provide assurance over service delivery, or identify opportunities for improvement.

### **iii) AGS Action Plan – Significant Governance Issues**

100. An Action Plan of Significant Governance Issues is owned by the SMT, and formally reviewed and updated on a bi-annual basis. SMT considered the two broad governance issues for the prior year and determined that they needed to be retained for 2019/20 in order to ensure embedding of the intended actions.
101. The actions related to 1) evidenced based decision making' including aspects of Future Generations and further assurance work in relation to partnership and collaborative governance, 2) Compliance, specifically around understanding the gaps in the compliance (conformance) with the corporate process to provide a more focussed assessment.
102. The Two issues and the corresponding proposed actions are set out below;

#### **Significant Issue**

Informed, evidenced based decision making' including aspects of Future Generations and further assurance work in relation to partnership and collaborative governance

#### **Actions**

- Review the decision making processes to ensure that all aspects connected with legal and regulatory compliance are embedded into the processes to support the management of risk.
- Further strengthen and develop compliance information provided through the Assurance SMT as part of the decision making process and identify where improvements are needed as appropriate.

- Implement the Partnership and Collaborative Governance Framework to improve the assurance around the governance of these models of service delivery.
- Embed a consistent understanding and application of the Future Generations principle and five ways of working in its endeavours to improve outcomes for its citizens.

### **Significant Issue**

Compliance, specifically around understanding the gaps in the compliance (conformance) with the corporate process to provide a more focussed assessment.

### **Actions**

- Review the compliance framework to ensure that all aspects are reflected in the 'Compliance Category' of the Senior management Assurance Statement
- Implement the process of triangulation of Assurance Statements in line with the Council's Code of Corporate Governance and provide feedback through the Relationship Management Process to ensure that all aspects of compliance are representative

103. Having taken the three opinions into account then we can provide reasonable assurance that Cardiff Council's governance arrangements remain fit for purpose. The steps identified under significant issues will further enhance our governance arrangements.

### **Significant Issues – The Cardiff and Vale of Glamorgan Pension Fund (The Pension Fund).**

104. During 2019/20 the Pension Fund transferred assets of £218m into the Wales Pension Partnership (WPP) UK Equity Opportunities Fund. This fund is an Authorised Contractual Scheme (ACS) which enables the eight LGPS administering authorities in Wales to pool their investments in compliance with the requirements of the UK Government. The governance arrangement for the ACS remain unchanged, it is operated by Link Fund Solutions with oversight by the eight authorities is through the WPP Joint Governance Committee (JGC) comprising one elected member from each authority. The JGC is supported by an Officer Working Group (OWG) made up of the eight Funds Treasurers and Investment Officers.

105. 2019/20 also saw the Pension Fund transfer £235m into a specific Global Equity Low Carbon Tracker with a corresponding reduction in UK and US Equity holdings. Moving forward the impact of Environmental, Social and Governance (ESG) issues will be an increasingly significant influence on the Pension Fund investment decisions.

106. It is considered the following may have potential implications on future financial periods and are worthy of note in this statement.

<b>Significant Issue</b>	<b>Year End Position 2019/20</b>	<b>Responsible Officer</b>
<p><b>Wales Pension Partnership – Wales Investment Pool.</b></p> <p><i>Further pooled funds will be created during 2020/21 in particular for Fixed Income and Emerging Market Assets.</i></p> <p><i>Proposals for each fund will be approved by the WPP JGC prior to submission to the FCA.</i></p>	<p><i>The Cardiff and Vale of Glamorgan Pension Fund to continue to participate in the development of investment pooling arrangements through the WPP Joint Governance Committee and the Officer Working Group.</i></p> <p><i>Developments are reported regularly to the Cardiff and Vale of Glamorgan’s Pensions Committee, the Investment Advisory Panel and the Local Pension Board</i></p>	<p><i>Corporate Director Resources</i></p>

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

**Councillor Huw Thomas, Leader of Cardiff Council**

**Date:**

**Paul Orders, Chief Executive**

**Date:**