

**AUDIT COMMITTEE: 23<sup>rd</sup> MARCH 2021**

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**ECONOMIC DEVELOPMENT CONTROL ENVIRONMENT UPDATE**

**AGENDA ITEM: 6.1**

**REPORT OF THE DIRECTOR, ECONOMIC DEVELOPMENT**

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**Reason for this Report**

1. This report has been produced in response to the Audit Committee's request for an update on the approach to contract governance and control in leisure partnerships, the directorate response to audit recommendations, and for information on the wider directorate control environment.
2. The Audit Committee has requested this update in respect of its role to:
  - Monitor progress in addressing risk-related issues reported to the committee.
  - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
  - To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
  - To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

**Background**

3. The Economic Development Directorate has responsibility for a wide and complex range of statutory duties, functions and services. The Directorate manages the Council's Economic Development team; Major Projects; Corporate Landlord including County Estates functions, Culture, Venues & Events teams, City Centre Management team, Tourism, and Parks, Sport, Harbour Authority & Leisure services and more recently Street Scene including Recycling Neighbourhood Services and Shared Regulatory Services. The directorate currently employs 1,263 FTEs. To illustrate the scale and variety of activities provided, here is a list of the strategic priorities progressed during 2020/21:

**Attract more and better jobs:**

- Supported the creation of 751 jobs and safeguarded 165 jobs in 2020/21.
- Delivered over 15,000 grants and paid out almost £100m in financial support to roughly 10,000 local businesses over the course of the pandemic (working collaboratively with the Council's Finance Department).

- A Recovery Taskforce has been established to support those who have lost their job due to COVID-19, to help employers recruit and train, and more broadly, to lead the post-COVID economic recovery in Cardiff.
- The Council supported a Cardiff University-led Strength in Places (SIP) bid to UK Research and Innovation (UKRI) to increase research and development in the city region's screen and creative industries. This sector, one of Cardiff's key growth sectors for the future, has been significantly affected by the pandemic, and ensuring its recovery will be critical to the future success of the local economy.

#### **Attract more visitors that stay longer:**

- Cardiff's cultural sector has been hit hard by the pandemic, with our cultural venues closed since the end of March 2020. Key events, including the new Signature Music Event have been delayed until autumn 2021, at the earliest, and the Guinness Pro 14 Final 2020 was cancelled last summer.
- We have been working with Welsh Government to identify and develop future opportunities in the events sector, which will be crucial in maintaining Cardiff's outward facing approach in the post-Brexit era.
- Despite COVID-19 restrictions during 2020/21 Council venues worked hard to offer a safe space for relaxation or flexible home learning for 169,500 visitors, in person or virtually. From April to December 84,255 visited Cardiff Castle open air green space (free of charge) and 5,699 utilised the services of the Museum of Cardiff which were altered to meet the need for a socially distanced provision (counting home schooling resources/exhibitions, one to one community sessions and website unique visits).

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

- The planning application for Cardiff Parkway, a key component of the Industrial Strategy for the East, has been progressed, which will deliver a new train station, a new business park and real economic opportunity for this long-overlooked area of the city.
- Cabinet appointed Live Nation as its preferred bidder for the construction and operation of the new Indoor Arena in Cardiff Bay and has now entered into a Pre-Contract Agreement.
- Work to expand the city's business infrastructure has continued, with support from the Town Centre Loan Fund secured to develop new facilities for fin-tech businesses.

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

- Capital receipts amounting to some £35m have already been generated throughout the delivery of the Corporate Property Strategy 2015-20 and this money is being re-invested in delivering the Council's priorities.
- Significant progress has been made across the estate, especially in schools, to ensure our buildings meet health and safety compliance standards and that they are managed effectively via the roll out of Corporate Landlord arrangements.

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

- We have achieved the Full Green Flag standard for 14 of our parks and green spaces, with Forest Farm Country Park and Hailey Park both receiving the award for the first time.
- Construction work required for the restoration of Lisvane and Llanishen Reservoirs has been completed, which will become a destination for walking and water sports, as well as a space for improving residents' mental and physical well-being.

- In 2016 we secured the services of Greenwich Leisure Ltd (GLL) to operate the 8 Leisure facilities in Cardiff and deliver a nil subsidy to the Council by 2019.
- We have implemented a number of Community Asset Transfers of Sports facilities in Parks to bring investment and improvement to facilities whilst reducing the liability to the Council.
- We have developed a Joint Venture with Cardiff Metropolitan University to deliver a comprehensive Sport and Physical Activity Development programme for the City and attract funding from Sport Wales.

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

- The Council has implemented a new service model for waste and recycling collections in the city in order to provide a better service that is both more efficient and cost effective in the long-term and that will help keep streets cleaner. This new approach involves re-modelled collection rounds, with an aim to collect all waste from residents' homes in a new 4 day weekly shift pattern.
4. The directorate has an established structure and process for managing and monitoring strategic commitments and operational responsibilities.
  5. The monthly management team meeting (quarterly review cycle) includes an overview of project management boards and quarterly Health and Safety Committee, SAJC and Performance Management. Bi-weekly senior management team meetings involving myself, Assistant Directors, Operational Managers and performance/business management officers. A review of outstanding audit actions and risks is a standing item on the agenda for these meetings.
  6. Capital Ambition Project Boards and project plans provide governance and assurance for strategic projects and regular monitoring and reporting arrangements to project boards is established.
  7. The following paragraphs describe the governance and control measures for contracts, risk management, utilisation of assurance reports to inform decision making, identification of areas to improve and best use of financial resources.

**Issues**

**(a) External Audit: Contract Governance and Control in the Leisure Partnership**

8. The Council's leisure centres have an important strategic role in delivering on corporate health and wellbeing objectives, and in particular participation in sport and physical activity. In 2016 the Council entered into a long term contract with GLL to operate 8 centres with a view to eliminating a significant operating subsidy at a time of significant budget pressures and in doing so protect the long term provision of service.
9. The contract with GLL is for a fifteen year term. An agreed governance and monitoring procedure in place including a quarterly Partnership Liaison Board attended by the Cabinet Member for Finance, Modernisation and Performance and the Cabinet Member for Culture and Leisure. After three years of operation and following the impacts of the COVID-19 pandemic, Cabinet has agreed to undertake a review of the contract with GLL to support long term sustainability.

10. A review of the contract has also recently been undertaken by Audit Wales. The Audit Wales report set out several areas for improvement as set out below:
- Establish a clear strategy, vision and clear priorities for leisure services, which incorporates consideration of the WFG Act. This should be used to guide the delivery of services provided by GLL.
  - Consider how the Council can strengthen application of the sustainable development principle through the services delivered by GLL, including:
    - Adopt a more strategic approach to collaboration which ensures all organisations including Cardiff and the Vale Health Board/Public Health and the Third Sector are involved in planning and developing GLL another leisure services at a local and regional level.
    - Further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care.
    - Listen to, and involve, service users in the development and delivery of GLL and leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve
  - Improve contract management arrangements to ensure they monitor delivery of the revised specification in a transparent and systematic way.
  - Undertake a systematic review of the GLL contract service specification to ensure it is fit for purpose and supports the delivery of the Council's vision for its leisure services and is in accordance with the WFG Act.
  - Ensure that the Council effectively considers the long-term financial and well-being risks of the leisure contract in its corporate risk management processes.
  - Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.
11. The Council has accepted all of the Audit Wales recommendations and has begun to address the recommendations as set out in the Audit Recommendation Table attached as Appendix 1.
12. The governance and monitoring of the contract has been reviewed. Performance management and risk management is now mainstreamed and reported as part of the quarterly corporate performance management framework rather than being managed separately through the Partnership Liaison Board. Performance is now reported to Cabinet and to the Economic and Culture Scrutiny committee.
13. The Council has embarked on a full review of the contract to address the ongoing operational deficit, made worse by the pandemic. A report will be presented to Cabinet in March setting out some initial variations. The Service Specification is also being reviewed and will now be reported regularly to Cabinet. The initial review of the Service Specification has identified current partnerships that can be further developed such as:
- delivery through the medium of Welsh in partnership with the URDD;
  - closer alignment to the emerging 21st Century Schools programme to ensure duplication is avoided and collaboration is explored;

- further work on integration of programmes for people with disabilities and alignment to the Disability Sport Wales accreditation programme to achieve Silver status.
14. GLL has implemented the 'listen 360' as a customer feedback system and report on this to quarterly to the Partnership Liaison Board. In addition, quarterly on-line surveys are carried out and reviewed against previous benchmark data. All centres will hold public open forums to listen to customers' views and suggestions. Staff surveys and engagement form a key part of the Business Planning process for each centre. QUEST accreditation also requires robust customer survey information which all centres are working towards.
  15. Client monitoring remains in place and includes weekly officer meetings, quarterly performance reviews with senior officers from both the Council and GLL as well as the Partnership Liaison Board.
  16. Furthermore, a report is taken to Scrutiny annually to present the performance of the contract and is now included in the Directorate Delivery Plan and Risk Register.

### General Contract Management

17. The Service Area does have a number of other key contracts. Established procedures are in place to monitor the performance of these contracts as business as usual. For example, Building Services have four framework contracts in place. Two are for general building repairs and maintenance, one for roofing and one for statutory obligations and cyclical maintenance. To monitor these contracts KPIs are established at the outset and performance against these are recorded and reported through the Council's Performance Management Framework. These are recorded quarterly as a full set of KPIs and reviewed on a regular basis at operational meetings taking place every 2 weeks and strategic meetings every quarter.
18. This active monitoring and KPI reporting has influenced decision making on the contracts moving forward. As such, it has been decided not to extend the statutory obligation and cyclical maintenance contract, which expires March 2021. New tender documents are currently being prepared, taking into account lessons learned, in preparation for a new contract being operational from the start of April 2022. The other contracts will be extended for 1 year then retendered.

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

19. In terms of the 'control' environment, the Economic Development service is managed through bi-weekly senior management team meetings involving the Director, Assistant Directors, Operational Managers and performance/business management officers. A review of Audit actions is a standing item on the agenda for these meetings with discussions focussing on a robust response to address open and outstanding actions.
20. Regular engagement with Internal Audit also take place. The Director meets quarterly with the Economic Development service area Internal Audit representative Sue Powell to review progress. The service area business and performance team also meets with the audit management team every 2 weeks.
21. Overall, the management of recommendations is good. Over the last year Economic Development have received 9 audits. 44 recommendations have been raised of which 35 have been completed. 9 recommendations remain open of which 5 are within the target dates but 4 have deferred targets dates agreed. Of the 9 remaining open 3 have been

delayed due to COVID-19. An agreed course of action to complete these recommendations by new completion dates has been set out in a recent letter to the Chair of Audit Committee.

22. The tables below provide a summary of the audit programme since 2019/20 and the implementation status for each audit.

### Internal Audit Assurance

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
<b>2020/21</b>						
<b>Economic Development</b>						
Commissioning and procurement	Final	Effective with opportunity for improvement	0	5	5	Completed
Corporate Landlord	Final	Effective with opportunity for improvement	4	0	4	3 due on 31.03.21 and 1 on 30.06.21
Income and debtors	Final	Effective with opportunity for improvement	3	2	5	Not yet due (01.06.21)
<b>Recycling and Neighbourhood Services (RNS) / Waste</b>						
Follow-up – fly tipping	Draft	<i>Insufficient with major improvement needed</i>			13	Actions being considered by Management
Follow-up – in contracts Waste Management	Draft	<i>Effective with opportunity for improvement</i>			9	Actions being considered by Management
Gatehouse	Draft	<i>Insufficient with major improvement needed</i>			7	Actions being considered by Management
Trolleys	Final	Effective with opportunity for improvement	0	3	3	Completed
Asset management – Waste	Final	Insufficient with major improvement needed	3	1	4	3 due on 31.03.21
<b>2019/20</b>						
<b>Economic Development</b>						
Asset management	Final	Insufficient with major improvement needed	0	3	3	Completed
Major projects governance	Final	Effective	0	1	1	Completed
Health and safety	Final	Effective with opportunity for improvement	0	3	3	Completed

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
Cardiff Film Office	Final	Insufficient with major improvement needed	1	9	10	Recommendation not yet due
Strategic Estates - processes	Final	Insufficient with major improvement needed	0	7	7	Completed
Stock observation – Brindley Road	Final	Effective with opportunity for improvement	3	3	6	Not yet due but will be completed by 31.03.21
<b>Recycling and Neighbourhood Services (RNS) / Waste</b>						
Follow-up – Lamby Way stores (2019/20)	Final	Effective with opportunity for improvement	6	2	8	5 not yet due (31.05.21), and 1 overdue (28.02.21) and being discussed with Internal Audit
Waste Management Health and safety (2019/20)	Final	Insufficient with major improvement needed	5	0	5	4 due on 31.03.21 and 1 on 30.04.21
Fly Tipping	*Follow up audit draft issued in December 2020 – 14 open recommendations from the original report to be superseded by those in the follow up report once finalised.					
Bulky Waste Collection	Final	Effective with opportunity for improvement	0	5	5	Completed
Stock take observation - Lamby Way	Final	Effective with opportunity for improvement	1	5	6	1 amber / green action overdue.

### Longstanding Audit Recommendations

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
<b>Issued prior to 2019/20</b>						
<b>Recycling and Neighbourhood Services (RNS) / Waste</b>						
Gatehouse	*Further audit completed, and resulting in 7 current recommendations, which are being considered by management prior to responding to the recent draft audit report.					
Contracts in Waste Management	*Follow up audit draft issued in December 2020 – 7 open recommendations from the original report to be superseded by those in the follow up report once finalised.					
Lamby Way Stores	Final	Unsatisfactory	1	9	10	Not yet due (31.05.21)
Waste Payroll Review	Final	Insufficient with major improvement needed	1	9	10	Not yet due (30.04.21)

## (c) The Wider Control Environment

23. In terms of the 'Control' environment, the Economic Development service is managed through established corporate arrangements with oversight at management, strategic officer and partner levels. Examples are set out below:

### **Risk Management**

24. Whilst the Directorate Risk Register is formally reviewed and reported on a quarterly basis, risk management is a dynamic activity that forms part of day to day operations and ongoing advice and guidance is provided by the Directorate risk champion.
25. Managers work across directorates and with partners outside the Council to mitigate risks and there are three Economic Development risks captured on the Corporate Risk Register as follows:

#### Non-completion of Statutory Building Equipment maintenance

26. This risk concerns the non-completion of cyclical statutory inspections or remedial works arising out of inspections required to maintain the premises and related installations in a safe and legally compliant condition. Significant progress has been made to mitigate this risk including:
- Improved contract management for Statutory Maintenance and Planned Preventative Maintenance (PPM) works and the development of Statutory Obligations Team established within Building Services to improve monitoring and supervision of statutory obligations contractor.
  - Establishment of RAMIS IT Software to improve Statutory Obligation Compliance with bi-monthly reporting on statistics to SMT
  - Implementation of a Corporate Landlord model to manage and deliver all the Council's non-domestic property functions within one portfolio.

#### Health & Safety

27. This risk concerns non compliance with corporate health and safety arrangements to control key risks across the Council in line with statutory requirements. Significant progress has been made to mitigate this risk including:
- Implementation of the RAMIS platform including revised reporting on performance.
  - Digital Risk Assessment Library - COVID-19 Building and Service risk assessments have been uploaded to the revised system.
  - Support provided to Cardiff schools, HSE visits to 10 Cardiff Schools to review COVID-19 arrangements went well with positive feedback provided.
  - Installation of fire suppression system in Lamby Way MRF and procedures for operation and inclusion in the site Fire Risk Assessment currently being undertaken.
  - Implementation and roll out of training

#### Waste Management

28. This risk relates to the failure to deliver cost effective compliance with waste legislation including statutory recycling targets. Significant progress has been made to mitigate this risk including:



- Progress discussions with Welsh Government on operational programme of improvements and recycling in Cardiff to demonstrate how Cardiff will be proceeding to meet statutory targets.
  - Improved wider Governance and compliance including targeted internal audits, data systems and management and working in partnership with Welsh Government to develop a new Recycling Service Strategy and Implementation Plan (ongoing)
  - Development of recycling plan for optimising resources to support the opportunity to improve recycling levels
  - To limit exposure to both residents and workforce to the impacts of COVID-19 between April and May 2020 waste was collected as a single stream, residual, recycling and food waste, and sent to Energy from Waste. However, the approach has impacted Qtr1 recycling performance compared to the previous year and overall recycling performance for 20/21 is highly unlikely to recover.
  - Improved procedures and a new Recycling Centres booking system has meant recycling performance at centres has increased from 70% to 90%.
29. Risk identification is normally undertaken at the business planning stage and included in the Directorate Delivery Plan and Directorate Risk Register. Risks can also arise as a result of audit recommendations, national issues affecting services, or the business as usual delivery of objectives. Risks in the Directorate Risk Register cover areas such as the delivery of Corporate Plan steps, Brexit and audit recommendations. Most of the significant risks relate to the impact of COVID-19, and they include:
- Significant impact on economy,
  - Tourism sector significantly impacted by the COVID-19 outbreak,
  - Outdoor Sport, Community Events, CIWW, Channel View, Canton Community Hall and Cardiff Riding School are all income generating centres. Income generation will be affected but the level of risk is unknown at this stage,
  - Building Services not meeting its financial surplus target, particularly because of COVID-19 and the associated implications (delays and clients raising reduced amount of work during the financial period).
30. 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.
31. Risk management occurs at operational levels as part of the daily operational business and performance management reviews, or at more senior levels in regular programme boards. Risk management is a standing item and documented at regular directorate management team meeting as well as quarterly BIMs. At these meetings, the operational management team formally identify emerging risk, agree mitigation levels and, where appropriate, risks can be identified to be escalated to SMT for targeted mitigation. Escalated risks include:
- **Management of Ash Die Back outbreak** - the residual risk is currently high priority (C:1) and mitigations include:
    - Detailed plan in development.
    - Operational forum to communicate plans with stakeholder service areas to commence in quarter 3.
    - FRM monies to be considered for allocation in 2021/22 (£250k).

- **As a result of Covid 19 GLL fall into liquidation** due to income loss across contracts the consequence being the loss of the service provider and centres being closed. The residual risk is currently high priority (B:2) and mitigations include:
  - Consider future funding requests from GLL. The Council have paid GLL for Q1 and Q2 and provided an up-front payment for Q3 and Q4 with an application to WG Hardship Fund to recover the payments.
  - A Cabinet Report was submitted to the November meeting seeking approval for officers to carry out a review of leisure facilities and return to Cabinet with proposals in Q4.

### **Senior Management Assurance Statement**

32. The Directorate Management Team actively engages in the completion of the bi-annual Senior Management Assurance Statements (SMAS). Each service completes an individual SMAS and these inform the development of a collective directorate assurance which is discussed at a Management Team meeting to identify areas for improvement and provide an opportunity to compare the previous year's statement to track improvements (see table below).
33. Overall, there is a strong / embedded application of governance and control.
34. Some improvement areas were identified at the mid-year position include the following categories:
  - Partnership / Collaboration Governance;
  - Budget Monitoring; Planning & Decision Making and Internal Control.
35. Lower scores were mainly due to challenges in achieving objectives as a result of the pandemic, in particular a need to resolve issues with non-PC users completing e-learning modules to improve corporate compliance levels; Ash Dieback risk mitigations delayed nationally due to the pandemic; and the implementation of service restructures. It is anticipated improvements implemented in these areas will be reflected in the 2021/21 SMAS.

Assurance Categories and Statements	1. Not in place	2. Limited Application	3. Mixed Application	4. Strong Application	5. Embedded	2017/18 Year End Level	2018/19 Year End Level	2019/20 Mid Year Level	2020/21 Mid Year Level	2020/21 scores compared with 2019/20	
	No evidence of effective delivery.	Some evidence of application, but the effectiveness of delivery is limited.	Mixed evidence of effective application, with some good evidence and some gaps in application or evidence.	Clear evidence of effective application throughout the directorate on a consistent basis and, where applicable, through all collaborations and partnerships.	Clear evidence of effective application embedded into all operations and consistently applied throughout the directorate and, where applicable, through all collaborations and						
<b>Assurance Category 1: Risk Management</b>									4	↔	
1. Complete and Timely Risk Identification				✓		Directorate	4	4	5	5	↔
2. Integrated Risk Assessments				✓		Directorate	4	4	4	4	↔
3. Risk Review				✓		Directorate	4	4	4	4	↔
4. Directorate Risk Response				✓		Directorate	4	4	4	4	↔
5. Corporate Risk Management				✓		Directorate	4	4	4	4	↔
<b>Assurance Category 2: Partnership / Collaboration Governance</b>									4	↓	
6. Partnership Governance, Risk Management and Control.				✓		Directorate	4	4	4	4	↔
7. Partnership Assurance				✓		Directorate	3	3	5	4	↓
<b>Assurance Category 3: Compliance with Policies, Rules Legal and Regulatory Requirements</b>									4	↔	
8. Compliance				✓		Directorate	3	3	4	4	↔
9. Compliance Improvement				✓		Directorate	4	4	4	4	↔
<b>Assurance Category 4: Programme and Project Assurance</b>									4	↔	
10. Programme and Project Initiation				✓		Directorate	4	4	4	4	↔
11. Programme and Project Governance				✓		Directorate	4	4	4	4	↔
12. Programme and Project Monitoring and Reporting				✓		Directorate	4	4	4	4	↔
<b>Assurance Category 5: Budget Monitoring</b>									4	↓	
13. Budget Delivery				✓		Directorate	4	4	5	4	↓
14. Savings / Income Target Delivery				✓		Directorate	4	4	5	4	↓
<b>Assurance Category 6: Planning and Decision Making</b>									4	↓	
15. Business Planning				✓		Directorate	4	4	5	4	↓
16. Future Generations					✓	Directorate	3	3	5	5	↔
17. Business Cases				✓		Directorate	4	4	5	4	↓
<b>Assurance Category 7: Internal Control Environment</b>									4	↓	
18. Internal Controls				✓		Directorate	4	4	5	4	↓
19. Accountability				✓		Directorate	4	4	4	4	↔
20. Safeguarding Assets				✓		Directorate	4	4	4	4	↔
<b>Assurance Category 8: Fraud &amp; Financial Impropriety</b>									4	↔	
21. Fraud Prevention and Detection				✓		Directorate	3	3	4	4	↔
22. Fraud Prevention and Detection				✓		Directorate	3	3	4	4	↔
<b>Assurance Category 9: Performance Measurement &amp; Management</b>									4	↔	
23. Performance Measurement and Management				✓		Directorate	4	4	4	4	↔
24. Performance Reviews				✓		Directorate	4	4	4	4	↔

## Major Project Governance

36. 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.
37. 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 CEX. This meeting reviews project plans and monitors project delivery. Any significant decisions on Major Projects are taken by Cabinet.
38. The Investment Review Board process is utilised to draw down Capital Ambition Delivery project funding.

39. 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.
40. In support of Education, PDD continue to monitor contractor BIM delivery of the Council's Band A 21st Century Schools Projects and provide technical advice for the Band B programme.

### External Assurance (All)

41. Across the directorate there are certain reports we receive 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:

External Reports / Audit / Inspection Area	Provider	Rating / Opinion	Management Comments
<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

External Reports / Audit / Inspection Area	Provider	Rating / Opinion	Management Comments
<b>BSI Assessment Visit Reports</b>	BSI	Report	Environmental Management System / Quality Management System (ISO 19001 and 14001) Accredited to Waste Management, CHA and PDD providing an assurance of service performance to an international recognised Standard.
<b>APSE Assessment Reports</b>	APSE	Report	Cleaning Services benchmarking report.
<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	See Review of Leisure Contract details in 5 and 6 above.

42. External assessment 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.

### **Value for Money (All)**

43. As set out in the beginning of this report the Economic Development Directorate has responsibility for a wide and complex range of statutory duties, functions and services. Some services are statutory, some services discretionary. Many are now reliant on income generation to be sustained. The importance of securing income is driving an improved value for money culture across the Directorate.
44. 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.
45. 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.
46. 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.
47. 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.

48. 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.
49. 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 is being developed to that end.
50. 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
51. The Directorate will also appoint external advisors from time to time to review a service and provide a view on value for money. In December 2019 Local Partnerships were commissioned to Review the Current Funding Arrangements for the Cardiff Harbour Authority. The report which was commissioned jointly with Welsh Government sought, in part, to consider whether there was scope to achieve improved value for money in the delivery of the statutory harbour authority functions including a means of securing longer-term financial savings. The report concluded that CHA provided a high-quality service, well regarded by clients and stakeholders against the backdrop of, over the previous six years, fixed cost budget that had steadily decreased in cash terms, at a rate which exceeded the reduction in WG Revenue Settlement Grant funding of local government across Wales.
52. 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'.

53. 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.
54. 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.

### **Legal Implications**

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

### **Financial Implications**

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

### **RECOMMENDATIONS**

- 1) That the Audit Committee considers and notes the content of the report.

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

The following is attached:

**Appendix 1:** Audit Wales Recommendations - Leisure Services